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The Financial Situation

It has long been evident that in important respects the Roosevelt Administration, placed in power by the largest majorities on record in this country, has not been able to command the support of the American people in World War II that the Wilson Administration with its slim majorities regularly was able to summon. With the labor situation existing at present in the coal mines, parts of the automobile industry and in the rubber industry; with the labor unrest evident in many other sections of industry generally; with the emergency state of affairs in transportation along the eastern seaboard, resulting avowedly from lack of public "cooperation"; with the widespread development of "black markets," particularly in the field of food distribution; and with the plain want of overwhelming public condemnation of violators of many of the host of regulations, it is evident enough that something approaching a crisis is in the offing.

Why?

Why does this anomalous situation arise? An answer is imperative. An effective cure—and we urgently need one—can be discovered and applied only when the nature and the cause of the ailment is thoroughly understood. Let it not be said that the trouble arises from the fact that the people have become or are becoming "fed up" with the New Deal and all its works, that the political tide has turned away from the Administration. So it turned away from President Wilson and his Administration. Yet public support of its war policies was never so lacking as is the case today. There is evidently something deeper and more significant behind and under this inability of the present Administration to command the public.

The ineffectiveness of the Roosevelt Administration probably in part arises from its handling of foreign policy prior to our entry into the war. The American people did not want to become involved; indeed, we are of the impression that up to the day when Pearl Harbor was attacked, a substantial majority of the people of this country still strongly hoped—on the basis of repeated assurances of the President—to be able to remain aloof from actual hostilities. This they hoped or believed, despite acts of the Administration which made it clear to thoughtful men that such a hope was doomed. The people were not psycholog-

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From Washington Ahead Of The News

By CARLISLE BARGERON

There has been a lot of profound speculation about the significance of John L. Lewis' move to rejoin the American Federation of Labor. It does carry plenty. But manifestly it was not related to his current predicament because this turned around his defiance of the War Labor Board. The A. F. of L., instead of defying the Board, has insisted that its dignity and freedom of action be restored. It has two members on the Board.

The fact is that Lewis has wanted to come back to the Federation for a long time, and there have been those on the executive council who wanted him back. The two stumbling blocks have been two New Dealers on the council, Dan Tobin, President of the Teamsters, and Harry Bates, of the Bricklayers. Playing the New Deal game, carrying the ball for the President in the council, they have prevented Lewis' return. So the significance is that these gentlemen who have shown increasing unfriendliness towards the Administration recently, relented and welcomed Lewis back.

As to whether Lewis will be a big influence in the Federation, of course, he will. Lewis is always an influence. He is an influence in the Federation, in the CIO, in the whole labor movement, regardless of just where he is at. As to the extent of this influence, when he was in the AFL and a member of the council only three of his motions ever carried.

Another interesting thing is that after Tobin and Bates agreed to the rapprochement, the White House, to whom the news was a bombshell, immediately set out to recover the favor of its two friends, who had been suffering from neglect. Through wooing them again, the White House succeeded in placing two New Dealers out of the three Federation members of the committee set up to arrange for Lewis' return. The question arises as to whether they will be pressed to create impossible conditions for Lewis. If this

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Taft Says Planning Board's Idea Would Mean 'Untimely End' Of Private Enterprise

Would Have Business Men And Farmers Free To Act Without Government Dictation

The recent report of the National Resources Planning Board "gives lip service to private enterprise, but the measures they propose would bring it to an untimely end," Senator Robert A. Taft (Rep. Ohio), declared last week at a dinner of the National Society of the Sons of the American Revolution at the Plaza Hotel, New York City.

The New York "Times" reports Senator Taft as saying that the program of the Board for conversion of war plants to postwar civilian uses, with government aid in financing, in training workers and in transportation control, "is plausible and it has a global charm, but it leads directly to the abolition of local self-government, to the control of all industry by administrative boards having executive, legislative and judicial powers and to a 100% socialist economy."

Robert A. Taft

"It leaves nothing to the initiative or the ability of the average independent American," he added.

Further noting Senator Taft's remarks, the "Times" of May 20 said:

Expressing himself in favor of post-war planning, but along the lines of private enterprise, Senator Taft declared that the first essential in a sound post-war program is sound finance. The nation's debt at the end of the war will approach three hundred billions, he said, a debt not impossible to pay "if we maintain a reasonable prosperity and do not constantly increase that debt."

The theory of deficit financing, which he said the board favored, would bring ruinous inflation, would end private enterprise, and certainly, he said, failed really to solve the unemployment problem during the Thirties when it was tried.

"Our program must be to create conditions in which free enterprise can go ahead, large and small, and particularly small, and new industry encouraged to start," he continued. "Most of our industries have grown up from little plants, constructed without government assistance and enlarged by initiative and ability. As soon as a reasonable supply of any article is available price restrictions should be removed and all restraints of war elmininated. I do not mean that war powers should not be continued for a reasonable time after the armistice, but the men in charge should seek every opportunity to surrender them. The danger is that most government bureaucrats will seek every opportunity to continue their own powers and their own jobs.

"The Securities and Exchange Commission should be reorganized to permit freer capital markets, particularly in the smaller cities and the securities of smaller companies. Its purpose should be merely to prevent fraud and misrepresentation in the sale of securities, not to direct the flow of capital in the United States as the government thinks it should flow.

"As far as possible, the loaning activities of the government should be eliminated, except in cases where it is clearly shown that private capital is unable to do the job. I believe we should consider government assistance or assurance to institutions engaged in the financing of small industry, such assistance to given through insurance of credits, or perhaps as insurance against excessive loss by those who invest in such industry.

"The only regulation of industry which is desirable is that necessary to prevent monopoly and unfair competition. I am convinced that can be done by the enforcement of specific laws without sending government controllers into every store and every plant to regulate profits and direct operations.

"In short, I think we can return to a system of private enterprise, let the business men run their businesses and the farmers run their farms without the government attempting to dictate to every individual business man or farmer.

"Undoubtedly necessary and desirable public works should be undertaken when private activity falls off; but as a cure for major unemployment a public works program is bound to be a washout. I question very much whether after the war any public works program will be immediately necessary, for I am convinced that the back-log of civilian demand will bring on at least a short period of intense activity by private enterprise."

GENERAL CONTENTS

Editorials

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Leadership In Industry Will Take Chapter From War, Says Garrett

In answering the question as to how industry was able to swing from a peace to a war basis and achieve its tremendous production totals within little more than a year? Paul Garrett, Vice-President and Director of Public Relations of General Motor Co., stated on May 21 that "unless industry is able to make clear the answer to this question its present high public position will not survive the first mistake or the first blast of criticism." Speaking at the dinner session of the Conference on Wartime Public Relations Policies sponsored by Illinois Manufacturers' Association at the La Salle Hotel, Chicago, Mr. Garrett, whose subject was "The Fourth Dimension of Public Relations," went on to say:

Paul Garrett

"Surely, industry's war production record is not the result of new skills developed after Pearl Harbor. No revolution in industrial principles was required. No great new plan had to be inaugurated. Rather the joh has been accomplished by adapting to wartime needs the experience and the techniques of peace. The processes by which this country over the decades was given the highest standard of living to be found anywhere in the world. Nothing fundamentally new. Nothing startling. Simply purposeful focusing of long experience and known techniques upon a clearly defined new objective.

"For example, we have heard much about wartime subcontracting. It burst upon the public as a strange phenomenon. I happen to be connected with a company that has been subcontracting on a major scale for nearly 40 years. But we didn't call it that. We call the 20,000 outside concerns to whom we assign parts of the production task 'suppliers' or 'parts manufacturers.' Frankly,

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ically ready for "total war," with its inevitable sacrifices. They had blindly trusted a headstrong President—and been entrapped.

Japan Helped

The obliging Japanese, with their dastardly attack at Pearl Harbor, whatever else may be said of it, did much to steel the public against what was inevitable henceforth, but it did not and probably could not do the job completely. Without much question, and despite all the patriotic oratory of the day, the lingering feeling persists in many quarters that we were dupes to have permitted ourselves to become involved in the mess—and, of course, that does not help. The real, and the only real answer is, naturally, that we are now involved, and must see it through as quickly and as completely as it is possible for us to do. What might have been has in this instance become a subject for discussion at some future date, and nothing more. Yet that answer is rarely given, and never emphasized.

Still Reforming

But there are other and quite possibly more powerful causes of the present state of things. One of them is the inevitable "hangover" from the days when this same Administration seldom had anything to say except about reform and about plans for making the country over more to the liking of the day-dreamers in its midst. That hangover consists in part, without doubt, of a persistence, despite all that has happened, of a determination on the part of the Administration not to permit the war to swerve it a hair's breadth from the course it had set for itself in the matter of remaking the country. On the contrary, it often appears that the effect of the war has been to cause it to broaden the scope of its reforms to include the entire world. In these circumstances it is hardly strange that a great many people look with deep suspicion upon every new regulation or restriction—and soon satisfy themselves that it is, in substantial part at least, dictated not by the necessities of the immediate present but by dreams for the future. In fine, the feeling is widespread—right or wrong—that the Administration itself has not its eye single upon the prosecution of the war. To many it appears that it has become a victim of its love of regulation for its own sake.

Administrative Chaos

Equally potent doubtless as a cause of the present situation is the utter want of administrative effectiveness in the National Government. Confusion seems to prevail almost everywhere, and to become more confounded with each passing day. Take the problem of gasoline supply in the East. Some day some enterprising student will take the time to list in chronological order all the official and semi-official statements that have been issued since the start of the war concerning this matter. It would make an interesting if disheartening record. Some day, if and when the record becomes available, the historian will doubtless trace the steps and the missteps that have been taken in the muddled situation. It will doubtless reveal for the first time the real causes of the present impasse, and it, too, will make interesting if disheartening revelations. We doubt if the historian will have a great deal of difficulty in understanding the "failure of the honor system," about which incompetent officials have of late had so much to say.

The food situation is cut from the same cloth and may well prove to be much more serious in the long run. Official dealing with this phase of the situation from the farm to the urban kitchen could scarcely have been worse. Undertaking to rule everything, officialdom is succeeding in really controlling almost nothing. Food production has been dealt with as if it were unrelated to anything else in the national program—such as selective service, so-called, the production of farm machinery, the adequacy of transportation, or wage rates in war factories. Food distribution has apparently been regarded as a toy with which the impractical reformers could experiment and amuse themselves to their hearts' content without disturbing the flow of the necessaries of life to the civilian population. The Army, from all accounts, has been so intent upon having the best-fed soldiers in the world that it has done nothing effective to prevent perfectly outrageous waste (to say nothing of hoarding) throughout its ranks. Is it strange that the black market is about to take over the industry—or that the public does not refrain from dealing with "illegitimate" elements in the trade?

Give Us the Facts

To make the effect upon the public of all this maladministration all the more pronounced and distressing, the Administration has adopted the policy of keeping the public in the dark about almost everything, or else has hopelessly confused it with constant contradictions and inconsistencies in what it has had to say to the public. The individual who is asked to "cooperate" finds himself utterly uncertain of the facts and often unable to cooperate by reason of inability to understand what is required of him. He soon becomes disgusted, and concludes that he had better look out for number one—indeed, that he must do so or else suffer serious consequences. Is it strang that he should do so?

Give the American people an effective Administration of public affairs, drop all considerations other than those which have to do with winning the war, and keep the public reasonably informed—and the long-demanded "cooperation" will be forthcoming quickly enough.

Let The World Planners Take Note

"But long before the war it became more and more clear that with increasing complications in internal and international relations of various countries, any sort of international center would encounter insuperable obstacles in solving the problems facing the movement in each separate country.

Joseph Stalin

"Deep differences of the historic paths of development of various countries, differences in their character and even contradictions in their social orders, differences in the level and the tempo of their economic and political development, differences finally in the degree of consciousness and organization of workers, conditioned different problems affecting the working class of the various countries.

"The whole development of events in the last quarter of a century and the experience accumulated by the Communist International convincingly showed that the organizational form of uniting workers, chosen by the First Congress of the Communist International, answered conditions of the first stages of the working-class movement, but it has been outgrown by the growth of this movement and by the complications of its problems in separate countries and has even become a drag on the further strengthening of the national working-class parties."—The Presidium of Executive Committee of the Communist International.

The precise significance and practical importance of the dissolution of the so-called Communist International remain for the future to disclose.

Let it be observed, meanwhile, that this organization has not in recent years been alone in its ambitions to intrude upon the domestic situations in various foreign countries.

A good many of the post-war planners both in this country and in Great Britain would do well to ponder carefully some of the observations made in their latest manifesto.

The State Of Trade

Reports from the heavy industries continue favorable, with steel production and carloadings slightly higher for the week. The retail trade is also showing substantial returns above a year ago.

Production of electricity in the United States for the week ended May 15 amounted to 3,969,161,000 kilowatt hours, an increase of 18.2% over output of $3,365,208,000 in the like 1942 week.

All geographic regions showed gains over last year, the largest being 32.9% on the Pacific Coast, according to the Edison Electric Institute. The gain in mid-Atlantic States was 16.7%.

Output for Consolidated Edison Co. of New York for the week ended May 16 was 175,500,000 kilowatt hours, an increase of 21% from a year ago. Local distribution of electricity was up 25.9% from last year.

Carloadings of revenue freight for the week ended May 15 totaled 848,522 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 31,971 cars over the preceding week this year, 9,468 cars more than the corresponding week in 1942 and 12,280 cars below the same period two years ago.

This total was 126.13% of average loadings for the corresponding week of the 10 preceding years.

Steel operations this week are scheduled at 99.3% of capacity, an advance of 0.7% from the preceding week and comparing with 100% operation a month ago and 99.6% a year ago, according to the American Iron & Steel Institute.

Current schedule is equivalent to production of 1,719,500 net tons of ingots and castings, compared with 1,707,400 tons a week ago, 1,731,700 tons a month ago and 1,691,800 tons in the like 1942 week.

A much livelier demand for steel, chiefly due to the greater volume of orders from subcontractors, was reported by the magazine "Steel." Sheets, bars and plates were particularly in demand, with shape and reinforcing bar products still lagging.

The Federal Reserve Board reports that department store sales last week were 16% higher than during the corresponding week a year ago. In the preceding week such sales were 12% greater than in the similar period in 1942, while in the four weeks ended May 15, they totaled 13% more than in the corresponding period last year.

All Federal Reserve districts reported sales increases last week as follows: Boston, 13%; New York, 10%; Philadelphia, 8%; Cleveland, 11%; Richmond, 21%; Atlanta, 34%; Chicago, 8%; St. Louis, 16%; Kansas City, 32%; Dallas, 49%, and San Francisco, 38%.

Department stores' sales in New York City in the week ended May 15 were 10% larger than in the 1942 week, and in the four weeks ended May 15 were 9% higher than the corresponding period last year, according to the New York Federal Reserve Bank.

Independent grocery stores have been taking business away from the chains since the beginning of price control last year, the Commerce Department reports.

Dollar sales of the independent grocers in the first quarter of this year increased more than 30% over the corresponding period in 1942, the Department said, while sales of chain food stores declined slightly.

Three reasons were given by Commerce Department economists for what they described as "the current advantageous position" of independent grocery stores:

1. Maximum price regulations allowed the independent higher-price ceilings, enabling them to pay more for scarce foods and to obtain more from the sources of supply.

2. With higher incomes, consumers are able and willing to pay the higher prices charged at independent stores. This is especially true since point rationing began and caused shoppers to be more "point" conscious than price conscious.

3. Independents have more small and medium stores conveniently located to serve customers at a time when restrictions on the use of passenger cars have forced consumers to patronize their neighborhood stores.

Construction contracts in 37 Eastern cities declined 11% in April from the preceding month, and were 39% below April, 1942, F. W. Dodge Corp. reports.

Contracts for last month totaled $303,371,000.

April's construction represented mixed trends, the report said, with heavy engineering contracts totaling $127,723,000, or 4% higher than in March and 25% greater than April, 1942.

Residential building in April amounted to $79,434,000, an increase of 11% over March, but a decline of 51% from April, 1942.

The heaviest decline was reported in non-residential building contracts, due to a drop in the manufacturing plant contract total from $145,064,000 in April, 1942, to $40,652,000 last month. Meanwhile, civil engineering construction awards this week, excluding shipbuilding volume, totaled $63,929,000, a drop of 30% from the preceding week and 71% below the same week last year, "Engineering News-Record" reported.

$6.2 Billion More For Lend-Lease Voted By House; Bill To Senate

By a vote of 309 to 4, the House on May 21 passed a $6,273,629,000 lend-lease appropriations measure. Added to $2,057,496,000 unobligated funds from prior appropriations, the bill will make available for a 14-month period —May 1, 1943, to June 30, 1944 —the sum of $8,331,125,000. The bill, which now goes to the Senate, had been reported earlier in the day by the House Appropriations Committee. The $6,273,629,000 bill, which the Committee believed to be an irreducible minimum, was $150,000,000 less than recommended by the Budget Bureau and sought by the Lend-Lease Administration.

Just before the House approved the measure, an amendment was written into the bill by a vote of 214 to 96 forbidding use of any of the funds for payment of subsidies on agricultural products.

Direct lend-lease appropriations amounting to $18,410,000,000 have heretofore been made available by Congress since the program was inaugurated in March, 1941. Of this total, $16,300,000,000 had been obligated or committed up to April 30, 1943, leaving an uncommitted balance for reappropriation totaling $2,057,000,000.

Of the $6,273,629,000 in new funds, there was earmarked $4,452,623,000 for food, agricultural implements and industrial commodities; $1,552,659,000 for ship expenses and charter hire; $259,348,000 for repairing defense articles, and $8,999,000 for administration.

Reestablishment Of Foreign Trade Should Not Be Obscured By Other Problems, Says Ward

At the annual meeting of the Bankers Association for Foreign Trade, held at French Lick, Ind., on May 21, Wilbert Ward, Vice-President of the National City Bank of New York, was elected to the Presidency of the Association for the ensuing year. In his address of acceptance Mr. Ward said in part:

"When we next meet, the course and outcome of the war, and the structure and powers of the future world organization, will have taken shape. So, too, will the extent and character of our cooperation with other nations to promote the wider international exchange of goods and services. Thanks are due to our Program Committee for the timeliness of the topics we have been discussing. We are indebted to Dr. Bidwell and Clarence Hunter, for an illuminating exposition of post-war plans and projects, and to President Pierson of the Export-Import Bank of Washington, President Hemingway of the American Bankers Association, and Mr. Swingle of the National Foreign Trade Council, for emphasizing the stakes that bankers have in the reestablishment of our foreign trade.

"To all this I have but one word to add. That word is, that we should not let our preoccupation with regard to relief, rehabilitation and stabilization of currencies, obscure the fact that the reestablishment of our foreign trade need not await the solution of these complex problems. We must beware of too ambitious schemes inviting the creation of great international institutions. In our planning, we should heed the admonition of Gogol, to avoid 'the follies of all those wiseacres who, without having first learned what is good in their own land, fill themselves with fool notions abroad.' Our foreign trade can be reestablished largely out of machinery already at hand;—substantially the same machinery that created it. Our task force for the job consists of our commercial banks, working in concert with our manufacturers and traders. Our implements are our national resources, the productivity of our factories, the energies of our population, and a sound currency. With these forces, we can supply and finance that measure of goods and machinery which we may find it in our own interest to make available to a post-war world which will not only lack food, but the means of producing it,—foreign markets faced with the need for machinery and equipment to produce and transport goods, and to modernize their farms, industrial plants and commercial establishments.

"Our campaign for the reestablishment of our foreign trade will involve the cooperation of our government,—on the positive side, through the continuance of the sort of operations that President Pierson of the Export-Import Bank has just outlined to us; and negatively, by encouraging and assisting private enterprise to move back into those areas which the necessities of war have led our governmental agencies to preempt. The re-routing of foreign trade, and its financing, into private channels, will aid each foreign country to reestablish its own private institutions and enterprises. If that is done, our foreign trade will become a positive force for world peace and prosperity."

Non-Essential Driving Banned By OPA

A new non-essential driving ban to be backed up by all possible enforcement was ordered on May 19 by the Office of Price Administration, effective at noon Thursday, May 20, in the twelve Eastern States, plus eight western counties of West Virginia, and the District of Columbia. This action, according to the announcement, was taken to meet a gasoline supply crisis resulting from tremendously increased military demands, and to assure adequate gasoline for farm production of food.

The twelve States in which the ban was imposed are Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware, Pennsylvania, Maryland, Virginia.

The emergency, signalized by filling stations running dry in various cities, including war plant centers, along the Atlantic coast, makes drastic action throughout the general Eastern area necessary to make sure that our available gasoline supplies — which have hit an all-time low—are not dissipated in non-essential use, Prentiss M. Brown, OPA Administrator, said.

The situation is so serious, the Price Administrator pointed out, that thousands of tractors operated in vital food production areas from Virginia to Maine might stand idle in a few days for lack of fuel. Tractors in some areas are already out of use because of dry tanks, according to reports.

The ban will not be accompanied by a cut in the A, B, or C coupons, Mr. Brown said.

While appealing to the East's 8,000,000 motorists to cooperate by voluntarily cutting out all trips that are not absolutely necessary, Mr. Brown emphasized that in view of the present crisis OPA enforcement officials will proceed with all vigor to detect violators and to suspend rations.

At the same time Price Administrator Brown appealed for the cooperation of State and local police in telegrams to the twelve Governors.

The restrictions on driving under the new ban will be similar to those applied during the previous ban which was ordered last January, but was lifted in March. Gasoline may be used only for trips connected with the motorist's occupation or with family or personal necessity.

The ban on non-essential driving applies to drive-yourself cars as well as to private passenger automobiles, the Office of Defense Transportation announced May 20. Persons hiring rental cars are required to sign agreements stating that the drive-yourself vehicle will not be used in violation of any Government regulation.

On May 17, Price Administrator Prentiss M. Brown stated that additional mileage for vacation travel cannot be permitted this summer because the extra use of rubber (and gasoline in the East) could not be justified, by present supplies. As long as it is necessary to restrict occupational drivers, to grant millions of miles to vacationists would be a "luxury which we cannot afford in total war," Mr. Brown commented.

The Administrator reminded motorists that present rationing regulations give them some mileage which they can use for vacation travel. Every car owner has 90 miles of "free" mileage a month in his basic "A" book even though a "B" or "C" book has been issued to him. Since all "A" coupons are valid for at least two months, when new coupons become valid, a motorist can save enough of such coupons in two months to provide up to 180 miles of vacation travel. The motorist can carry over in his tank "A" coupon gasoline from the prior valid period, and have up to 360 miles for his trip.

War Price and Rationing Boards throughout the East Coast area have already started reviewing all "B" and "C" rations with the view to bringing the issuance of coupons into balance with the gasoline supply. At the same time OPA has launched a drive against non-occupation use of "B" and "C" rations already outstanding.

Demobilization Will Bring Enormous Problem Of Re-Employment, Reports Conference Board

Demobilization will create an employment problem greater in magnitude than the task of finding jobs for all men employed in manufacturing in 1939, according to the National Industrial Conference Board. This fact, the Board says, emerges from its survey of the economic background for post-war reconstruction.

By the end of this year, the Board continues, the armed forces will exceed by 4,500,000 the number of male wage earners in manufacturing in peacetime. The eight states composing the heavy manufacturing belt of the Middle Atlantic and East North Central areas have already contributed 3,500,000 men to the armed forces, a number equivalent to their 1939 male manufacturing personnel. The Board, in its advices May 24, further says:

"More civilians have been added to public payrolls since February, 1940, than have been added to any other single industrial field. This total increase, at slightly below 2,000,000, including those at work in arsenals and other government plants, exceeds the combined number added in shipbuilding, aviation, and other transportation equipment.

