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The Financial Situation

Public discussions during the past week or 10 days indicate clearly that the planners of international, or even global, post-war organizations for the maintenance of peace are still active and hopeful. There is, however, reason to believe that national leaders, who in the first instance must assume responsibility for the formulation of peace terms at the close of hostilities are finding it necessary at length to turn away from vague generalities and revolutionary programs and come to grips with the problems which this very real world presents. Russia, which has done so much and is still doing so much to bring nearer the day when post-war international settlements must be drafted and given effect, has obviously never been overly impressed with the glittering buncombe long so popular in Washington and among many of the professional reformers both here and in Great Britain. It may well be doubted whether the responsible leaders in England have been much more impressed, although for a number of reasons they have been less blunt in making the fact manifest. Word now comes from Washington that even American officials are growing lukewarm toward some of the more ambitious of the programs previously believed to be in favor among some of them at least.

The Reasons

The reasons are not far to seek. Most of the public discussion that has taken place in this country, from the President's four freedoms down, has simply not corresponded with the facts of world politics. As the time approaches for the formulation of the provisions of definitive peace treaties this fact becomes clearer and clearer until even the hopeless idealist is sometimes at last obliged to recognize it. Little or nothing of an official sort is permitted to reach the public about these matters, but it is not difficult to divine that the President and our State Department is finding Mr. Stalin much more interested in boundaries in Eastern Europe and other related subjects than he

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From Washington Ahead Of The News

By CARLISLE BARGERON

At the recent tax conference which Mr. Roosevelt had with his Congressional leaders—Chairman Doughton of House Ways and Means, Senator George, Chairman of Senate Finance—and Secretary Morgenthau, the old question of compulsory savings came up. Ever since the war, Congress, at least the two tax committee chairmen, have been in favor of compulsory savings. Their point has been that on this basis you could go up to the hilt in taking money out of the pay envelopes, individuals and industry, but in the meantime they would be building up a nest egg for after the war. Morgenthau has been determinedly against it. He has argued that it was un-American to force people to save. Doughton, and to a more aggressive extent, George, have reasoned, that it couldn't be any more un-American than to force the people to pay tremendous taxes. Under the compulsion scheme, George, in particular, figured, the take from the pay envelop would be fairly the same, but the wage earned and industry would get a large part of it back after the war and this would constitute a reservoir of post-war spending. Morgenthau has steadily fought this, and from some amazing psychological quirk his idea has prevailed. He has called for steadily more taxes figuring that the American people will willingly pay these, but they don't want any compulsory savings, from which they would get their money back, because the Amer-

ican people just don't like compulsion. Be that as it may. At any rate, this conversation, interesting, hardly enlightening, took place at the Presidential conference. Mr. Roosevelt dwelt at length upon the Morgenthau theory that the American people did not like compulsion. He added that elections were coming up next year and it was something men in political life should think about. "How about that, Walter?" he asked, turning to George. The Georgia Senator hesitated, then replied, in effect: "Mr. President, inasmuch as both you and I will be running next year, there may be something to what you say." Roosevelt thought a moment and quipped: "Well, Walter, I certainly won't be campaigning against you in Georgia again." Whereupon the whole crowd broke into laughter. It's not revealing, just interesting. The plain facts are that George

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Understanding Through The Annual Report

Enders M. Voorhees Says Social Impossibility Of Many Economic Theories Would Be Obvious If Run Through Double Entry Bookkeeping

Stresses Fact That Wages And Taxes Must In Final Analysis Be Paid By Customers And Views Other Factors Necessary For Future Of Free Enterprise

Enders M. Voorhees, Chairman of the Finance Committee of the United States Steel Corporation, New York, addressing the Twelfth Annual National Meeting of the Controllers' Institute of America at the Waldorf-Astoria in New York City, on Sept. 21, said that "unless we secure in America an understanding of the components of a healthy production and distribution, there can be



Enders M. Voorhees

no future for the enterprise system or for the United States." Mr. Voorhees also said that "corporations are only tax collectors, taking from the customers for the Government"; that it is a fiction "that the shareholders and not the public pay corporate taxes" and "that if the State stepped into our shoes it would be in no better case than we are—for although the items of cost might be shifted and given different names, they would all be present somewhere in the body economic." Excerpts from Mr. Voorhees' address follow:

We hear a great deal about production for use as being more desirable than production for what is called profit. Translating that into a simple problem of bookkeeping, we are asked to believe that if everyone produced at less than cost—that is, at a loss—we

should all be happier. If we remove the dollar sign from a business loss, it turns out that somebody somewhere has rendered services without getting anything in return. It is scarcely a compliment to us that lack of accounting clarity has made it possible to discuss gravely social theories which, if run through double-entry bookkeeping, would show up as socially impossible without the aid of an alchemy which could turn a loss into a profit. We as bookkeepers possess the means to show that many of the movements which are blatantly labelled progressive are viciously retrogressive, for they involve taking away and not re-

placing. But so cramped has our style become that we are leaving the social field to the bureaucrats and reformers who, because they do not have to make ends meet, are limited only by the capacity of their imaginations.

You will please note that I have not yet said that we should "present the case for business" or "for free enterprise." We who are in business are not litigants in a great cause, with the general public as our adversaries. Business is not a thing apart. It is simply the same general public engaged in its own service of supply; and business can no more live in a position adverse to those it supplies than the heart can take a position adverse to the lungs. Most of us are both producers and consumers. There is no one who always sells and never buys. The notion that business is or can be an independent system of power either to take continuously from or supply continuously to the community is absurd. It supposes that business can live in a vacuum—free to do as it pleases about prices or any other matter.

Wages and taxes which increase faster than the slack taken up by efficiency must be paid by the

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Federal Tax Policy In Relation To Corporate Security

Amendment Of Tax Laws Recommended To Allow 'Reasonable Reserves' As Deductions In Computing Taxable Income

Changes Proposed To Bring Computations Into Line With Sound Business Planning

Dr. Paul W. Ellis, Financial Economist of the National Industrial Conference Board, suggested on Sept. 21, that current tax laws be amended to direct the Bureau of Internal Revenue to allow "reasonable reserves" as deductions in the determination of taxable income. Dr. Ellis' suggestion was made in an address before the annual meeting in New York of the Controllers Institute of America.

Speaking on "Federal Tax Policy in Relation to Corporate Security," Dr. Ellis had the following to say:

"The most difficult phase of the problem of changing the tax and renegotiation laws to allow for post-war reserves is the derivation of a formula for computing the reserves. Income taxation in this country has been administered on the assumption that anything remotely resembling income shall be assumed to be income unless a taxpayer can prove otherwise. At the same time, no deductions are allowable unless the taxpayer can demonstrate with mathematical precision both the amount of the deduction and its appropriate time. Every attempt at correcting the inequities which have arisen un-

der this system has contributed further to complicate our tax law.

"Any formula for allowing current deductions of post-war reserves which would follow this historic pattern would further complicate an already over-complicated tax system without even touching upon the necessity for contingency reserves for other than wartime and post-war contingencies. If Section 722 is successful at all, it will be successful because it has departed from this historical procedure and has provided for excess profits tax relief based upon a reasonable analysis of the economic and profits history of each corporation. Deductible reserves for contingencies, of which reserves for post-war readjustment are only the most dramatic currently considered, would likewise be successful only if their amounts were dependent upon a rule of reason.

"It is my suggestion, therefore, that current tax laws be amended to direct the Bureau of Internal Revenue to allow 'reasonable reserves' as deductions in the determination of taxable income.

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Paul W. Ellis

The Financial Situation

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is in elaborate machinery for the preservation of peace on terms which have not been disclosed, and probably not precisely formulated even in the minds of the proponents of such schemes. Nor is there less reason to be confident that the British, whatever they may say in public, are occupying their pragmatic minds with problems that affect, or are believed by them to affect, their position and their Empire in the years to come. Indeed, Mr. Churchill has on more than one occasion made it rather clear that such is the case. China in her turn has good reason to desire definite answers from such nations as Great Britain and France to a number of specific questions. All this creates a poor atmosphere in which to blow bubbles about a millenium in international affairs.

Far-Sighted Realism Needed

But if facts such as these present a definite promise of disillusionment for the global day dreamers, it would be a happy circumstance if some of the more realistic among the nations of the globe made certain that their realism took a long look ahead. It would be very easy to permit the passions, often well warranted, of war to obscure fundamental facts of the modern world, which lie at the very roots of the present terrible conflict. It would be still easier for popular leaders to make use of these passions to prevent the rank and file from reaching anything approaching an understanding of conditions which should never be lost to sight at a time like this. A true historical perspective and a cool determination to view as dispassionately as possible the world situation as it existed when Hitler was still painting houses, and Mussolini had not yet learned to strut, would probably do more to keep the peace for the next 100 years than all the plans, programs, and schemes yet dreamed of.

It is difficult for any individual to retain his historical perspective in times like these, and it is fully as hard for any man or any nation to divorce his or its own interests from mind, and view the world situation as if from another planet. It is the more difficult when the most despicable of all our enemies has upon occasion intermingled certain truths with his numerous distortions—and used them in support of indefensible courses of action. Yet some such feat appears highly desirable at the present time, indeed quite essential if proper foresight is to be employed in reaching a reasonably satisfactory and permanent set of working relations

among the various nations of the world. There is after all no really sound reason why we should blink the fact—indeed it would be much better and much safer if we did not blink it—that due to historical circumstances certain countries, notably Great Britain, the United States and Russia, had long before Hitler ever started to bleat come into the enviable position of owning or controlling large and extremely rich portions of the earth's surface. France, too, had managed to build a very considerable empire.

Advocates of Status Quo

These countries had reached a point where they were more or less content to let things ride as they were. They inevitably had become advocates of the status quo, although it still remains to be seen whether they are altogether ready in present day circumstances to permit such matters to return to approximately their pre-war status. At any rate, though, they were and are determined, as Mr. Churchill puts it, to hold on to their own. Now certain other countries, notably Germany and Japan, came relatively late upon the historical scene. They found most of the valuable portions of the earth's surface already preempted. They have relatively high birth rates, and need (in their own estimation at least) greater "lebenstraum." They, like ourselves, are energetic, ambitious, capable peoples. In an earlier era they doubtless would have succeeded, as others have done before them in establishing themselves in many parts of the world under their own flag, and without very serious world-wide repercussions. Now that they, or at least their leaders have, reverted to savagery and resorted to barbaric absurdities in support of their claims, it is not easy for the rest of us to admit the facts of the case. But it is never wise to ignore facts.

Holding On To Our Own

Now there are several ways of dealing with a situation of this sort. Most of the programs for "organizing the peace" are not to be included among them for the simple reason that they do not appear even to recognize the existence of the problems. It may be possible for the victorious United Nations so to dismember or otherwise reduce the potency of these powers as to relegate them permanently to a second, third or fourth rate status among the nations—provided they do not fall out among themselves and provided also that they do not presently relax the pressure. Other nations living peacefully and

happily until Hitler's hordes overran them in 1940 once had relatively large empires and were really first rate powers of their day. But this would be a long, hard task requiring eternal vigilance and probably repeated use of force—and we must not tell ourselves that there would be any large measure of "justice" in it. It would be a course designed to hold on to our own. Doubtless it would seem eminently right in our own eyes but would have a rather different appearance to an observer from another planet.

Whether such a course, which now appears to be the

one toward which events point, would entail hardships and human suffering more or less comparable in the long run to some which these offending powers have been inflicting upon their victims would depend upon a number of other policies adopted by the victorious nations. Accompanied by the practice of narrow and vigorous nationalism on the part of the controlling powers, it would certainly not be particularly humane.

Whatever course of action is chosen, it should be selected with a full understanding of these facts.

Statesmanship Begins At Home

"Whether we like it or not, we'll play a leading part in post-war world development. But we can't do so if we become weakened and flabby at home. I'm suspicious of people who have great plans for post-war development abroad while neglecting plans at home.



Eric A. Johnston

—Eric A. Johnston, President of the U. S. Chamber of Commerce.

It's like the social worker who is out helping others while neglecting her own home. We should tell the whole world that we'll not preside at the liquidation of the American way of life.

"Let me be brutally frank: there is some danger of America becoming totalitarian. Of course, it would come under a form different than we understand it now. Unless that danger is averted, the peace of the world is endangered. Too much power should never be placed in the hands of government, and especially in our own Government. America must be kept economically free."

What has been called "Globaloney" appears to have lost some of its hold upon certain of our high officials—thanks, possibly, to more extended contact with actual world problems.

There are those who think they see a tendency toward somewhat less destructive policies at home.

If these saner tendencies are to continue—assuming their genuineness—the American people must make it plain that they want it so.

The State Of Trade

Reports from most of the heavy industries were favorable the past week. Electric power production climbed to a new historic peak. Steel production continued at the recent high rate, with indications of higher levels of operation in the not distant future. Carloadings showed a substantial increase, and retail trade continues quite active, showing heavy gains over last year.

The production of electricity snapped back to a new all-time high of 4,358,512,000 kilowatt hours in the week ended Sept. 18, from the relatively low total of 4,229,262,000 distributed in the preceding week which contained the Labor Day holiday—according to the Edison Electric Institute. The latest output was 16% above the year-ago figure of 3,756,922,000.

Consolidated Edison Co. of New York reports system output of 214,800,000 kilowatt hours in the week ended Sept. 19, an increase of 26% over the 1942 comparative of 170,500,000.

Carloadings of revenue freight for the week ended Sept. 18 totaled 902,766 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 68,095 cars over the preceding week this year, 333 cars fewer than the corresponding week in 1942 and

5,023 cars under the same period two years ago.

This total was 116.34% of average loadings for the corresponding week of the ten preceding years.

Steel production last week continued at the recent high rate, according to "Iron Age," adding that President Roosevelt's promise of impending new Allied blows in Europe and Asia helped account for the rush for steel plates and the squeeze affecting other forms of metal.

The trade publication said that the Baruch report on the critical domestic manpower situation is "by all odds the most important document of the week." After pointing out the gaps and weakness which industrialists long have confronted in the present haphazard setup, the report urges priorities on labor and other moves, some similar to those ad-

vocated by the originators of the Buffalo hiring plan.

"The week brought brighter prospects that Congress might enact a bill providing for substantial post-war reserves, despite Army and Navy condemnation of allowing such reserves to come out of renegotiations or as deductions from taxes."

The magazine said that invasion units in Italy "have accounted for themselves so well that production schedules are likely to be enlarged."

Steel production in the United States is at a new high this week, with operations scheduled at 100.8% of rated capacity, indicating production of 1,753,900 net tons of ingots, the American Iron & Steel Institute announced Monday.

Last week, the former peak period, operations were at 100.6% of capacity and output amounted to 1,753,000 tons. In the week beginning Sept. 28, 1942, steel ingot production was 1,664,500 tons.

A 43% decrease in construction contracts awarded last month, compared with Aug., 1942, was reported by F. W. Dodge Corp. Totals in 37 Eastern states were \$413,791,000 last month and \$721,028,000 in the like month last year.

Valuation of publicly owned projects fell 45%, but privately owned were off only 29%, the report stated. Heavy engineering work totaled \$73,410,000 in Aug., an increase of 47% over July, but 64% below August, 1942.

Retail activity registered gains last week over both last week and a year ago, although many stores did not realize as great a seasonal increase as in previous years, according to the weekly review of Dun & Bradstreet, Inc. This was partially attributed to the curtailment of the sales events usual in September but which have been cut this year in co-operation with the request of the War Production Board.

Department stores sales on a country-wide basis were up 17% for the week ended Sept. 18, compared with the same week a year ago, according to the Federal Reserve Board.

Department store sales in New York City in the week ended Sept. 25 were 6% larger than in the corresponding period last year, according to a preliminary estimate issued by the New York Federal Reserve Bank. In the previous week ended Sept. 18, sales of this group of stores increased 10% over the like 1942 week.

Charge OPA Violated Sanctity Of Home In Halting Phila. Trial

"The sanctity of the home," says United States District Judge George A. Welsh, "is far more important than any violation of an OPA regulation."