"By the close of this year nearly 17,500,000 individuals will derive their livelihood from government, the Board estimates. There will then be only two workers in private industry, excluding agriculture, for every person in the armed services or in civilian government employ, the Board adds.

"The Board estimates that by the close of this year roughly 62,500,000 men and women will be at work or in the armed services. Total employment will then exceed by about 6,500,000 the normal labor force of the nation in peacetime. Yet the number at work in private industry will be as low as it was at the outbreak of the war.

"Employment is now further above the number in the long-term labor force, both relatively and absolutely, than at any previous period. In World War I, employment also rose well above the number comprising the nation's labor force in peacetime. During the subsequent decade employment and labor force again returned to their long-term projections.

"Nearly 4,500,000 women found employment in civilian industry in the two years ending December, 1942. An additional 3,000,000 must be drawn into industry this year, mainly by war industries. By the end of 1943 women will comprise about 30% of all workers, including the armed services, the Board estimates.

"Citing certain shifts in population as having a bearing upon the geographical incidence of re-employment problems and post-war markets, the Board points out that despite heavy drafts upon the male population for armed service, sharp increases in civilian population were reported in many metropolitan areas from April 1940, to May, 1942. The 25 metropolitan counties with the largest absolute increase in war population gained nearly 2,000,000. Seventeen of these areas have had a rapid expansion of population in both peacetime and wartime, and may be expected to retain their population increments. In six areas rapid wartime growth is contrasted with only slight prewar increases. These latter gains may therefore prove temporary."

Production In Cotton Goods Adversely Affected By Narrow Margins, Bell Tells Senate

Says Loss Would Follow Increase In Price Without Adequate Compensation In Ceilings

Warning of a condition which would seriously hamper the cotton-textile industry's war effort, W. Ray Bell, President of the Association of Cotton Textile Merchants, on May 19 contradicted statements made before the Senate Agriculture Committee on May 18 to the effect that materially higher raw cotton prices without proportionate increases in present OPA ceilings on cotton goods would leave "a fair margin of profit" for cotton mills. Pointing out that present ceilings were made a year ago and based upon a cotton price of 20.37 cents per pound, materially below prices at present prevailing, Mr. Bell asserted that production in many divisions of cotton goods has been adversely affected by narrow margins, and that actual loss would follow "an increase in price of cotton without adequate compensation in ceilings."

In a wire to Senator Ellison D. Smith, Chairman of the Senate Agriculture Committee, Mr. Bell stated:

"As primary distributing sources for vast majority of cotton textiles, our members are deeply concerned over presumably misinformed statements about cotton goods price ceilings as reported in public press from testimony before your Committee yesterday. Facts are that ceilings were established May 4, 1942, based on 20.37 cents per pound for raw cotton. Subsequently there were roll-backs in ceiling prices on a number of important schedules. All manufacturing costs have continued to increase with no upward adjustment of prices except one instance where military fabrics were concerned. Production in many divisions of cotton goods has been adversely affected by narrow margins which would mean actual loss with any increase in price of cotton without adequate compensation in ceilings. Such a condition would seriously hamper cotton-textile industry's efforts to maintain production at all-time-high record levels for war requirements."

The statements to which Mr. Bell took exception are alleged to have been made by J. E. McDonald, Texas Commissioner of Agriculture, in his testimony in support of Senate Agriculture Committee's approval of a bill to fix a floor of 23½ cents a pound on Government-held cotton while prohibiting ceilings on this commodity at below 25 cents. There is at present, says the announcement from the Association of Cotton Textile Merchants, no ceiling on cotton prices.

The announcement likewise says:

"Press dispatches quoted Mr. McDonald as saying that 'the mills could pay this price and still have a fair margin of profit at today's ceilings on cotton goods.' He was also quoted as stating in his testimony that ceilings on cotton goods reflect an approximate price of 21.38 cents for raw cotton. OPA price ceiling schedules issued when the ceilings were established carried the following statement: 'Where the contract of sale is made on or after May 4, 1942, the maximum price shall be determined on the basis of a spot cotton price of 20.37 cents per pound.' The corresponding price of spot cotton, an average of 10 markets, was 20.93 cents on May 17."

Administration's Plan For Post-War Social Security Called "Politics" By Rep. Plumley

Representative Charles A. Plumley (Republican, of Vermont), on May 22, addressed the Republican Women's Annual Rally in New York City and said that the recent report of the National Resources Planning Board, which contemplates the expenditure of $7,695,000,000 of Federal money for a post-war program for security, work and relief, would serve as material in a campaign to elect President Roosevelt to a fourth term next year. The New York "Herald Tribune" of May 23, reporting this, further quoted Representative Plumley as saying: "The Board's plans would wipe out State lines and make serfs of taxpayers."

"When I first read the report of the National Resources Planning Board," he said, "I was shocked by its apparent and obviously deliberate, but also insidiously covert, attempt to destroy individualism, encourage federalization, advance socialization and generally change our existing order. . . .

"This is no time to be deluded. Do you realize that by this report, in one fell swoop, it is proposed to go back to the age of feudalism?

"You are going to hear more about this report when they bring it out for a fourth term for President Roosevelt.

"State lines are wiped out with the mop of Federal supervision and gratuity. Industry and labor are regimented. The taxpayer is made a serf. The axiom is ages old that corrupted freemen are the worst of slaves.

"No such danger from a foreign foe has ever confronted lovers of liberty, freedom and the possible continuation and advancement of the interests of mankind as is found in this report which lays the groundwork for an international New Deal as it starts us on the road to national and individual suicide, governmentally."

He continued, referring to the proposed "crade - to - the - grave" program, that the people of this country do not want to be pampered. He added, also, that while the post-war responsibilities of the United States will not be limited to this country, it is too early now to be drawing blueprints for a post-war world.

The report was referred to in these columns March 18, page 1017.

More 5-Cent Papers

Virtually half of the daily newspapers in the United States are now charging 5 cents. In a report to the recent meeting of the New York State Circulation Managers Association, at Utica, at was revealed that 899 of the 1,915 daily newspapers are now 5 cents a copy.

The "Times" and "Eagle" of Reading, Pa., it is reported, have advanced the price from 4 cents to 5 cents a single copy.

Leadership In Industry Looking To Future Will Take Chapter From War, Says Garrett

(Continued from first page)

the whole network of subcontracting had become such an integral part of our process of volume production that the engineers and production men couldn't really understand for a time what all the commotion was about. And this was true of the automobile industry as a whole.

"To take a few other examples of industrial know-how: The manufacturer of one particular type of gun found a way to cut its production time in half. He could thus double his output of guns. What enabled the company to accomplish this war production miracle?

"Any number of companies have found ways of conserving critical materials. For example, one company is now building stronger, lighter airplane propellers at a saving of 100 to 200 pounds of aluminum per propeller. Would not the story of 'how' such an operation is accomplished give people a better understanding of the company than a carload of statistics?

"Hidden in our war manufacturing experience are thousands of examples of how companies, working with military authorities, are stepping up airplane engine horsepower, toughening up field equipment and designing weapons for tomorrow's battles.

"Such stories to a plant manager are apt to appear elementary. The story hardly seems worth the telling. Knowing the facts so well it is natural for him to think, 'Why, everyone knows that.' But unfortunately everyone does not know. Often it is the simple, routine fact, not thought worthy of notice around the plant, about which a public misconception is created.

"Most of us have done a good war production job. Most of us have told about the war job done. Not so many of us have given people any understanding of 'how' and 'why' we were able to do the job. And in a democracy fighting for democracy are not the 'hows' and 'whys' of production the thing important for people to understand? We in manufacturing have a mission to fulfill in the area of this third dimension of our public relations that must remain an uppermost consideration for the duration.

"It is important for people to understand also that the skills and techniques now applied to war production to back up our fighting men are the same skills and teheniques that served us in peacetime. It is important that people understand that these same skills and techniques serving us in war stand ready to serve us equally well after the war. It is important that people understand that only through this managerial know-how is progress for the future possible in making more things for more people in more places at less cost.

"Somehow the impression got around that industry in its thinking and in its processes adhered to a rigid, unyielding formula. The great new discovery coming out of this war production job is the amazing resourcefulness of American industry, its flexibility in the face of changing requirements, its ability to adapt its experience, ingenuity and resourcefulness to whatever the problem may be.

"If you want to get a measure of your own company's wartime position from a public relations standpoint, just apply the micrometer. Take three dimensional measurements:

"First: How good a war production job has your company done? For doing the job well is the FIRST DIMENSION of public relations.

"Second: Have you told the public within censorship limitations about the job done? For telling about the job done is the SECOND DIMENSION of public relations. The doing is more important than the telling. But the doing alone is not enough.

"Third: What have you done beyond the mere telling to explain 'how' you are able to do the kind of job you are doing? For unless you give people an understanding of the 'how' and 'why' you have not developed the THIRD DIMENSION of public relations. The knowing why is what makes the idea stick.

"Looking to the future, leadership in industry will take a chapter from this war. The decisions of General Eisenhower would have meant little except that they were supported by decisions of generals and colonels and majors and captains and lieutenants and sergeants all along the line. How much more is it true that in the psychology of the post-war period the public relations of a company cannot be discharged by a general manager at the top working alone.

"A company comes to possess public respect not through the decisions of a few but through the cumulative efforts of all the people who make up the company. No one in a company is so small that what he does stops with himself. You never know at what stage even a small decision may develop to the maturity of a good or bad public impression.

"A company's public position is more than a matter of top management policy. It is a matter of the diffusion of responsibility for public attitudes. I mean the diffusion of right decisions as affecting the public from top to bottom of the managerial force. Like the atoms of a chemical element which, possessed of certain characteristics and arranged in a certain manner, determine unmistakably the nature of that element, the sequence of the myriads of decisions of its men determines the essence and fiber of a business. Every decision is an element in the structure which public opinion builds.

"No sound company policy reaches full fruition unless it enlists the acceptance, the understanding, the enthusiasm of every man and woman in the company. The load must be spread. This diffusion of responsibility for making right decisions on all matters touching the public may well be regarded as the FOURTH DIMENSION of public relations.

"Why has industry been able to do an outstanding war production job? Not because of its facilities. Most of them had to be rebuilt. Not because of its budgetary reserves. In the aggregate these were wholly inadequate. It was because over the years the men and women of supervision have been trained to make decisions—decisions that kept materials flowing from primary sources, decisions that kept a thousand manufacturing processes each in step with the other.

"In our own organization we have for more than 20 years followed a plan of decentralized operations. Individual units are set up in many respects as though they were separate enterprises, with the widest scope left for initiative, for imagination and for judgment. It has given substance to our preparation for and production of war materials. General Motors is not alone in this policy of decentralized operations. Industry as a whole has grown, expanded and attained a high level of efficiency because management learned to diffuse its operational responsibilities over a large number of supervisory personnel.

"How much more then must public relations—with its man-to-man aspects—become the job of everyone in the organization? A part of General Montgomery's success in Libya was the infinite care he took to give his men of all ranks an understanding of objectives. With a central policy goal in mind he sought a diffusion of operational responsibility as the men scattered for battle.

"Looking to the post-war future, the problems confronting industrial management will be diverse and far-reaching—problems of reconversion, problems concerned with establishing the widest possible employment, problems of making available new products and services to more people in more places, problems of integrating its economic activities with the broad needs of industrial communities. All of these problems touch upon public wants and needs. All of them involve public reaction. To all of them must be applied the sympathetic understanding of whole organizations.

"In war the public objectives of a company become unmistakably clear. But the company must find ways to make its peace objectives as clear as are its war objectives.

"A company's relationships to the public it serves must become inherently and instinctively the concern of all its people. In this diffusion of responsibility for its public approach, in this FOURTH DIMENSION of company public relations, lies a new uncharted course. It is a new opportunity—yes, an obligation—for management ready to meet a great challenge.

"Today the challenge is the challenge of war, upon which all the resources and all the energies of industry must be devoted without stint as long as a single gun or a single shell is needed by our fighting men.

"And what is the challenge of tomorrow? This country when victory is won will face opportunities such as never before have been presented. New products, new materials, new methods, new markets will challenge the resourcefulness even of our resourceful people. I doubt that the management of our great manufacturing enterprises have been able to take their minds off war production long enough themselves as yet to plan very far into the future.

"But when conversion back to peace operations becomes possible they will turn their talents toward new horizons with enlarged vision. For the men of management know that what is good for America is good for the company. They want it to be equally true that what is good for the company is good for America."

Lehman Foresees Creation Of Allied Relief Office

Herbert H. Lehman, Director of the Office of Foreign Relief and Rehabilitation, disclosed on May 8 that plans are progressing for establishment of a United Nations relief committee to coordinate the measures which the various governments must take to meet the needs of the conquered territories when they are liberated.

Mr. Lehman, former Governor of New York, recently returned from London where he held several conferences with representatives of Great Britain and the exiled governments.

Mr. Lehman also made known that plans are under way to extend immediate American aid to the civilians in the newly-liberated areas of Tunisia. He said that stocks of basic foods, medical supplies and clothing have been assembled for relief of the distressed portion of the Tunisian population, which may reach a peak of between 600,000 and 700,000 persons.

After spending two and a half weeks in London, Mr. Lehman said he had returned with a great conviction of the imperative necessity for immediate action on our part, in collaboration with the Allies, in the preparation of plans and the procurement of essential supplies to assist the civilian population in areas liberated. He further said that in his London talks with American military leaders and with British officers he found complete agreement on the necessity for adequate preparation for civilian relief as an essential part of any military campaign and as a vital tool in shortening the war. Mr. Lehman added that the groundwork for cooperation between military authorities and the civilian relief agency is now laid.

WPB Urging Further Economy In Newsprint

The War Production Board on May 19 called upon the nation's newspapers to conserve newsprint in the interests of the war effort, warning that the present situation is "serious."

In a joint statement, W. G. Chandler and H. N. Bitner, Director and Deputy Director of the WPB's Printing and Publishing Division, appealed to newspapers to make economies in their use of newsprint, explaining that the need "for further voluntary curtailment now is urgent."

The statement follows:

"The newsprint situation in the United States is serious.

"It was expected that WPB general limitation order 1-240, issued last Dec. 31, would effect a saving in newsprint use in the United States of aproximately 10%.

"This expectation is not being fulfilled.

"The latest American Newspaper Publishers Association figures indicate only a 5% reduction from 1941 for the first four months of this year. The reduction is only about 2½% under the first four months of 1942.

"The necessity for further voluntary curtailment now is urgent.

"Canadian shipments to the United States in the first four months of 1943 were at an annual rate of only 2,400,000 tons, which would be 120,000 tons under the expected rate.

"Canada expects to be able to supply its quota through the third quarter of this year. But that may not be enough to prevent another horizontal cut affecting all newspapers.

"Recently assurance was given that no additional cut in usage would be necessary through the third quarter of 1943 if—and only if—American newspapers reduced their usage to 90% of 1941 consumption.

"Requests for additional tonnage in the present quarter, filed in accordance with the provisions of limitation order 1-240 which seeks to prevent undue hardship, are in many instances higher than relief afforded in the first quarter, which was an adjustment. Unfortunately it is not possible for newspapers to continue under present limitations without making additional sacrifices.

"Failure of newspapers to achieve the reduction is due largely to circulation and advertising demands. Difficulties of production, and diversion of pulp to other industries and for the need of the armed forces, all contribute to the seriousness of the present situation.

"Therefore, we appeal to newspapers generally to accept the reductions in their current requests for additional tonnage which the printing and publishing division has been forced to make.

"We appeal to newspapers generally to 'play the game' and voluntarily reduce their requests if they cannot live within the terms of the limitation order.

"We hope many newspapers will, of their own accord, agree to new co-operative economies which will help conserve our supply of print paper, using the same resourcefulness and ingenuity which to date have preserved the newspapers' service to the public.

"We realize there have been recent optimistic reports about newsprint supply from sources which are not disinterested. We believe that these reports are grossly misleading and will encourage over-use. As soon as a critical shortage occurs, one may expect a clamor from publishers, as well as from paper manufacturers, for increased prices, in the scramble for tonnage.

"We believe that failure to recognize the urgency of the present curtailment objective, in the face of declining stocks, will inevitably jeopardize orderly and continuous supply of newsprint, and will lead the publishing industry into a critical situation where more drastic limitations will be inescapable."

Construction Contracts Awarded For April

Construction contracts awarded in the 37 eastern states during the month of April amounted to $303,371,000, according to F. W. Dodge Corporation on May 21. This figure represented declines of 11% from the preceding month and of 39% from April of last year. The report also had the following to say:

"Last month's construction total represented mixed trends. Heavy engineering contracts, amounting to $127,723,000, were 4% ahead of March and 25% greater than the contract total for April 1942. Residential building contracts, amounting to $79,434,000, increased 11% over the preceding month, but declined 51% from April of last year. Heaviest decline was registered in non-residential building contracts, due to a drop in the manufacturing plant contract total from $145,064,000 in April 1942 to $40,652,000 last month. New industrial plant construction has been tapering off since the peak was reached last September, when the War Production Board announced that emphasis in 1943 would be on production of war materials rather than construction of new facilities. In spite of this curtailment, it is generally understood that there will be continuing needs for certain specialized types of new plant facilities.

Photostat And Blueprint Operators Needed By Govt.

To have readily available photostat and blueprint operators to replace those being inducted into armed services, the U. S. Civil Service Commission is accepting applications for Federal employment from persons with appropriate experience or training. Women are being placed.

The Commission's announcement states:

"Positions are in Washington, D. C., only and pay $1,752 a year, including overtime pay for the present 48-hour week. At least three months' experience or 80 hours' training in photostat or blueprint work are required. Those receiving training in such work may apply and receive provisional appointments prior to completion of the course.

"There are no age limits. No written test is required. Full information and Application Form 60 are available at first- and second-class post offices, Civil Service regional offices, or the Commission in Washington, D. C. Applications should be sent to the Commission's Washington office, and will be accepted until the needs of the service are met.

"Persons using their highest skills in war work should not apply. Appointments to Federal positions are made in conformance with War Manpower Commission policies and stabilization and controlled hiring plans."

FDR Asks $400,000,000 More For War Housing Says Funds Needed To Help Shelter Workers

President Roosevelt requested Congress on May 13 to increase the authorization for war housing by $400,000,000 in order to meet a portion of the needs of 1,100,000 workers migrating to war centers during the fiscal year 1944.

In identical letters to Vice-President Wallace and Speaker of the House Rayburn, the President pointed out that it is not the Government's intention "to house even a majority of these workers with Federal funds" and emphasized that private initiative will be allocated "as large a segment of the war-housing program as it possibly can produce under war conditions and war risks."

Mr. Roosevelt said that all phases of the war-housing problem should be looked upon "as part of a total and unified picture" and asserted that "no expenditure of funds can be too large if that expenditure is necessary to win the war, or to win it with a greater economy in time and lives."

The President attached to the proposal a draft of a bill which, in addition to providing for an expansion of the Lanham Act from $1,200,000,000 to $1,600,000,000, would accomplish "certain other highly desirable amendments."

The text of President Roosevelt's letter follows:

"Since last I communicated with the Congress on the subject of war housing in May, 1942, much has happened in the war and much has happened in housing.

"It is a noteworthy fact in relation to the whole war effort that under the existing war housing program more than 3,000,000 workers in intense war production have been provided or are being provided with necessary shelter. In addition to placements in existing structures, the present program embraces more than 1,500,000 units of construction, approximately twice the total volume of homes built in the United States in a better-than-normal building year. The size of this program, founded as it is upon minimum absolute needs, affords some measurement of the disastrous impairment of war production that would confront us if war housing were not provided in sufficient volume and on time.

"It is hard to build houses in time of war. It is even harder in time of war to combine the building of houses with maxmum economy in the use of men, money and materials. It is therefore encouraging to know that more than half of the necessary war housing accommodations thus far projected is being provided through the more effective use of existing structures; that another substantial portion is being attained through the prudent and economical repair, enlargement or "conversion" of existing dwellings so that they may shelter additional war workers; that only about two-fifths of the need is being supplied by new construction; and that more than one-fifth of this new construction is being financed with private funds.

"Housing used to be divided among several agencies and several programs. Today, as a product of the reorganization and unification of the housing agencies fourteen months ago, the National Housing Agency is pursuing one unified housing program under which all of our housing resources and techniques are being focused upon the winning of the war. There is no room now for any kind of housing but war housing.

"I have been particularly gratified to see that this new spirit with regard to housing activities pervades the Congress. Certain recent and interesting reports of investigatory Congressional committees have emphasized in a most striking fashion the acute continuity of the need for even more war housing in specified critical areas. Generally speaking, proposals in the Congress for the effective use of our manpower are linked with proposals for the adequate provision of war housing wherever needed.

"The war is not over. War production and the employment of men and women in war plants have not reached their peak, even where the plants are completed. The constant rearrangements in the nature and disposition of our total working force, produced by the increasing inroads of Selective Service, develops gaps that must be filled in part by the migration of women and older workers, and consequently intensify old needs or develop new needs for war housing.

"Even after making every reasonable allowance for the use of local labor supply, including the training of new types of workers, the best estimates indicate an in-migration of 1,100,000 war workers into areas of war production activity during the fiscal year 1944. These workers must be housed or they cannot do their job.

"It is not proposed to house even the majority of these workers with Federal funds. Almost two-thirds of them will be taken care of by placement in existing structures, and a large part of the balance will be served by privately financed construction encouraged and insured by the Government. The Congress will recall that to serve workers in-migrating during the fiscal year 1943 it recently increased the authorization of one branch of the national housing agency to insure private investment in war housing construction by $400,000,000.

"Likewise, it is contemplated that recommendations for additional authorizations for private financing will be forthcoming, to serve a large portion of the workers who will in-migrate during the fiscal year 1944. This further expansion of private financing will maintain and confirm in the war-housing program the principles which point toward maximizing our utilization of existing resources, and particularly the resources of small enterprise, during the war. We are allocating to ment of the war-housing program private initiative as large a segas it possibly can produce under war conditions and war risks.

"But in order to meet that portion of the needs of 1,100,000 workers migrating to war centers during the fiscal year 1944, which can not be met in any other way, some publicly-financed war-housing construction is essential. The main vehicle for this purpose has been the Act of October 14, 1940, as amended, known as the Lanham Act. The funds under this act, and under other acts to provide war housing, are practically all committed to serve needs arising during the fiscal year of 1943. I am therefore suggesting to the Congress at this time the enactment of legislation providing an increase of $400,000,000 in the authorization contained in the Lanham Act, as amended. A substantial portion of these funds will be returned to the Government in the form of rents during the emergency and realizations thereafter. In making this recommendation, I am sure that the Congress and the National Housing Agency will continue to look upon all phases of the war-housing problem as part of a total and unified picture.

"No expenditure of funds can be too large if that expenditure is necessary to win the war, or to win it with a greater economy in time and lives. But I cannot refrain from pointing out how small a fraction of the cost of the war is involved in all the appropriations of money and use of materials for war housing, particularly when measured against the contribution which the shelter of war workers is making toward the winning of the war.

"If the total outlays for war housing were regarded as part of the cost of the plants in which the workers produce, or the cost of the munitions and war implements which they fabricate, these outlays would shrink to very minor proportions in this proper perspective. But the cost to the war effort, in delay and blood and treasure, if decent and sufficient shelter were not provided for those who produce, would be beyond calculation.