He made the comment on Sept. 21, said Associated Press advices from Philadelphia, after excusing a trial jury while the court sought to determine whether three agents of the Office of Price Administration violated the constitutional rights of Mrs. Margaret Guariglia when they went to her home to question her about a quantity of missing ration stamps.

The advices further stated:

The 39-year-old former chief clerk of a South Philadelphia ration board, who is being tried on a charge of illegal possession of ration stamps, charged earlier that the agents entered her house without a warrant and tricked and browbeat her into signing a statement.

"The sacredness of the home is the paramount issue here," Judge Welsh said. "This principle of American liberty, that our boys are now fighting for, is far more important than any violation of an OPA regulation."

Stettinius Replaces Welles In State Dept. Crowley To Head Foreign Economic Activities

New Post For Lehman As Assistant To President

President Roosevelt announced on Sept. 25 the resignation of Sumner Welles as Under-Secretary of State and the appointment of Edward R. Stettinius, Jr., Lend-Lease Administrator, as his successor.

The President at the same time also made known the creation of the Office of Foreign Economic Administration, with Leo T. Crowley as its head, "to centralize the activities formerly carried by the offices of Lend-Lease Administration, Foreign Relief and Rehabilitation Operations and Economic Warfare."

The further announcement was likewise made by the White House on Sept. 25 that Herbert H. Lehman, former Governor of New York, who has headed the Office of Foreign Relief and Rehabilitation, has been appointed special assistant to the President to perfect plans for the meeting of United Nations' representatives on Nov. 9.

Mr. Stettinius, the new Under-Secretary of State, has been connected with the Administration since the start of the defense program in May, 1940. At that time he was put in charge of procurement of industrial materials for the revived Council of National Defense. When this organization was replaced in December, 1940, by the Office of Production Management, Mr. Stettinius was appointed Director of the Priorities Division. He served in the latter post until August, 1941, when President Roosevelt made him his special assistant and appointed him Lend-Lease Administrator. Prior to his association with the Government, Mr. Stettinius was Chairman of the United States Steel Corporation.

Mr. Crowley, who now becomes Foreign Economic Administrator, has been Director of Economic Warfare since July. He is also Alien Property Custodian and has served without pay as Chairman of the Federal Deposit Insurance Corporation since that agency was created in 1934.

The White House announcement follows:

"The President today announced the resignation of Sumner Welles as Under Secretary of State and the appointment of his successor, Edward R. Stettinius, Jr., Lend-Lease Administrator.

"In announcing Mr. Welles' resignation the President stated that he had accepted with sincere and deep regret. He said that Mr. Welles had advised him of his desire to be relieved of his heavy governmental duties in view of his wife's health and he could understand and sympathize with that desire.

"The President commended Mr. Welles' long service in the department and said: 'Mr. Welles has served the Department of State and the Government with unflinching devotion for many years.'

"Commenting on the Stettinius appointment, the President said that his broad experience with our Allies, both before and after Pearl Harbor, as Lend-Lease Administrator, and his long experience as an executive in business, splendidly equipped him for his new post.

"The President also announced the creation of the Office of Foreign Economic Administration to centralize activities formerly carried by the offices of Lend-Lease Administration, Foreign Relief and Rehabilitation Operations and Economic Warfare.

"In creating this new office, the President announced that Mr. Leo T. Crowley, Director of Economic Warfare, will become the Foreign Economic Administrator. The President said: 'Leo Crowley is one of the best administrators in or out of government and I find great satisfaction in promoting him to a position which will cen-

trate. The Administrator is authorized to employ such personnel as may be necessary in the performance of the functions of the Administration and in order to carry out the purposes of this order.

6. No part of any funds appropriated or made available under Public Law 139, approved July 12, 1943, shall hereafter be used directly or indirectly by the Administrator for the procurement of services, supplies, or equipment outside the United States except for the purpose of executing general economic programs or policies formally approved by a majority of the War Mobilization Committee in writing filed with the Secretary of State prior to any such expenditure.

7. All prior Executive orders in so far as they are in conflict herewith are amended accordingly. This order shall take effect upon the taking of office by the Administrator, except that the agencies and offices consolidated by Paragraph 2 hereof shall continue to exercise their respective functions pending any contrary determination by the Administrator.

FRANKLIN D. ROOSEVELT,
The White House,
Sept. 25, 1943.

Adm'l Land Calls Labor Leaders Smarter Than Management

Rear Admiral Emory S. Land, Chairman of the United States Maritime Commission, speaking at the Hotel Commodore before the annual convention of the Marine and Shipbuilding Workers of America, a Congress of Industrial Organizations affiliate, on Sept. 23 said that the welfare of the post-war American Merchant Marine rests upon their wisdom because "labor leaders are smarter than management," and that the United States Maritime Commission plans for a peace-time Merchant Marine dependent upon cooperation between workers and management.

The New York "Herald Tribune" of July 24, gave the further remarks of Admiral Land as follows:

"With what limited experience I have had over the years, I have come to the conclusion that labor leaders are smarter than management. This is particularly true in conferences between the two. Labor has more patience than management, more endurance. The results are that in long, drawn-out conferences labor is likely to be the more successful.

"And so it is that labor should feel that its future welfare depends largely upon the contribution it makes to a constructive economic program. When it comes to labor's own interests, labor is well able to take care of itself.

"A post-war program that will 'retain and carry on a proper proportion of American shipping' will demand 'concessions and sacrifices' to meet international competition in the cargo-carrying field."

Pointing out that shipbuilding schedules for the current year call for an increase of 140% over last year, Admiral Land expressed confidence that the goal of 19,000,000 deadweight tons before Dec. 31 would be surpassed, despite a gain of only 50% in the shipbuilding labor supply.

More than 1,300 ships have been built thus far in 1943, Admiral Land said, but he called upon the delegates to strive to raise the production level from the current average of five ships a day to six ships daily, "or otherwise we will have no margin of safety to insure the maintenance of our schedule."

Hugh Gibson Warns Against Haste In Establishment Of Post-War Peace Organization

Discusses With Seven Other Speakers Plans For World Peace

Former Ambassador Hugh Gibson proposed on Sept. 24 that a "provisional peace" be established in the immediate post-war period before the nations of the world undertake the creation of a permanent peace organization.

It was pointed out in the New York "World Telegram" that Mr. Gibson warned that "precipitate action" would constitute the greatest threat to a successful post-war peace organization just as it contributed to the failure of the League of Nations.

The former Ambassador—a collaborator with Herbert Hoover on the book, "The Problems of Lasting Peace"—participated with seven other speakers in a forum at New York Times Hall, 240 W. 44th Street.

Describing the League of Nations as a valuable lesson, said the "World Telegram," Mr. Gibson warned against "forcing through any plan" until it has better possibilities of popular acceptance than the League had. He suggested a board of "trustees of peace," until finally some world institution is set up "thereafter to keep the peace."

The speakers and the specific plans or groups with which they have become identified were, it was indicated in the New York "Times" of Sept. 25:

Representative J. W. Fulbright of Arkansas, author of the Fulbright Resolution just passed by the House of Representatives.

Senator Joseph H. Ball of Minnesota, author of Senate Resolution No. 114.

John Foster Dulles, Chairman of the Commission to Study the Bases of a Just and Durable Peace, instituted by the Federal Council of the Churches of Christ in America.

Hugh Gibson, former Ambassador to Poland, Belgium and Brazil, and collaborator with former President Hoover on the volume, "The Problems of a Lasting Peace."

Dr. James T. Shotwell, Chairman of the Commission to Study the Organization of Peace.

Clarence Streit, founder and Chairman of "Federal Union."

Ely Culbertson, author of the World Federation Plan.

Mrs. Ruth Bryan Owen Rohde, former Minister to Denmark, author of the plan in her book, "Look Forward Warrior."

From the "Times" we also quote:

"The eight speakers were unanimous in their support of some form of cooperative international organization to maintain world peace after this war, and in their belief that this should be potentially universal in membership. Most of them agreed that this world body, whatever form it might take, must be backed up by some form of international police force to make it effective, even if this should mean some limitation

of national sovereignty.

"There was difference of opinion, however, as to how the international police should be constituted, and to what extent the various nations might be asked, or might be willing to limit their sovereignty.

"Other disagreements arose as to whether there should be an attempt to establish a comprehensive world institution immediately after the war, as was done in the setting up of the League of Nations after the last war, or to proceed more slowly and gradually through alliances, ententes or agreements between the United States and Great Britain or the "Big Four" of those two countries, Russia and China, with the idea of eventually expanding such arrangements into full United Nations and then world-wide organizations.

"Even the disagreements, however, resolved themselves into one point of agreement—i.e., that we should begin to consider and discuss post-war plans now instead of waiting until the war is over, so that we will not be caught unprepared when that time comes.

"The audience made clear its desire for action on post-war problems by its spontaneous and enthusiastic applause for Senator Ball's and Representative Fulbright's resolutions for world cooperation, and for virtually all statements urging a positive approach. There was also applause for arguments in favor of giving the smaller nations a say on the central committees of international institutions, instead of leaving their direction entirely in the hands of the "Big Four" or other combinations of the great powers.

"As a whole, the speakers devoted much time to criticisms that their plan would sacrifice national sovereignty, particularly in the use of an international 'police force' to keep the peace of the world.

"Representative Fulbright, who emphasized that he did not regard his resolution as a 'panacea' but simply as a first step in building a new foreign policy for collective security, regarded the sovereignty criticism as 'a very red herring.' He said the people could delegate their power to any agency they wished, had repeatedly done so in local, State and national affairs, and would be very wise to do it for the purpose of preventing war and maintaining international law and order."

U. S. Gypsum Co. Challenges WLB Order On Union Membership And Dues Check-Off

A suit challenging the power of either President Roosevelt or the War Labor Board to impose maintenance of membership and the dues check-off in union labor contracts, was filed on Sept. 24 by the United States Gypsum Co. in the U. S. District Court in Washington.

The suit, according to the International News Service sought a declaratory judgment to enjoin the Board and the Director of Economic Stabilization from enforcing the company's compliance with a Labor Board order of May 31, 1943.

The News Service dispatch from Washington, Sept. 24, further reported:

The order directed the company to include maintenance of membership and check-off provisions in its collective bargaining agreement. The Board granted the union demand as a matter of

"standard practice," but failed to grant the company's request for a public hearing.

The Gypsum Company contends "it is not the function of the President to compel employers to require their employees to remain members of a union."

It charges that the WLB has no authority to "impose" maintenance of membership or a dues check-off without an act of Congress.

What About Congress? Advocates Single Over-All Claim To Cover Cancelled War Business

Babson Says Legislators Now Waking Up

I have been interested to see what kind of a Congress would return to Washington after the long summer recess. I found the answer sooner than expected. The speed and vigor with which the members, hardly waiting to hang up their hats, tackled the father-draft controversy, was a revelation. The issue itself is not the important thing. It is the fact that Congress made up its mind to think for itself once more that should be noted and applauded.

Citizens vs. Blocs

Congress is a sounding board for the sentiment of the great masses of voters. Congress does not mould public opinion or lead in our national affairs. It responds to the pressure group putting on the most heat. For too long a time successive sessions of Congress have acted as a rubber stamp for the White House and the bureaucrats. We have seen the farm bloc get what it wanted through high-pressure methods. The same goes double for labor. A few business interests have chiseled into the picture—but not to any extent. The New Deal has never been friendly to business men.

The bloc that needs the most help has not had proper representation. It is made up of you and me, average citizens, who have been left out. Look at the record. Mr. Roosevelt told Congress he needed executive authority to do a lot of things that could not be embodied in separate legislation requests subject to the delays all appropriation measures must meet. Congress, apprehensive over our national unpreparedness, signed a lot of blank checks for the White House. Thus was born Government by Executive Order. It created the heyday of the bureaucrat who owed his existence and loyalty not to the law-makers of the nation—but to the Administration; in many cases to Mr. Roosevelt personally.

No More Blank Checks

Washington has become overrun with self-constituted "experts" and advocates of strange political and economic doctrines. Not all these activities were unsound. Many were both necessary and intelligently conceived. It is the swing of the pendulum, which carries us to extremes, that causes the trouble. By the law of action and reaction a turn to the right is overdue in our national affairs. Even before Pearl Harbor Congress went along with everything in connection with defense the White House requested. With the declaration of war, Congress said "yes" whenever the President or the Army and Navy chiefs asked for anything.

Today it is a different story. The House and Senate have already served notice on the President that they intend to reassert their long discarded powers. Now they are telling the Army and Navy, "We will give you everything you need to win the war, but we must be shown." Here is what has happened. Congress has spent the past summer feeling the home pulse. The members have returned still anxious to do everything in their power to win unconditional surrender at the earliest moment. Congress, however, is no longer in a blank-check mood. From here out they want to know why. Senators and Representatives are still smarting from the things the folks back home said about some of the goings-on in Washington.

Real Representation Ahead

Congress has had to be the whipping boy for what the public thought about OPA, local draft boards, new taxes, and, generally speaking, "those crackpots and bureaucrats down in Washington." Since many members of Congress had never gone along with some of the things the Roosevelt Administration has done, this was like rubbing salt in a wound. Congress listened to these complaints back in the home town—and returned to Washington with fire in its eye. This is a good thing for the country and I for one am optimistic over the outlook as a result.

As we approach another Presidential campaign, we can at least count on a Congress that is not going to shut its eyes and say "me too" every time the White House speaks. This country needs the full powers of the three departments of government which the founding fathers were wise enough to set up—along with the principle of "checks and balances." The legislative and judicial have been scrapped as a result of emergencies—first by the depression and then by war necessities. Our best contribution to the post-war world and to politically-torn Europe will be the example which we set in our own front yard. Let us get back to representative government. I am delighted that Congress is beginning to show the way by refusing to sign blank checks or be rubber stamps. Certainly this change of attitude should help business and give confidence to investors.

From Washington

(Continued from first page) has not the slightest feeling against the President for the ill-fated purge campaign of 1938. He may have had some for about two weeks after that campaign and then dismissed it all as the business of politics. There was a tremendous uproar in the so-called Liberal press when, after the death of Pat Harrison of Mississippi, he had the choice of the Chairmanship of the Senate Finance or the Senate Foreign Relations Committees, and this press was insisting that he had an enmity against the President and his Chairmanship of Foreign Affairs would be embarrassing. George took the Chairmanship of Finance which has turned out to be of tremendously more importance and maybe, as a result, undoubtedly so, the Foreign Relations Committee has played no importance in the war.

However, it might be said insofar as the Roosevelt and George relationship is concerned, that the President never had his heart in the campaign to purge the Georgia Senator and aside from the one speech he made against him, he never did anything else when there were any number of other things he could have done. It is apparent that in that campaign the President was listening to the insistence of the young so-called Liberal squirts around him, their insistence that he could not let them down, that he had to go down the line as a Liberal, that if he didn't oppose George, his Liberal supporters would be terribly disappointed, etc. The interesting thing is that Roosevelt was so tied up with these young Liberal squirts in those days that he couldn't say "no" and went through the motions of being

In discussing the termination of war contracts before the annual meeting of the Controllers Institute of America in New York on Sept. 20, Clarence L. Collens, President of the Reliance Electric and Engineering Co., Cleveland, advocated "a single over-all claim by each company or plant rendered direct to the Government covering all of its cancelled war business." Mr. Collens explained that a single over-all claim "might be

a combination of prime contracts and subcontracts." Stating that many independent groups are studying the solution of the subject Mr. Collens declared that "the immediate need is a single group representing all the various national organizations, with sufficient time given to the subject to endeavor to reach a unified, practical program which can be recommended to the Government." Noting that several laws will be before Congress this Fall which point to partial solutions to some of the problems, he warned that "unless industry generally participates in the hearings and emphasizes the problems which must be solved, * * * industry will lose by default."