"In view of the urgency of the need for more war housing now, I suggest that the proposed expansion receive the earliest consideration of the Congress. There is attached draft of a bill which, in addition to providing for an increase in the amount authorized, would accomplish certain other highly desirable amendments in existing legislation.

"Respectfully,

"FRANKLIN D. ROOSEVELT."

Church Pension Fund Affiliates Directors

The recent election of Robert Hallowell Gardiner as a Director of the Church Life Insurance Corporation has been announced by Bishop Cameron J. Davis, President of the Corporation, which is a wholly owned subsidiary of The Church Pension Fund of the Protestant Episcopal Church. Mr. Gardiner, who is a trustee of the fund and President of the Fiduciary Trust Co. of Boston, was elected to fill the vacancy created by the death of Frank L. Polk. No action has been taken as yet to fill the vacancies created by the death of J. P. Morgan, who was a Director and Treasurer of the Corporation, and the death of William Fellowes Morgan, who had been a director of the corporation since its inception in 1922 and a former President of The Church Pension Fund. It was also announced that, at the same meeting, Allen Wardwell, a director of the corporation, was elected Vice President to fill the vacancy created in that office by the death of Mr. Polk. Mr. Wardwell is also a Vice President of The Church Pension Fund. The announcement issued by the latter on May 7 also said:

"The Right Rev. Oliver J. Hart, D. D., Bishop Coadjutor of the Diocese of Pennsylvania, was elected to the Board of Directors of The Church Properties Fire Insurance Corporation, another wholly owned subsidiary of The Church Pension Fund of which he is a trustee. This election was also for the purpose of filling a vacancy created by the death of Mr. Polk and announcement of his election was made by Bradford B. Locke, as President of the Corporation, who stated that no action has been taken as yet to fill the vacancies created by the deaths of J. P. Morgan and William Fellowes Morgan on the Board of Directors of that Corporation.

"According to their latest statements filed with the Insurance Department of the State of New York, the Church Life Insurance Corporation, which deals only with the clergy and the active lay workers of the church, has insurance in force of $28,000,000 with assets of $6,967,226, and The Church Properties Fire Insurance Corporation, which insures only the property of the Protestant Episcopal Church, has $107,000,000 of insurance in force with assets of $745,627, of which $659,284 is capital and surplus. Both Corporations are administered solely in the interests of the church and under the control of the Trustees of The Church Pension Fund.

Kilgore Bill Threatens Government Monopoly Of Industrial Research, NAM Warns

Industrial research for post-war progress is threatened far more by Government monopoly than by private monopoly, the National Association of Manufacturers warned on May 14 in an analysis of the Kilgore bill to establish a Federal office of Scientific and Technical Mobilization, pending in the Senate.

"Coordination of all research by Government for war purposes is essential and proper, but permanent socialization of research—the basis of our competitive economy—would be equivalent to a negotiated peace in which we give up our way of life and accept our enemies' philosophy of government monopoly," declared James D. Cunningham, President of Republic Flow Meters Co., Chicago, Ill., and Chairman of the NAM Committee on Patents.

"Without free competition and the profit motive as an incentive to the creation and development of new products and services, we could safely prophesy the end of America's industrial supremacy," he said, and he added:

"Keen rivalry among industry's 2,300 research laboratories and among thousands of companies to find and develop new and better products is eloquent proof that private monoply does not exist in this field of American endeavor. A proposal from a small but aggressive minority to concentrate in the hands of a single government official complete control of all research, invention and engineering development is a threat of dangerous government monopoly."

The NAM analysis, a pamphlet titled, "Shall Research Be Socialized," says that the Kilgore bill "presents a comprehensive plan for the most ambitious project to socialize industrial research and technical resources that has ever been proposed in the United States Congress."

It likewise states, "the effect of the measure would be to authorize the complete socialization of all forms of property, plans, methods, technical information and 'know how' of all industries and all personnel devoted to scientific and technical effort. It would hopelessly confuse the relation of all various departments of the government devoted to the prosecution of the war by reorganization of their relations to one another and to the proposed Administrator. Finally, it would create the most despotic authority given to a single officer, and by vague and indefinite phrases it would enormously expand the enormous power conveyed.

"The bill is directly opposite to the constitutional provision for patents which grants to **inventors** 'the exclusive right to their . . . discoveries.'

"The Office of Scientific and Technical Mobilization would be provided with means by which it may acquire complete information regarding projects and developments underway by industry as well as independent inventors. It could then destroy the fruit of the labors of those from whom the information was acquired by having the government itself develop or turn the project over to someone else to develop, thereby vesting the completed invention in the Office. No redress would be available to the one who originally furnished the data on which the invention was developed.

"It provides not only for piracy of inventions but it lays claim in advance on the inventors' unborn brain children.

"This provision for the vesting of exclusive rights in the Office ignores the incentive given to inventors by the Constitution to encourage invention, and also ignores the incentive given to speculative capital and industry to develop new enterprises which is now provided by the grant of exclusive rights in inventions for a limited time.

"The bill would withdraw from the Alien Property Custodian the powers which he has and presently exercises over patents and inventions.

"The measure ignores the existing cooperation of scientific and technical organizations now freely at the service of the government and cooperating with the Army and Navy."

President Is Asking $72 Billion For Army

President Roosevelt asked Congress on May 20 to appropriate the record sum of $71,898,499,700 to operate the War Department in the 1944 fiscal year. The request was contained in a letter addressed to Speaker of the House Rayburn. The funds asked for are greater by $6,000,000,000 the estimate submitted by the President in his budget message last January—the aircraft production program representing the principal factor in the increase.

New appropriations amounting to $59,425,586,500, and reappropriation of unobligated balances totaling $12,472,913,200 are contained in the revised estimates. This includes funds for pay, food, clothing and equipment for more than 8,000,000 persons in the Army, including 375,000 members of the Women's Auxiliary Army Corps.

This sum, it was said, would provide "for every foreseeable need for the military establishment during the forthcoming fiscal year," which begins on July 1.

The White House statement indicated that "ample funds are provided for overseas construction, including facilities to meet the needs of the rapidly expanding Air Transport Command in its operation of ferry routes throughout the world, and construction in theaters of operation." "Military construction in the United States will be much smaller than in recent year," it was added.

A summary of the new appropriation request follows:

Pay and travel, $12,305,686,000; subsistence, $2,487,641,000; clothing and equipage, $1,894,038,000; transportation, $1,556,839,000; Signal Corps, $4,658,898,000; air force, $23,655,481,000; medical department, $455,112,000; engineer service, $2,576,404,000; ordnance department, $8,038,925,000; chemical warfare service, $342,260,000; manufacturing plant facilities, $749,000,000; miscellaneous, $705,302,500.

President Asks $5 Billion More For Naval Aviation

President Roosevelt on May 10 asked Congress to provide $4,934,725,000 cash and a contractual authorization of $9,000,000 for naval aviation in the fiscal year starting July 1.

United Press Washington advices further reported:

The request brings to $6,574,725,000 the total funds requested for the Navy's Bureau of Aeronautics for the fiscal year of 1944. Mr. Roosevelt previously had asked $1,640,000,000 for the bureau.

The Bureau of the Budget said the purpose of the new request was to "provide additional requirements for the prosecution of the war."

The President also requested $10,696,880 for the division of central administrative services of the Office of Emergency Management for fiscal 1944, and a supplemental appropriation of $307,700 for the Federal Security Agency's public health service.

Bright Post-War Future Seen By Schram If We Face Economic Problems Intelligently

In an address before the Commonwealth Club at San Francisco last month, Emil Schram, President of the New York Stock Exchange, expressed the belief that America faces "an era of peace and plenty, of progress and prosperity" in the post-war world "if we will recognize our problems and face them with intelligence and determination."

Pointing out that this a fruitful, productive world, Mr. Schram declared that "only a stubborn disregard for facts and a lack of appreciation of the simplest of economic laws can prevent the people of tomorrow from having the highest standard of living ever enjoyed by any age."

Saying he was not at all positive in his opinion regarding the post-war world, Mr. Schram began with the assumption that "economic and political isolation is dead except in the minds of a few people." He explained that "after having poured out blood and tears and treasure to correct the past errors of isolationism and super-nationalism, it would be disastrous if we abandoned the rest of the world to its own devices and to the dangers which those devices and their consequences have brought upon us in this tragic hour."

The Stock Exchange head went on to say that the first international problem is to restore order in Europe and Asia, asserting that the task will be a difficult one in the western part of Europe but "we must fully share" the responsibility. As to Asia, Mr. Schram said the situation may not be as difficult but it is dangerous, since it will take more than the defeat of Japan to satisfy the restless aspirations of the teeming millions of the Far East. Expressing the view that Japan "will cease to exist as an industrial nation," Mr. Schram went on to say:

"In the Orient, a rich world awaits developments. If the resources of China, India and the islands of the sea are developed, the market for American goods will be multiplied. As Asia pays in kind rather than in money for the American products which she will need, the American standard of living, in turn, may be lifted to undreamed levels.

"Such a concept of America's role in world affairs means, of course, that this country must be realistic and practical in adjusting problems involved in the exchange of goods. If we would sell to Europe and Asia, we must also buy.

* * *

"It is a most healthful thing that the matter of tariff policy no longer is the line of cleavage between our two great political parties. With the tariff out of partisan politics, the world may well breathe a sigh of relief.

"A third great international problem involves methods of making American investments abroad. To date, Americans have not had experience enough for an enlightened concept of the economic and political functions of a creditor nation such as the United States inevitably must become.

"A sound concept, as Britain long has recognized, is that foreign investments, to be successful both for the creditor and the debtor nation, must be more or less permanent. Our funds cannot be invested abroad on a short-term pay-me-back-in-money basis. To a large extent they should be equity commitments—ownership, and, to a lesser extent, loans.

"In this connection, I visualize the formation of foreign corporations by American investment bankers, and the listing of the securities of these companies on the New York Stock Exchange and other exchanges. This probably will mean a great expansion in the number of shares and amount of bonds listed in our markets. It may mean that the New York Stock Exchange list, in the future, will look more like the London and Amsterdam lists.

"In the future, we may read on the financial pages of our newspapers about the strength in the China textiles and essential oils, the weakness in German chemicals, the rise in South American rails and utilities, the boom in Australian golds and the dividend outlook for Dutch East Indies rubber, tin and oil stocks. Some of the new issues might have names like Pacific Airlines, United China Stores, Japanese Refrigerator, Queensland Packing, Philippine Sugar, Asiatic Rubber, International Tin and African Copper.

"Presumably, some of the new foreign securities will sell on a high yield basis. Certainly, they will involve speculative risks; but I visualize a new generation which will be avid for risks in new romantic lands—not a generation of weaklings engaged in a vain quest for passive security sponsored by government. In the post-war economy, society will be disposed, I believe, to reward rather than hinder the risk-taker.

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"Reducing the argument for post-war prosperity in America to its simplest terms, this country at the end of the war will be bare of goods but will have a greatly enlarged capacity to produce. The common people of the land, because of their large war savings will have accumulated a vast buying power, and therefore should be able to possess the things they want. Taxes, although higher than in the late 30s, will be much under the wartime level. Business, if present trends continue, will operate in a more congenial political climate. The technological developments induced by the war will give us numerous new industries. After a victorious war, new foreign markets should be opened. The emphasis will be on production and more production, and no longer on limiting the output of either farm or factory. This is a pleasing prospect.

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"The problem of reemployment will not be solved overnight, and it can be solved only through the careful cooperation of Government and business. We should be better prepared to reconvert to peace than we were prepared to convert to war; and you will remember that before Pearl Harbor we already were operating extensive war plants. We should begin to convert to peace while the war is still in progress. It is gratifying to note that we already are making a small beginning in this direction, but much more needs to be done, and quickly. To the extent that war requirements will permit, the Government should begin now to release materials and supplies with which our industries may get their conversion to a peacetime basis under way without lost motion. As machine-tool producing capacity can be released from the war effort, industry should be encouraged to begin to tool up for the products of peace.

"We should not too quickly abandon the distasteful practice of rationing scarce civilian goods. If, because of ill-directed popular pressure, restraints on an immense surplus of cash are permitted to relax, we are likely to have a runaway advance in prices even more devastating than that which occurred after the first World War. Such a development would retard the post-war recovery and inevitably lead to a deflationary correction, the aftermath of which might be anti-profit phenomena with fresh threats to free enterprise and a further extension of government."

* * *

As to the Federal Government's estimated $10,000,000,000 title to plants and properties engaged in war production and operated by private corporations, Mr. Schram said that this involves either a problem in orderly liquidation or an incipient socialistic trend of challenging significance. In part, he said:

"How and when this Government plant is disposed of will have a highly important influence on investment and business confidence in the first five years after the war. Probably it will be impossible for the Government to liquidate its investment without substantial losses; and there may be a reluctance to take those losses. It should be remembered, I think, that the Government was forced to make these commitments because private industry in many instances was unwilling and unable to take the risks incident to them—especially if profit-margins on war work were to be censored and excess profits tax rates were to be so high. It should also be kept in mind that the plant was built for war purposes and that much of it may be worth comparatively little for anything else.

"There are many different situations to be met in selling or dismantling this Government investment. A small part of it, of course, can be held permanently for war purposes. Some of it can be sold at below cost to the private corporation which has been operating it, and later converted to the pursuits of peace. Some of it will have to be regarded as worth only its physical salvage value. Here and there may be units which can be sold to others. But the Government, in almost every case, should be prepared to take the loss as an expense of war. Had the plant been built by private enterprise, similar losses would loom for the corporations.

"I hope that the Government speedily will get out of the business of owning and leasing plants and machinery. I feel that the leading industrial corporations will want to buy these plants, not only because they will be reasonable in price but also because they will want to help eliminate the threat to private enterprise. Some of the Government-owned plants and equipment may be purchased by private industry through the sale of common or preferred stock to be listed and traded on the New York Stock Exchange."

Robbins And Peabody Quit Treasury War Loan Posts

Secretary of the Treasury Morgenthau announced on May 17, with regret, that William M. Robbins and Stuart Peabody, who have been serving, respectively, as National Director of Sales and Head Advertising Specialist for the Second War Loan, were returning to private business effective May 19.

At Secretary Morgenthau's request, Mr. Robbins and Mr. Peabody will continue to serve the Treasury as consultants in its bond-selling activities. Expressing his appreciation of their services, the Secretary said:

"I want to express my thanks and the deep appreciation of the Treasury Department for the very fine and effective work done both by Mr. Robbins and by Mr. Peabody in the Second War Loan drive. They contributed greatly to the success of the campaign, and I am happy that they have consented to give us the benefit of their experience in connection with future drives."

Mr. Robbins has been on leave as Vice-President of the General Foods Corp. and Mr. Peabody will return to his post as Director of Advertising for the Borden Co.

Important Role In Post-War Housing Field For Life Insurance Funds Seen By Johnson

Declaring that slum clearance or urban rehabilitation and new housing constitute one of the nation's foremost opportunities for social-economic advancement in the years immediately following the war, Holgar J. Johnson, President of the Institute of Life Insurance, told the Cleveland (Ohio) Association of Life Underwriters on May 13 that life insurance funds can play an important role in the elimination of blighted urban areas and the provision of modern housing for families in the low- and middle-income groups living in American cities. Mr. Johnson said:

"This work will not only benefit the large number of families who are housed inadequately today, but will provide employment to millions of persons in the post-war readjustment period. It is one of the most effective ways to create mass employment and aid the full employment program in the post-war days."

The pooled savings of life insurance policyholders represent one of the principal sources of money available in the country for these essential projects where they qualify as sound investments, according to Mr. Johnson, who also pointed out that the elimination of blighted urban areas and the creation of good homes at low rental or low purchase cost are problems faced by cities in all sections of the country and represent overall a post-war job which will "reach staggering proportions and prove of great social and economic benefit to the whole nation." In his remarks he also stated:

"It has been estimated that the backlog of needed housing may reach 15 or 20 billion dollars by the end of the war, representing better housing for millions of Americans. If the nation is to merely catch up on the essential housing, delayed first by the depression years and then by the war, there will probably be a need for five or six billion dollars of new building each year for four or five years after the war.

"Such a huge program requires planning well in advance and cooperation between private agencies and Government agencies. Since slum clearance and large-scale housing projects often involve actual ownership and operation by the financing groups, which is a change in present practices of most life insurance companies, the program may require legislative action to make generally available the authorizations under which the insurance companies can carry out large-scale housing projects. The traditional role of life insurance companies, of course, has been in mortgage financing, and this will continue to represent a major sphere of activity in the future.

* * *

"The life insurance companies are keenly interested in the opportunities inherent in this housing program and they also will be seeking new spheres of activity for policyholder funds after the war. These funds, the record shows, have always been responsive to the essential financing needs of the nation, having contributed needed capital to the railroads, to the light and power production, to manufacturing industry, and to the financing of farms and improvement of city real estate. When the Government's financing needs became paramount, first during the depression and then under the war program, life insurance funds were directed into Government bonds. In the first four months of this year, for example, American life insurance companies put $2,200,000,000 into U. S. Government bonds.

"As housing will be one of the prime post-war activities, these policyholder funds seeking new outlets should find productive and socially useful employment in this field. Gauged by past experience, it is entirely possible that the total of life insurance funds flowing into mortgage financing or direct housing projects in the early post-war years may reach billions of dollars. Whatever the figure may be, one thing is certain: Life insurance policyholders' funds can help provide jobs and help meet the slum clearance and housing problem of our cities, and will make, in this way, a significant social-economic contribution to the post-war readjustment program of the nation."

Seized Axis Stock To Be Sold In Few Months

The Alien Property Custodian's office disclosed on May 22 that an estimated $500,000,000 worth of Axis properties seized by the American Government since Pearl Harbor will be sold within the next few months, said Associated Press advices from Washington on May 22, which added:

Alien property experts and officials of the Securities and Exchange Commission are working out details of plans to "Americanize" about 150 formerly German, Japanese and Italian holdings by offering them for sale to citizens of this country.

Private investment banking channels and underwriting syndicates will be used, according to present plans, to distribute to American investors the Axis stock now held by Leo T. Crowley, Alien Property Custodian.

Under present plans, the proceeds realized from the sales will be held by the Treasury until after the war, when a decision will be made as to their disposition.

April Truck Freight Volume 20% Over 1942

The volume of freight transported by motor carriers in April decreased 2.1% under March, but held 20% over April, 1942, according to reports compiled and released on May 23 by the American Trucking Associations.

Comparable reports were received by ATA from 185 motor carriers in 38 States. The reporting carriers transported an aggregate of 1,332,795 tons in April, as against 1,361,116 tons in March, and 1,110,406 tons in April, 1942.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 199.58.

Almost 88½% of all tonnage transported in the month was hauled by carriers of general freight. The volume in this category showed a 2.4% decrease under March, and a 20.2% increase over April of last year.

Transporters of petroleum products, accounting for 6% of the total tonnage reported, increased 8.6% over March and 31.1% over April, 1942.

Haulers of iron and steel products reported almost 3% of the total tonnage. The volume of these commodities showed a decrease of 1.6% under March, but held 15% over April of last year.

A little more than 2½% of the total tonnage reported was miscellaneous commodities, including tobacco, milk, textile products, coke, bricks, building materials, cement and household goods. Tonnage in this class decreased 11.3% under March, but showed a slight increase of 1.7% over April, 1942.

Political Principle Must Be Base For Economic Reconstruction, Says Sir Norman Angell

Reverting to the reconstruction efforts made during the last war, Sir Norman Angell, member of the British Labor Party, in an address at the annual meeting of the National Industrial Conference Board in New York yesterday (May 26), stated that no one old enough to recall those efforts "can forget with what optimism we approached that task of reconstruction and what great expectations we had formed of the outcome. You know, we know, the years of the depression have taught us, of the tragic anticlimax." He suggested "that if we are to avoid a similar tragedy of reconstruction going to pieces, we have to examine the nature of the mistakes we made, how our failure is explained. Because if we don't, we are quite capable of making the same or similar mistakes again, and failing again."

According to Sir Norman, who was winner of the Nobel Peace Prize in 1933, "the foundation of any economic reconstruction will be a political foundation." He went on to say:

"A political foundation means in plain language some dependable arrangement by which aggression, war-making, from any quarter shall be prevented. That of itself, of course, though indispensable, of course, is not enough. Perhaps we don't always distinguish between what is indispensable and what is enough. The foundations are not the house, and you cannot live in foundations, but neither can you live in a house built upon rotten foundations. The economic house which we tried to build after the last war had foundations in political quicksands. It never in fact got built because the sands were shifting, and such of it as we did manage to construct came all tumbling about our heads within a couple of decades.

"The political principle which must constitute the foundation of economic reconstruction is not after all very complicated, however difficult its practical application may be at times. We must recognize that survival, self-preservation as nations, defense, is the first thing we have to insure. We now know—or ought to know—that that defense must be collective; based on **common** action against aggression, or it cannot exist at all. If we will not hang together for the purpose of resisting aggression, then we shall be hanged separately by any criminal minority that plans to pick us off one by one. It is precisely what has happened to the nations of continental Europe and what would have happened to Britain if she had not changed her policy in time and recognized the profound truth, which lies at the basis of all peace, that if we are to defend ourselves we must be prepared on occasion to defend others. She decided in March, 1939, to undertake the defense of Poland. If she had adopted that principle 20 years earlier in the case of France, eight years earlier in the case of China, five years earlier in the case of Ethiopia, there would have been no second World War.

"This time we must make the political foundations sufficiently secure so that our elaborate planning will not, just as it is getting under way, be all blown to pieces by some criminal 5% of the world that hopes to dominate the very divided and quarreling 95%.

"That, it seems to me, is the one lesson we have not yet perhaps sufficiently faced. It is the prerequisite for the success of the plans you have been elaborating. But there is another. . . .

"More than one historian has declared that no single factor was more responsible for the financial and monetary disintegration after the last war than what one economist has called the "running sore" of reparations during 12 years; the uncertainty which because of that unsettled question hung over all monetary and financial settlement and arrangement. . . .

"If the historians are right and the bungling on reparations did play a large part in producing the financial disorders of Europe, a sufficiently large part to account in some degree for the rise of Hitler, then the future historian will have to relate that European civilization nearly wrung its neck, owing to failure of the public to understand a point which could be made clear to any intelligent adolescent in half an hour.

"Is not this something or a reflection upon an education that is presumed to prepare us for democracy, for giving into the hands of millions the final word on these policies, economic, financial, monetary, which we have been discussing?

"I have selected out from a round dozen of fallacies which prevailed at the time of the last peace-making one of them, a political fallacy, the assumption that each could defend himself and let others go hang. That assumption has put 20 nations in Europe today under the heel of Hitler. I frankly doubt whether even today the average voter in most countries would accept the proposition that if we will not defend others, it is physically impossible effectively to defend ourselves. Yet, if that proposition is not accepted a third world war is inevitable.

"I doubt very much, taking the example of economic illiteracy I have selected, whether the mass of voters are prepared to accept the proposition that, if we will not buy the goods and services of others, it is an economic impossibility for those others to buy our goods and services. Both propositions are mere truisms, undeniable. They should be self-evident."

Civil Supply Office Set Up Within WPB

Donald M. Nelson, Chairman of the War Production Board, created on May 1 a new Office of Civilian Requirements and delegated to Arthur D. Whiteside, its head, full power to provide the civilian population with all necessary consumer goods and services except food, housing and transportation.

The new office is set up within the WPB and replaces the Board's former Office of Civilian Supply, headed by Joseph L. Weiner.

Stating that the new agency will have far more inclusive powers over civilian economy than the former Office of Civilian Supply, which it supersedes, the International News Service in advices from Washington said:

Its duties, as set forth in Mr. Nelson's administrative order include:

1. Formulating rationing policies over civilian goods and services.

2. Determining consumer requirements and allocating materials made available to meet them.

3. Consulting on price regulations affecting civilian economy.

4. Initiating programs to standardize civilian goods.

5. Determining the impact of manpower shortages upon essential consumer requirements and assisting the Manpower Commission in determining the relative essentiality of various goods and services.

In Washington Associated Press advices May 1, it was stated:

Mr. Whiteside, who is President of Dun and Bradstreet, Inc., was authorized by the WPB Chairman to determine rationing policies and to issue directives telling the Office of Price Administration when, where and how much goods are to be rationed.

Mr. Whiteside also received authority — superseding that of Rubber Director William M. Jeffers — to determine how much rubber should be allocated to civilians, and whether it should be used for tires, corsets or other goods, WPB spokesmen said.

Mr. Whiteside will retain the title of WPB Vice-Chairman in charge of civilian supply, conferred April 15. At that time his functions were not designated.

To consult with Mr. Whiteside and correlate civilian needs, Mr. Nelson also created a Civilian Requirements Policy Committee of Claude R. Wickard, Secretary of Agriculture; Price Administrator Prentiss M. Brown; Solid Fuels Administrator Harold L. Ickes; Defense Transportation Director Joseph B. Eastman and Paul V. McNutt, Chairman of the War Manpower Commission. Mr. Nelson named himself Chairman and Mr. Whiteside Vice-Chairman of the policy body.

The goods and services controlled by Mr. Whiteside do not include those handled by the War Food Administration, the National Housing Agency or the Office of Defense Transportation, because their jurisdiction was established by executive orders.

Although technically in the same category, Mr. Ickes has made an agreement with the WPB that Mr. Whiteside should handle civilian oil and coal requirements, which heretofore have been in his charge.

The objective of the new office, Mr. Nelson's order states, is to "provide consumer goods and services adequate to maintain the essential civilian life and the highest productive efficiency, to the end that the maximum productive hour of the civilian population may be attained in the support of the war effort."

"Consumer goods and services" were defined as including all products and services personally consumed or used by individual civilians, including repair parts and the operating supplies for household or consumer use. The term, however, does not include maintenance and operating supplies for equipment needed to produce civilian goods, such as textile machinery.

Mr. Whiteside received the power to require the WPB's industry division to carry out his orders. He also was authorized to review any WPB orders affecting any industry "to assure such orders give full consideration to civilian needs."

When it becomes necessary because of manpower shortage to determine which civilian services and goods are most essential, Mr. Whiteside is empowered to make the decisions and report them to the WMC.

Appointment of Mr. Whiteside was noted in these columns April 29, page 1597.

Hoyt Succeeds Cowles As OWI Domestic Head

Elmer Davis, Director of the Office of War Information, announces the appointment of Palmer Hoyt, publisher of the Portland "Morning Oregonian," as domestic director of the OWI, succeeding Gardner Cowles Jr.

Mr. Cowles resigned after a year's service to give attention to his several publications. He is President of the Des Moines "Register and Tribune," President of "Look Magazine", Vice-President of the Minneapolis "Star-Journal," and President of the Iowa Broadcasting Co.

Subsidy Plan For Food Under Consideration By Administration—Congressmen Protest Action

A two-billion-dollar-a-year Federal program for subsidizing the American cost of living was reported authoritatively on May 8 to be under consideration in high Administraton quarters, it was reported in Associated Press Washington advices that day, which said that the report followed the official announcement on May 7 that meat, coffe and butter subsidies will be made to support price ceilings in the Nation's stabilization fight on June 1. With respect to the proposed subsidy program Associated Press advices from Washington on May 8 also had the following to say:

Those subsidies will cost about $400,000,000 a year, according to unofficial estimates. The $2,000,000,000 program reported under study was said to include plans for subsidizing canned fruits and vegetables and a long list of other foods—but nothing except foods.

The first program, announced by Price Administrator Prentiss M. Brown, is aimed to force a 10% cut on June 1 in the retail cost of beef, veal, pork, lamb, mutton, coffee and butter. It will be financed by the Reconstruction Finance Corporation, through one of its subsidiaries, under what officials said was a specific authorization contained in last October's price control act.

Flat payments of a cent or more per pound will be made to meat packers, butter manufacturers and coffee companies for their products, on condition that they cut their prices according to the program. In adopting this plan the Government rejected a proposal to buy direct from producers and resell at a loss to processors.

Despite the "conditional" implication that the program might operate on an optional basis, the unofficial consensus was that it would be compulsory throughout, with the penalties provided under the price control act. Officials, however, declined to discuss this phase of the plan immediately.

With few details of the program yet available, Mr. Brown predicted reduction would trim three cents a pound off present prices of beef and veal, four cents a pound off pork, four to five cents a pound off butter, and about three cents a pound off coffee. No estimate was given on lamb and mutton.

The Administration has discussed the subsidy possibilities for more than a year, but, with few exceptions, little has been done on them up to now—due largely to Congressional opposition. That opposition still showed today as some officials and legislators indicated that they doubted whether the larger program in prospect would be adopted without specific authority from Congress.

By subsidies, these experts claimed, the Government could at one time satisfy claims of producers, workers and consumers, and—according to their economic theories—it would "cost nothing." The idea that subsidies "cost nothing" was based on their theory that it makes no difference to the public whether it pays out money in taxes or in higher prices.

Associated Press advices from Washington on the same day noted the reaction of Congress to the plan as follows:

Administration's plan to use subsidy payments to cut retail food prices drew angry protests today from surprised members of Congress, along with intimations of legislative action to halt the move.

Influential lawmakers said the Reconstruction Finance Corporation, previously denied by Congress the subsidy authority to be exercised now, would receive a cool reception if and when it sought additional funds.

Bluntly asserting that the action would "harm rather than help" the war effort, Chairman Cannon of the House Appropriations Committee expressed belief that the act creating the RFC could be amended to ban subsidy payments.

"Certainly," he told reporters, "when Congress has repeatedly said an emphatic 'no' to requests for funds for a subsidy program, money voted for other purposes should not be used for it. The universal disapproval on the hill would indicate that if there is a recourse against this move, it will be taken."

From Representative Taber, the Appropriations Committee's ranking minority member, came the declaration:

"This is the most inflationary thing they could do. It is the reverse of a sales tax at a time when a sales tax is needed to curb inflation."

"Roll back prices," he added, "and people, with their increased purchasing power, will buy much they don't need. I never warm up to these subsidy programs because they just pile up debt. I don't know how far the President can go without coming to Congress for more money."

Representative Dirksen, a leader of the farm group, predicted a Congressional effort to block the subsidy program, and argued that "once you start subsidy programs, you can never stop them."

Chairman Steagall recalled that the House Banking Committee, which handles RFC legislation, had rejected an amendment setting forth a similar plan "when it was offered under the guise that it would increase production."

"The FC doesn't have to come to Congress right away for funds, perhaps," he said grimly, "but sooner or later, they will have to come up here for an appropriation."

Representative Monroney, another member of the Banking Committee, said:

"Any program for a subsidy should have the specific authorization of Congress, and it would be a mistake for the Administration to try to put it into effect without obtaining that authorization."

Contending that the plan was "not legal," Representative Sumner argued that "there is serious doubt as to whether a subsidy program would get the production needed, and it boils down to a question of whether we want food or low prices."

Chairman Fulmer of the House Agriculture Committee said he opposed the plan because "the processors, and not the producers, are to get this money—inasmuch as they are unwilling to give the farmer anything, I'm against the other fellow getting it."

"They'll never 'hold the line' with the present tactics," he contended. "They have started in the middle, not at the bottom, and eventually it will all blow up."

Representative Halleck, ranking minority member of the House Small business Committee, termed the most "unsatisfactory, just the path of least resistance."

"This is the most dangerous thing they could do," said Representative Engel, a member of the Appropriations Committee. "By subsidizing the processor, you are just doubling the inflationary gap between income and the available consumer goods."

New Cotton Exch. Member

Robert J. Murray, President of the New York Cotton Exchange, announces that Erich Koenig of Mexico City was elected to membership in the Cotton Exchange at a meeting of the Board of Managers. Mr. Koenig is President of Sociedad Financiera de Industria y Descuento, S. A., Mexico City, and a member of the Chicago Board of Trade.

Concluding Portion Of Dr. Anderson's Address Analyzing Keynes And Morgenthau 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 gave the first part of the text of Dr. Anderson's address in full in these columns May 20, page 1884, and now give the remaining portion of his speech. The summary appeared on page 1755 of our May 13 issue.

The last part of Dr. Anderson's address follows:

The Keynes and Morgenthau plans, if carried through, would repeat this episode, on a vaster scale. We should pour American dollars into the international fund which it would use in supporting the exchanges of all weaker countries. We should export goods. We should have a boom based on the export of goods. We should finally "get fed up" with the drains on our dollars. We should cease to supply the unlimited dollars. The fund would deteriorate. The exchanges would crack. The exports would drop violently, and we should have another crisis of 1920-21.

The Keynes-Morgenthau plan puts the cart before the horse. It strikes at the symptom. It does not deal with the fundamentals.

Keynes and Morgenthau versus The Red Cross

Now we must recognize frankly that there will be countries on the Continent of Europe so stricken, so demoralized after the war that they will have no credit with which to buy goods, and that we and other countries which have surpluses must engage in an immense act of charity to help keep them alive. We should do this by Red Cross methods and on Red Cross lines. We should not call it loans, because we shall not get the money back. We should call it gifts and charity. We should know exactly what we are doing and we should mark it off our books forthwith.

We should limit the amount of it. We cannot feed the world. We cannot support the world. We can help. In every country, from the beginning, the government should be encouraged to be responsible, and their own people should be expected to do the main job. Of course the standard of life in Europe will be low when the war is over. Anyone who supposes that the world can go through the devastation of this war, and come out with a high standard of life, is dealing in fantasies.

The Keynes-Morgenthau plan would make Red Cross work unnecessary—for a time. The weakest and most devasted of the Continental countries would have its quota in the international exchange stabilization fund. All countries would start with drawing power upon this fund. Under these circumstances the Finance Minister of each country would feed his own people instead of calling on the outside Red Cross. He could do it by printing bank notes, and while the quota lasted no Red Cross would be needed.

I would say that even in giving Red Cross aid to a stricken country, we should make strong representations to the governments of those countries directed toward the rehabilitation of their internal finances and currencies. Gifts, as well as loans, should do the recipient permanent good.

Both Keynes and Morgenthau Plans Put the Borrowers in Control of the Lending

Both the Keynes and Morgenthau plans put international lending into the hands of the debtors. The one great country which will be in a position to extend credits in the postwar period will be the United States. Some other countries, as Sweden, Switzerland, and the Argentine may be in a position to give some credits, but the majority control of the fund would be in the hands of the debtors, including Great Britain, even though the Morgenthau plan reserves a veto on certain points for the United States. Strong and weak alike, debtor and creditor alike, pool their resources **and the debtors decide how to lend them.** Now this, I submit, is an unnatural and an unsound arrangement in principle. If credits are to be safe, the creditor must be in a position to protect himself, and must be in a position to impose conditions that will make the credit safe.

When a would-be borrower is strong and in a good credit position he meets no unusual terms at his bank. Other banks would be glad to have the business. But when a borrower is weak and needs emergency help, a bank, if it lends at all, will make sure that there is such a reform in the borrower's position that the loan will be good and will do good. A bank, a majority of whose board of directors are impecunious debtors to the bank and all of whom are eager to borrow more, would very speedily become a ruined bank. It is this kind of bank which both the Keynes and Morgenthau plans would create.

We Should Do Our Own Lending

If we are going to lend to Europe in the postwar period, we should do it ourselves and not through an international institution. We should impose sound conditions to make the credit good. We should not impose selfish conditions. We should not impose capricious conditions. But we should impose conditions which will assure the return of solvency to the borrower, the balancing of the borrower's budget, and the stabilizing of his currency at a rate that can be maintained against gold. We may well make **specific gold loans** to put gold in the reserves of the central bank of the country we are aiding. We should simultaneously insist upon a money market policy in the country, including firm discount rates, which will protect the gold.

The gold standard itself is a powerful deterrent to excessive imports on the part of a country, and a powerful force working for an adequate volume of exports. Under the workings of the gold standard, an excess of imports tends to drain away a country's gold. The responsible central bank, obliged to redeem its currency in gold, thereupon raises its discount rate and restricts credit. The restriction of credit to importers checks their purchases of foreign goods. Imports are reduced. The restriction of credit to exporters hastens the sale of goods to foreign countries and compels them to make the necessary price reductions to get goods out.

Keynes-Morgenthau Plan Does Not Require Budget Balancing Or Firm Discount Rates

Now, both the Keynes and Morgenthau plans have some suggestions as to dealing with weak countries which are using up their quotas too rapidly, and general statements regarding appropriate measures which the fund may take, but neither of them says anything about balancing internal budgets and neither of them says anything about firm discount rates to protect a currency.

On the contrary, it is in the spirit of both plans to make these unnecessary, as the following two sections will show.

Both Morgenthau and Keynes Plans Are Cheap Money Plans

High interest rates are anathema to Mr. Keynes and high interest rates are anathema to Mr. Morgenthau. Our present government borrowing policy in financing a great war at rates of interest exceedingly low are made possible only by a constant expansion of bank credit. Money can be got at these low rates from the banks, but cannot be got from investors in adequate volume at these rates. The low rates of interest on bank loans, moreover, are made possible only by continuing purchases of government securities by the Federal Reserve banks themselves, enlarging the base on which bank expansion takes place. Our pre-war policy from 1933 on, following Lord Keyne's monetary philosophy, was of the same character. Bank expansion was to supply the government with money, and the banks had their reserves enlarged by Federal Reserve purchases of government securities, by United States Treasury purchases of silver, and by gold flowing in from foreign countries. Lord Keynes' objection to the gold standard, rests in large part upon the fact that it is a **restrictive** standard. He wishes bank credit to expand freely against government deficit borrowing, because he sees no other way to make prosperity and full employment. The gold standard is a restrictive standard. It operates powerfully to hold undue credit expansion down. It compels readjustment and liquidation when unsound tendencies exhibit themselves. That is to my mind one of its greatest merits. It is to Lord Keynes' mind its great demerit.

The Keynes and Morganthau plans both would create new currencies which would be **additional to gold** in the reserves of the central banks or of the various government treasuries. The liabilities of the international bank would function as if they were gold assets in the hands of the institutions which held them. They would relieve pressure on money markets everywhere, and remove or reduce the necessity for credit restraint through high interest rates.

International Rediscount Rate At 1%

Finally we have the remarkable circumstance in connection with both these plans that the international bank is to give its credit within the quotas without any charge at all and that when quotas are exceeded, it is to give its credit at a discount rate of 1%. Now this from the standpoint of the principles of sound central banking is utterly grotesque. A central bank should have its discount rate above the market rate. It should not make it possible for a member bank to rediscount in order to lend at a profit, and it should not give free credit at all. But here we have created a new central bank for the world, a new bank of rediscount for the world which, lending to central banks or government treasuries money which functions as ultimate reserve money, lends part of it at no charge and the rest at 1%. No more powerful instrument of world inflation could be devised. It would be an instrument for world inflation—an inflation which would move progressively until the stronger countries, alarmed at the quality of the fund, and alarmed at the inflationary phenomena within their own borders, ceased giving credit to the fund, pulled up, and cut their losses.

It is not to be expected that a fund constituted in this way, and managed by the debtor countries, would impose any adequate restrictions on fiscal deficits within the member countries, or require firm money rates within the member countries.

"Abnormal War Balances"

The term "abnormal war balances" as used in the Morgenthau plan is not defined. I am assuming that it has the same meaning as the term "abnormal balances in overseas ownership held in various countries at the end of the war" used in section 34 of the Keynes plan, wihch follows:

"The position of abnormal balances in overseas ownership held in various countries at the end of the war presents a problem of considerable importance and special difficulty. A country in which a large volume of such balances is held could not, unless it is in a creditor position, afford the risk of having to redeem them in bancor on a substantial scale, if this would have the effect of depleting its bancor resources at the outset. At the same time, it is very desirable that the countries owning these balances should be able to regard them as liquid, at any rate over and above the amounts which they can afford to lock up under an agreed programme of funding or long-term expenditure. Perhaps there should be some special overriding provision for dealing with the transitional period only by which, through the aid of the Clearing Union, such balances would remain liquid and convertible into bancor by the creditor country whilst there would be no corresponding strain on the bancor resources of the debtor country, or, at any rate, the resulting strain would be spread over a period."

Another Hidden Purpose

We come here to one of the hidden purposes of the Keynes plan which our Treasury has swallowed whole, and for which our Treasury plan has worked out a definite solution. Lord Keynes is here proposing to transform Great Britain from the position of a very embarrassed debtor to the position of a strong and aggressive creditor, at the expense of the United States. What are these abnormal balances which debtors must not pay back to their owners, but which the owners are somehow going to be able to use as if they were liquid cash? How were they created? By what right can they be withheld from their lawful owners when the war is over? England is one great debtor of these balances. The United States are the other.

Britain's Embarrassing Blocked Debts

British banks held large deposits in sterling when the war broke out, due to foreign central banks in the so-called sterling area, i. e. the British Dominions on a sterling basis and Scandinavian and Baltic countries which had followed England off the gold standard and had chosen to let their exchanges fluctuate with sterling. They believed, as a matter of course, that they could sell their sterling balances at any time, expecting them to be transferable freely on the books of the British banks at the order of the owner of the balances.

These "abnormal balances" include refugee money. In part they represent gold that was sent by confiding outsiders to England to be sold in the British gold market for sterling. In part they are supposed to represent goods shipped to England, during the war, with payments made in sterling, but with the sterling balances subsequently blocked so that they could not be transferred.

I have been unable to get figures even approximating the exact amounts, and I find a similar inability to get any estimate on the part of a great New York bank. My impression is, however, that the volume of this has grown rather than diminished during the war, and that restrictions on foreign exchange transactions in England, and ever growing restrictions on the transfer of foreign owned balances from one account to another, have tied up these funds in great volume so that the outside owner cannot use them. He cannot get gold out of England for them. He cannot exchange them in England for the currency of his own country, and he cannot even sell them in outside markets for whatever figure they will bring. They are blocked.

Now we are similar holders, in much greater amount, of money which came to us for safety from Europe as Hitler's strength grew. Much of it came to us in actual gold. And much gold came to us under Gresham's Law after our **de facto** stabilization in early 1934. We had, to be sure, a very imperfect gold stabilization, but England had none at all, and gold left places which were more unsafe to come to a place which looked safer.

"Hot Money"

In the period from 1931 on there was a great deal of "hot money," nervous money, jumping about from place to place seeking safety. The origin of this money was in the excessive bank expansion of the 1920's. Bank balances had risen tremendously under the cheap money policy of the 1920's. Sterling had been over-expanded. The British banks had made loans which created new sterling deposits far in excess of what was justified by the gold reserve position of the Bank of England, and foreigners had got hold of these sterling balances because England had spent them abroad or had loaned them abroad. We had over-expanded credit in the 1920's, creating very excessive dollar deposits, and a great many of these were in foreign hands because we had made excessive dollar loans to foreign countries.

When the foreigner tried to cash in these excessive British liabilities for gold in 1931, England quit paying gold and went off the gold standard, but the balances remained on the books of the British banks and the balances even grew as gold came to England from India and other places to buy sterling when sterling went low. The excessive **amount** is due primarily to the excessive expansion of credit in the '20's. The **nervousness** of the funds is due to the deterioration in quality of this excessive credit, and to the abandonment of gold.

If, after the war, England removes exchange restrictions, and the owners of these balances are free to sell them for what they will bring, the fear is that sterling will break through to very low levels. The fear is that England will not have enough gold to protect sterling except at very low levels. The fear is that England will have to turn to the United States for financial aid, or may be obliged to deal with creditors whom she cannot pay, as an embarrassed debtor usually does. England is proud and does not wish to occupy this position.

The Fund to Take Over Britain's Debts

The proposal therefore in the Keynes and Morgenthau plans is that the international bank shall take over these abnormal balances for prolonged periods, and create new credits in bancor or unitas which the countries who hold these balances in England may use as liquid cash for international purchases. England, relieved of the pressure of these debts, would then be in a strong position. The proposal is further that the governments of the world shall unite to prevent capital transfers, making it somehow discreditable for creditors to want their money. And the proposal would put us, with our gigantic sums of gold, in the position of practicing the same thing, because we also hold these "abnormal balances."

By What Right Can We or Britain Refuse to Pay Our International Debts?

Now, I ask by what right the United States could refuse to pay in gold those foreigners who have trusted us with their nervous money, or those who have sent us their gold to escape Hitler? There is supposed to be a great deal of gold of the Bank of France in the United States. By what right could we withhold it from the Bank of France in a France under a government recognized by our government? By what right can England withhold the funds which came to her from the sterling bloc which she so encouraged after she left the gold standard? British financial writers have even scolded this sterling bloc. I quote the following from the London "Economist" of September 2, 1939, page 452:

> "The fall in sterling is an international as well as a domestic problem. Its international character has already been reflected in the realignment of currencies formerly adhering to the fairly compact sterling **bloc**, of which the details will be found in a subsequent note. All that need be said of the incipient disintegration of the **bloc** is that it is unfortunate in so far as it may be the prelude to increased exchange instability, but that from the point of view of sterling it is not an unmixed evil. For some years past the British Exchange Equalization Account had found to its cost that the adherence of certain foreign countries to the sterling **bloc** had been a factor of instability and not of strength. Many sterling **bloc** countries have panicked into and then out of sterling with the abandon of the most highly-strung speculator. Some of the hottest of London's hot money has consisted of the sterling reserves of the sterling **bloc**, and their partial disappearance will not be altogether a loss."

There are various comments to be made on this passage. One is that it is evidence enough that there is no stability in a currency unanchored to gold, and that the British Equalization has found this out to its cost for several years before the outbreak of the war. But the other is that it throws light upon the character of these abnormal balances which Lord Keynes and Mr. Morgenthau propose to relieve England of the necessity of paying.

Gold is supposed to have come to England after the invasion of Norway from the Central Bank of Norway, carried through the streets of Oslo in small amounts, and taken out in small ships. May England withhold this from the National Bank of Norway as an "abnormal war balance" when Norway seeks to resume her strength? Or may England force the National Bank of Norway to take instead of the gold a dubious credit in an international bank in terms of "bancor" or "unitas" for part of it?

The world will have great confidence in the long-run future of Great Britain when this war is over and we and Britain are victors. The world will show forbearance for England's financial difficulties if England faces them squarely. Let England pay those who have trusted her, if she can. If she cannot, let her tell her creditors the facts and let her ask their indulgence and let her make agreements with them.

We for our part are entitled to no indulgence whatever with respect to these abnormal balances. They belong to their owners. We have plenty of gold. We can pay them and we should pay them even if we tighten our money markets in the process.

Something must be done toward creating a new confidence in the world that great governments and central banks are going to respect their obligations and do their best to pay them. We must not create a great international financial machinery the purpose of which is to let bankrupts ride with heads high on the shoulders of the solvent.

Illiquid Assets for Central Banks

The provision of the Morgenthau plan goes into great detail for dealing with these "abnormal balances." Countries are to cooperate to prevent their being transferred, but the countries which own them may sell them to the international fund, and the international fund is gradually to be paid off up to 80% of these balances by the end of twenty-three years, at which time it will still hold 20% of them. The international fund is to get 2% interest on the balances it holds, one-half paid by the country which sells them and one-half paid by the country which owes them. The volume of international currency, unitas or bancor, will thus expand against these illiquid balances at a discount rate of 2%.