The main portions of Mr. Collens' remarks follow:

"Wholesale termination of war contracts may be compared with the situation which would develop if the Government suddenly issued an order to dam the mouth of the Mississippi, the Ohio, the Missouri, Arkansas, Red and other rivers where they flow into the Mississippi; to dam in back of that all the small rivers, streams and brooks at the points where they flow into any other water course, to cap all springs and to divert by some superhuman means any rain that falls. With half of the United States engaged in war business, this example is by no means exaggerated as to what will happen at the time of any effort to suddenly stop the flow of war production through the usual and intricate channels of trade all over the country.

"There is not enough manpower in the country to promptly handle under present procedures individual claims all the way down the line under each separate prime contract. Taking all the different procurement departments and agencies of the Government into account, it is estimated that there are about 250,000 prime contracts, and under these at least 800,000 major subcontracts in the first

against such an able man as is George.

Also, the interesting thing is now that other counsels have gotten to him and convinced him that for 1944 appearances sake, he has got to get rid of those Liberal squirts. Harry Hopkins, who really has no philosophy on the subject at all, whose whole thinking turns around what a wonderful break in life Roosevelt has given him and therefore is interested in any advance which will help his hero, is going overboard for what these anti-Liberal squirts say. He and Jimmy Byrnes are working together like two peas in a pod. No president of U. S. Steel could complain about Harry's thinking these days, if that is the experience Harry could be said to be having. We have said previously that the Liberal young squirts seem still to have the amazing knack of getting their men in key positions, but close analysis indicates that they are beating a slow rear-guard retreat.

Then, what does it mean that the Washington Administration is going Rightist or filling up its Bureaucracy with Rightists? Very little or nothing at all. It is just a case of changing personalities to meet various unrests.

We have intentionally not written in this article about the hullabaloo around Marshall and MacArthur. Because to do so would simply add to the confusion. The truth is not yet to be found.

tier. The arithmetical progression when we go down the line to the second and fourth tier of subcontracts will run into the millions. Because of manpower and the difficulties of audit and review, the present trend of Government thinking is to deal solely with the prime contractor and make him responsible for some form of certification of all claims that are derivations of his all the way down the line. But the prime contractor is in no better position to undertake this job and properly protect the interests of the Government than the Government itself.

"I have steadily been an advocate of a single over-all claim by each company or plant rendered direct to the Government covering all of its cancelled war business, no matter how many Government agencies are involved. This is recommended purely as an alternative procedure at the option of each company, as there may be some companies whose situation justifies individual, separate claims by the prime contractor route. A single over-all claim might be a combination of prime contracts, subcontracts and subcontracts at any point down the line, depending on the pattern of the company's war business.

"There has been a partial acceptance of this idea already. The proposed standard termination clause provides that, so far as legally permissible, termination of any contract may be made in connection with similar settlements of other contracts of the contractor subject to the same provision. The War Department termination accounting manual also provides that where there is more than one contract with one contractor, termination settlements should be consolidated to the greatest practical extent, with a provision for the apportionment of the total amount of the settlement to the various contracts on some reasonably satisfactory basis. These provisions, however, do not contemplate single over-all claims direct to the Government where different procurements or agencies of the Government are involved.

"All technicalities of final procedure are not clear, but a solution both from the legal angle and from that of the practical difficulties is not impossible. It will definitely require legislation. It would be desirable if a single over-all claim could be handled with a single agency of the Government based on the pattern of cancelled war business, with no more complicated over-all accounting and record than under renegotiation—but when the Government is paying money instead of taking money, that may be too much to expect.

"A program to permit of prompt liquidation of frozen assets upon termination of war contracts means at least an approach to a solution of the following problems:

1. A clear definition of what constitutes war business subject to claim against the Government, with limitations, if any.
2. The development of uniform termination provisions, policies, accounting manuals, rules, regulations and procedures for all agencies of the Government, including certain mandatory requirements for notices of termination.
3. The handling of termination claims and the salvaging of surplus inventory and property as distinct and separate transactions, with the gradual introduction of all usable materials into the peacetime economy.

4. Recognition of the advantages of single over-all claims rendered direct against the Government, irrespective of the number of contracts involved, as an alternative procedure for settlement at the option of the claimant.

5. Mandatory advance or partial payments made direct by the Government of at least 75% of any claim certified in a prescribed manner by the claimant, with equitable provisions for protecting the interests of the Government and the taxpayers.

6. Whenever disputes arise in the final settlement of any claim, recognition of the right of appeal to some impartial tribunal which should be local in character to permit of prompt decisions.

7. Legislation to legalize informal or legally defective contracts and commitments undertaken in good faith to speed the war effort.

8. Clinics for the immediate education of industry on all the technicalities of termination provisions, the accounting principles involved, the rules and regulations for the preparation and filing of claims, etc.

"Such a program will definitely require legislation. Several laws will be before Congress this Fall which point to partial solutions to some of these problems, and committee hearings will be held. Unless industry generally participates actively in the committee hearings and emphasizes the problems which must be solved, by personal interviews with Congressmen and Senators, industry will lose by default. The proposed educational clinics can be organized jointly by trade associations and Government representatives, just as has been done in connection with P. R. P. and C. M. P.

"Thinking on the subject of termination is diverse, and many independent groups are studying its solution. The immediate need is a single group representing all the various national organizations, with sufficient time given to the subject to endeavor to reach a unified, practical program which can be recommended to the Government."

August Living Cost Down 0.3%

Living costs of wage earners and lower-salaried clerical workers in the United States in August continued downward, but the decline was only 0.3% compared with a drop of 1.2% in July, according to the National Industrial Conference Board. The Board also stated under date of Sept. 11 that food prices, which had long led the upward movement, but which declined 2.9% in July, were off 0.9% in August. Housing remained unchanged, while clothing rose 0.4% and sundries and fuel and light increased 0.1%. The advices from the Board added:

"The Board's index of the cost of living (1923=100) stood at 102.8 in August as compared with 103.1 in July and 98.1 in August, 1942.

"The level of living costs was 4.8% higher than that of a year ago. Food showed the greatest advance over August, 1942, with an increase of 10.2%. Other advances during the twelve months were: sundries, 2.4%; fuel and light, 3.5%; and clothing, 1.2%. Housing remained unchanged.

"The purchasing power of the dollar, on the basis of 100 cents to the dollar in 1923, which amounted to 97.0 cents in July, rose to 97.3 cents in August. It stood at 101.9 cents in August, 1942."

New York City Rents To Be Frozen At March 1 Levels, OPA Announces

The Regional Office of Price Administration in New York City, announced on Sept. 28 that rents for apartments, tenements, houses, hotels and boarding houses in the five boroughs of New York City will be frozen on Nov. 1 at maximum levels prevailing last March. The basic points of the order were given in the New York "Herald Tribune" of Sept. 29, as follows:

Chester Bowles, General Manager of the OPA, said in Washington last night that the action was taken to prevent rent increases scheduled to go into effect by next month on more than 100,000 residential units in the city—the equivalent of all the dwellings of Buffalo or New Orleans. Such a condition, he said, was inflationary and called for OPA intervention.

For houses and apartments the maximum rent will be that charged for the particular dwelling unit on March 1, 1943, regardless of any lease or agreement which may be put into effect between March 1 and Nov. 1 of this year. Rent increases already in effect or scheduled to go into effect on or before Oct. 1, will not be affected by the order until November, but at that time the rents must be reduced to those charged last March. Under present plans evictions are not prohibited until November.

The OPA order also stated that landlords need not refund to any tenant any increase in rent the tenant may have paid between March 1 and Nov. 1. The OPA urged building owners to cooperate by not raising rents during October.

For hotels and rooming houses, the maximum rent will be the highest rent charged in the 30 days ending March 1, 1943, for each term of rental—whether daily, weekly or monthly—and for

each number of occupants—whether single, double, or suite.

The most important phases of the regulations covering houses, apartments and tenements are:

1. Even if there is a new tenant he pays no more than the former tenant paid on March 1, 1943, regardless of any prior agreements.

2. As a general rule a landlord cannot evict a tenant as long as he pays the maximum rent.

3. Special provisions are made to cover cases where landlords made a major capital improvement or other substantial changes in the dwelling since March 1, 1943. Other grounds for adjustment of maximum rents are also provided for.

4. For dwellings rented on March 1, 1943, a landlord must fill out two copies of a "notice of maximum rent" and send one to the tenant at present occupying the premises and the other to the OPA. The notice forms on letter-head size will be available for landlords about Nov. 1. For dwellings substantially changed since March 1 or not rented on that date, the landlord must file a more detailed statement, identical with that used in "full control" system operating in critical housing areas throughout the nation.

5. Curtailment of services, such as cutting off of heat, without a compensating lowering of the rent, will also be prohibited to prevent hidden rent increases.

this provision is not only unwise and discriminatory, but unconstitutional.

The Supreme Court has defined a bill of attainder as "a legislative act which inflicts punishment without judicial trial." The rider in this bill operates perpetually to disqualify three named individuals from holding office in their Government unless they are nominated by the President and confirmed by the Senate before Nov. 15. It is directed at named individuals and not at specified statutory offices. No judicial trials have been held. No impeachment proceedings have been instituted. This rider is an unwarranted encroachment upon the authority of both the executive and the judicial branches under our Constitution. It is not, in my judgment, binding upon them.

FRANKLIN D. ROOSEVELT,
The White House,
Sept. 14, 1943.

Federal Tax Policy In Relation To Corporate Security

(Continued from first page)
Such a provision would require a reorientation of the attitude of the Bureau of Internal Revenue and of taxpayers as well. Its success would be dependent upon the reasonableness of both administrators and taxpayers. It could provide for all necessary contingency reserves, now and in the future, without requiring new legislation every time conditions change. If successful, it would provide the basis for simplifying our entire income tax structure by pointing the way to the same type of administrative discretion that apparently has been quite successful in Canada.

"This suggestion, moreover, has the advantage not present in current tax procedure that the Bureau of Internal Revenue officials would be required to try to understand the taxpayer's side of each case instead of acting, almost exclusively at times, as prosecuting attorneys with taxpayers as defendants.

"The recognition that accounting is a procedure for estimating income instead of a technique for obtaining absolute truth would eliminate the most serious evils of all recent tax laws. The danger to corporate security of the undistributed profits tax, or the excess profits tax, and of renegotiation of prices, as well as other controversial aspects of corporation tax law, are very largely the result of artificially closing accounting periods for tax purposes. If these could be eliminated by providing contingency reserves, a six-year carry-back of losses, and an indefinite carry forward of losses, corporation executives would have relatively little reason for fearing that changes in tax rates would undermine the security of their corporations.

"In view of these facts, three changes in our tax laws are essential to bring tax computations into line with sound business planning:

"First, reserves for contingencies must be deductible in the computation of taxable income. The serious effects of costs that must be met in the future are in no way diminished by the fact that the amounts of these reserves must be determined at present by a process involving considerable guesswork, postponing the allocation of costs to some future date, merely because it will be easier to determine the amount of such costs at that time, does not in any degree increase the accuracy of current computations from which these costs are omitted. On the contrary, the inclusion of an inaccurate guess may provide an estimate of profits that more closely approximates a theoretically true amount than any figure

New Tax Hearings To Start Monday— To Be Confined To Revenue Raising

The House Ways and Means Committee is scheduled to open hearings next Monday (Oct. 4) on new general revenue legislation.

In a statement announcing these plans on Sept. 24, Representative Doughton (Dem., N. C.), Chairman of the Committee, said the hearings "will be given over to the problems of raising additional revenue to finance the war." Mr. Doughton stated that "it is extremely important that the revenue bill be passed before the end of this year to avoid retroactive taxation." He said the Committee would not take up technical and administrative changes in the tax laws, adding: "It will be necessary to postpone these to next year when it is contemplated that full tax revision will be undertaken."

However, Mr. Doughton added, that "careful consideration will be given to the simplification of making tax returns."

With regard to revenue raising, the Treasury has asked for \$12,000,000,000 in additional tax revenue. The present annual collec-

tion rate is \$38,000,000,000.

A tax conference was held at the White House on Sept. 28 and it was reported that an increase in wage and salary withholdings from 20 to 30% and a possible rise from 40 to 50% in the combined normal and surtax rate on corporations were under discussion. Among those conferring with President Roosevelt were Secretary of the Treasury Morgenthau, Randolph Paul, General Counsel of the Treasury; Senator George, Representative Doughton and Representative Cooper (Dem., Tenn.), member of the House Ways and Means Committee.

Dual Banking System Upheld By Bell As Responsive To Needs Of Country

Both state and national authorities have a role to play in the development and regulation of the country's banking system, and neither can be eliminated without violence to our Federal system of government and danger to our economic system, Elliott V. Bell, Superintendent of Banks of New York State, declared on Sept. 18 in an address before the annual conference of the National Association of Supervisors of State

Banks at Cincinnati.

Mr. Bell said there were certain clearly defined aspects of banking in which the national interest was paramount. These were, he said, the price of money, or the rate at which the Treasury can obtain new money and refund its maturing obligations; the quantity of money, or the power to regulate currency and credit, and the availability of money, or insurance of deposits. Beyond these three spheres, said Mr. Bell, the authority of the States in banking should be dominant.

"A State should unquestionably have the right," he said, "to charter banks, to lay down the operating standards for banks, and to supervise the banking institutions which it considers necessary for the accommodation of its inhabitants. A State should have the right of deciding whether independent, chain, group or branch banking is best suited to the needs of its people."

Continuing, he said: "The States should have the right to determine the types and minimum sizes of banks which their State situations require. The States should have reserved to themselves the chartering and supervision of savings institutions of all types. In short, I would recognize clearly the paramount national concern in those matters that relate directly to the function of banking as a source of the

from which all guesses have been eliminated.

"Second, provisions for carrying losses back and carrying losses forward are essential, at least in tax computations, in order to correct errors in annual estimates of profits. In view of the fact that some industries suffer losses for five or more successive years, it is obvious that a two-year carry forward doesn't eliminate such errors. The English system of allowing a six-year carry back and an indefinite carry forward would appear to be a reasonable approach to the solution of this problem.

"In the third place, I am not unmindful that the privilege of deducting contingency reserves from current income could be abused seriously. For this reason, I would suggest that reserves remaining unused after a five-year period should be returned to net income and that an additional tax be paid upon the basis of the tax law in effect at the time such reserves were deducted."

major part of our money supply. All other functions are primarily matters for the States themselves."

As a means of coordinating State and Federal policy in banking, Mr. Bell proposed that regular meetings be held of representatives of the Federal agencies and the State Supervisors. In his remarks he stated:

"On occasion, the Federal agencies do consult the States. The examination forms we use are a product of joint effort. State and Federal authorities cooperate closely to prevent a recurrence of that banking evil of the 1920's—the over-chartering of banks. The Federal authorities discussed with a committee of this Association last fall a common policy with respect to bank participation in the war loan drives.

"It seems to me that the advantage of both the Federal and State governments would be served if these consultations were placed on a regular rather than haphazard basis. I believe that mutual benefit would be derived from, say, quarterly meetings between the Federal supervisory authorities and a group from the National Association of Supervisors of State Banks."

The central theme of the supervisors' conference was, "In the wartime and post-war eras, how far, and by what means, is it desirable or possible to preserve the dual system of banking?"

Mr. Bell said that the dual system made banking more responsive to the needs of various parts of the United States. "In a nation as large as the United States our individual variations are many," said Mr. Bell. "Our country is in diverse stages of financial development. Some States are exporters of capital; a large number are importers of capital. The density of our population differs widely and the credit requirements of the people and institutions in one part of the country will be different from those in other parts of the country. The existence of the Federal system makes it possible to avoid the difficulty, indeed the impossibility, of administering this diverse country from one central place."

Mr. Bell said there was no reason why the nation's banking system could not be strong and efficient and at the same time responsive to local needs. The dual banking system existed, he said, because it enjoyed the support of the mass of the people.

President Charges Congress With 'Encroachment' In Rider To Pay Bill

President Roosevelt, in a special message to Congress on Sept. 14, criticized Congressional action ordering the removal of three Federal employees whose political philosophies had been questioned by a House Committee.