Our Federal Reserve system is allowed to take commercial paper running only 60 days. In general, central banks are supposed to take only the prime paper of the country in which they operate and paper of a very short maturity. This international bank of rediscount is to give credit at 2% on 23-year loans and hold 20% of the loans indefinitely thereafter. The violation of sound financial principles could hardly go further.

The Composition of the International Fund—How the Fund Would Work

The Keynes bancor fund starts out with neither assets nor liabilities. At the opening of its books on the first morning of its existence it would show assets of zero and liabilities of zero. We may assume that the transactions on the first day involved the sale to the fund by the Stabilization Fund of the United States of $10,000,000 worth of French francs, francs which had been created by the export of goods from America to France, in the form of an order to pay francs drawn on a French importer, a bill of exchange. These francs were then sold by the American exporter to his bank, which in turn sold them to the Federal Reserve Bank, which in turn sold them to the Stabilization Fund, which in turn sold them to the international fund. The international fund would pay for these francs by giving a deposit credit in bancor to the United States Stabilization Fund equivalent to $10,000,000. We may assume that the fund would then sell the francs it had purchased to the Bank of France, requiring payment in bancor. The Bank of France has no bancor, but it has an overdraft privilege with the fund. The fund thereupon debits the Bank of France in bancor in an amount equivalent to $10,000,000, and turns the francs over to it. If these are the only transactions of the day, the books of the international fund would show at the end of the day deposits in bancor equivalent to $10,000,000 due to the United States Stabilization Fund, and loans (or overdrafts) to the Bank of France equivalent to $10,000,000 in bancor. The books would balance. We should be creditor to the fund, France would be debtor.

What could we do with the bancor? We could not get gold for them. The fund has no gold and in any case the Keynes plan provides that the bancor shall never be redeemed in gold. We do not want the one asset which the fund has, namely, a loan in bancor to the Bank of France. The only use we could make of our deposit in bancor is to transfer it to the central bank or the exchange stabilization fund or the treasury of some other country to which we happened to owe money, and which was also a participant in the fund. There would presumably be no such country when the fund started. Very speedily the fund would accumulate a big balance sheet, as we exported goods to weak countries, receiving our pay in bancor deposits on the books of the fund, and the fund took in the liabilities of the importing countries.

A fund starting with nothing is rather more than Mr. Morgenthau could stomach, evidently. He wanted a fund with some real resources. He has provided that the fund shall be constituted by each country putting something in to start with. The fund is to start with at least $2,500,000,000, being half of the aggregate quotas of the member countries which is to be not less than $5,000,000,000. The amount to be paid in by each country at the beginning should consist of 12½% of its quota in gold, 12½% of its quota in local currency and 25% of its own (i.e., government) securities, except, however, that countries having less than $300,000,000 in gold and countries having less than $100,000,000 in gold need provide initially only 7½% and 5%, respectively, of their quotas in gold.

Mr. Morgenthau's fund is thus a curious mixture of assets and liabilities. The gold put in, and the dollars which we should put in would be assets of the fund, from the standpoint of the international balance sheet, exceedingly helpful to the fund in meeting liabilities. The French francs, Greek drachmae, and pounds sterling put into the fund would hardly be elements of strength from the standpoint of the international stabilization of exchange. The bonds which the government of France and the government of Greece put into the fund would serve to dilute the fund rather than to strengthen it. But in all events, Mr. Morgenthau would have an aggregate of gold and pieces of paper all of which he could measure in dollars, and all of which he could measure in unitas.

The operation of the fund under Mr. Morgenthau's plan would be essentially like those under the Keynes plan. If we sold French francs, we would get unitas deposits as credits. The Bank of France buys francs from the fund and gets a loan in unitas or it has an overdraft with the fund.

Two Kinds of Unitas Deposits

The Morgenthau plan provides that deposits in terms of unitas may be accepted by the fund from member countries upon the delivery of gold to the fund, and shall be transferable and redeemable in gold, and that the fund shall maintain 100% reserve in gold against all unitas deposits. I believe that this last provision is quite impossible. Unitas deposits will arise whenever a creditor country sells foreign exchange to the fund, and gets credit therefor on the fund's books. Unitas deposits must greatly exceed the fund's gold. We should speedily have two kinds of unitas deposits, one with 100% reserve redeemable in gold, and the other, the ordinary unitas, with a much smaller reserve of gold and not necessarily redeemable in gold. The latter could be expected to go to a discount as compared with the former. I think that the American plan has not been well thought out. The Keynes plan on this point has at least the merit of consistency. All bancor are of the same kind, and all are of dubious quality.

The International Fund, and Domestic Money Market Control

The foregoing account of actual transactions in the plan reveal a point which I think our Treasury has not understood, namely, that to the extent that our Federal Reserve Bank or our Stabilization Fund handles the foreign exchange transactions of the country through the international fund, we affect our domestic money market in an undesirable manner. If we are exporting heavily, and our Stabilization Fund is buying foreign exchange here to sell to the international fund for unitas deposits, we are simultaneously creating additional bank reserves in the United States, and making the money market easier. If the Federal Reserve Banks buy foreign exchange they pay for it with checks on themselves, and the effect is the same as if they were buying government securities or acceptances or anything else. These checks deposited in member banks are by them redeposited in the Federal Reserve Banks, increasing the reserve balances of the member banks, and making the money market easier. The same thing is true if the Stabilization Fund deals directly with the foreign exchange market. Its assets are gold. It puts the gold or gold certificates into the Federal Reserve Banks, to get the dollars with which to buy the foreign exchange. It pays for the foreign exchange with checks on the Federal Reserve Banks and this increases member bank reserves. The ability of the country as a whole to expand credit at home increases the more we extend credit to foreign countries.

This obviously suggests that something is wrong. The thing that is wrong is for central banks or governmental stabilization funds to be the main instrumentality in foreign lending. If member banks buy foreign exchange, paying for it with deposit credits, they increase their deposits while their reserves do not increase, and their ability to lend further is diminished thereby. This is as it should be. We ought not to buy too much foreign exchange. We ought not to export too much on short credit. The really desirable way to get needed money for foreign countries is not to get it from either the banks or the Federal Reserve Banks or the Stabilization Fund, but to get it from private investors out of the savings of the people. We ought not to finance a one-sided flow of exports on short credits. Long credits should be given by investor's money, under carefully restricted conditions as indicated above.

Outline of a Fundamental Solution

I condemn the Morgenthau and Keynes plans **in toto** as putting the cart before the horse, as encouraging rather than checking unsound tendencies in Europe, and as introducing new unsound tendencies at home. We want foreign exchange stabilization, but we can get it only as part of a much more comprehensive treatment of fundamental disorders. We must make foreign loans, but we must condition them on internal financial and currency reforms in the countries to which we lend. These loans should be made with investor's money rather than with reserve money. The Government has no money except as it taxes the people, or as it borrows from the banks or the people. The first financial aid must be governmental because the risks are too great for private capital to be willing to venture. But as I have indicated above, the first aid should be Red Cross aid rather than loans. No loans should be made that are not good, and none should be made without strict conditions.

The government must act first, not merely in Red Cross activities, but also in creating a strong, safe peace, a peace that we can believe will be permanent. Had we followed Woodrow Wilson's plan in 1919, we should have had such a peace. We should have had a strong and upright League of Nations which, combining strength with justice, would have pacified the world. The first foundation of international credit must be a strong political settlement, not a financial patchwork.

Then, as a vital part of world reconstruction, we must turn toward freer trade throughout the world, so that debtor countries needing to pay can pay with goods, so that creditor countries receiving pay can receive goods, so that the countries of Continental Europe, needing food and raw materials from us, can pay for them with dollars, not obtained by borrowing but by working and sending us their finished manufactures in exchange for the raw materials and foods.

At this point, I congratulate the Chamber of Commerce of Los Angeles upon the endorsement which it has given to Secretary Hull's request for a renewal of his power to negotiate reciprocal reduction of tariffs throughout the world. You have shown yourselves to be realists. We want to export goods and be paid for them by goods coming back. We do not wish again to export vast quantities of goods against promises to pay, and then refuse payment in the only way in which the debtor can pay, namely, with goods. The great causes for the breakdown of international credit in 1931 were:

1. The excess amount of such credit created by cheap money policy in the '20's; and
2. The great growing fabric of tariffs and other trade impediments which prevented the movement of goods and threw the whole burden of payment of international debts upon gold.

Given real progress along these lines, however, I am satisfied that we can get investor's money in adequate amount for the loans that Europe needs and ought to have.

I cannot at all accept the proposition recently made by Mr. Harry D. White of the United States Treasury[1], supposed author of the Morgenthau plan, that it is futile to look to the private investors to supply more than a small part of what capital is needed for the more urgent post-war reconstruction needs and that it must be handled by governments. In this same statement, Mr. White refers to the billions of dollars of foreign exchange needed for this purpose. I think that the United States Treasury has come into an unreal world through the ease with which it has been able to borrow money from the banks in recent years. Money it can create this way. Capital is another story. And surely we must pull up speedily in this terrific use of bank credit.

[1] *American Economic Review, Supplement,* March, 1943, page 383.

In this connection, however, one thing is to be said. The bank expansion which has already taken place has put into the hands of private individuals billions and billions of dollars of bank deposits in excess of anything they ever previously held, and these funds would seek foreign investment at rates of interest that gave compensation for risk, under conditions which tempted venture capital. Let the Government make a strong political settlement, let the Government open trade lines, let the Government cooperate with the bankers in seeing to it that reforms on the other side accompany the offer of European loans on this side, and we should get investor's money for the rehabilitation of Europe. Foreign loans made in the '20's were discredited by the disasters of '31 and '32, but foreign loans can be made good if we will avoid the follies that we engaged in in the '20's. And the follies of the '20's would look microscopic if we adopted the Keynes-Morgenthau plan.

Individual Savings Up Sharply In First Quarter; Only Temporary Accumulation Of Funds: SEC

The Securities and Exchange Commission made public on May 20 its quarterly analysis of the volume and composition of saving by individuals in the United States covering the first quarter of 1943*. This survey shows that total saving declined somewhat from the high point reached in the fourth quarter of 1942, reflecting a small decrease in income after taxes. However, after paying the largest tax bill in history, individuals in the first three months of this year added $4,800,000,000 to their cash and deposits, largely cash on hand and in checking accounts†; $2,600,000,000 to their holdings of Government bonds; $800,000,000 to their equity in private insurance, mostly life insurance; and paid off $700,000,000 of debt other than mortgages.

The SEC announcement added:

"The most significant feature of the pattern of saving during the first quarter of 1943, as in prior quarters, was the unusually high proportion of income which the public continued to put into currency and demand deposits. Additions to cash on hand and to checking accounts, amounting to $4,000,000,000‡, again constituted the largest component of individuals' saving. From the beginning of 1942 to the end of March, 1943, money in the hands of the public (currency and demand deposits) increased by the unprecedented sum of $15,500,000,000, an increase of more than 50% since December, 1941.

"In view of the magnitude of the item, it may be well to recall that additions to cash on hand and to checking accounts do not constitute saving in the same sense as increases in holdings of securities or saving in other liquid forms. While part of the growth in currency and demand deposits undoubtedly represents a relatively permanent form of saving and another part provision for future payment of currently accruing taxes, there remains a considerable portion which represents only a temporary accumulation of funds not earmarked for investment that may at any time be diverted into consumption and other channels. If such funds continue to grow at the present rate, the control of inflationary tendencies will become increasingly difficult."

*In this analysis individuals' saving includes unincorporated business saving of the types specified in the attached table. Corporate and Government saving are not included.

†Although not included in this analysis, it may be noted that corporations other than banks added $3,500,000,000 to their cash and deposits in the first quarter of 1943, by far the largest increase on record.

‡Individuals added about $3,500,000,000 to their checking accounts and $800,000,000 to their cash on hand.

The following table presents in detail the estimates of individuals' saving.

GROSS SAVINGS BY INDIVIDUALS IN THE UNITED STATES*
1940-1943. (Billions of dollars)

	1940	1941	1942	†1942 July-Sept.	†1942 Oct.-Dec.	1943 Jan.-Mar.
Gross saving	16.1	25.0	38.9	11.5	12.7	11.8
‡Liquid saving	4.3	10.5	29.6	9.3	10.5	9.9
Gross Saving By Type—						
1. Currency and bank deposits:						
a. Currency and demand dep.	+ 2.5	+ 5.6	+11.2	+ 4.0	+ 4.7	+ 4.3
b. Time deposits	+ .5	--	+ .6	+ .4	+ .7	+ .5
c. Total	+ 3.0	+ 5.6	+11.7	+ 4.4	+ 5.4	+ 4.8
2. Savings and loan associations	+ .3	+ .3	+ .3	+ .1	+ .1	+ .1
3. Insurance and pension reserves:						
a. Private insurance	+ 1.7	+ 2.1	+ 2.4	+ .6	+ .7	+ .8
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ .7	+ .7	+ .7
c. Total	+ 2.9	+ 3.8	+ 4.8	+ 1.3	+ 1.4	+ 1.5
4. Securities:						
a. U. S. savings bonds	+ .9	+ 2.8	+ 8.0	+ 2.1	+ 2.3	+ 2.6
b. Other U. S. Government	— .2	+ .4	+ 2.2	+ .6	+ 1.0	--
c. State and local govmts	— .1	— .2	— .2	--	--	+ .1
d. Corporate and other	— .5	— .5	+ .4	--	--	+ .1
e. Total	+ .1	+ 2.5	+10.4	+ 2.7	+ 3.3	+ 2.8
5. Non-farm dwellings:						
a. §Purchases	+ 2.5	+ 3.0	+ 1.6	+ .3	+ .3	+ .2
b. Change in debt	+ .9	+ 1.1	+ .3	+ .1	--	+ .1
c. Saving (a. minus b.)	+ 1.7	+ 1.9	+ 1.3	+ .2	+ .3	+ .3
6. ¶Automobiles and other durable consumers' goods	+ 9.3	+11.4	+ 7.6	+ 1.9	+ 2.0	+ 1.7
7. **Liquidation of debt, not elsewhere classified	— 1.1	— .6	+ 2.8	+ .8	+ .3	+ .7

*Includes unincorporated business saving of the types specified. Does not include corporate or Government saving.

†For first two quarters of 1942, see Statistical Series Release No. 728.

‡Gross saving excluding purchases of homes as well as of automobiles and other durable consumers' goods.

§New construction of one- to four-family non-farm homes less net acquisition of properties by non-individuals.

¶Purchases. The figures shown above include all new passsenger cars sold in the United States. No adjustment has been made for dealers' overallowances on trade-ins.

**Largely attributable to purchases of automobile and other durable consumers, goods, although including some debt arising from purchases of consumption goods. The other segments of individuals' debt have been allocated to the assets to which they pertain, viz., saving in savings and loan associations, insurance, securities and homes. Changes in the commercial indebtedness of unincorporated business and in consumers' indebtedness to unincorporated business are not included in these figures.

Note—The foregoing data have been compiled by the Commission from many different sources. Because of the nature of the figures, current data are necessarily estimates and, therefore, are subject to revision. Figures are rounded and will not necessarily add to totals.

Commercial Paper Outstanding

Reports received by the Federal Reserve Bank of New York from commercial paper dealers shows a total of $178,900,000 of open market paper outstanding on April 30. This was a decline of $21,700,000 or 11%, from the Market 31 total and a decline of $194,200,000, or 52% from the April 30, 1942, total. The current total is the smallest since June 30, 1936, when the amount outstanding was $168,700,000. This was the fourteenth successive monthly decline.

Following are the totals for the last two years:

	$		$
1943—		1942—	
Apr. 30	178,900,000	Mar. 31	384,300,000
Mar. 31	200,600,000	Feb. 28	388,400,000
Feb. 27	209,100,000	Jan. 31	380,600,000
Jan. 30	220,400,000		
1942—		1941—	
Dec. 31	229,900,000	Dec. 31	374,500,000
Nov. 30	260,600,000	Nov. 29	387,100,000
Oct. 31	271,400,000	Oct. 31	377,700,000
Sept. 30	281,800,000	Sept. 30	370,500,000
Aug. 31	297,200,000	Aug. 30	353,900,000
July 31	305,300,000	July 31	329,900,000
June 30	315,200,000	June 30	299,000,000
May 29	354,200,000	May 31	295,000,000
Apr. 30	373,100,000	Apr. 30	274,600,000

National Fertilizer Ass'n Price Index Higher

The general level of wholesale commodity prices turned upward last week after declining in the preceding week, according to the price index compiled by The National Fertilizer Association and made public on May 24. This index in the week ended May 22 rose to 135.8 from 135.4 a week ago. A month ago it registered 135.8 and a year ago, 128.0 based on the 1935-1939 average as 100. The Association's report added:

The rise in the all-commodity index was due principally to advances in food, farm product, and building material quotations. After declining for six consecutive weeks the farm products index turned upward as a result of generally higher prices for cotton, grains, and livestock. The foodstuffs index rose to 140.7, a new high point. Higher quotations for brick resulted in a moderate rise in the building materials index. The textile index price average turned upward with increases in cottons offsetting a decline in wool. Last week none of the group averages in the composite index declined.

During the week 12 price series included in the index advanced and two declined; in the preceding week, two advanced and 11 declined; and in the second preceding week, six advanced and seven declined.

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

% Each Group Bears to the Total Index	Group	Latest Week May 22 1943	Preceding Week May 15 1943	Month Ago Apr. 17 1943	Year Ago May 23 1942
25.3	Foods	140.7	140.0	139.5	125.3
	Fats and Oils	147.9	147.9	147.7	139.1
	Cottonseed Oil	159.0	159.0	159.0	163.0
23.0	Farm Products	152.9	152.1	154.3	137.8
	Cotton	200.7	199.5	200.5	187.4
	Grains	142.0	140.8	141.3	115.1
	Livestock	147.7	146.9	150.1	133.9
17.3	Fuels	122.8	122.8	122.2	119.5
10.8	Miscellaneous commodities	130.1	130.1	130.4	127.9
8.2	Textiles	150.9	150.7	151.2	148.8
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.7	152.2	152.3	151.8
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	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	135.8	135.4	135.8	128.0

*Indexes on 1926-1928 base were May 22, 1943, 105.8; May 15, 105.5; May 23, 1942, 99.7.

From Washington

(Continued from first page)

is the case, it means that Mr. Roosevelt, for political reasons, really wants no unification of the labor movement. Many months ago he urged the various leaders to get together and bring about this unification. Lewis' return is a tremendous step in that direction. Those who know labor politics believe it will start an avalanche of CIO organizations to the Federation, with the crumbling of the dual unionism, which is creating more and more of an impossible situation for the employer daily. It will be interesting to see if the Administration, for political reasons, seeks to head this off.

In the past 25 years tomes have been written about the nature of, and the significance of that thing that got started in Moscow; about the various turns it has taken down over the long years.

Of one thing there has never been any doubt: It has revolved around, and it has spawned the smartest crew of propagandists the world has ever known. The action of the Comintern in "dissolving" itself and calling for the dissolution of constituent bodies, is but further proof of that.

Here is the prediction that this action will not have the slightest effect on our domestic Commies or those of any other country. Insofar as ours are concerned, they may have been inspired by Moscow in the past, but they have long since advanced way ahead of their mentors. They are capable of acting on their own, they will do so.

The fact is that for a long time, they have had little in common with Moscow except to use the USSR as a symbol of what can be accomplished by revolution. The real intellectuals of the movement know that there is no communism in Russia. They know that it is simply a case there of a gang of Bureaucrats having come into power and determined to hold onto it. No ideology underlies them, nothing more than an ever multiplying system of rules and regulations pretty much as issue from the pen of our Bureaucrats day by day. Instead of the Grand Duke commanding the prettiest girl in the ballet as of old, it is the Commissar who now does the commanding.

The intellectuals of our Commies know, too, that Stalin is a strong isolationist, that he has no concern in spreading the "movement" to all the proletariat of the world. This being the case the Comintern has been ineffective for years. But these intellectuals can't let these things become known to their rank and file. They've got to keep pointing to their symbol, to the great land of the proletariat. They've got to support it in international affairs by way of using it as an exemplification of the class struggle. How can they be convincing when they bellow about the imperialistic, capitalistic nations unless they continue to uphold the USSR as the land of Communism?

From the days of the old demonstrations in New York when they would fake mistreatment by the cops, when the fact is that no one ever got hurt except innocent bystanders, the domestic Commies have been the world's greatest bunco artists. They are still that. It was not until the coming of the New Deal that they attained a political respectability if that is what they have attained. And this attainment was not of their own doing so much as it was the gullibility and greed of the New Dealers. Stalin has expressed open contempt of them to many of our distinguished visitors to Moscow in recent years, not that Stalin's contempt should worry any one.

But none of this is to say that they haven't been of help to Stalin simply by way of creating confusion and of making their dupes believe theirs is really an uprising of the world proletariat. It is this latter, bear in mind, that makes it so intriguing to the youngsters.

They are serving Stalin right now, in fact, by yelping continually about a Second Front, a second front in their minds being nothing else than an invasion through France, something which the military experts are in general agreement would be just about the most suicidal thing that could be attempted. That's the real reason the Commies want it.

Governor Baldwin Refuses Aid To Ban Pleasure Driving

Governor Raymond E. Baldwin of Connecticut on May 21 rejected a request from OPA Administrator Prentiss M. Brown for cooperation of enforcement authorities to enforce the renewed pleasure driving ban instituted on May 20 to conserve slim gasoline supplies along the Eastern seaboard. The text of the Governor's reply to Mr. Brown follows:

"In compliance with your telegram I have publicly appealed to the people of Connecticut to conform strictly to the rules and regulations of the OPA's latest ban upon non-essential driving. Experience during the critical days last winter when we struggled desperately to get heating oil here and during the previous restricted driving period, convinces me that Connecticut people need no compulsion to comply with any program to further our united war effort. I, therefore do not believe it necessary until the conduct of our citizens indicates otherwise to institute any plan of state-wide inspection or interference with the free movement of our people by either State or municipal law enforcement authorities."

Calling upon the people to "exhibit the same patriotic cooperation shown in last winter's fuel emergency," Governor Baldwin released the following statement on Administrator Brown's request:

"OPA Administrator Brown advises me that the continued decline in gasoline stocks and the increasing needs of our Army and Navy, as well as our expanding agricultural progress, make it imperative that all Connecticut citizens eliminate non-essential driving until further notice.

"Federal officials have appealed to us to cooperate in this program of conservation. Having experienced the splendid cooperation of all of the people of our State during the critical months of last winter, I call upon you to exhibit the same spirit of patriotic cooperation now, in order that we may substantially reduce the demands upon available gasoline supplies.

"We should all voluntarily and without the need for any compulsion limit the use of our cars to absolute essentials and comply strictly with the rules and regulations of the OPA.

"Non-essential driving constitutes a serious threat to our united war effort and I make this appeal to the people of Connecticut with the firm conviction that all will respond."

A Washington OPA official, according to reports, when advised of Governor Baldwin's stand, admitted that nothing could be done about it. He was further quoted as saying: "Nor will we try to do anything about it."

$29 Billion For Navy

The House unanimously approved on May 20 a bill appropriating $29,463,687,198 for the Navy Department for the 1944 fiscal year.

This record Naval appropriation bill, adopted by a vote of 360 to 0, provides over $9,000,000,000 for new ship construction, about $5,000,000,000 for aircraft and more than $3,000,000,000 for ordnance.