The President said that a rider attached to an appropriation bill was "an unwarranted encroachment upon the authority of both the executive and the judicial

branches under our Constitution," and in his judgment was not binding upon them. The group concerned were, it is stated, ordered removed from the Federal payrolls unless Mr. Roosevelt renominates them and the Senate confirms them prior to Nov. 15.

The President reluctantly signed the appropriation bill on July 12, but said in his message to Congress that he would have vetoed the objectionable rider if he could.

The three men had been charged by the House Committee on Un-American Activities of having been associated with "subversive" organizations. Rep. Dies (Dem., Tex.), head of this committee, on Sept. 15 challenged the Chief Executive "to take to the American people the issue of whether men who don't believe in our form of government should be allowed to stay on the government payroll."

The President's plans for sending the message to Congress were reported in these columns July 15, page 204.

The text of the message follows:
To the Congress of the United States:

On July 12 I reluctantly signed H. R. 2714, the Urgent Deficiency Appropriation Act, 1943. I felt obliged to approve it because it appropriates funds which were essential to carry on the activities of almost every agency of Government during the recess of the Congress.

If it had been possible to veto the objectionable rider, which has been attached to this Urgent Deficiency Appropriation Act, but which has no relevancy to it, without delaying essential war

appropriations, I should unhesitatingly have done so.

This rider prohibited any Government department or agency from employing at any time in the future, after Nov. 15, three named individuals who are now employed by different Government agencies, unless they are appointed to office by the President and confirmed by the Senate prior to that date.

There is no suggestion that the three named individuals have not loyally and competently performed the duties for which they have been employed. They are sought to be disqualified for Federal employment because of political opinions attributed to them.

The provision aimed at these men does not define the offices they hold and does not seek to make appointment to those offices subject to Senate approval. As a matter of fact, the clause permitting them to remain in Government employment after Nov. 15 subject to Presidential appointment and Senate approval was inserted only after the Senate had refused to accept a provision requiring their immediate removal from Government employment and their permanent disqualification for the Federal service. The Senate rejected the compromise as incorporated in this bill once, and agreed to it only after the House conferees had refused to agree to any bill without a provision aimed at the removal of these three named individuals.

The Senate yielded, as I have been forced to yield, to avoid delaying our conduct of the war.

But I cannot so yield without placing on record my view that

Senator Taft Urges Retaining National Sovereignty To Preserve Democracy

Senator Taft (Rep., Ohio), and Representative McMurray (Dem., Wis.) engaged in a debate on "Sovereignty and Peace" on Sept. 24 at a luncheon in New York City, sponsored by the Citizens for Victory Organization.

The following concerning their remarks is from the New York "Sun" of Sept. 24:

Senator Taft declared he did not believe that any modification of sovereignty was involved by covenants with other nations, unless the covenant gives those nations some right to "come into our country and give orders to our citizens." He declared that the permanent success of any peace depends on this nation and other nations retaining their sovereignty as he defined it.

"The Republican conference at Mackinac," said Mr. Taft, approved "participation by the United States in post-war cooperative organization among sovereign nations." Secretary Hull's speech of Sept. 12 supports "organized international cooperation" between independent nations, each nation free to decide for itself the forms and details of its governmental organization and of its internal economic and social organization.

"Only by retaining sovereignty, can we retain democracy," said Senator Taft. He went on to say that he questioned whether the United States has not reached the limit of size under which people of a nation can have a real voice in its Government.

"Certainly," said the Senator, "a world government at Geneva or Panama would listen more closely to the voices of cranks and pressure groups than to the voice of the American people. It is significant that the British Empire, because of its size, in order to maintain democracy, has moved toward decentralization of government, and has today no overall legislative body, no overall executive and no overall police force. If Canada and Australia and New Zealand and South Africa and Eire are regarded as too diverse to be consolidated into one government, what about China, Japan, Russia and Ethiopia?"

The speaker said that he seemed to see a tendency, especially "among our New Deal friends, to make plans for the world as they made plans for our poor Americans. We can't crusade throughout the world for the four freedoms, or force milk on people who don't like milk, without making ourselves thoroughly hated. We can't force on the Russians freedom of speech and freedom of religion if Mr. Stalin doesn't approve of them, as apparently he doesn't."

Representative McMurray, who spoke first, began by saying that an adequate discourse on the subject of "Sovereignty and Peace" could not be given in the time allowed—thirteen and one-half minutes, and that there would be no difference of opinion between Senator Taft and himself if they could agree on the definition of sovereignty.

He declared that the individual after talking about sovereignty might take it into his home and be met with a rolling pin between the ears, which was violence and war. He asserted that no matter what international relations we form, it all comes back to the people.

"We the people might give some authority to an international organization," said Mr. McMurray, "and I hope we will."

Speaking of the present United States foreign policy, Mr. McMurray said that it was made to fit events abroad—events in Berlin, Tokio. He pictured an unrestrained sovereignty of any one State of the Union that might upset the whole country. He emphasized that interdependence requires world government and "I mean world government."

He quoted George Washington

in summing up, as follows: "Let us raise a standard to which the wise and honest may repair."

Russia Not To Join War Against Japan Says Earl Browder

Earl Browder, General Secretary of the United States Communist Party, told a second front rally in Chicago, on Sept. 26, that it is an illusion for the United States to expect the Soviet Union "will be able or willing also to undertake the burden of the military struggle against Japan," according to an Associated Press dispatch from Chicago on Sept. 27, as given in the New York "Sun," which added:

"All chatter about the Soviets giving us 'bombing bases' in Siberia is harmful nonsense," Mr. Browder continued, "with only one aim and end, to try to give the Soviet Union similar tasks in the Far East to those which she has performed in Europe, namely to win the war for us."

Earlier in his speech the Kansas-born Communist leader asserted: "... The cold hard truth is this, that unless we get down off our high horse, unless we, the United States, consolidate the alliance with Britain and the Soviet Union on the basis of equality all around... there is not the slightest prospect for us to emerge from this war with anything that can properly be called victory."

"The key to this victory is the full consolidation of the Anglo-Soviet-American alliance. This requires full coalition warfare at least to the extent of the Anglo-American side in the West engaging half as many of the Nazi forces as the Soviet Union takes on singlehandedly..."

Mr. Browder said that Prime Minister Churchill had "finally emerged as that 'military expert' whose opinion prevailed over Gens. Eisenhower and Marshall" in the "failure to open a second front" in France.

Asserting the war could be won in 1943 by invading France, Mr. Browder said the steady advance of the Russian armies, "the prospect that it opens up a decisive victory in which Anglo-American arms will have no major share," may force reconsideration of Mr. Churchill's "decision to postpone the second front until 1944."

Again referring to Mr. Churchill and the second front, Mr. Browder said:

"Prime Minister Churchill, in his report to Parliament in the past week, declared that no amount of clamor for a second front would bring it a minute sooner than he had planned it..."

"Perhaps we cannot move Mr. Churchill. He is indeed a stubborn man, with a confidence in himself that survives many obvious mistakes. Our own Gen. Eisenhower was unable to shake him, when in 1942 Gen. Ike pleaded for the opening of the second front through France as the main action, with Africa as a secondary diversion. Gen. Marshall, American Chief of Staff, was unable to shake him in Quebec with the strongest military arguments for the immediate opening of the second front."

"... It is not military weakness that has prevented the Anglo-American combined forces from opening the second front. Some persons in position to determine the decision have been unwilling to have the second front opened.

The weakness is moral, not military.

"It is a heavy responsibility to attempt to assign this default to particular persons. The evidence, however, inescapably indicates that Winston Churchill made the decision not to open the second front and that Franklin D. Roosevelt submitted to that decision because he was unwilling to have a public disagreement with Churchill. I feel sure that any time Churchill is ready to open the second front, he will find no obstacles from the side of Roosevelt."

Asserting that the Russian summer offensive had "proved beyond the possibility of a doubt" that with a second front in the West the past spring or summer "Hitler would have been crushed to the earth before this day," Mr. Browder continued:

"Who are the American supporters of Churchill's strategy of delay? They range all the way from the State Department within the Administration through the Wheeler and poll-tax sections of the Democratic party, through the Republican Congressional representation, to the whole camp of the America Firsters headed by the Chicago Tribune, Father Coughlin and Gerald L. K. Smith."

Milk Subsidies Plan Announced By WFA

The War Food Administration announced Sept. 25 a milk subsidy program designed to protect dairy farmers against increases in the price of feeds since September, 1942. It was stated in the New York "World-Telegram" of Sept. 25 that an announcement of the subsidy came after ranking members of the House Agriculture Committee had predicted a "tremendous shortage" of dairy and beef products in the East this winter.

The payments, which are to be effective from Oct. 1 to Dec. 31, will not be less than the equivalent of 25 cents per hundredweight of the whole milk delivered, except in areas where other programs are now in effect, and not more than 50 cents per hundredweight. A minimum of 3 cents and a maximum of 6 cents a pound will be used where "butterfat" is concerned.

The WFA is indicated as saying that considerations will also be given to the difference between prices now being received for milk and those received during the immediate pre-war years. Thus, the payment will be higher in areas where the quantity of purchased feed is larger and feed costs higher, and where the advance in prices received for milk has been the least.

Harriet Seibert Appointed Religious Aid To WACS

Harriet Seibert has been selected by the War Department as the first representative of a denominational group to be assigned to work with training units of the Women's Army Corps, it was announced in Washington on Sept. 22. Miss Seibert will represent the women's division of Christian Service, of the Board of Missions and Church Extension of the Methodist Church at Daytona Beach, Fla., beginning Oct. 1. She will cooperate with the Army and with Florida churches in activities for the second WAC training center in that city.

Miss Seibert for the past fifteen years has been director of religious education at Christ Church in New York City. Miss Seibert is a graduate of Barnard College, received her master's degree from Columbia University, and has followed special studies in religious education at Union Theological Seminary, New York.

American Legion Favors U. S. Cooperation For World Peace

The American Legion went on record on Sept. 23 as favoring United States' participation in an association of nations to maintain peace and prevent a recurrence of war—"implemented with whatever force may be necessary."

At the closing session of the Legion's annual convention in Omaha, Neb., the report, presented by its Foreign Relations Committee, was unanimously adopted. It included:

approval of the Government's foreign policy, endorsement of the "good neighbor policies, reiteration of the demand that Axis leaders be brought to justice, renewal of the demand for disarming aggressor nations and commendation of the Government's 'unconditional surrender' policy."

The text of the report of the Legion's foreign relations committee follows, according to the Associated Press:

1. The American Legion reaffirms its faith in the foreign policy of our Government.

2. To the peoples of the invaded nations we voice again the pledge that they shall be liberated, and our confidence that release from their bondage is at hand.

3. We reiterate the demand of the American people that the Nazi, Fascist and Japanese leaders and all who share their responsibility for bringing to peaceful peoples the greatest agony the world has ever known, shall be brought to stern and unrelenting justice. No punishment can atone for their crimes, but prompt and unfaltering retribution may serve to deter any who in years to come shall pattern after them.

4. We warmly endorse the good neighbor policies which have strengthened the bonds of friendship throughout all the Americas. We urge continued effort to break down every difference of whatever nature that may now or hereafter threaten the solidarity of the Western Hemisphere. We recommend every honest effort to remove all cause of misunderstanding, so that the nations of the Americas shall speak and act as one in the cause of liberty and justice.

5. We repeat our declaration of

1942 that "no peace, however, welcome, however promising, can long endure, unless it be made secure by the nations which have won it; nations which must ever be prepared in every sense to fight for the right of free men and of freedom-loving peoples." That "we cannot escape, we will not evade, our own responsibility for the maintenance of that peace. We must not forget our stake in it. Every consideration of national interest dictates that we prevent recurrence of the conditions which led to this war."

6. Our own national interests must ever be our first concern, and we believe that our nation can best serve and protect its national interests, commensurate with its power and responsibilities, by participation in the establishment and maintenance of an association of free and sovereign nations, implemented with whatever force may be necessary to maintain world peace and prevent a recurrence of war. It would be premature now to state with particularity how the peace shall be implemented and enforced, but it must be obvious now to all the world that no peace can be lasting and secure for nations that are not fully prepared to maintain peace.

7. We renew our demand that the aggressor nations which seek now to enslave the world shall be forever disarmed and made impotent to provoke another world conflict. We reiterate our demand for a policy of stern and exact justice toward them.

8. We commend the policy of our Government that no peace shall be made with our enemies except on the basis of their unconditional surrender.

Japan Attempts To Bring About Separate Peace Between Russia and Germany, Is Report

A Japanese move to bring about a separate peace between Germany and Soviet Russia "was reported on high authority to be under way," according to Kingsbury Smith, International News Service Staff correspondent who, in indicating this in a dispatch from Washington on Sept. 25, added:

"Reliable word reached Washington that high Jap sources are spreading reports in Russian circles that Germany intends to make a stand along the Dnieper River and then seek a separate peace with the Soviet Union or, failing this, the United States and Great Britain."

"This word comes as a strong indication developed that Secretary of State Hull may go to Moscow next month to represent the United States at the momentous diplomatic meeting with British and Soviet ministers."

"Mr. Hull conferred with Presi-

dent Roosevelt this morning. He went to the White House immediately after hearing a first hand report on the Russian situation from Ambassador William H. Standley, who has just returned from Moscow. The Japs are believed to be deliberately 'feeding' the German peace plan reports to the Russians in order to sow disunity among the Allies and to try to frighten the Soviets into accepting a separate peace with Germany."

Tax-Free "Seed" Money Necessary To Save Business After War, Miss Kellems Declares Urges Repeal Of Capital Taxes

Vivien Kellems of Westport, Conn., told the Rotary Club of Chicago, on Sept. 28, that if business is to be saved after the war, Congress immediately must pass legislation to allow it to set aside tax-free "seed" money, said a special despatch from Chicago to the New York "World Telegram," which also added:

Miss Kellems also called for repeal of the "idiotic" capital stock tax, and permission for private citizens to deduct the income tax for the previous year in figuring their net income for the current year.

"If this simple program is followed," she said, "you will see a post-war boom in this country beyond our fondest dreams. We will

repeal of the capital gains tax; not need public works, we will not need Government interference and financing. We will build anew, better and stronger than ever before. There will be jobs for every one, man or woman, who is willing to work. And the rest of the world will follow us."

Reasonable "Risk" Loans By Banks Called Necessary By F. D. I. C.

The nation's banks were cautioned in the annual report of the Federal Deposit Insurance Corp., released on Sept. 28, that unless they put themselves in position to make reasonable "risk" loans in the post-war era that business and agriculture will have to borrow "either from competing credit institutions or from governmental agencies," according to Associated Press accounts from Washington on Sept. 28, from which we have taken the following:

"Urging in its annual report that the banks increase their capital from present earnings, the F. D. I. C. bluntly said:

"The prospect for survival of our present banking system . . . depends largely upon the intelligent and resourceful leadership of the bankers themselves in providing sufficient capital and managerial skill to enable the banks to bear the risks of credit extension in a manner which will justify the maintenance of our private banking system."

"Discussing what is termed the recent rapid growth in assets and liabilities without a corresponding increase in capital, the report said 'the question is not whether a bank has enough capital for the type of assets which it now holds and the risks which it now appears to face but whether it has enough capital to assume the proper and reasonable risks of participation in the financing of business enterprise.'

"To the extent that such risks are not borne by the bank but are shifted to the F. D. I. C. and

other Federal agencies, the report continued, 'increased supervision, regulation and control by the Government become necessary, and continuation of a privately owned banking system becomes increasingly difficult.'

"The F. D. I. C. said the quality of assets 'appears today to be better than at any other time' and added that the outlook is favorable for net profits to be well sustained over the next few years.

"Reviewing its 1942 activities, the agency said only 20 banks required F. D. I. C. aid, adding that all but 26 of 60,000 depositors were afforded full protection of deposits aggregating \$19,000,000. Total loss to the 26 with deposits exceeding the \$5,000 F. D. I. C. insurance limit was estimated at \$7,000.