The total compares with $23,630,000,000 appropriated last year for the Navy, but that figure covered supplemental, deficiency and emergency appropriations as well as the regular 1943 allotment of approximately $14,000,000,000.

President Roosevelt's request for these funds was noted in our issue of April 22, page 1508.

April Retail Prices Remain Unchanged According To Fairchild Publications Index

After the slight increase shown in March, retail prices are unchanged in April, according to the Fairchild Publications Retail Price Index. The index is again 113.2, a 0.2% decrease from May 1, 1942. At that time retail prices rose in their last spurt before the OPA's general price freeze order went into effect lowering prices to the March levels. Since the Index is based mainly on staple items it has shown very little rise from the level to which it was reduced by the order.

Under date of May 14 the advices added:

"The major groups have all remained unchanged from last month. However, they all show slight decreases from last year. The greatest decrease was recorded by infants' wear, 0.5%, followed by piece goods and women's apparel, a decline of 0.4%. Over the 1939 pre-war period, piece goods show the greatest increase, 33.6%, and infants' wear the smallest, 12.7%.

"Of the individual commodities only two showed any change during the month. Furs and infants' socks increased 0.1%. All the items decreased from the same period last year, with the exception of men's clothing which recorded a 0.7% increase. This advance, it is interesting to note, is due to the effect of Price Regulation No. 177 which allowed a certain percentage markup in determining the ceiling prices of men's outer coats. Infants' socks showed the greatest decline under last year. In comparison with the 1939 period just preceding the outbreak of war, furs advanced the most, 50.9%, and women's shoes the least, 6.8%.

"Prices probably will continue to show little or no movement in the near future, according to A. W. Zelomek, economist under whose supervision the index is compiled. Whatever movement has been shown in the individual commodities has been due to the various price regulations which permitted adjustment of the ceiling prices."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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	May 1, 1933	May 1, 1942	Feb. 1, 1943	Mar. 1, 1943	Apr. 1, 1943	May 1, 1943
Composite Index	69.4	113.4	113.1	113.1	113.2	113.2
Piece Goods	65.1	112.6	112.2	112.2	112.2	112.2
Men's Apparel	70.7	105.6	105.3	105.3	105.3	105.3
Women's Apparel	71.8	113.2	112.6	112.6	112.7	112.7
Infants' Wear	76.4	108.6	108.1	108.1	108.1	108.1
Home Furnishings	70.2	115.8	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	85.1	84.7	84.7	84.7	84.7
Woolens	69.2	108.5	108.0	108.0	108.0	108.0
Cotton Wash Goods	68.6	144.1	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	127.7	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	135.2	135.0	135.0	135.0	135.0
Women's Apparel						
Hosiery	59.2	94.8	94.1	94.1	94.1	94.1
Aprons & House Dresses	75.5	141.0	140.5	*140.5	*140.5	140.5
Corsets & Brassieres	83.6	111.4	111.2	111.2	111.2	111.2
Furs	66.8	136.3	134.6	134.5	135.3	135.5
Underwear	69.2	103.1	102.7	102.7	102.7	102.7
Shoes	76.5	92.5	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	108.6	108.0	108.1	108.1	108.1
Underwear	69.6	115.6	114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	99.6	99.1	99.1	99.1	99.1
Hats & Caps	69.7	94.9	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	105.3	106.0	106.0	106.0	106.0
Shoes	76.3	109.8	109.6	109.6	109.6	109.6
Infant's Wear						
Socks	74.0	115.6	114.5	114.5	114.5	114.6
Underwear	74.3	103.8	103.7	103.7	103.7	103.7
Shoes	80.9	106.4	106.0	106.0	106.0	106.0
Furniture	69.4	129.3	129.2	129.2	129.2	129.2
Floor Coverings	79.9	147.0	146.8	146.9	146.9	146.9
Radios	50.6	66.8	66.8	66.8	66.8	66.8
Luggage	60.1	95.2	94.7	94.7	94.7	94.7
Electrical Household Appliances	72.5	93.6	93.5	93.5	93.5	93.5
China	81.5	110.9	110.6	110.6	110.6	110.6

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

Electric Output For Week Ended May 22, 1943 Shows 18.1% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 22, 1943. was approximately 3,992,250,000 kwh., compared with 3,379,985,000 kwh. in the corresponding week last year, an increase of 18.1%. The output for the week ended May 15, 1943, was 18.2% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— May 22	May 15	May 8	May 1
New England	9.3	9.9	8.1	8.1
Middle Atlantic	16.3	16.7	13.3	13.0
Central Industrial	16.7	16.3	14.0	14.3
West Central	11.4	14.2	12.3	12.9
Southern States	17.8	17.1	14.4	19.5
Rocky Mountain	16.4	17.7	17.0	15.0
Pacific Coast	31.9	32.9	32.9	32.4
Total United States	18.1	18.2	16.0	17.0

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 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	2,983,591	1,537,747	1,687,229
Mar 20	3,946,836	3,357,032	+17.6	2,983,048	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	3,320,858	+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	3,992,250	3,379,985	+18.1	3,040,029	1,425,151	1,705,460
May 29	------	3,322,651	----	2,954,647	1,381,452	1,615,085

Cottonseed Receipts In April

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

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to Apr. 30 1943	1942	Crushed Aug. 1 to Apr. 30 1943	1942	On hand at mills Apr. 30 1943	1942
United States	4,423,914	3,880,588	4,197,567	3,715,046	298,378	296,071
Alabama	253,746	218,949	242,917	212,314	14,162	17,808
Arizona	82,687	77,752	75,366	74,962	7,712	3,007
Arkansas	469,762	472,248	416,609	437,996	64,974	59,182
California	156,115	158,477	125,710	154,851	31,580	10,121
Georgia	335,760	261,391	330,660	247,018	9,157	33,289
Louisiana	164,110	85,120	163,078	85,482	1,776	164
Mississippi	737,043	554,183	684,741	519,405	58,543	38,804
North Carolina	269,443	212,867	260,128	209,196	10,972	13,407
Oklahoma	218,926	238,850	222,164	229,502	1,226	9,880
South Carolina	202,644	117,309	198,802	116,222	3,789	4,095
Tennessee	381,585	394,210	354,191	366,573	36,581	48,305
Texas	1,007,874	949,844	998,251	925,438	42,578	51,600
All other States	144,219	139,388	124,950	136,087	15,328	6,409

*Does not include 81,928 and 130,529 tons on hand Aug. 1 nor 56,694 and 55,724 tons reshipped for 1943 and 1942 respectively. Does include 9,897 tons destroyed for 1943.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Apr. 30	Shipped out Aug. 1 to Apr. 30	On hand Apr. 30
Crude oil (thousand pounds)	1942-43	*34,460	1,302,896	1,291,030	*89,472
	1941-42	29,708	1,154,432	1,143,340	105,456
Refined oil (thousand pounds)	1942-43	†310,191	**1,145,940	------	†299,847
	1941-42	294,005	995,010	------	399,053
Cake and meal (tons)	1942-43	190,100	1,856,701	2,009,370	37,431
	1941-42	164,444	1,621,027	1,473,433	312,038
Hulls (tons)	1942-43	44,118	1,011,846	1,031,224	24,740
	1941-42	151,439	921,548	947,526	125,461
Linters (running bales)	1942-43	43,295	‡1,260,804	1,019,026	‡285,073
	1941-42	123,154	1,094,613	1,122,217	95,550
Hull fiber (500-lb. bales)	1942-43	229	30,009	28,975	1,263
	1941-42	1,834	27,892	28,593	1,133
Grabbots, motes, &c. (500-lb. bales)	1942-43	23,644	57,655	55,893	25,406
	1941-42	6,183	50,689	29,797	27,075

*Includes 24,484,000 and 65,517,000 pounds held by refining and manufacturing establishments and 2,118,000 and 4,231,000 pounds in transit to refiners and consumers Aug. 1, 1942 and April 30, 1943, respectively.

†Includes 3,620,000 and 17,382,000 pounds held by refiners, brokers, agents and warehousemen at places other than refineries and manufacturing establishments and 1,389,000 and 5,618,000 pounds in transit to manufacturers of shortening, soap, etc., Aug. 1, 1942 and April 30, 1943, respectively. Does not include winterized oil.

**Produced from 1,229,576,000 pounds of crude oil.

‡Total linters produced includes 19,799 bales first cut, 105,049 bales second cut and 1,135,956 bales mill run. Total held includes 12,318 bales first cut, 24,498 bales second cut and 248,257 bales mill run.

Exports and Imports of Cottonseed Products

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

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on May 10 that as of the close of business April 30, there were 1,129 bond issues aggregating $72,811,509,943 par value listed on the Stock Exchange with a total market value of $71,857,596,488. This compares with 1,133 bond issues, aggregating $72,856,093,356 par value listed on March 31 with a total market value of $71,575,183,604.

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

Group—	April 30, 1943 Market Value $	Average Price $	March 31, 1943 Market Value $	Average Price $
U. S. Government (Incl. N. Y. State, Cities, etc.)	55,219,690,452	104.38	55,073,996,140	104.10
U. S. companies:				
Amusements	38,800,167	103.90	38,674,807	103.56
Automobile	10,801,827	102.35	11,807,056	102.19
Building	13,099,126	99.94	13,074,178	99.75
Business and office equipment	15,675,000	104.50	15,581,250	103.88
Chemical	76,180,926	103.85	75,964,263	103.56
Electrical equipment	36,543,750	104.41	36,506,250	104.30
Financial	57,700,145	102.70	57,722,044	102.51
Food	214,290,514	105.38	235,195,808	105.04
Land and realty	10,732,758	79.88	10,694,985	79.60
Machinery and metals	39,786,866	100.59	39,867,117	100.80
Mining (excluding iron)	98,026,293	63.39	92,854,325	60.05
Paper and publishing	40,969,694	101.50	40,876,926	101.28
Petroleum	594,827,136	104.13	594,340,508	104.04
Railroad	7,489,656,839	73.77	7,359,178,286	72.34
Retail merchandising	12,757,883	89.26	11,902,043	83.27
Rubber	74,989,149	103.19	74,829,985	102.97
Ship building and operating	11,816,160	103.00	11,644,080	101.50
Shipping services	21,119,252	76.75	20,481,641	74.44
Steel, iron and coke	501,391,372	100.76	500,012,466	100.45
Textiles	37,923,670	104.50	37,560,750	103.50
Tobacco	154,294,459	106.07	147,827,162	106.00
Utilities:				
Gas and electric (operating)	3,360,503,595	108.37	3,365,475,030	108.47
Gas and electric (holding)	94,776,393	103.03	97,776,955	102.94
Communications	1,222,620,475	109.24	1,220,053,238	109.00
Miscellaneous utilities	90,556,147	62.19	90,734,657	62.29
U. S. companies oper. abroad	138,115,647	76.19	126,892,371	70.00
Miscellaneous businesses	31,000,623	104.37	31,276,633	105.30
Total U. S. companies	14,488,955,868	85.78	14,358,804,814	84.81
Foreign government	1,399,781,870	64.55	1,397,935,303	64.36
Foreign companies	749,168,300	88.21	744,447,347	87.65
All listed bonds	71,857,596,488	98.69	71,575,183,604	98.24

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

1941—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
Mar. 31	52,252,053,607	93.73	Apr. 30	57,923,553,616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64
May 30	52,321,710,056	94.22	June 30	59,112,072,945	95.50
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48
Oct. 31	55,106,635,894	95.25	Nov. 30	64,543,971,299	96.11
Nov. 29	54,812,793,945	94.80	Dec. 31	70,583,644,622	96.70
Dec. 31	55,033,616,312	94.50	1943—		
1942—			Jan. 30	71,038,674,932	97.47
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183.604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69

U.S. Cannot Feed World Declares Dr. Forman

Dr. Jonathan Forman, Editor of the Ohio State Medical Journal, in an address prepared for the Buckeye Republican Club meeting at Columbus, said that any American promise to feed the world after the war "is not only silly but dangerous to the lasting peace of the world." Associated Press advices from Columbus, Ohio, on May 22, from which the foregoing is taken, gave other remarks of Dr. Forman, as follows:

"We cannot begin to feed the world. We can help a little but not much.

"In our best years we raised about two-thirds enough food to set a decent table for our people —just a decent table—not the kind that nutrition experts feel is necessary to bring about robust health and resistance to disease," he asserted.

"If we all stopped eating and gave all our food to the other lands, which of course we could not do, we would be giving a sustaining diet to about 135,000,000 persons, and who is to feed the rest?

"Thus, through our impossible promises, we shall be called upon to say who in these foreign lands shall live and who shall die. In this way we increase the hatred which already exists toward us.

"It is not only silly but dangerous to the lasting peace of the world to promise to feed the world after the war. Especially now since all recent reports stress the shortage of food in this country."

April Business Failures Again Smaller

April business failures are lower in both number and liabilities involved than in March and in April a year ago. Business insolvencies in April, according to Dun & Bradstreet, Inc., totaled 362 and involved $3,523,000 liabilities as compared with 410 involving $7,282,000 in March and 938 involving $9,282,000 in April, 1942.

The decrease in the number of failures in April from March took place in all of the divisions of trade that its report is divided into with the exception of the construction group. When the liabilities are considered all groups had smaller amounts involved than in March except the commercial service group.

Manufacturing failures last month amounted to 61, involving $1,105,000 liabilities, compared with 79 in March with $4,144,000 liabilities. Wholesale failures decreased to 24 with $211,000 liabilities, from 35 with $390,000 liabilities in March. In the retail trade section insolvencies declined to 195 from 232 in March and liabilities dropped to $1,031,000 from $1,540,000 the previous month. Construction failures numbered 54 with $597,000 liabilities, which compares with 41 with $903,000 liabilities in March. Commercial service failures numbered 28 in April as compared with 23 in March and liabilities increased to $579,000 in April from $305,000 in March.

When the country is divided into Federal Reserve Districts it is seen that all districts had fewer failures in April than in March except the Cleveland and Minneapolis Reserve Districts, which had more, and the Chicago Reserve District, which had the same number. When the amount of liabilities is considered, the Cleveland, Chicago, Minneapolis and Kansas City Reserve Districts had more liabilities involved in April than in March and all of the other Reserve Districts had less.

Trading On New York Exchanges

The Securities and Exchange Commission has made public figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the weeks ended May 1 and May 8, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 8 (in round-lot transactions) totaled 4,747,222 shares, which amount was 16.36% of the total transactions on the Exchange of 14,510,130 shares. This compares with member trading during the week ended May 1 of 2,396,745 shares or 17.2% of total trading of 6,980,280 shares. On the New York Curb Exchange, member trading during the week ended May 8 amounted to 1,028,605 shares, or 15.25% of the total volume of that Exchange of 3,372,755 shares; during the May 1 week trading for the account of Curb members of 462,665 shares was 13.61% of total trading of 1,700,010 shares.

The Commission made available the following data for the week ended May 1.

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

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	946	686
1. Reports showing transactions as specialists	175	75
2. Reports showing other transactions initiated on the floor	202	53
3. Reports showing other transactions initiated off the floor	229	94
4. Reports showing no transactions	462	486

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

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

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

	Total for week May 8, '43	†Per Cent	Total for week May 1, '43	†Per Cent
A. Total Round-Lot Sales:				
Short sales	301,660		137,600	
‡Other sales	14,208,470		6,842,680	
Total sales	14,510,130		6,980,280	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	1,018,610		551,320	
Short sales	144,700		65,530	
‡Other sales	938,970		444,990	
Total sales	1,083,670	7.24	510,520	7.6
2. Other transactions initiated on the floor—				
Total purchases	874,210		467,200	
Short sales	40,200		17,200	
‡Other sales	824,580		401,360	
Total sales	864,780	6.00	418,560	6.4
3. Other transactions initiated off the floor—				
Total purchases	404,934		240,380	
Short sales	52,600		9,110	
‡Other sales	448,421		199,655	
Total sales	501,021	3.12	208,765	3.2
4. Total—				
Total purchases	2,297,754		1,258,900	
Short sales	237,500		91,840	
‡Other sales	2,211,971		1,046,005	
Total sales	2,449,471	16.36	1,137,845	17.2

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

	Total for week May 8, '43	†Per Cent	Total for week May 1, '43	†Per Cent
A. Total Round-Lot Sales:				
Short sales	18,900		12,455	
‡Other sales	3,353,855		1,687,555	
Total sales	3,372,755		1,700,010	
B. Round-Lot Transactions for the Account of Members:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	256,920		137,115	
Short sales	12,635		7.460	
‡Other sales	285,945		124,590	
Total sales	298,580	8.24	132 050	7.92
2. Other transactions initiated on the floor—				
Total purchases	148,755		68,595	
Short sales	1,200		1,400	
‡Other sales	141,180		40,300	
Total sales	142,380	4.31	41,700	3.24
3. Other transactions initiated off the floor—				
Total purchases	81,895		31,965	
Short sales	400		560	
‡Other sales	99,675		50,680	
Total sales	100,075	2.70	51,240	2.45
4. Total—				
Total purchases	487.570		237,675	
Short sales	14.235		9,420	
‡Other sales	526,800		215,570	
Total sales	541,035	15.25	224,990	13.61
C. Odd-Lot Transactions for the Account of Specialists—				
Customers' short sales	81		473	
§Customers' other sales	88,892		58,380	
Total purchases	88,973		58,853	
Total sales	65,194		41,958	

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

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

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

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

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of Commerce, in its latest report, states that the total production of soft coal in the week ended May 15, 1943, is estimated at 12,150,000 net tons, an increase of 1,980,000 tons over the preceding week. Compared with an output of 11,329,000 tons in the corresponding week of 1942, the current figure shows an increase of 821,000 tons. For the present year to May 15, production of soft coal was 5.1% in excess of that for the same period last year. The estimated production for the week ended May 15 was the largest since the week of April 10, which was 12,400,000 tons.

The U. S. Bureau of Mines estimated the production of anthracite at 1,420,000 tons, the largest since the week of Jan. 27, 1940, when 1,425,000 tons were mined. The anthracite mines loaded 3,846 railroad cars on May 15, exceeding by nearly 100 cars the number loaded on Saturday, April 17, a week in which production reached 1,368,000 tons, the highest in recent months.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM
(In Net Tons—000 Omitted.)

	—Week Ended—			—January 1 to Date—		
Bituminous coal and lignite—	May 15 1943	†May 8 1943	May 16 1942	‡May 15 1943	May 16 1942	May 15, 1937
Total, incl. mine fuel	12,150	10,170	11.329	225,956	215,070	177,033
Daily average	2,025	1,695	1,888	1,973	1,867	1,552
*Crude petroleum— Coal equi. of weekly output	6,382	6,440	5,581	120,587	119,168	103,700

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

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons—000 Omitted.)

	—Week Ended—			—Cal. Yr. to Date—	
	†May 15 1943	May 8 1943	May 16 1942	May 15 1943	May 16 1942
*Penn anthracite—					
*Total, incl. colliery fuel	1,420,000	1,056,000	1 262,000	23,416,000	22,271,000
Beehive coke— United States total	162,400	134,500	176,100	3,058,800	3,048,300
By-product coke— United States total	1,227,300	‡1,209,700	1,185,300	23,532,400	22,816,800

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Subject to revision. ‡Revised.

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

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

In Net Tons (000 omitted)

State—	May 8 1943	May 1 1943	May 9 1942	May 10 1941	May 8 1937	Avge. ¶1923
Alabama	321	178	366	93	73	398
Alaska	6	6	5	4	2	**
Arkansas and Oklahoma	68	75	66	11	8	66
Colorado	146	137	122	80	79	168
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,240	1,350	1,147	870	516	1,292
Indiana	461	481	438	346	223	394
Iowa	45	49	42	30	21	89
Kansas and Missouri	148	166	146	79	69	131
Kentucky—Eastern	768	693	978	778	797	679
Kentucky—Western	301	278	228	241	126	183
Maryland	29	31	40	19	17	47
Michigan	11	6	5	2	1	12
Montana (bituminous and lignite)	80	92	48	39	27	42
New Mexico	33	36	29	16	26	57
North and South Dakota (lignite)	27	23	22	17	14	**14
Ohio	645	620	728	550	450	860
Pennsylvania (bituminous)	2,417	1,930	2,894	2,618	1,953	3,578
Tennessee	109	112	149	104	56	121
Texas (bituminous and lignite)	6	6	6	6	15	22
Utah	127	128	98	50	31	74
Virginia	346	316	404	346	231	250
Washington	30	26	40	26	28	44
*West Virginia—Southern	1,860	1,976	2,231	2,184	1,652	1,380
†West Virginia—Northern	783	690	913	785	543	862
Wyoming	161	164	125	72	56	110
‡Other Western States	1	††	††	1	††	**5
Total bituminous and lignite	10,170	9,570	11,271	9,368	7,014	10,878
§Pennsylvania anthracite	1,056	1,002	1,266	860	952	1,932
Total all coal	11,226	10,572	12,537	10,228	7,966	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.

April Life Insurance Sales Increase

The sales of ordinary life insurance in the United States in April amounted to $634,209,000, an increase of about 32% over the volume sold in the corresponding period of 1942, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first four months of 1943, however, aggregates $2,260,762,000, which is about 17% below the amount sold in the same period of 1942.

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

	APRIL 1943 Sales Volume in $1,000	Ratios '43-'42 All Cos.	YEAR TO DATE Sales Volume in $1,000	Ratios '43-'42 All Cos.
U. S. Total	$634,209	132%	$2,260,762	83%
New England	50,757	132	175,017	81
Middle Atlantic	170,949	137	611,638	80
E. N. Central	140,101	127	512,161	84
W. N. Central	61,742	133	218,324	87
S. Atlantic	65,961	138	221,709	86
E. S. Central	24,402	123	88,447	80
W. S. Central	42,887	131	158,353	82
Mountain	17,501	141	61,854	95
Pacific	59,909	129	213,259	88

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 22 a summary for the week ended May 15 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE
Week Ended May 15, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of Orders	25,412
Number of Shares	755,257
Dollar Value	22,696,300
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	237
*Customers' other sales	24,062
Customers' total sales	24,299
Number of Shares:	
Customers' short sales	6,058
*Customers' other sales	666,649
Customers' total sales	672,707
Dollar value	18,959,221
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	200
‡Other sales	153,120
Total sales	153,320
Round-Lot Purchases by Dealers—	
Number of shares	223,490

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

Installment Selling For Post-War Delivery Opposed by NAM Board

The Board of Directors of the National Association of Manufacturers on May 20 revealed its opposition to various proposals of installment selling for post-war delivery, including the Nugent Plan, most publicized of the numerous "installment-selling-in-reverse" ideas. The NAM Board agrees with Secretary of the Treasury Henry Morgenthau and others, that proposals such as the Nugent Plan would compete directly with the sale of War Bonds.

Four basic reasons for opposing this type of buying for post-war delivery were listed tas follows in the resolution adopted by the Board:

1. It is in direct competition with the sale of War Bonds.

2. It would not result in more sales after the war.

3. The tendency would be to stifle the development and sale of new products after the war.

4. It would require double selling and double expense.

The NAM Board fears that undesirable competition might develop between the Treasury's campaign for sale of War Savings Bonds and a high-pressure campaign for sale of installment certificates for goods to be delivered after the war. In its announcement the NAM also said:

"It was pointed out that when the public invests in War Savings Bonds it can devote the proceeds after resumption of normal production to the purchase of any goods or services, which is not the case with future-delivery installment certificates under the Nugent and other plans. The Board also called attention to the question of who is going to assume the risk in case of a sharp post-war inflationary increase in the price level, increasing the cost of goods but requiring goods to be delivered at prices which did not absorb costs."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
May 25	119.53	110.15	118.20	115.82	110.88	97.62	102.13	113.31	115.82
24	119,50	110.15	118.20	115.82	110.70	97.62	102.13	113.31	115.82
22	119.48	110.15	118.20	115.82	110.88	97.47	102.13	113.12	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
20	119.41	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
19	119.42	110.15	118.20	115.63	110.88	97.47	101.97	113.12	115.82
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	119.50	110.15	118.40	115.82	110.88	97.62	102.13	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 25, 1942	118.40	106.39	116.02	112.93	107.44	91.77	96.07	110.88	113.50
2 Years ago									
May 24, 1941	118.41	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93

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

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
May 25	1.90	3.16	2.74	2.86	3.12	3.90	3.62	2.99	2.86
24	1.90	3.16	2.74	2.86	3.13	3.90	3.62	2.99	2.86
22	1.90	3.16	2.74	2.86	3.12	3.91	3.62	3.00	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
20	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
19	1.90	3.16	2.74	2.87	3.12	3.91	3.63	3.00	2.86
18	1.91	3.16	2.73	2.87	3.13	3.91	3.63	3.00	2.85
17	1.92	3.16	2.74	2.87	3.13	3.91	3.64	3.00	2.85
15	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.85
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
13	1.91	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
12	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
11	1.93	3.17	2.74	2.88	3.14	3.91	3.65	3.00	2.86
10	1.93	3.17	2.75	2.88	3.14	3.91	3.65	3.01	2.85
8	1.93	3.17	2.75	2.88	3.14	3.92	3.65	3.01	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
6	1.94	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
5	1.97	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
4	1.98	3.17	2.74	2.88	3.14	3.93	3.66	3.01	2.86
3	1.98	3.18	2.75	2.88	3.14	3.93	3.66	3.00	2.86
1	1.98	3.18	2.75	2.88	3.14	3.94	3.67	3.00	2.87
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
19	2.06	3.22	2.77	2.89	3.16	4.07	3.77	3.01	2,88
11	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.90	3.16	2.73	2.86	3.12	3.90	3.62	2.99	2.85
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
May 25, 1942	1.94	3.37	2.85	3.01	3.31	4.29	4.00	3.12	2.98
2 Years ago									
May 24, 1941	1.94	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01

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

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Civil Engineering Construction $63,929,000 For Week; Private Work Gains

Civil engineering construction volume for the week in continental U. S. totaled $63,929,000. This volume, not including the construction by military combat engineers, American contracts outside the country, and ship-building, is 30% lower than in the preceding week, and 71% below the total for the corresponding 1942 week as reported by "Engineering News-Record" on May 20, which went on to say:

Private construction tops last week by 247%, and is 10% higher than in the week last year. Public construction declines 39% from a week ago, and is 74% lower than a year ago as both state and municipal work and Federal volume are down.

The current week's construction brings 1943 volume to $1,445,294,000, an average of $72,265,000 for each of the twenty weeks of the year. On the weekly average basis, 1943 volume is 60% below the $3,773,129,000 reported for the twenty-one weeks of 1942. Private construction, $146,112,000, is 48% lower than last year, and public work, $1,299,182,000, is down 61% when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	May 21, 1942	May 13, 1943	May 20, 1943
Total U. S. Construction	$216,513,000	$91,019,000	$63,929,000
Private Construction	9,305,000	2,943,000	10,209,000
Public Construction	207,208,000	88,076,000	53,720,000
State and Municipal	11,487,000	7,435,000	4,162,000
Federal	195,721,000	80,641,000	49,558,000

In the classified construction groups, gains over a week ago are in sewerage, industrial buildings, commercial building and large-scale private housing, and public buildings. Commercial building is the only class of work to gain over the 1942 week. Subtotals for the current week in each class of construction are: waterworks, $1,490,000; sewerage, $1,727,000; bridges, $209,000; industrial buildings, $1,407,000; commercial building and large-scale private housing, $6,907,000; public buildings, $30,049,000; earthwork and drainage, $261,000; street and roads, $5,219,000; and unclassified construction, $16,660,000.

New capital for construction purposes for the week totals $463,000, and is made up entirely of state and municipal bond sales. The week's total brings 1943 new financing to $484,749,000, a total that compares with the $6,811,776,000 reported for the 21-week period a year ago.

Steel Operations Higher—Expansion Program Reviewed—Month-End Flurry Develops

"As steel executives assembled in New York this week for their annual meeting today, a glimpse into the current status of the steel expansion program revealed that around 3,000,000 tons of additional ingot capacity has been added since Sept., 1941, a magnificent accomplishment considering the delays and red tape which cropped up frequently to upset building schedules," states "The Iron Age" in its issue of today (May 27), further adding: "H. G. Batcheller, head of the WPB Steel Division, says the industry has helped shorten the war by its expansion.

"Records of the Steel Division show that as of May 1 there were 2,083,000 tons of new open hearth and 953,700 tons of new electric furnace capacity in operation. Of the blast furnace program, 4,505,000 tons had been blown in May 1. New by-product coke oven capacity May 1 was 2,206,000 tons.

"The open hearth expansion is scheduled to be 99% complete by the end of this year and fully complete by next February. The alloy steel expansion is expected to be completed by October of this year. The blast furnace program, calling for a total of 11,314,000 tons of new capacity, should be completed by November. The by-product coke oven expansion program which calls for a total of 7,448,000 tons will not be completed until December.

"Steel-making capacity will aggregate 97,400,000 net tons when the entire program is completed, including open hearth capacity of 84,404,000 tons and electric furnace capacity of 6,403,000 tons. Blast furnace capacity when expansion is completed will be 68,848,000 tons, and by-product coke oven capacity will be 61,963,000 tons.

"A month-end flurry of orders during the past week has filled the few blank spaces which existed for near-term deliveries of steel. Midwest mills have received additional urgent directives for farm implement steel. Domestic transportation needs are very much in the spotlight, with steel orders for the railroad program being placed in tonnages greater than some authorities expected, with officials of 13 truck companies starting to make 7,350 heavy duty trucks for civilian use, and with a large bus maker planning to resume operations to help alleviate the growing problem in conection with the transporting of war workers.

"The vigorous efforts which have been made to improve the supply of aircraft alloy steel are achieving success. More use is being made of idle or excessive aircraft stocks in aircraft plants to relieve shortages, under a new set-up which gives the Aircraft Scheduling Unit in Dayton, Ohio, full control over the movement of these surplus materials. Meanwhile, the quantity of earmarked aircraft steel carried by official warehouses has been increased as much as five times the amount previously carried. Other efforts to improve the aircraft steel situation include continuing efforts toward substitution of carbon steel for alloy grades in some component aircraft parts; and a new aircraft production planning and control system. A new and comprehensive plan to schedule individually all the extrusions going into the production of aircraft is reported being put into effect by WPB.

"The widely heralded curtailment of machine tool production, to be accomplished by WPB by next December, probably will not affect such machine tools as spur and helical gear shapers; plane cylinder grinders; certain types of planers, precision boring machines; external thread grinders; special drills and a few other types of equipment. Meanwhile, lend-lease demand will take up much of the slack for appropriations for machinery and equipment are set at $504,000,000 for lend-lease during the next year."

The American Iron and Steel Institute on May 24, announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.3% of capacity for the week beginning May 24, compared with 98.6% one week ago, 100.0% one month ago and 99.6% one year ago. This represents an increase of 0.7 point or 0.7% from the preceding week. The operating rate, for the week beginning May 24 is equivalent to 1,719,500 tons of steel ingots and castings, compared to 1,707,400 tons one week ago, 1,731,700 tons one month ago, and 1,691,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 24 stated in part as follows: "Steel demand is livelier, particularly in sheets, bars and plates and to some extent in seamless and lap weld pipe and wire specialties, while shape and reinforcing bar inquiry continues to lag. Most plate producers have capacity still available for July rolling, with a number of consumers yet to take action if they desire to get on July schedules. A month-end flurry is expected each month under CMP, as has been the case in the past.

"Consumers must keep inventories down to 60 days requirements and will be disposed in many cases to wait until late before actually placing specifications. At the same time some orders are being placed several months in advance with CMP allotment numbers accompanying them. Orders for delivery well into the future have been placed in the past but never with quite the certainty of fulfilment that is now the case. Usually there was the question whether Washington would approve the orders when schedules were set up to accomplish the delivery. The allotment number now definitely indicates WPB approval.

"One contributing factor to the heavier demand is a greater volume of orders from subcontractors, many of whom until recently have been delayed in getting their numbers, due in part to Washington and also to slow action by prime contractors.

"Deliveries on steel bars are lengthening and bessemer bars can not be obtained much sooner than open-hearth. At the same time restrictions on semifinished steel results in some bar mill capacity being idle. Some small sizes can be booked for July shipment but large sizes generally are extended into September, with some small lots taken for August rolling. For long-range programs, including shipbuilding, schedules in some cases have been fixed and allotment numbers made definite into February. Orders for floor plates for ships have been entered for first quarter delivery.

"Wire backlogs are increasing as demand exceeds production on many items, mainly specialties. On most active products many mills are sold through third quarter.

"Pig iron production in April totaled 5,035,178 net tons, compared with the all-time production of 5,314,201 tons in March. Production for four months this year totaled 20,326,130 tons, compared with 19,421,340 tons in the corresponding period last year."

Treasury To Ask For $16 Billion New Taxes, Morgenthau Reveals

Secretary of the Treasury Morgenthau emphasized on May 13 that new taxes this year must raise an additional $16,000,000,000 in revenue.

Speaking at his press conference, Mr. Morgenthau explained that revenues under existing law would total about $35,000,000,000 for the 1944 fiscal year and that an added $16,000,000,000 would bring the aggregate in tax revenues to about 50% of war expenditures. The Secretary pointed out that the Treasury would like to see at least one-half the war bill financed by taxes.

Mr. Morgenthau would not discuss the form such additional taxes should take, saying the pay-as-you-go issue must be disposed of first. He declared, however, that no matter how much revenue a pay-as-you-go plan yields the $16,000,000,000 in taxes would be a minimum requirement.

Secretary Morgenthau also remarked that any compulsory savings plan could be postponed now in view of the outstanding success of the Second War Loan Drive.

In recent testimony before a House Committee, Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, said that very much heavier taxes are needed. Mr. Eccles also expressed the belief that a tax bill designed to raise at least 50% of the government's wartime expenses should be enacted.

Moody's Daily Commodity Index

Tuesday, May 18	245.6
Wednesday, May 19	245.8
Thursday, May 20	245.9
Friday, May 21	245.8
Saturday, May 22	246.1
Monday, May 24	245.7
Tuesday, May 25	245.7
Two weeks ago, May 11	245.1
Month ago, April 24	246.9
Year ago, May 25, 1942	231.8
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Daily Average Crude Oil Production For Week Ended May 15, 1943 Declined 36,200 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 15, 1943 was 3,984,300 barrels, a decrease of 36,200 barrels from the preceding week, and 313,100 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of May, 1943. The current figure, however, is 500,400 barrels per day more than in the week ended May 16, 1942. Daily output for the four weeks ended May 15, 1943 averaged 3,959,150 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 3,768,000 barrels of crude oil daily and produced 10,506,000 barrels of gasoline; 3,797,000 barrels of distillate fuel oil, and 7,760,000 barrels of residual fuel oil during the week ended May 15, 1943; and had in storage at the end of that week 86,950,000 barrels of gasoline; 31,891,000 barrels of distillate fuels, and 67,311,000 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 15, 1943	Change from Previous Week	4 Weeks Ended May 15, 1943	Week Ended May 16, 1942
Oklahoma	379,000	379,000	†321,150	— 25,800	338,000	388,000
Kansas	309,700	309,700	†305,550	+ 12,500	308,400	261,750
Nebraska	2,400	------	†2,150	— 50	2,200	4,000
Panhandle Texas			91,100	----	91,050	80,350
North Texas			131,900	----	133,450	148,300
West Texas			226,750	----	220,600	190,500
East Central Texas			124,300	----	112,000	78,800
East Texas			339,300	----	329,550	225,950
Southwest Texas			214,000	----	201,250	134,200
Coastal Texas			375,200	----	357,950	209,400
Total Texas	1,622,000	‡1,584,637	1,502,550	----	1,445,850	1,067,500
North Louisiana			87,000	----	87,850	83,800
Coastal Louisiana			261,050	+ 1,550	259,100	219,800
Total Louisiana	359,300	377,000	348,050	+ 1,550	346,950	303,600
Arkansas	73,000	75,043	72,100	+ 250	72,150	71,250
Mississippi	50,000		52,450	— 2,100	54,100	87,450
Illinois	250,800		210,550	— 25,600	225,700	276,750
Indiana	16,000		13,200	— 2,050	13,700	19,800
Eastern (not incl. Ill. Ind., Ky.)	92,200		79,750	+ 5,700	78,350	99,400
Kentucky	23,500		22,200	— 950	22,000	11,200
Michigan	62,100		58,700	— 1,700	58,700	55,500
Wyoming	97,000		92,900	— 1,600	93,150	90,650
Montana	24,600		20,550	+ 50	20,400	21,600
Colorado	7,400		6,700	+ 50	6,750	7,500
New Mexico	105,700	105,700	96,950	— 250	97,150	70,750
Total East of Calif.	3,474,700		3,205,500	— 40,000	3,183,550	2,836,700
California	822,700	§822,700	778,800	+ 3,800	775,600	647,200
Total United States	4,297,400		3,984,300	— 36,200	3,959,150	3,483,900

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in 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 13.

‡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 STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 15, 1943.

(Figures in Thousands of barrels of 42 Gallons Each)

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

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas and Inland Texas	2,444	88.7	1,713	70.1	4,688	35,498	13,257	10,794
Appalachian	177	84.8	156	88.1	441	2,526	780	467
Ind., Ill., Ky.	824	85.2	757	91.9	2,351	19,125	4,078	3,169
Okla., Kans., Mo.	416	80.1	354	85.1	1,059	6,641	1,677	1,498
Rocky Mountain	147	48.0	84	57.1	292	1,978	321	544
California	817	89.9	704	86.2	1,675	21,182	11,778	50,839
Tot. U. S. B. of M. basis May 15, 1943	4,825	86.2	3,768	78.1	10,506	†86,950	31,891	67,311
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
U. S. Bur. of Mines basis May 16, 1942			3,400	---	10,737	100,780	29,110	79,593

*At the request of the Petroleum Administration for War. †Finished, 76,219,000 barrels; unfinished, 10,731,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,797,000 barrels of gas oil and distillate fuel oil and 7,760,000 barrels of residual fuel oil produced in the week ended May 15, 1943, which compares with 3,795,000 barrels and 7,853,000 barrels, respectively, in the preceding week, and 3,034,000 barrels and 6,993,000 barrels, respectively, in the week ended May 16, 1942.

Wholesale Commodity Prices Steady In Week Ended May 15, Labor Dept. Reports

The U. S. Department of Labor announced on May 20 that except for further increases in prices for farm products and foods, largely fresh fruits and vegetables, commodity markets were steady during the week ended May 15. The Bureau of Labor Statistics' index of prices in primary markets advanced 0.1% to a new peak, 103.8% of the 1926 average.

The Department's announcement further stated:

"Farm products and foods—Average prices for farm products rose 0.7% largely because of sharp increases for apples and sweet potatoes, and smaller advances for fresh eggs at Boston and San Francisco, for white potatoes at New York, and for flaxseed. Higher prices were also reported for corn and for cows. Prices of some important farm commodities declined during the week. Oats dropped 3% and wheat more than 1%. Hogs and sheep decreased from 1.5 to over 2%, and prices were also lower for cotton, citrus fruits and for white potatoes in the Chicago and Portland, Oregon markets.

"An increase of 4.8% in average prices for fruits and vegetables was responsible for the rise of 0.7% in the foods group index. Flour advanced fractionally in some areas while quotations for meats and dairy products were unchanged from a week ago.

"Industrial commodities—There was very little movement in prices for industrial commodities during the week. Quotations for rosin and turpentine rose slightly while maple flooring declined."

The following notation is 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 3 weeks, for April 17, 1943 and May 16, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups—	5-15 1943	5-8 1943	5-1 1943	4-17 1943	5-16 1942	Percentage changes to May 15, 1943 from— 5-8 1943	4-17 1943	5-16 1942
All commodities	*103.8	*103.7	*103.5	*103.5	98.5	+0.1	+0.3	+ 5.4
Farm products	*125.7	*124.8	*124.3	*124.4	104.3	+0.7	+1.0	+20.5
Foods	110.2	109.4	108.7	†108.4	98.2	+0.7	+1.7	+12.2
Hides and leather products	118.4	118.4	118.4	118.4	119.8	0	0	— 1.2
Textile products	96.9	96.9	96.9	96.9	97.3	0	0	— 0.4
Fuel and lighting materials	81.5	81.6	81.5	81.1	78.8	—0.1	+0.5	+ 3.4
Metals and metal products	*103.9	*103.9	*103.9	*103.9	104.4	0	0	— 0.1
Building materials	110.4	110.4	110.3	110.3	110.1	0	+0.1	+ 0.3
Chemicals and allied products	100.2	100.2	100.1	100.1	97.3	0	+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	91.4	90.2	0	0	+ 1.3
Raw materials	*113.7	*113.2	*112.7	*112.8	98.9	+0.4	+0.8	+15.0
Semimanufactured articles	92.9	92.9	92.9	93.0	92.8	0	—0.1	+ 0.1
Manufactured products	*101.0	*101.0	*100.9	*100.8	99.3	0	+0.2	+ 1.7
All commodities other than farm products	*99.1	*99.1	*99.1	*99.0	97.2	0	+0.1	+ 2.0
All commodities other than farm products and foods	*96.9	*96.9	*96.9	*96.8	95.9	0	+0.1	+ 1.0

*Preliminary. †Revised.

Non-Ferrous Metals—Copper Moving Against June Requirements—Lead Sales Increase

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 20, stated:

"The volume of lead sold last week by domestic producers increased appreciably, indicating that consumers purchased metal against June requirements preparatory to arranging for allocations of foreign lead, if needed, out of supplies held by Metals Reserve. Consumers of copper were notified ahead of time (May 14) in reference to their June allocations. Interest in zinc centered in storm conditions that on May 18 interrupted operations in the Tri-State zinc-lead district. Metals Reserve issued a new price schedule for purchases of domestic manganese and chrome ores, effective May 15. The base prices in the revised schedule show little change. "The publication further went on to say:

Copper

June certificates for copper came through on May 14, and the sales departments of producers were busy all last week in arranging for the movement of the tonnages allotted to consumers. Quotations continued on the basis of 12c., Valley. Foreign copper is being purchased by Metals Reserve at unchanged prices.

Order M-9-c, regulating the use of copper and copper alloys, was amended by WPB on May 17. The conservation measure now prohibits use of copper in oil wells, water wells, gaming machines and devices, and slide fasteners and further restricts its use in water heaters, tanks, and coils for military purposes.

The Bureau of Mines, Department of the Interior, disclosed last week that the mine production of recoverable copper in the United States, including Alaska, was about 1,072,003 tons in 1942, an increase of 12% over 1941. The output for last year was the largest in the history of the country. Arizona contributed 36% to the country's output; Utah 29%; Montana 13%; Nevada; 8% New Mexico 7%; Michigan 4%; and other States 3%. The figures released by the Bureau of Mines were known in copper circles, but publication of the information under the "Code of Wartime Practices" was prohibited until an appropriate authority made the facts available to the press.

Lead

Sales of common lead in the domestic market for the last week were more than double those in the week previous. The gain in the volume of business was expected. Consumers purchased June lead freely prior to the date set for determining allocations of foreign metal. The price situation was unchanged.

In 1942, mine production of recoverable lead in the United States was 492,435 tons, according to preliminary figures released last week by the Bureau of Mines. This compares with 461,426 tons in 1941.

Zinc

Production of lead and zinc concentrate in the Tri-State district of Oklahoma, Kansas, and Missouri was temporarily reduced by about one-half on May 18 in what is described as one of the worst floods in the history of the field. Mines were flooded in the south-central part of the great Picher field, and at Oronogo, Galena, Wentworth, Granby, Stottscity, and Duenweg. Dewatering of some mines will require weeks, it is believed.

Mine production of zinc in the United States during 1942, in terms of recoverable metal, was 760,210 tons, against 749,125 tons in 1941, according to the Bureau of Mines.

Manganese Ore

Secretary of Commerce Jones announced May 17 that Metals Reserve Co. will pay increased prices for domestic manganese ore further to stimulate production. The new scale provides for moderate increases in some instances.

Manganese ore was added to List I of General Imports Order M-63 to better control importation and distribution. Under this listing, the ore may not be imported without specific authorization.

Antimony

Until sellers of antimony ex warehouse New York obtain metal that carries the freight rate that became effective May 15, the quotation will continue at 16.049c. per pound on lots of 5 tons or more but less than a carload. A moderate downward revision, reflecting the 6% reduction in the freight rate, may occur during the next week.

Tin

President Penaranda of Bolivia, who is a visitor in this country, said last week that the price of tin will have to be re-negotiated before July 1 to meet rising costs of production. In tin circles it has been rumored that Metals Reserve Co. will have to raise the price to around 70c. a pound of tin contained in Bolivian concentrate, f.o.b. South American ports. The present basis is 60c. Bolivian labor authorities, it is claimed, want the entire increase in price, if granted, to be used exclusively for the benefit of the miners. Vice-President Wallace, who returned from a tour of South American countries recently, declared that the wages of Bolivian tin miners "are pitiably low in accordance with standards in this country."

The price of tin in New York will probably continue at 52c., regardless of what the Metals Reserve will pay for concentrate, the trade believes.

Straits quality tin for shipment was as follows:

	May	June	July
May 13	52.000	52.000	52.000
May 14	52.000	52.000	52.000
May 15	52.000	52.000	52.000
May 17	52.000	52.000	52.000
May 18	52.000	52.000	52.000
May 19	52.000	52.000	52.000

Quicksilver

Conditions governing the market for quicksilver have not changed and quotations in New York continued at $196@$198 per flask of 76 lb.

Silver

The silver market in London has been steady during the last week at 23½d.

The New York Official and the Treasury prices remained at 44¾c. and 35c., respectively.

Daily Prices

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

Lumber Movement—Week Ended May 15, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 454 mills reporting to the National Lumber Trade Barometer were 0.4% below production for the week ended May 15, 1943. In the same week new orders of these mills were 8.9% greater than production. Unfilled order files in the reporting mills amounted to 102% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 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 14.1%; orders by 18.0%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 30.1% greater; shipments were 37.2% greater, and orders were 43.8% greater.

Revenue Freight Car Loadings During Week Ended May 15, 1943 Increased 31,791 Cars

Loading of revenue freight for the week ended May 15, 1943 totaled 848,522 cars, the Association of American Railroads announced on May 20. This was an increase above the corresponding week of 1942 of 9,468 cars, or 1.1%, but a decrease below the same week in 1941, of 12,280 cars or 1.4%.

Loading of revenue freight for the week of May 15 increased 31,971 cars or 3.9% above the preceding week.

Miscellaneous freight loading totaled 383,387 cars, a decrease of 6,279 cars below the preceding week, but an increase of 5,212 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 96,630 cars, a decrease of 1,495 cars below the preceding week, and a decrease of 589 cars below the corresponding week in 1942.

Coal loading amounted to 176,179 cars, an increase of 34,039 cars above the preceding week, and an increase of 7,146 cars above the corresponding week in 1942.