"Fourteen of the banks were merged with the assistance of F. D. I. C. funds, the report said, while the remaining six were placed in receivership. Of \$11,000,000 paid out during the year, it added, all but about \$3,000,000 will be recovered."

Additional Manpower Needs Great Despite Continued Record Volume Of Employment

Maximum utilization of civilian manpower has finally emerged as the primary problem on the nation's home front, according to the National Industrial Conference Board. Inductions into military service by mid-1943 had proceeded according to plan. To date, the flow of manpower into munitions industries, in contrast, has lagged below schedule, as has munitions production. The problem of labor supply has grown so great that if production schedules are to be met during the next 12 months, 1,300 workers must be found for essential war industries for every 1,000 entering military service.

The Board states that this need for additional workers exists despite the fact that the total number of persons at work or in uniform in July continued at the record level of 63,600,000, as in the previous month. Little relief, it adds, was afforded by normal seasonal reductions of 320,000 in agricultural employment during the month, and by further reductions of about 200,000 in construction and trade. Additions to the armed forces and to manufacturing personnel were sufficient to offset these declines and to maintain total employment at the highest level ever reported.

The Conference Board's announcement, issued Sept. 16, also said:

"The primary source of the new labor recruits needed for the current production program remains the nation's womanpower, particularly in the age groups 20-34 years. As yet no significant increase has developed in the proportion of women 20-29 years of age entering the labor market, while the entrance of women 30-34 years of age has been only very moderate. Under present schedules, the number of women at work in civilian industries must be increased by nearly 1,000,000 by July, 1944, and an additional 200,000 must be found for the armed forces. How rapidly the readily available womanpower has already been absorbed by industry is evident from the 60% increase in the number at work in the past three years.

"Field reports issued by WMC reveal 55 areas of acute labor shortage, with three times that number in prospect by the end of the year. These current and prospective labor shortage areas contain over 50,000,000 inhabitants and embrace at least 20 of the

largest cities. Nine out of every 10 major metropolitan areas will be faced with general labor shortages by next summer.

"Total employment, including the military forces, was about 6,500,000 greater in July than in mid-1942. For the first month since January of this year, a slight decrease developed in the excess of actual employment over the normal labor force. Civilian employment, because of the reduction in agriculture, was about 360,000 below the corresponding June total, while civilian non-agricultural employment fell off by about 40,000. The former, however, remained about 700,000 and the latter about 1,000,000 above their corresponding 1942 totals. Nearly 90,000 additional workers were taken on in July in manufacturing, raising total factory employment to 16,300,000, as against 14,700,000 in mid-1942, 13,500,000 in mid-1941 and 10,200,000 in mid-1939."

Free Enterprise Must Be Preserved After War Says Ives Of N.Y.

Democracy in the United States will be doomed if Government post-war programs interfere with reemployment of persons in free enterprise, Irving M. Ives, majority leader of the New York State Assembly, declared on Sept. 25 at the Northeastern Conference of the Council of State Governments in New York City.

In reporting his remarks as above, the New York "Times" of Sept. 26 further quoted him as follows:

"The programs we devise," Mr. Ives said, "must be based on the firm and fundamental belief that free enterprise must be preserved. Without free enterprise we cannot have free labor and free government. If we lose any one, we lose the others as well.

"When the war is over, if business, industry and commerce can't do a job, there'll be an overwhelming demand that Government do it. And, whether we like it or not, Government will have to do it, and that's the end of free Government and the free enterprise system."

Government's role, he asserted, must be essentially one of cooperation with business, particularly with little business, which he described as "the backbone of our whole economic structure." Even with a proper approach by Government to the post-war problem, Mr. Ives said, the world of tomorrow would be "entirely different" from the world known in the Twenties.

Public works undertaken in the post-war era, the Assemblyman added, must be "necessary, justified and constructive" and must be located where they would do the maximum good in cushioning expected unemployment.

"We don't want boondoggling," he declared.

World Police Plan Losing Favor In Capital

Establishment of a world police force to maintain peace after the war has lost favor among high-ranking Washington officials, according to Associated Press accounts from Washington Sept. 27, which said:

In diplomatic as well as military quarters the view frequently is expressed that a peace-enforcing organization made up from the military and naval services of the United Nations would be unwieldy and impractical.

The counter-proposal to which this Government is understood to be giving most serious consideration is that each of the United Nations, but particularly the United States, Britain, Russia and China, should keep in service land, sea and air forces sufficient to discourage any acts of aggression.

Some officials say that in much talk of the post-war world the idea of a police force is used loosely to mean any employment of force to localize international disputes and avoid another general conflict. But in many instances the advocates of the idea definitely contemplate the organization of a truly international power to which all of the United Nations would contribute men and materials.

Both diplomatic and military officials claim this would not work because of the innumerable practical difficulties, such as differences in language, traditions and operational procedures of the world's existing armies and navies.

According to the principle broadly stated by Mr. Hull each nation participating in some world organization for peace would support peace forcefully in two ways: By maintaining an army and navy able to cope with any predictable outbreak and by always being willing to use those forces when necessary.

Thus if some future Germany or Japan developed new dreams of conquest and began to implement them, one of the peaceful nations would move in, disarm the potential aggressor and take such other measures as the council of nations believed necessary to end the threat of war.

Currency Stabilization Will Not "Intrude" On Functions Of Private Banks

The Treasury Department's plan for post-war exchange stabilization "would not intrude" upon the usual functions of private banks, eight New York bankers representing the New York Foreign Exchange Committee, have been advised by Treasury officials, it was declared on Sept. 24, according to United Press advices from Wash-

Gov. Bricker Calls For Restoration Of Free Enterprise In Post-War Period

Governor John W. Bricker of Ohio called on Sept. 28 for the "recapture of the spirit of private enterprise" and Governor Dwight H. Green of Illinois at the same time expressed it as his view that government "must withdraw from regulation of our economic system in the post-war world."

The views of both (who are Republicans) were voiced at a dinner in Buffalo, N. Y., of the Supreme Council, thirty-third degree Masons, Ancient Accepted Scottish Rite, Northern Masonic Jurisdiction.

In Associated Press (Buffalo) advices as given in the New York "Herald Tribune" Gov. Bricker was quoted as follows:

Governor Bricker asserted that "too many people have taken the attitude that government can solve every problem."

"Our government can only reflect the aims, attitudes and good judgment, ultimately, of the great bulk of its citizenship," he said. "The development of that attitude is the responsibility of churches, homes, local communities, lodges and societies of every sort. Through them people meet, discuss problems, help others, develop character which ultimately determines the character and the course of our national life."

The Ohio Governor said that in the rehabilitation period "it will be necessary to recapture the spirit of private enterprise."

"That means a foundation of sound tax legislation to provide for venture money and private jobs in industry, business and agriculture," he asserted. "It also means a stable, careful, honest, economical administration of public affairs. Only in this way can public confidence in the institutions of government be established and maintained."

From the same advices we quote Gov. Green's remarks as follows:

Governor Green declared in his prepared address that Government "must return to the states and other local governmental units the rights and powers which were usurped—before the beginning of the present war as well as since."

"The main issue in America today is no longer the time-worn one between what we call the 'liberal' and 'conservative' points of view," he added. "Today the issue is between centralization, totalitarianism, state socialism—call it what you will—and free representative American government in which the will of the people is law under their Constitution."

Governor Green said the people of Illinois are going to insist on full participation in the peace that follows the war.

"But they are also going to insist," he continued, "that whatever post-war problems shall be presented by the nations of the world, and whatever international commitments America may consider, our Constitution must be adhered to—not by bureaucratic interpretation, but by the literal and time-tested meaning of that Constitution itself."

As the war continues, Governor Bricker said in a prepared address in Chicago appearing in the New York "World-Telegram," which further reported:

"The bankers met with Dr. Harry D. White, Treasury director of monetary research and author of the U. S. Government's stabilization program, and members of the Treasury staff.

The New York bankers attending included L. W. Knoke, Vice-President Federal Reserve Bank of New York; I. C. R. Atkin, Vice-President J. P. Morgan & Co., Inc.; C. E. C. Freyvogel, Vice-President Bankers Trust Co.; L. N. Shaw, Vice-President National City Bank; C. J. Stephenson, Canadian Bank of Commerce; R. M. Youngs, Dominick & Dominick; S. Stern, Vice-President Chase National Bank, and L. F. Loree, Vice-President Guaranty Trust Co.

Green said, "we who remain at home must examine our social, political and economic institutions, and with a firm hand we must root out those evil and subversive elements which threaten to destroy those freedoms which are at once America's inspiration and the bulwark of its strength."

U. S. Chamber Com. Approves Man-Power Stabilization Plans

Operation of the War Manpower Commission's area labor stabilization plans have demonstrated the soundness of that approach to the man-power problem, in the opinion of the Manufacture Committee of the Chamber of Commerce of the United States. Advices to this effect were contained in a dispatch Sept. 23 to the New York "Herald Tribune" from its Washington bureau, in which it was also stated:

Reporting today to the Chamber's board of directors, the committee held that national service legislation, such as is proposed in the Austin-Wadsworth bill, is unnecessary, and urged that the present voluntary effort be continued and strengthened. "Such legislation would stifle willing effort and substitute compulsion," the committee said.

Steps Taken To Permit Service Vote In '44

Indicating that preliminary steps to enable several million members of the armed services to cast absentee ballots in the 1944 State primaries and the Presidential election were taken in Congress on Sept. 24. Associated Press advices from Washington appearing in the New York "Journal American" stated that Senator Green (Dem., R. I.), Chairman of the Senate Elections Committee, announced he had asked Secretary of War Stimson and Secretary of the Navy Knox to give the Committee their views on a pending plan to permit overseas service men and women to use a simplified V-mail ballot.

As soon as the statements from Secretaries Stimson and Knox are received, Mr. Green said, he would open hearings on the proposal, which he sponsored with Senator Lucas (Dem., Ill.).

Representative Worley (Dem., Tex.), Chairman of the House Committee on Elections, also announced plans to open hearings on similar legislation well in advance of the first primaries next March, said the advices from which we quote, which also had the following to say:

"Principal provisions of the pending legislation are:

"An 'overseas war ballot,' printed on paper suitable for V-mail processing, for voting for President and members of Congress. The War and Navy Departments would print, distribute and assemble the ballots with commanding officers of all service units responsible for seeing that any eligible service man or woman obtained one. An oath of eligibility would be the only legal requirement."

Understanding Through The Annual Report

(Continued from first page)

customer—that is, by the very people who think they are being benefited by them. The public and private provisions for old age, accident, unemployment and other liabilities are business costs. They are paid through increased prices and decreased purchasing power. Business enterprise is not an original source of funds; it is only an intermediate paymaster—and if its income from operations is less than its outgo, the difference can be made up only by selling off, directly or indirectly, the facilities which must be used for production—that is, by dipping into the seed corn.

Exactly defining the function of a business unit is becoming of extreme importance in these days when so many post-war worlds are being constructed with alternate bricks of fact and fancy. The fancies—and a whole social fabric is being woven out of them—conceive of the paraphernalia of production and distribution as con-

stituting in themselves the source of prosperity. In times of general prosperity, it is true, the machinery of production and distribution goes into high gear, and in so doing requires the employment of so large a number of human beings that nearly everyone who wishes work may find it at fairly satisfactory wages. This has brought about the widespread illusion that the whirring of the machinery causes the prosperity and the employment. From this illusion is deduced the theory that it is the social obligation of the owners of the machinery to keep it whirring and to preserve a high level of employment. It thus appears that depression and unemployment derive from the cupid and incompetence of private owners, and that the answer is to be found in the selfless competence of the perfect bureaucrats of the perfect state.

The complete employment of our facilities in war is offered as

conclusive proof that it is within the power of the State to provide complete employment in peace. We are told that, the State having demonstrated its ability to employ, the people will not again tolerate any condition which involves less than a high level of employment and at a high level of wages. It follows, so it is said, that if private ownership cannot justify itself by maintaining these high levels, the State in its riper confidence will take over.

This implies that the perfect State lies ready and willing to take over. If that were the case, and if only the cupid of private owners stood between us and perfect material happiness, I am sure we should all stampede into the arms of the perfect State. But those of us who are in the management of industry know that we are only economic servants, that we possess no power to employ except as we are employed; that it is simply not in the wood to preserve—much less to increase—earnings by curtailing production, and that we are equally helpless with our employees against the primary power of our customers. We know from our accounts that we can produce and exchange our products only as others produce and exchange with us. For as we all know, the only thing originated by a corporation, independent of exchange, is depreciation.

All of that would be wholly apparent, if we simply and intelligently presented our financial accounts. Also it would be wholly apparent that if the State stepped into our shoes it would be in no better case than we are—for although the items of cost might be shifted and given different names, they would all be present somewhere in the body economic.

Our economy, although it consists of things, has to be expressed in money representations; and it is our job as controllers to keep the things in balance through money symbols. Bookkeeping is not an abstract science, and its end is not making the figures on the left page exactly balance with the figures on the right page. But the only known method of accounting accurately for the production of goods and services is by the use of double-entry bookkeeping. Whenever words are used to arouse the emotions, we should check them for accuracy with our debits and credits. We controllers are not the fifth wheels of business. We are such an integral part of management that without us the management wheel would break and the business vehicle would founder.

Our records are the master tools of our economy and they provide the facts which represent the things that go to make up our economy. Each enterprise is a segment of our national economy. The total of our records is the national economy. If each of us present our segment in understandable form, the total national economy will be understandable, and as a nation we shall be in a position to arrange and govern ourselves on the facts, instead of as at present, by trial and error. That is why I regard the intelligible annual report not as a duty but as an elementary act of self-preservation, and that is also why I regard the unintelligible annual report as an invitation to misunderstanding.

It has been the custom of the Steel Corporation through the years to present the ordinary accounting reports in considerably more than the required detail, with whatever supporting accounts seemed necessary for a full understanding. We still do that. But in recent years it has been borne in on us that technical accounting and its language tells the story only to those few who have the ability to analyze them—and that the accounts did not at all tell the story to the considerable audience that wanted to understand our workings but could not understand our accounting lan-

guage and presentation. Therefore we have been making over our formal accounts and terminology in order that they could not mislead, and we have evolved from them several new presentations which we think tell better the economic story of the year. We have conceived of our new form of income account as having one primary function—to focus attention upon the important cost of factors affecting the period through which we are passing.

We view our income account in terms of cost elements which are applicable to every business enterprise, every operation of government, and even to charitable organizations. We seek to deal with the simple account, with credits and debits being paraphrased into receipts and costs. Thus, for the purpose of reporting to the public, our financial affairs consist only of receipts and costs, and we have dropped out of our income statements the word "net," the word "profit" and the word "surplus" and we have dropped also the practice of drawing sub-totals and making intermediate stops to note "income" or "profits" before this or that payment. We hold that there can be only one kind of income and that it is the figure obtained by subtracting all the costs from all the receipts.

Basically, we account for all the monies that have been paid to us during the year. That, we believe, is what the public expects us to account for. We are answering the questions, "What did you do with the money we paid to you? Who got what out of the business?" The first major item in our presentation is "Total Products and Services Sold." It is comprised of sales and miscellaneous revenues. It is, in terms of the simple account, the total amount received from our customers. In an ultimate sense, everything below that figure is a cost to the business.

The first cost element presented is what we call "Employment Costs." It comprises wages, salaries, social security taxes and pensions. In our presentation—as distinguished from the traditional accounting statement where such an item is not shown—we have grouped these important costs together. The figure used for wages and salaries excludes the amounts charged to construction. We desired especially to show that only as there is exchange of goods and services upon which the whole economy functions can there be employment.

Another major element of cost is "Purchased Products and Services." This represents the sum spent for outside purchases of goods and services in order to do business. Depreciation is represented for what it is—the cost of the wearing out of the facilities used by the workers. Instead of "Contingent Reserve" or "Special Reserve" our statement carries "Estimated Additional Costs Applicable to This Period Arising Out of War." This element represents management's estimate of the cost of repairs which must be deferred, and of those costs which will be incurred in the transition to a peace-time basis. It is not an "additional profit" that has been withheld; it is a vital part of present costs.