Grain and grain products loading totaled 43,242 cars, a decrease of 2,373 cars below the preceding week, but an increase of 8,275 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of May 15 totaled 28,227 cars, a decrease of 2,271 cars below the preceding week but an increase of 6,208 cars above the corresponding week in 1942.

Live stock loading amounted to 14,137 cars, a decrease of 1,551 cars below the preceding week, but an increase of 2,143 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of May 15, totaled 10,222 cars, a decrease of 1,717 cars below the preceding week, but an increase of 1,166 cars above the corresponding week in 1942.

Forest products loading totaled 43,760 cars, a decrease of 1,058 cars below the preceding week and a decrease of 6,091 cars below the corresponding week in 1942.

Ore loading amounted to 76,767 cars, an increase of 9,791 cars above the preceding week but a decrease of 7,026 cars below the corresponding week in 1942.

Coke loading amounted to 14,420 cars, an increase of 897 cars above the preceding week, and an increase of 398 cars above the corresponding week in 1942.

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

	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
Week of May 15	848,522	839,054	860,802
Total	15,250,024	16,044,449	14,672,865

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 15, 1943. During this period 60 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 15

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	232	450	515	1,555	1,236
Bangor & Aroostook	928	1,779	1,924	347	320
Boston & Maine	6,229	6,117	8,603	14,591	15,495
Chicago, Indianapolis & Louisville	1,510	1,345	1,302	1,903	1,893
Central Indiana	43	24	16	69	60
Central Vermont	1,026	1,003	1,419	2,498	2,325
Delaware & Hudson	6,490	6,820	5,957	11,868	12,418
Delaware, Lackawanna & Western	7,620	7,991	9,640	12,987	10,252
Detroit & Mackinac	405	275	288	128	162
Detroit, Toledo & Ironton	1,802	1,976	3,259	1,497	1,376
Detroit & Toledo Shore Line	289	315	438	2,766	2,603
Erie	13,350	14,933	15,066	19,638	16,970
Grand Trunk Western	3,938	3,463	6,225	8,189	7,567
Lehigh & Hudson River	219	246	280	2,778	3,763
Lehigh & New England	2,087	2,166	1,949	1,707	2,080
Lehigh Valley	8,770	9,123	9,557	14,733	12,170
Maine Central	2,078	2,098	3,097	2,286	3,605
Monongahela	6,569	6,041	6,322	363	356
Montour	2,520	2,427	2,324	55	36
New York Central Lines	56,797	46,680	52,283	53,677	55,362
N. Y., N. H. & Hartford	9,728	9,912	12,165	19,105	20,774
New York, Ontario & Western	1,283	1,100	1,175	2,649	3,119
New York, Chicago & St. Louis	7,097	7,636	6,137	15,712	15,196
N. Y., Susquehanna & Western	624	418	479	2,489	1,506
Pittsburgh & Lake Erie	7,651	8,575	8,445	9,582	9,187
Pere Marquette	4,945	5,299	6,637	7,208	5,890
Pittsburg & Shawmut	932	770	805	17	32
Pittsburg, Shawmut & North	391	424	515	289	247
Pittsburgh & West Virginia	1,251	1,181	1,152	3,688	3,031
Rutland	318	389	642	910	1,109
Wabash	5,524	5,254	5,906	13,307	13,196
Wheeling & Lake Erie	6,397	5,202	5,522	4,998	4,673
Total	169,043	161,432	180,044	233,589	228,009
Allegheny District—					
Akron, Canton & Youngstown	758	704	672	1,309	1,000
Baltimore & Ohio	43,404	41,035	41,608	29,110	27,106
Bessemer & Lake Erie	5,832	7,242	6,807	2,000	2,504
Buffalo Creek & Gauley	302	290	267	4	0
Cambria & Indiana	1,860	1,960	2,019	7	11
Central R. R. of New Jersey	7,553	7,494	7,890	21,959	21,105
Cornwall	650	701	699	74	51
Cumberland & Pennsylvania	239	328	326	6	18
Ligonier Valley	140	144	97	32	45
Long Island	1,146	701	800	3,691	3,639
Penn-Reading Seashore Lines	1,659	1,537	1,627	2,901	2,526
Pennsylvania System	83,998	85,373	87,672	68,284	65,196
Reading Co.	15,831	14,887	16,156	28,812	28,901
Union (Pittsburgh)	21,288	21,210	19,833	7,148	7,294
Western Maryland	4,266	4,073	4,260	10,946	12,811
Total	188,926	187,679	190,733	176,283	172,207
Pocahontas District—					
Chesapeake & Ohio	29,998	29,849	28,648	13,936	14,266
Norfolk & Western	23,256	23,460	24,045	7,649	6,933
Virginian	5,017	4,581	5,094	2,052	2,222
Total	58,271	57,890	57,787	23,637	23,421
Southern District—					
Alabama, Tennessee & Northern	282	399	356	260	348
Atl. & W. P.—W. R. R. of Ala.	678	743	847	2,799	2,452
Atlanta, Birmingham & Coast	803	818	786	1,285	1,330
Atlantic Coast Line	13,021	13,122	12,341	11,133	8,457
Central of Georgia	4,144	3,783	4,550	4,674	3,776
Charleston & Western Carolina	523	349	588	1,858	1,653
Clinchfield	1,634	1,761	1,895	2,892	2,846
Columbus & Greenville	330	326	311	144	165
Durham & Southern	121	200	214	623	1,200
Florida East Coast	2,747	1,850	1,082	1,909	920
Gainesville Midland	46	38	42	81	120
Georgia	1,115	1,088	1,171	2,999	2,350
Georgia & Florida	369	376	369	597	489
Gulf, Mobile & Ohio	3,676	4,035	3,795	4,463	3,279
Illinois Central System	26,202	27,236	23,015	19,081	15,170
Louisville & Nashville	26,687	27,182	26,352	11,540	9,396
Macon, Dublin & Savannah	206	164	153	947	721
Mississippi Central	228	156	158	512	494
Nashville, Chattanooga & St. L.	3,252	3,702	3,597	4,913	3,761
Norfolk Southern	1,170	1,530	1,212	1,671	2,121
Piedmont Northern	357	314	508	1,109	1,255
Richmond, Fred. & Potomac	410	535	466	11,310	11,006
Seaboard Air Line	11,320	11,553	10,903	7,634	8,859
Southern System	22,353	23,680	26,373	23,690	23,122
Tennessee Central	542	678	559	753	1,159
Winston-Salem Southbound	128	92	173	897	979
Total	122,344	125,710	121,816	119,774	107,429
Northwestern District—					
Chicago & North Western	19,572	21,391	22,651	12,882	12,837
Chicago Great Western	2,721	2,396	2,707	2,832	2,981
Chicago, Milw., St. P. & Pac.	19,249	18,508	21,766	10,637	9,383
Chicago, St. Paul, Minn. & Omaha	3,195	3,333	4,037	3,488	3,526
Duluth, Missabe & Iron Range	23,067	25,234	22,531	193	427
Duluth, South Shore & Atlantic	889	1,561	1,549	473	500
Elgin, Joliet & Eastern	8,519	10,426	10,752	11,315	9,603
Ft. Dodge, Des Moines & South	*432	543	694	*101	145
Great Northern	21,676	22,538	24,124	6,151	4,661
Green Bay & Western	*453	539	671	*862	694
Lake Superior & Ishpeming	2,073	3,523	3,114	45	67
Minneapolis & St. Louis	1,886	1,946	2,013	2,271	2,129
Minn., St. Paul & S. S. M.	6,697	6,671	7,940	2,878	3,108
Spokane International	9,609	10,204	9,995	5,703	4,543
Northern Pacific	*176	147	178	*568	349
Spokane, Portland & Seattle	2,033	2,561	2,514	3,034	3,270
Total	122,247	131,521	137,236	63,433	58,223
Central Western District—					
Atch., Top. & Santa Fe System	20,796	21,213	22,694	12,060	9,673
Alton	2,718	2,905	3,344	3,887	3,570
Bingham & Garfield	*493	734	680	*103	132
Chicago, Burlington & Quincy	18,040	14,628	16,475	11,141	9,579
Chicago & Illinois Midland	3,017	2,763	2,640	735	848
Chicago, Rock Island & Pacific	11,633	10,581	13,842	11,997	10,311
Chicago & Eastern Illinois	2,581	2,420	2,888	5,971	2,871
Colorado & Southern	789	784	724	2,255	1,705
Denver & Rio Grande Western	*3,901	2,994	2,519	*6,102	4,533
Denver & Salt Lake	720	564	336	16	14
Fort Worth & Denver City	923	1,019	1,596	2,153	1,021
Illinois Terminal	1,682	1,894	1,868	2,246	2,193
Missouri-Illinois	1,048	1,333	1,081	412	461
Nevada Northern	2,089	2,004	2,026	118	118
North Western Pacific	1,140	1,086	842	701	455
Peoria & Pekin Union	1	18	7	0	0
Southern Pacific (Pacific)	30,798	28,650	28,190	13,515	9,328
Toledo, Peoria & Western	332	286	295	1,803	1,415
Union Pacific System	12,429	11,912	14,534	16,857	12,143
Utah	562	531	224	4	5
Western Pacific	2,132	1,843	1,592	3,554	3,655
Total	117,014	110,162	118,397	95,630	74,030
Southwestern District—					
Burlington-Rock Island	1,105	160	213	202	165
Gulf Coast Lines	6,327	5,334	3,380	2,322	2,809
International-Great Northern	1,814	2,862	2,176	3,873	2,855
Kansas, Oklahoma & Gulf	176	218	205	591	1,147
Kansas City Southern	4,843	5,537	2,384	2,502	2,216
Louisiana & Arkansas	4,218	3,279	2,376	2,742	2,213
Litchfield & Madison	263	336	310	1,196	1,008
Midland Valley	361	676	419	242	243
Missouri & Arkansas	*148	176	220	*442	383
Missouri-Kansas-Texas Lines	5,771	4,603	4,552	5,579	4,195
Missouri Pacific	15,445	15,436	15,001	20,010	16,457
Quanah Acme & Pacific	52	114	115	172	174
St. Louis-San Francisco	7,454	8,505	8,494	8,320	7,321
St. Louis Southwestern	3,288	2,929	2,676	7,937	6,090
Texas & New Orleans	14,564	9,823	7,757	5,178	4,155
Texas & Pacific	4,735	4,492	4,329	7,326	6,988
Wichita Falls & Southern	98	148	164	43	50
Weatherford M. W. & N. W.	15	32	18	24	38
Total	70,677	64,660	54,789	68,701	58,507

*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 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
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
Mar. 27	139,911	150,754	488,197	95	90
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Change In Method Of Making Calls On War Loan Depositaries

Attention to the action of the Treasury Department in deciding to change the method of making calls from war loan depositaries was directed on May 10 by Allan Sproul, President of the Federal Reserve Bank of New York, in a notice to the incorporated banks and trust companies of the District, in which he said:

"Depositaries will be divided into two groups based on the size of their war loan balances. In order to lessen the work and inconvenience caused by frequent, small-percentage calls and remittances in banks where the working staff is small, a special schedule will be established to govern withdrawals from depositaries in the group with the smaller balances. Pursuant to the special schedule there will be fewer calls upon banks with the smaller balances, and each call will be for a larger percentage of the total balance.

"All depositaries in this District will be classified into two groups, as follows:

Group A—All depositaries having war loan balances of $300,000 or less at the close of business May 11, 1943.

Group B—All depositaries having war loan balances of more than $300,000 at the close of business May 11, 1943.

"Until further notice the classification of a particular bank in Group A or Group B will remain unchanged, notwithstanding any subsequent increases or decreases in the war loan balance of such bank.

"There will be no change in the manner of making calls upon banks in Group B.

"Tentative plans provide for the issuance on Friday, May 14, 1943, of a special call for withdrawals from banks in Group A, based upon balances as of the close of business May 11, 1943, for payment in approximately seven equal instalments extending over a period of about three months, the dates of which will be indicated in the notice of call.

"Member banks from whom we have standing instructions to charge their reserve accounts will continue to receive advices of charge on the dates payments from them are due. Non-member banks will be expected to remit to us in funds available on the dates the payments become due."

V. Ross Elected Head Of N. Y. Controllers

Vincent C. Ross, Vice-President and Treasurer of Prentice-Hall, Inc., was elected President of the New York City Control of the Controllers Institute of America at that group's annual meeting in New York held May 20 in the Hotel New Yorker. Two Vice-Presidents were elected—Harry L. Camp, General Controller of The Borden Co., and Marvin W. Kimbro, Controller of the General Foods Corp. Louis W. Jaeger, Controller of Clark-Babbitt Industries, Inc., was reelected Treasurer, and G. T. Vignone, Controller of Mcfadden Publications, was renamed Secretary.

Seven new directors were elected—Neville R. Ashcroft of Scott & Bowne, Bloomfield, N. J.; M. J. Boedeker of the Johns-Manville Corp.; Walter H. Kamp of the Bristol-Myers Co., Hillside, N. J.; Frank J. Meley of Interstate Department Stores; Herbert L. Simms of the Bankers Trust Co.; Mark A. Sunstrom of the International Telephone & Telegraph Corp., and William J. Wardell of the American Can Co. The meeting preceded the annual dinner of the organization.

Items About Banks, Trust Companies

John E. Bierwirth, President of the New York Trust Co., announced on May 19 that the capital stock of the company was increased on May 18 from $12,500,000 to $15,000,000, consisting of 600,000 shares of the par value of $25 each, and the surplus of the company increased from $25,000,000 to $30,000,000 through the sale of 100,000 shares of additional capital stock at $75 per share. All but 2% of the new stock was subscribed for by the stockholders of the company. The offering was underwritten by Morgan Stanley & Co. and associates. Previous reference to the bank's plans for this increase was made in our issue of May 20, page 1896.

Augustus S. Hutchins, a trustee of The Manhattan Savings Bank in New York, has completed 60 years as a member of the bank's Board, it is announced by Willard K. Denton, President. Mr. Hutchins' six decades of service, Mr. Denton said, are believed to exceed in length that of any savings bank trustee in Greater New York, and in any event constitute one of the longest records in the history of savings banking. His associates on the Board presented him with an engrossed testimonial at a meeting of the Board of Trustees last week.

Mr. Hutchins was elected to the Board in 1883 at the age of 26. The bank then had only one office and its resources totaled $4,000,000. In the intervening period it has developed into one of the largest of the nation's savings banks, with five offices in Manhattan and resources in excess of $100,000,000. For about half a century of his trusteeship, Mr. Hutchins, who is a member of the legal firm of A. S. and W. Hutchins, has acted as Counsel to the bank. He is well known in insurance and investment circles as well as among the legal fraternity.

At a recent meeting of the Board of Directors of the Chemical Bank & Trust Co. of New York, James W. Peterson was appointed Assistant Manager of the Madison Avenue at 74th Street branch office.

At a meeting of the Board of Directors of the Lawyers Trust Co. held on May 18, Frederick M. Sanders, President of the U. S. Realty Co., was elected a Director of Lawyers Trust Co.

Joseph J. McArdle, senior partner of McArdle & McArdle, accountants and auditors, has been elected a trustee of the North Side Savings Bank, Bronx, N. Y. Mr. McArdle, a former examiner of the New York State Banking Department, is also a Director of Jacob Ruppert, Inc.

The Flatbush Savings Bank of Brooklyn, N. Y., will become the 26th member of The Savings Banks Retirement System on June 1, in accordance with a resolution adopted by the bank's trustees at the regular meeting on April 19, 1943. Applications for participation have been made by 33 of the 36 eligible employees. "It is the opinion of the trustees and officers," said Major John S. Roberts, President, "that The Savings Bank Retirement System offers the best means of taking care of the pension problem." He further says:

"The providing of funds necessary to take care of retired employees by the joint contributions of the bank and the participating employees over a period of years is sound business practice and follows the pattern set by the Social Security Act and the retirement plans now being so widely adopted by American industry. The plan will provide a contractural pension right to the employees of the Flatbush Savings Bank hitherto lacking under informal arrangement."

It is noted that the Savings Banks Retirement System, which began operations on May 1, 1941, now extends benefits to more than 850 employees of savings banks and savings bank instrumentalities in New York State. It is further understood that a number of other banks are considering participation in the near future.

The Liberty State Savings Bank, Liberty Center, Ohio, has been admitted to membership in the Federal Reserve System, it was announced on May 20 by M. J. Fleming, President of the Cleveland Reserve Bank. The new member bank was organized in 1914 and has total deposits at the present time of just below $500,000. L. R. Bowers is President of the Liberty State Savings Bank.

George W. Walker, Chairman of the Board of Directors of Citizens National Trust & Savings Bank of Los Angeles, died on May 16 at his home in Los Angeles. He had been ill for some time with heart disease. The bank's announcement summarized his career as follows:

"Born at Albany, N. Y., Oct. 7, 1861, he went with his family as a very young child to Washington, D. C., where he had his schooling. In 1879 he joined a party bound for Arizona, and settled in Tombstone, where he engaged in mining and business. He came to Los Angeles in January, 1891, and entered the jobbing business, from which he retired in 1912. He invested extensively in downtown real estate and oil properties. He was President of the Oceanic Oil Co. and a director in numerous other corporations.

"Mr. Walker was one of the principal owners of the former Broadway Bank and Trust Co., in which he had been interested for about 10 years prior to its becoming the Citizens Trust & Savings Bank in 1911. He was Chairman of the Executive Committee and became also a director in Citizens National Bank. Since September, 1935, he has been Chairman of the Board of Citizens National Trust & Savings Bank. From 1935 to 1937, Mr. Walker was also a trustee of the University of Southern California."

FDR Refuses To Let Fortas Resign Interior Post

President Roosevelt refused on May 11 to accept the resignation of Abe Fortas, Under-Secretary of the Interior, declaring that Mr. Fortas, who is of draft age, "can best serve" his country by continuing in his present job.

Secretary of the Interior Ickes handed Mr. Fortas's resignation to the President on May 7, saying in an accompanying letter that he knew the Under-Secretary had submitted it "only because he did not want me or the Administration to suffer as a result of possible attacks upon him for remaining in a civilian post."

Mr. Roosevelt, in a letter to the Under-Secretary, said he appreciated his motives but would not accept the resignation.

Mr. Ickes had written the President that Mr. Fortas, as second in common of the Interior Department, had been given general jurisdiction over its activities and was "doing a splendid job."

Mr. Fortas, who will be 33 in June, is married but has no children.

United States Industries Growing Fast

Roger W. Babson Sees Great New Developments

My readers should remember, particularly when making investments, that some industries are always declining whereas other industries are showing healthy growth trends. During the war we have been in a kind of new industrial revolution. Our engineers and scientists have developed certain existing principles and made important new discoveries. After the War we all can benefit in our every-day lives from the progress being made in science and industry.

Roger W. Babson

Normal Growth vs. Stability

Investors and industrialists who wish to play more-or-less safe have a rather wide choice for their investment capital between the newer stocks and the old-timers. Among the industries which are now in a normal growth period are office equipment, electrical equipment, radio, rubber, electrical utilities, petroleum, building supplies and automobiles. Most of these industries are now concentrating upon war work, but after the War they will resume their customary operations. They may be expected, over a period of years, to grow slowly in their useful services and supplies.

Industries which have more-or less already "arrived" are characterized by their stability of operation. Among them may be railroading, mining, farm implements, telephone and telegraph, leather, lumber, ice, soap, cosmetics, containers, food, paper, steel and iron, the textiles and anthracite coal. Merchandising, banking and the printing and publishing industry may also be considered in the stable group. All these groups will be part of the American business scene for many years to come. But sooner or later they may proceed to the point where radical new developments will force them to change their methods or products or else they will enter a period of declining usefulness.

Mid-Trend Industries

There is also a midway group which will perhaps reflect, over the long pull, new growth and expansion. These include lighting and heating fixtures, bituminous coal, farming, suburban transportation, food preservation, photography, pulp products and home appliances. We all know that the lighting of factories and office buildings has improved immeasurably in the last few years. Further strides will be made in this field until perhaps the ordinary electric light fixture, as we know it, will be a veritable antique.

Bituminous coal is already giving us many new types of products of a plastic nature. It is still, when easily accessible, a most efficient source of electric power. Farming through chemurgy has an incredible future both from an industrial and food point of view. If space permitted I could go on and outline further new developments that will be made in the glass industry and in other lines.

Rapid-Growth Industries

Industries in another classification are literally in the cradle. They may become to our grandchildren what the telephone, the automobile and the airplane have been to us. They include television, wired photography, electronics, pre-fabricated houses, synthetic fibres, safe aviation, chemicals and plastics, insulation and air conditioning, alloys and light metals and the wonders of fermentation. It is in these fields that our engineers and scientists are doing their most constructive work. Investment and manufacturing capital may well consider the opportunities these fields offer for post-war growth.

The War has made many United States industries self-sufficient and other obsolescent. This may re-act both to our advantage and to our disadvantage. Other nations are looking forward to selling us, after the War, certain of their war products in competition with ours. If we do not purchase them, the working class, manufacturers and exporters of certain foreign nations may suffer greatly unless the needs for reconstruction take up the slack. Certainly, religion and science, in our post-war world, hold the joint key to solving the dilemma.

Industries to Avoid

All industries go through a life cycle and many eventually become extinct. The manufacture of the Conestoga Wagons which carried so many of our settlers West was a great industry in its day. The Barge Canals also did a great business. Even the corset industry has moved from whalebone to two-way stretch! The only thing that is certain in our lives is change. We must be equal to adapting ourselves to changing modes of living and to ever-changing investment and manufacturing conditions. In ordinary times, without the stimulus of war, it might take decades to bring about the changes which I now expect to see compressed into the next few years. Too many people are characterized by their inertia which keeps many in decadent businesses and investments. Hence, my advice to readers is to acquaint themselves with what is going on.

Newspaper Advertising Now Will Pay Dividends After The War, Mortgage Bankers Told

A great opportunity is available to mortgage bankers today to create a backlog of good-will for the post-war era by using newspaper advertising—but it should be the institutional kind, according to Stephen G. Cohn, public relations director, Dovenmuehle, Inc., Chicago, writing in the May issue of "The Mortgage Banker," published by the Mortgage Bankers Association of America. Mr. Cohn's firm is nearly a hundred years old. He states:

"Newspapers offer a great field for institutional promotion in the mortgage industry for building a mighty backlog of good will. So-called action-seeking newspaper advertisements, however, of the type that offer certain rates, terms and plans and are designed to pull in immediate replies will probably not pay now. Mortgage and real estate operations are too limited today; the market you shoot at (that of current buyers and sellers) is too small. I feel that this type of high-pressure, specific-proposition advertising never did pay in the mortgage business and was never the correct type to use.

"There is not so much civilian activity in real estate now, hence there is not so much competition for the property owner's attention. This is an ideal time for the enterprising and courageous merchandiser to build for the future."

Mr. Cohn points out in his article that mortgage men "have never had the opportunity to advertise as cheaply as you will be able to advertise today" and explains that under present tax laws the government allows advertising expenses as legitimate deductible items if kept within reasonable bounds. He declared that firms which expect to be back in the field doing business after wartime restrictions on new building are lifted will be wise to maintain institutional advertising programs during this period.

Stalin Felicitates Allies On Tunis Victory

Premier Stalin sent a message of congratulations to President Roosevelt and Prime Minister Churchill on the Tunisian victory, Moscow announced on May 9 in a broadcast recorded by the Soviet monitor in London.

Identical messages sent to Washington and London said:

"I congratulate you and the gallant British and American troops on the brilliant victory which led to the liberation of Bizerte and Tunis from the Hitlerite tyranny. I wish you further successes.

GENERAL CONTENTS

(Continued from first page)

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

Miscellaneous