The interest item in our presentation represents, of course, the payment for the use of borrowed savings. The final element of cost is taxes—Federal, State and local.

There are many in our Government—as witness the philosophy of the renegotiation procedure—who consider that taxes are not a true cost. Some accountants have contributed to this view of looking upon income taxes as a share of the net income going to government, thus considering income before taxes as the true income of the business. But the real fact is that taxes are as inescapable as any other item of

cost and they cannot be ignored by management in the conduct of business or the formulation of policy.

Let us make it plain that corporations are only tax collectors, taking from the customers for the Government. There is a fiction, firmly planted in the public mind as a truth, that the shareholders and not the public pay corporate taxes. We in business tend to confirm the fiction by our habit of expressing taxes as so much per share. The item "Profits Before Taxes" included in so many reports—which is only taxes per share in bulk—makes shareholders wistful. But the effect on the public and their political representatives is quite otherwise. They believe that, if it had not been for the tax, the stockholders would have been pulling down wads of unearned money, and they are grateful to their tax watchers for getting to these melons before they could be cut. Both the stockholders and the public are, of course, wrong. Corporate taxes are simply costs, and the method of their assessment does not change this fact. Costs must be paid by the public in prices, and corporate taxes are thus, in effect, concealed sales taxes. We do not exactly know the incidence of corporate taxes, but we do know that they have to be paid out of the prices charged, for there is no other source of funds.

In closing, let me remind you that public opinion is formed by the relatively few. It is not formed by those who read only the tabloids and the funnies. In every shop, public opinion is formed by a small number of highly intelligent workers, and the same is true of every community. It is our job to furnish these people with the facts on which they can form their opinions. Ours is not the task to make a case for business, for labor, for management, for stockholders or for any particular group. Ours is always the task to make the case for the truth and the facts as they are, and to do it in clear language that will convey its complete understanding.

And unless we do secure in America an understanding of the components of a healthy production and distribution there can be no future for the enterprise system or for the United States. It is a task in which we must not fail. It is a task in which we need not fail.

Threaten Free Press

Washington bureaucrats are threatening the nation's free press, Charles P. Manship, publisher of the Baton Rouge (La.) "State-Times and Advocate" and President of the Southern Newspaper Association, declared on Sept. 25. The job of preventing Government bureaus from perpetuating themselves after the war will fall on the press, Mr. Manship asserted, according to Hot Springs, Ark., advices to the New York "Journal-American," which also noted him as saying, "without a free press, there's no such thing as a free country. If you lose a free press, you lose all other freedoms, including those four now broadly cited."

Papers Raise Price

The Toledo (Ohio) "Blade" announces a price increase from three to four cents a single copy, effective Sept. 27. The announcement cited a 16% increase in the price of newsprint during the last six months and other mounting costs, including wages.

The Altoona (Pa.) "Mirror" has also raised its price to four cents instead of three. The home delivery price has been raised from 75 to 95 cents.

Living Costs In Large Cities Declined 0.5% Between July 15-Aug. 15, Says Labor Bureau

Fresh vegetable prices continued seasonally lower from mid-July to mid-August and resulted in the third consecutive monthly decline in the cost of living for city workers—a drop of 0.5%, Secretary of Labor Perkins reported on Sept. 14. "Food prices as a group were down 1.3% and more than balanced smaller increases during the month for other goods and services," she said.

Secretary Perkins further reports:

"Since the decline in food prices began in May, the average family food bill for staples has come down by 4.1% and the entire cost of living by 1.5%. The index computed by the Bureau of Labor Statistics now stands at 123.2% of its 1935-39 average.

"Food prices are high, notwithstanding these summer declines. They averaged about 9% above last year and nearly 47% above the low levels prevailing just before the outbreak of war in Europe in August, 1939. This August the sharp price declines for fresh fruits and vegetables averaged 7%, but they were considerably greater in some cities than in others. Cabbage was down nearly 25% during the month, sweet potatoes and apples 17%, green beans 15%, onions and white potatoes 10%, spinach 8%, and there were small reductions for carrots, lettuce, beets and grapefruit.

"However, vegetables remained at comparatively high levels—about 33% above last August and more than 90% above August 1939. Thus, sweet potatoes cost 14 cents a pound, compared with 5½ cents a pound just before the war. Green beans and spinach this August sold for 14 and 13 cents, respectively, against pre-war prices of 7 and 8 cents.

"Aside from fresh produce, the most important declines in August were in prices for fresh fish, which have been rising steadily to more than double pre-war levels. Under a new OPA ceiling regulation there was a decline during the month of 3.5%. There were also declines for meats, amounting to 0.8% for beef and veal, 0.9% for pork and 1.1% for lamb, representing continued adjustments to an OPA 'cutback' which reduced prices in the previous month. The only other important price movements in the food group were a seasonal increase of 9% for eggs, an advance of 4.6% for tea and decline of 2.0% for canned peas and canned vegetable soup.

"Differences from city to city in food price changes were unusually great from July to August. In northern areas price reductions were especially large, amounting on the average to 2.3% in New York, 2.9% in Detroit and 2.8% in Bridgeport and Denver. In many southern cities, because of the earlier growing season, prices had already begun to increase seasonally.

"Living costs other than food were on the whole moderately higher from July to August. Clothing prices rose 0.2%, the disappearance of lower price lines more than balancing clearance sales for certain summer goods. House furnishings and fuels and utility rates were up 0.1%. Miscellaneous goods and services rose 0.3%, because of higher charges by hospitals, motion picture houses and beauty and barber shops. Rent costs are collected quarterly by the Bureau of Labor Statistics and have shown very little change for some time."

COST OF LIVING IN LARGE CITIES
Indexes, 1935-39=100*

Date—	All Items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
1939: Aug. 15.....	98.6	93.5	100.3	104.3	97.5	100.6	100.4
1941: Jan. 15.....	100.8	97.8	100.7	105.0	100.8	100.1	101.9
1942: May 15.....	116.0	121.6	126.2	109.9	104.9	122.2	110.9
Aug. 15.....	117.5	126.1	125.2	108.0	106.2	123.0	111.1
Sep. 15.....	117.8	126.6	125.8	108.0	106.2	123.6	111.4
1943: July 15.....	123.8	139.0	128.6	†	107.7	125.4	115.9
Aug. 15.....	123.2	137.2	128.9	†	107.8	125.5	116.2

PERCENT OF CHANGE

Date—	All Items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
July 15, 1943 to Aug. 15, 1943	- 0.5	- 1.3	+ 0.2	†	+ 0.1	+ 0.1	+ 0.3
Sep. 15, 1942 to Aug. 15, 1943	+ 4.6	+ 8.4	+ 2.5	0	+ 1.5	+ 1.5	+ 4.3
Aug. 15, 1942 to Aug. 15, 1943	+ 4.9	+ 8.8	+ 3.0	0	+ 1.5	+ 2.0	+ 4.6
May 15, 1942 to Aug. 15, 1943	+ 6.2	+ 12.8	+ 2.1	- 1.7	+ 2.8	+ 2.7	+ 4.8
Jan. 15, 1941 to Aug. 15, 1943	+ 22.2	+ 40.3	+ 28.0	+ 2.9	+ 6.9	+ 25.4	+ 14.0
Aug. 15, 1939 to Aug. 15, 1943	+ 24.9	+ 46.7	+ 28.5	+ 3.5	+ 10.6	+ 24.8	+ 15.7

*These indexes are based on changes in the cost of goods purchased by wage earners and lower-salaried workers in large city.

†Rents surveyed at quarterly dates, March 15, June 15, Sept. 15, and Dec. 15.

‡Changes through June 15, 1943.

August Retail Prices Increased Slightly, According To Fairchild Publications Index

The Fairchild Publications retail price index has increased 0.1% to 113.1 after having remained unchanged for two consecutive months. This increase brings the index to the same level it was in September, 1942, at which time it remained constant for eight months. It is 27.2% higher than the period just preceding the outbreak of war in 1939.

The Fairchild announcement on Sept. 15 further stated: "Each of the five major groups remained unchanged with the exception of women's apparel which increased 0.3%. Furs continue to advance, and although there was a slight decline in hose it did not quite offset the advance in furs, causing the rise in women's apparel. Women's apparel also showed the greatest increase over 1942, 0.3%. Compared to the same period piece goods declined 0.1%, and home furnishings remained the same. Piece goods increased the most, and infants' wear the least over the pre-war period of 1939.

"Of the individual items only furs and women's hose showed any change during the month. Furs increased 1.2% and women's hose declined 0.1%. The index is still showing some effects of the price ceilings set on hosiery by the Maximum Price Schedule 339. Women's hose also declined from last year, 5.2%, whereas furs increased 4.7%. The next largest rise occurred in men's clothing, 0.5%. This advance is less than over Aug. 1, 1942 since at that time the price regulation was issued permitting a certain percentage markup in determining the ceiling prices of men's outer coats. In comparison to 1939 furs increased the most and women's shoes the least.

"The index continues to fluctuate slightly and the indications are that it will remain comparatively stable in the near future, according to A. W. Zelomek, economist under whose supervision the index is compiled. Any further fluctuations will continue to be minor."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX

JAN. 3, 1931=100

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	May 1, 1943	Sept. 1, 1943	June 1, 1943	July 1, 1943	Aug. 1, 1943	Sept. 1, 1943
Composite Index	69.4	113.1	113.0	113.0	113.0	113.1
Piece Goods	65.1	112.3	112.2	112.2	112.2	112.2
Men's Apparel	70.7	105.2	105.3	105.3	105.3	105.3
Women's Apparel	71.8	112.7	112.6	112.7	112.7	113.0
Infants' Wear	76.4	108.0	108.1	108.1	108.1	108.1
Home Furnishings	70.2	115.5	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	84.8	84.7	84.7	84.7	84.7
Woolens	69.2	108.1	108.0	108.0	108.0	108.0
Cotton Wash Goods	68.6	143.9	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	126.9	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	135.0	135.0	135.0	135.0	135.0
Women's Apparel						
Hosiery	59.2	94.1	91.1	89.9	89.3	89.2
Aprons & House Dresses	75.5	140.5	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	111.2	111.2	111.2	111.2	111.2
Furs	69.8	135.4	137.9	139.3	140.0	141.7
Underwear	69.2	102.7	102.7	102.7	102.7	102.7
Shoes	76.5	92.4	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	108.0	108.1	108.1	108.1	108.1
Underwear	69.6	114.6	114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	99.0	99.1	99.1	99.1	99.1
Hats & Caps	69.7	94.3	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	105.5	105.0	105.0	105.0	105.0
Shoes	76.3	109.6	109.6	109.6	109.6	109.6
Infants' Wear						
Socks	74.0	114.5	114.6	114.6	114.6	114.6
Underwear	74.3	103.6	103.7	103.7	103.7	103.7
Shoes	80.9	105.9	106.0	106.0	106.0	106.0
Furniture	69.4	129.2	129.2	129.2	129.2	129.2
Floor Coverings	79.9	146.8	146.9	146.9	146.9	146.9
Radio	50.6	66.8	66.8	66.8	66.8	66.8
Luggage	60.1	94.7	94.7	94.7	94.7	94.7
Electrical Household Appliances	72.5	93.5	93.5	93.5	93.5	93.5
China	81.5	110.6	110.6	110.6	110.6	110.6

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

Civil Engineering Construction 66% Above Week Ago

Civil engineering construction volume in continental U. S. totals \$71,951,000 for the week. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 66% higher than in the preceding week, but is 51% lower than in the corresponding 1942 week as reported by Engineering News-Record on Sept. 23. Comparisons with last week show private work 53% higher, and public work up 68% as a result of the 27% rise in State and municipal work, and the 77% climb in Federal volume. The report continued as follows:

Private work tops the 1942 week by 25%, but public construction is down 55%.

The current week's construction brings 1943 volume to \$2,437,651,000, an average of \$64,149,000 for each of the 38 weeks. On the weekly average basis, 1943 volume is 67% below the \$7,632,606,000 reported for the 39-week 1942 period. Private construction, \$312,444,000, is 32% lower than a year ago, and public construction, \$2,125,207,000, is down 69% 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:

	Sept. 24, 1942	Sept. 16, 1943	Sept. 23, 1943
Total U. S. construction	\$147,699,000	\$43,332,000	\$71,951,000
Private construction	7,619,000	6,218,000	9,491,000
Public construction	140,080,000	37,114,000	62,460,000
State and municipal	7,344,000	6,579,000	8,366,000
Federal	132,736,000	30,535,000	54,094,000

In the classified construction groups, gains over last week are in bridges, industrial and public buildings and earthwork and drainage. Gains over the 1942 week are in bridges, industrial buildings and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, \$288,000; sewerage, \$715,000; bridges, \$1,840,000; industrial buildings, \$5,905,000; commercial buildings, \$2,403,000; public buildings, \$43,441,000; earthwork and drainage,

\$2,841,000; streets and roads, \$6,802,000, and unclassified construction, \$7,716,000.

New capital for construction purposes for the week totals \$100,811,000. This volume is made up of \$100,000,000 in Federal appropriations for construction and \$811,000 in State and municipal bond sales.

New construction financing for the 38 weeks of 1943, \$3,030,299,000, is 67% below the \$9,530,701,000 reported for the 39-week period last year.

Cotton Ginned from Crop of 1943 Prior to Sept. 16

The census report issued on Sept. 23, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1943 prior to Sept. 1, 1943, and comparative statistics to the corresponding date in 1942 and 1941.

State—	RUNNING BALES (Counting round as half bales and excluding linters)		
	1943	1942	1941
United States	*3,734,129	*2,077,933	*2,091,389
Alabama	403,482	198,934	250,034
Arizona	9,936	5,150	22,553
Arkansas	301,699	104,712	284,517
Florida	9,747	9,513	10,889
Georgia	343,112	260,330	262,527
Louisiana	371,686	199,300	100,979
Mississippi	737,891	407,282	384,752
Missouri	39,236	41,540	125,403
New Mexico	5,184	295	35
North Carolina	74,917	57,324	53,969
Oklahoma	26,435	10,331	28,109
South Carolina	214,234	149,169	87,938
Tennessee	69,607	33,860	94,952
Texas	1,125,919	599,007	381,620
All other States	1,044	1,186	3,112

*Includes 107,053 bales of the crop of 1943 ginned prior to Aug. 1 which was counted in the supply for the season of 1942-43, compared with 48,625 and 1,969 bales of the crops of 1942 and 1941.

The statistics in this report include no round bales for 1943; none for 1942 and 131 for 1941. Included in the above are 3,289 bales of American-Egyptian for 1943, 1,204 for 1942 and 2,517 for 1941; also 8 bales Sea-Island for 1943, 135 for 1942 and 327 for 1941.

The statistics for 1943 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Sept. 1 is 1,786,313 bales.

Consumption and Stocks—United States

Cotton consumed during the month of August, 1943, amounted to 842,260 bales. Cotton on hand in consuming establishments on Aug. 31 was 1,928,808 bales, and in public storages and at compresses 8,026,906 bales. The number of active consuming cotton spindles for the month was 22,632,776.

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

World Statistics

Because of war conditions and the difficulty in obtaining dependable world statistics such data are being omitted from this report for the time being.

Industrial Activity Maintained High Level In August, Federal Reserve Board Reports

The Board of Governors of the Federal Reserve System announced on Sept. 22 that industrial activity and war expenditures were maintained in August at a high level. Commodity prices showed little change. Retail trade continued in large volume.

The Board's summary of general business and financial conditions follows:

Industrial Production

"Output of manufactures and minerals showed little change in August and the Board's seasonally adjusted total index of industrial production remained at the July level. Production of durable manufactures increased. Output of iron and steel continue to advance and reached the peak levels achieved earlier this year. There were further slight increases in activity at war plants in the transportation equipment industries. Output of other durable products showed little change.

"Production of nondurable goods declined in August, reflecting further decreases in output of textile, leather, and food products. Cotton consumption in August was about 15% lower than the same period a year ago and was at the lowest level since the beginning of 1941. Leather output has also declined in recent months and is currently close to pre-war levels. Activity at meat-packing plants showed the usual seasonal decline in August, but preliminary figures indicate that output was about one-fifth larger than a year ago. Output of most other manufactured goods declined somewhat further. Production of petroleum, coke and rubber products continued to advance in August while chemical production showed little change. Production of crude petroleum continued to rise and in August was in the largest volume on record. Lake shipments of iron ore likewise reached a record level. Production of coal

and metals was maintained in large volume.

Distribution

"Department store sales continued large in August and the first half of September. Increases during this period were less than seasonal, however, following maintenance of sales at a comparatively high level during July. For the year to date value of sales at department stores has been about 13% greater than in the corresponding period last year, reflecting in part price increases. Inventories at department stores have increased in recent months and are now somewhat higher than at the beginning of this year, indicating that receipts of new merchandise have been in excess of the value of goods sold.

"Total carloadings were maintained in large volume during August and the first half of September. Shipments of grain showed a less than seasonal decline from the peak reached in July and were one-fifth larger than August a year ago.

Commodity Prices

"The general level of wholesale commodity prices continued to show little change in August and the early part of September. Prices of lumber and newsprint were increased, while prices of fruits and vegetables showed further seasonal declines.

"In retail food markets prices of apples and fresh vegetables decreased further from mid-July to

mid-August. The Bureau of Labor Statistics' cost of living index declined one-half of 1% as decreases in foods were partly offset by small increases in retail prices of other goods and services.

Agriculture

"General crop prospects declined slightly in August, according to official reports. The forecast for corn production was raised by 3% to almost 3,000,000,000 bushels, while prospects for other feed crops declined. Production of cotton indicated on Sept. 1 was 11,700,000 bales as compared with a crop of 12,800,000 last season. Milk production in August was estimated to be 2% smaller than output a year ago, while marketings of most other livestock products continued in larger volume than last year.

Bank Credit

"In mid-September excess reserves of member banks rose sharply to about \$2,000,000,000 from the average level of about \$1,100,000,000 which had prevailed in the latter part of August and early in September. This increase was due in part to the fact that the Treasury was making disbursements out of temporary borrowing from Reserve Banks on special certificates in anticipation of tax collections and receipts from the Third War Loan Drive. It also reflected in part a substantial decrease in required reserves at the middle of the month when funds from individual and corporate deposits were transferred to Government loan accounts which are not subject to reserve requirements. During the four weeks ended Sept. 15 the Reserve System holdings of Government securities increased by about \$1,000,000,000 in addition to the special certificates taken directly from the Treasury. Most of the increase was in the form of Treasury bills sold to the Reserve Banks with sellers retaining the option to repurchase. Over this four-week period currency in circulation increased by about \$560,000,000 to a total of \$18,800,000,000 outstanding.

"In the last two weeks of August and the first week of September, reporting member banks in 101 leading cities showed a net decline in security holdings as a result of the sale of bills to the Reserve System. In the week ending Sept. 15, however, some non-banking holders sold securities to the banks in anticipation of purchases during the Drive, and bank holding also increased through repurchase of bills from the Reserve System.

"Commercial loans, which had expanded by \$100,000,000 in July and in August, increased by \$250,000,000 during the week ending Sept. 15. This increase in commercial loans was shaded by both New York and other reporting member banks. In the week ending the 15th, loans to brokers and dealers in New York City increased \$370,000,000, most of which was for purchasing and carrying Government securities, and there was also an increase in loans on securities to others."

Law Elected Director Of Comm. & Ind. Ass'n

Clarence L. Law, Vice-President of the Consolidated Edison Company of New York, Inc., was on Sept. 14 elected a member of the Board of Directors of the Commerce and Industry Association of New York. Mr. Law has been with the Consolidated Edison and predecessor companies since Nov. 1, 1906, and for many years has played an important role in employee activities. He has long been associated with industrial and civic organizations and is Vice-President of the Advertising Club of New York and a member of the Board of Managers of the Engineers Club.

Federal Reserve August Business Indexes

The Board of Governors of the Federal Reserve System issued on Sept. 22 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time, the Board made available its customary summary of business conditions. The indexes for August, together with comparisons for a month and a year ago, follow:

	BUSINESS INDEXES					
	Adjusted for Seasonal Variation—			Without Seasonal Adjustment—		
	Aug. 1943	July 1943	Aug. 1942	Aug. 1943	July 1943	Aug. 1942
Industrial production—	1943	1943	1942	1943	1943	1942
Total	1203	203	183	1207	205	187
Manufactures—						
Total	1215	215	193	1218	217	196
Durable	1305	302	258	1307	303	260
Nondurable	1143	145	140	1146	147	144
Minerals	1137	136	130	1143	141	136
Construction contracts, value—						
Total	60	182	67	67	194	194
Residential	36	65	36	36	64	64
All other	80	278	92	92	300	300
Factory employment—						
Total	167.9	169.7	155.1	169.9	169.6	157.1
Durable goods	229.7	229.5	198.5	230.3	229.5	199.2
Nondurable goods	119.3	122.4	120.9	122.3	122.4	123.9
Factory payrolls—						
Total	315.5	315.5	254.8	315.5	315.5	254.8
Durable goods	439.5	439.5	342.0	439.5	439.5	342.0
Nondurable goods	194.3	194.3	169.5	194.3	194.3	169.5
Freight-car loadings	141	142	141	145	146	144
Department store sales, value	138	142	130	109	98	103
Department store stocks, value	110	137	137	99	99	132

*Data not yet available. †Preliminary or estimated. ‡Revised seasonally adjusted indexes. Back figures may be obtained from the Division of Research and Statistics. Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by 379, non-durable by 469, and minerals by 152. Construction contract indexes based on three-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by \$410,269,000, residential by \$184,137,000, and all other by \$226,132,000. Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION

	INDUSTRIAL PRODUCTION (1935-39 average = 100)					
	Adjusted for Seasonal Variation—			Without Seasonal Adjustment—		
	Aug. 1943	July 1943	Aug. 1942	Aug. 1943	July 1943	Aug. 1942
Manufactures—	1943	1943	1942	1943	1943	1942
Iron and steel	210	203	197	210	203	197
Pig iron	202	191	190	202	191	190
Steel	235	229	218	235	229	218
Open hearth and Bessemer	184	180	177	184	180	177
Electric	598	577	507	598	577	507
Machinery	361	361	299	361	361	299
Transportation equipment	634	625	458	634	625	458
Non-ferrous metals & products	189	188	191	189	188	191
Lumber and products	125	124	129	125	124	129
Lumber	117	114	125	117	114	125
Furniture	142	142	136	142	142	136
Stone, clay, & glass products	134	145	147	134	145	147
Cement	114	117	117	114	117	117
Polished plate glass	54	50	30	54	50	30
Textiles and products	143	147	154	143	147	154
Cotton consumption	147	153	169	147	153	169
Rayon deliveries	178	183	169	178	183	169
Wool textiles	146	154	154	146	154	154
Leather products	109	113	113	109	113	113
Tanning	104	117	117	104	117	117
Cattle hide leathers	117	141	141	117	141	141
Calf and kip leathers	85	95	95	85	95	95
Goat and kid leathers	84	70	70	84	70	70
Shoes	112	110	110	112	110	110
Manufactured food products	137	145	143	137	145	143
Wheat flour	122	118	105	123	116	106
Meat packing	186	183	153	186	183	153
Other manufactured foods	132	143	146	132	143	146
Tobacco products	132	130	130	132	130	130
Cigars	95	112	112	95	112	112
Cigarettes	166	152	152	166	152	152
Manufactured tobacco & snuff	83	88	88	83	88	88
Paper and products	134	131	131	134	131	131
Paperboard	151	143	123	151	143	123
Newsprint production	91	108	108	91	108	108
Printing and publishing	114	114	111	1106	103	103
Newsprint consumption	105	104	108	93	91	95
Petroleum and coal products	124	121	121	124	121	121
Petroleum refining	119	114	114	118	114	114
Gasoline	115	109	109	115	109	109
Fuel oil	145	130	130	145	130	130
Lubricating oil	121	117	117	120	116	116
Kerosene	118	106	106	110	101	101
Coke	170	162	165	170	162	165
Byproduct	159	153	155	159	153	155
Bechive	533	451	505	533	451	505
Chemicals	221	227	173	218	220	170
Minerals—						
Fuels	137	136	126	137	136	126
Bituminous coal	153	155	140	153	155	140
Anthracite	128	129	118	128	129	118
Crude petroleum	131	128	121	131	128	121
Metals	136	138	152	137	147	194
Iron ore	256	256	239	410	398	388

*Data not yet available. †Preliminary or estimated. FREIGHT-CAR LOADINGS (1935-39 average = 100)

Coal	145	146	136	145	146	136
Coke	191	184	182	183	178	175
Grain	147	143	119	158	172	129
Livestock	117	113	106	111	97	101
Forest products	148	150	165	156	150	173
Ore	208	202	206	312	323	308
Miscellaneous	147	148	152	147	147	152
Merchandise, l.c.l.	63	64	57	64	63	57

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548. †Revised. *Revised seasonally adjusted indexes. Back figures may be obtained from the Division of Research and Statistics.

Wholesale Commodity Index Advanced 0.1% During Week Ended Sept. 18, Says Labor Dept.

The U. S. Department of Labor announced on Sept. 23 that advancing markets for farm products, particularly grains and livestock, brought the Bureau of Labor Statistics' index of commodity prices in primary markets up 0.1% during the week ended Sept. 18. At 102.9% of the 1926 average the all-commodity index is slightly higher than at this time last month and 3.6% above the corresponding week of last year.

The Department's announcement further explained: "Farm Products and Foods—Led by an increase of 1.8% for

grains, average prices for farm products in primary markets rose 0.3% during the week. Oats advanced nearly 8%; rye, 4%; barley, almost 3%; and wheat, over 1%. Quotations were also higher for cows and hogs, and for eggs, lemons, flaxseed, and hay. Prices were lower for a few important agricultural commodities such as cotton, wool, apples, onions, and potatoes.

"A decline of almost 2% for fresh fruits and vegetables was responsible for a decrease of 0.3% in the foods group index. Lower prices were also reported for oatmeal and rye flour. In the past 4 weeks, average prices for foods in primary markets have dropped 1.2%.

"Industrial Commodities—Industrial commodity markets continued comparatively steady. Higher prices for natural gasoline in the Oklahoma region forced the index for petroleum products up 0.2%. Lumber advanced 0.2% because of increased sales realization prices for maple flooring and higher quotations for spruce lumber."

The following notation is made: "During the period of rapid changes caused by price control, 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 Aug. 21, 1943 and Sept. 19, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

Commodity groups—	(1926=100)													
	9-18 1943			9-11 1943			9-4 1943			8-21 1942			Percentage changes to Sept. 18, 1943 from—	
	1943	1943	1943	1943	1943	1943	1942	1942	1942	1942	1942	1942	1942	
All commodities	102.9	102.8	102.8	102.8	102.8	99.3	+0.1	+0.1	+3.6					
Farm products	123.6	123.2	123.3	123.8	107.1	+0.3	-0.2	+15.4						
Foods	104.5	104.8	104.7	105.8	102.0	-0.3	-1.2	+2.5						
Hides and leather products	118.4	118.4	118.4	118.4	118.6	0	0	-0.2						
Textile products	97.0	97.0	97.0	96.9	96.9	0	+0.1	+0.4						
Fuel and lighting materials	81.6	81.7	81.7	81.7	79.6	-0.1	-0.1	+2.5						
Metals and metal products	103.8	103.8	103.8	103.8	103.9	0	0	-0.1						
Building materials	112.5	112.5	112.2	112.1	110.4	0	+0.4	+1.9						
Chemicals and allied products	100.2	100.2	100.2	100.2	96.2	0	0	+4.2						
Housefurnishing goods	104.2	104.2	104.2	104.2	104.1	0	0	+0.1						
Miscellaneous commodities	92.6	92.6	92.4	92.4	88.6	0	+0.2	+4.5						
Raw materials	112.4	112.2	112.3	112.7	101.5	+0.2	-0.3	+10.7						
Semimanufactured articles	92.8	92.8	92.8	92.8	92.8	0	0	0						
Manufactured products	100.1	100.1	100.0	100.0	99.4	0	+0.1	+0.7						
All commodities other than farm products	98.5	98.5	98.4	98.4	97.6	0	+0.1	+0.9						
All commodities other than farm products and foods	97.4	97.4	97.3	97.3	95.7	0	+0.1	+1.8						

August Life Insurance Sales Advance

The sales of ordinary life insurance in the United States in August amounted to \$610,607,000, a 35% increase over the amount sold in the same month of 1942, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first eight months of 1943, aggregating \$4,742,133,000, is 3% above the amount sold in the same period in 1942.

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

	AUGUST, 1943		YEAR TO DATE	
	Sales Volume in \$1,000	Ratios '43-'42 All Cos.	Sales Volume in \$1,000	Ratios '43-'42 All Cos.
U. S. Total	\$610,607	135%	\$4,742,133	103%
New England	45,328	123	364,013	98
Middle Atlantic	151,171	141	1,243,707	100
E. N. Central	134,403	130	1,055,461	101
W. N. Central	63,610	137	474,869	108
S. Atlantic	67,305	144	481,745	101
E. S. Central	24,259	132	189,719	104
W. S. Central	42,319	129	334,688	104
Mountain	18,507	149	135,850	117
Pacific	63,705	137	462,081	107

Steel Production Again Rises—New Orders Exceeding Actual Shipments—Backlogs High

"Steel mills are completing a sensational month, with average weekly production of ingots perhaps the highest on record," "The Iron Age" states in its issue of today (Sept. 30), further going on to say: "Even though September is a short month, total output promises to push close to the all-time peak set last March.

"New steel orders are exceeding actual shipments and authentic backlogs are reaching an unprecedented total. In some cases mills are booked up on sheets until next June. New military projects, which include one program requiring around 130,000 tons of plates, sheets, bars and structurals, must somehow be wedged into producers' books.

"The flat-rolled steel situation certainly is tighter now than at any time since the war began, as the result of heavier requirements for shipbuilding plates plus a gain in steel sheet needs. Many tin plate orders have been pushed back. Only about half of the hot-rolled sheets needed for a large container program for the Government have been placed so far.

"Utilizing all of the nation's electric-furnace steel capacity is as great a problem as it was a few weeks ago when WPB appealed for wider use of the high quality steel. A few electric-furnace units have been idle for lack of orders and one electric-furnace plant has been melting open-hearth steel in its units at considerable financial loss per ton of billets produced, just to keep the

lotment numbers, has had little effect upon steel company order books. Most of this tonnage was cleared away before July 1. It is believed that the WPB by saying that no CMP order without allotment numbers could be accepted might have been aiming at preventing the building of neutralized backlogs for post-war shipment."

The American Iron and Steel Institute on Sept. 27 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 100.8% of capacity for the week beginning Sept. 27, or at a new high peak. This will compare with 100.6% one week ago, 99.4% one month ago and 97.3% one year ago. The operating rate for the week beginning Sept. 27 is equivalent to 1,756,900 tons of steel ingots and castings, compared to 1,753,400 tons one week ago, 1,732,500 tons one month ago, and 1,664,500 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 27 stated in part as follows:

"Demand for plates, sheets and bars dominates the market, with bookings running as far as six months, in the face of substantial tonnage for war purposes not yet scheduled, but some of which will be required in fourth quarter.

"To accommodate this added tonnage considerable shifting of schedules is expected. The situation will be helped by entry of new mills during fourth quarter, which will provide additional semi-finished steel as well as larger finishing capacity. This is not expected to be sufficient to cope with heavy essential requirements.

"Increased electric furnace production, to which considerable bar tonnage has been diverted from open hearths, has eased the situation in that product and deliveries on large sizes now are about the same as on smaller sections.

"Pig iron output in August established a new all-time high at 5,315,633 net tons, topping the former record made in March by 1-432 tons. In eight months this year pig iron production has aggregated 40,681,821 tons, compared with 39,491,105 tons in the same period last year. In August blast furnace capacity was operated at 98%, compared with an average of 96.2% for eight months. Included in the August total are 45-798 tons of ferromanganese and spiegeleisen, of which 439,742 tons have been made so far this year.

Daily Average Crude Oil Production For Week Ended Sept. 18, 1943 Increased 21,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Sept. 18, 1943 was 4,375,750 barrels, an increase of 21,800 barrels over the preceding week and 440,000 barrels per day more than produced during the corresponding week of 1942. The current figure, however, is 176,350 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of September, 1943. Daily output for the four weeks ended Sept. 18, 1943 averaged 4,290,350 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 4,209,000 barrels of crude oil daily and produced 12,736,000 barrels of gasoline; 1,464,000 barrels of kerosine; 4,420,000 barrels of distillate fuel oil, and 8,524,000 barrels of residual fuel oil during the week ended Sept. 18, 1943; and had in storage at the end of that week 71,299,000 barrels of gasoline; 11,699,000 barrels of kerosine; 40,299,000 barrels of distillate fuel, and 66,893,000 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	*State Allowables	Actual Production	Change	4 Weeks Ended	Week Ended
	Sept. 18, 1943	Sept. 1, 1943	Sept. 18, 1943	from Previous Week	Sept. 18, 1943	Sept. 19, 1942
Oklahoma	347,000	358,000	327,350	+ 150	326,400	376,000
Kansas	300,000	290,000	226,900	+ 6,450	287,050	301,000
Nebraska	2,000		11,800		1,800	3,300
Panhandle Texas			104,000		101,850	90,600
North Texas			140,600		140,500	136,900
West Texas			333,500	+ 1,000	306,300	212,800
East Central Texas			130,700	+ 500	130,250	85,700
East Texas			380,000		376,800	362,400
Southwest Texas			263,500	+ 1,300	254,300	165,150
Coastal Texas			483,500	+ 2,500	480,450	324,700
Total Texas	1,909,000	1,946,153	1,837,650	+ 5,300	1,790,450	1,378,250
North Louisiana			82,350	+ 250	82,150	99,900
Coastal Louisiana			278,500		274,750	240,400
Total Louisiana	375,000	399,000	360,850	+ 250	356,900	340,300
Arkansas	80,100	80,052	77,350	+ 700	76,750	73,350
Mississippi	50,000		48,850	- 300	50,450	73,500
Illinois	222,800		217,300	-10,150	217,000	253,400
Indiana	13,800		14,950	+ 950	14,200	16,750
Eastern (Not incl. Ill., Ind. and Ky.)	86,600		76,350	+ 2,250	75,650	85,500
Kentucky	25,500		27,500	+ 5,000	23,350	11,900
Michigan	60,100		56,600	- 500	57,550	62,900
Wyoming	98,800		104,350	+ 5,400	97,850	94,650
Montana	23,200		21,300	- 50	21,350	21,700
Colorado	6,500		7,500	+ 550	7,100	7,000
New Mexico	116,600	116,600	109,350	+ 4,300	106,100	97,150
Total East of Calif.	3,717,100		3,587,950	+ 20,300	3,509,950	3,175,500
California	835,000	835,000	787,800	+ 1,500	780,400	738,600
Total United States	4,552,100		4,375,750	+ 21,800	4,290,350	3,935,750

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline prorations. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in June, 1943, as follows: Oklahoma, 27,000; Kansas, 4,900; Texas, 106,400; Louisiana, 19,300; Arkansas, 4,000; Illinois, 11,500; Eastern (not including Illinois, Indiana or Kentucky), 6,000; Kentucky, 2,200; Michigan, 100; Wyoming, 2,000; Montana, 300; New Mexico, 5,400; California, 46,000.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. Sept. 16, 1943. ‡This is the net basic allowable as of Sept. 1 calculated on a 30-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 3 to 7 days, the entire state was ordered shut down for 9 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 9 days shut-down time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED SEPT. 18, 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	Crude Runs to Still	Production of Gasoline		Stocks of Gasoline	Stocks of Gas Oil	Stocks of Distillate Fuel	Stocks of Residual Fuel Oil
			at Refineries	at Blending				
*Combined: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas...	2,444	88.7	2,094	85.7	6,070	30,796	18,576	17,506
Appalachian—								
District No. 1	130	83.9	109	83.8	320	1,357	745	320
District No. 2	47	87.2	51	108.5	147	837	122	166
Ind., Ill., Ky.	824	85.2	771	93.6	2,694	13,935	5,898	3,416
Okl., Kans., Mo.	416	80.1	339	81.5	1,245	6,092	2,255	1,619
Rocky Mountain—								
District No. 3	8	26.9	8	100.0	28	60	24	29
District No. 4	139	57.7	112	80.6	356	1,200	493	731
California	817	89.9	725	88.7	1,876	17,022	12,276	43,106
Tot. U. S. B. of M. basis Sept. 18, 1943	4,825	86.4	4,209	87.2	12,736	71,299	40,299	66,893
Tot. U. S. B. of M. basis Sept. 11, 1943	4,825	86.4	4,216	87.4	12,606	71,928	39,401	67,011
U. S. Bur. of Mines basis Sept. 19, 1942			3,740		11,128	79,077	45,133	79,722

*At the request of the Petroleum Administration for War. †Finished, 60,810,000 barrels; unfinished, 10,489,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,464,000 barrels of kerosine, 4,420,000 barrels of gas oil and distillate fuel and 8,524,000 barrels of residual fuel oil produced during the week ended Sept. 18, 1943 which compares with 1,414,000 barrels, 4,162,000 barrels and 8,350,000 barrels, respectively, in the preceding week and 1,265,000 barrels, 4,215,000 barrels and 7,094,000 barrels, respectively, in the week ended Sept. 19, 1942. ¶Note—Stocks of kerosine amounted to 11,699,000 barrels at Sept. 18, 1943, against 11,095,000 barrels a week earlier and 12,288 barrels a year before.

Moody's Bond Prices And Bond Yield Averages

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

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

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings*				Corporate by Groups*			
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Sept. 28	120.59	110.88	118.80	116.41	111.25	98.73	103.13	113.70	116.41	
27	120.56	110.88	119.00	116.41	111.25	98.73	103.13	113.70	116.41	
25	120.55	111.07	119.00	116.41	111.25	98.88	103.30	113.89	116.41	
24	120.55	111.07	119.00	116.41	111.25	98.88	103.30	113.89	116.41	
23	120.55	110.88	119.20	116.41	111.07	98.73	103.30	113.70	116.41	
22	120.55	110.88	119.20	116.41	111.07	98.73	103.30	113.70	116.41	
21	120.55	110.88	119.00	116.41	111.07	98.73	103.13	113.70	116.41	
20	120.55	110.88	119.00	116.41	111.07	98.73	103.13	113.70	116.41	
18	120.55	110.88	119.00	116.41	111.07	98.73	103.13	113.70	116.41	
17	120.55	111.07	119.20	116.61	111.07	98.73	103.13	113.70	116.41	
16	120.55	111.07	119.20	116.61	111.25	98.88	103.13	113.89	116.41	
15	120.56	111.07	119.20	116.61	111.25	98.88	103.13	113.89	116.41	
14	120.56	111.07	119.00	116.41	111.25	98.88	103.13	113.89	116.41	
13	120.58	111.07	119.20	116.61	111.25	98.88	103.13	113.89	117.00	
11	120.57	111.07	119.20	116.61	111.25	99.04	103.13	113.89	117.00	
10	120.56	111.07	119.20	116.61	111.25	98.88	103.13	113.89	117.00	
9	120.45	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00	
8	120.42	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00	
7	120.33	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00	
6	Exchange Closed									
4	120.30	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00	
3	120.30	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00	
2	120.29	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00	
1	120.29	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00	
Aug. 27	120.34	111.25	119.20	116.80	111.44	98.88	103.13	113.89	117.00	
20	120.20	111.25	119.20	116.80	111.44	99.04	103.30	113.89	117.00	
13	120.29	111.25	119.20	116.80	111.62	99.04	103.30	113.89	117.00	
6	120.19	111.25	119.20	117.00	111.62	99.04	103.30	114.08	117.20	
July 30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20	
23	120.51	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.00	
16	120.46	111.25	119.20	116.80	111.44	99.20	103.13	114.08	117.20	
9	120.73	111.07	119.20	116.81	111.25	98.88	102.80	114.08	117.00	
2	120.75	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61	
Jun 25	120.41	110.70	118.80	116.22	111.07	97.08	102.46	113.70	116.61	
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	113.31	115.82	
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63	
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63	
Feb. 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43	
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43	
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40	
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										
Sept. 28, 1942	117.51	107.27	117.00	113.89	108.70	92.20	97.16	111.62	114.27	
2 Years ago										
Sept. 27, 1941	119.07	107.62	118.00	115.04	108.88	91.19	96.54	111.81	115.43	

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

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Sept. 28	1.80	3.12	2.71	2.83	3.10	3.83	3.56	2.97	2.83
27	1.80	3.12	2.70	2.83	3.10	3.83	3.56	2.97	2.83
25	1.80	3.11	2.70	2.83	3.10	3.82	3.55	2.96	2.83
24	1.80	3.11	2.70	2.83	3.10	3.82	3.55	2.96	2.83
23	1.80	3.12	2.69	2.83	3.11	3.83	3.56	2.97	2.83
22	1.80	3.12	2.69	2.83					

Bankers' Dollar Acceptances Outstanding On Aug. 31 Decline To \$130,244,000

The volume of bankers' dollar acceptances outstanding on Aug. 31 amounted to \$130,244,000, a decrease of \$8,448,000 from the July 31 total, according to the monthly acceptance survey issued by the Federal Reserve Bank of New York. As compared with a year ago, the Aug. 31 total represents a decline of \$9,060,000.

In the month-to-month comparison, credits for dollar exchange and those based on goods stored in or shipped between foreign countries were higher, while in the year-to-year analysis only export credits were higher.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS			
Federal Reserve District—	Aug. 31, '43	July 31, '43	Aug. 31, '42
1 Boston	\$23,068,000	\$28,442,000	\$25,160,000
2 New York	76,604,000	79,803,000	85,152,000
3 Philadelphia	6,069,000	7,203,000	7,727,000
4 Cleveland	1,927,000	1,443,000	3,562,000
5 Richmond	1,915,000	1,719,000	1,125,000
6 Atlanta	2,597,000	2,019,000	1,684,000
7 Chicago	7,226,000	5,273,000	4,385,000
8 St. Louis	786,000	687,000	296,000
9 Minneapolis	328,000	273,000	102,000
10 Kansas City	—	—	318,000
11 Dallas	575,000	549,000	9,793,000
12 San Francisco	9,149,000	11,275,000	—
Grand Total	\$130,244,000	\$138,692,000	\$139,304,000

Decrease for month—\$8,448,000 Decrease for year—\$9,060,000

ACCORDING TO NATURE OF CREDIT

	Aug. 31, '43	July 31, '43	Aug. 31, '42
Imports	\$76,830,000	\$81,471,000	\$77,952,000
Exports	9,518,000	11,809,000	8,071,000
Domestic shipments	8,695,000	9,785,000	13,249,000
Domestic warehouse credits	24,433,000	25,507,000	28,228,000
Dollar exchange	244,000	—	331,000
Based on goods stored in or shipped between foreign countries	10,551,000	9,925,000	11,473,000

BILLS HELD BY ACCEPTING BANKS

Own Bills	\$58,763,000	Bills of Others	\$35,654,000	Total	\$94,417,000
			Increase for month	\$7,939,000	

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES, SEPT. 13, 1943

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	1/2	1/2
60	1/2	1/2
90	1/2	1/2
120	1/2	1/2
150	1/2	1/2
180	1/2	1/2

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Sept. 30, 1940:

1940—	\$	1941—	\$	1942—	\$
Sept. 30	176,614,000	Sept. 30	176,801,000	Sept. 30	123,494,000
Oct. 31	186,786,000	Oct. 31	184,806,000	Oct. 31	118,581,000
Nov. 30	196,683,000	Nov. 29	193,590,000	Nov. 30	116,067,000
Dec. 31	208,659,000	Dec. 31	194,220,000	Dec. 31	118,039,000
1941—		1942—		1943—	
Jan. 31	212,777,000	Jan. 31	197,278,000	Jan. 30	119,682,000
Feb. 28	211,865,000	Feb. 28	190,010,000	Feb. 27	127,062,000
Mar. 31	217,312,000	Mar. 31	182,675,000	Mar. 31	129,818,000
Apr. 30	219,561,000	Apr. 30	177,293,000	Apr. 30	128,350,000
May 31	215,005,000	May 29	173,906,000	May 29	135,815,000
June 30	212,932,000	June 30	162,849,000	June 30	139,846,000
July 31	209,899,000	July 31	156,302,000	July 31	138,692,000
Aug. 30	197,472,000	Aug. 31	139,304,000	Aug. 31	130,244,000

FDIC Reports Insured Banks Had Record Deposits And Assets On June 30, 1943

Total deposits and total assets reported by the 13,302 insured commercial banks were higher on June 30, 1943, than on any other call date since the inauguration of deposit insurance, Chairman Leo T. Crowley of the Federal Deposit Insurance Corporation announced on Sept. 17. Total deposits amounted to \$94,582,000,000, an increase of 33% over deposits for June 30, 1942. Total assets amounted to \$102,405,000,000, an increase of \$23,696,000,000, or 30% over the figure reported a year ago. The growth in assets was chiefly in United States Government obligations. Loans and discounts declined almost 13% from last June.

The comparative statement of assets and liabilities of all insured commercial banks issued by the Corporation also revealed the following significant items:

- On June 30, 1943, holdings of United States Government obligations amounted to \$51,542,000,000, double the figure reported for June a year ago;
- Investments in obligations of States and political subdivisions on June 30, 1943, amounted to \$3,441,000,000, a reduction of \$53,000,000, or about 2% during the year period. Investments in other securities declined by 12% and amounted to \$2,907,000,000 on June 30, 1943;
- Loans and discounts amounted to \$17,392,000,000, a decline of \$2,531,000,000, or 13% from last June. The reduction in loans over the year was chiefly in consumer loans, although business loans also declined;
- The banks reported cash, reserves, and funds due from banks of \$25,538,000,000, on June 30, 1943, an increase of \$1,156,000,000, or about 5%, since June 30, 1942;
- Of the assets held by insured commercial banks on June 30, 1943, 25% were cash, reserves, and funds due from banks, 50% were United States Government securities, 6% were other securities, 17% were loans and discounts, and 2% were fixed and miscellaneous assets;
- Total deposits amounted to \$94,582,000,000, an increase of \$23,420,000,000, or 33% since June 30, 1942. The growth in deposits reflected chiefly the purchase by the banks of U. S. Government obligations offset in part by withdrawal of currency into circulation. Deposits of the United States Government amounted to \$7,774,000,000 of which \$7,441,000,000 represented credits by the banks to the Treasury's war loan account in connection with the payment of securities purchased. Expenditures by the Treasury of funds obtained from the sale of securities to the banks served to increase the deposits of individuals, partnerships, and corporations. Their demand deposits with the banks

were \$53,423,000,000, or 36% larger on June 30, 1943, than a year ago;

- Total capital accounts of the insured commercial banks increased by \$277,000,000 over the year period, reflecting increases in surplus, undivided profits, and reserves, which more than offset retirements of preferred capital. Total capital accounts amounted to \$7,229,000,000 on June 30, 1943, equal to 7.1% of book value of assets, compared with 8.8 on June 30, 1942.

PRELIMINARY STATEMENT OF ASSETS AND LIABILITIES OF INSURED COMMERCIAL BANKS AS OF JUNE 30, 1943, DEC. 31, 1942, AND JUNE 30, 1942

	June 30, 1943	Dec. 31, 1942	June 30, 1942
Number of banks	13,302	*13,347	13,403
Assets—			
Cash and funds due from banks—	(Amounts in thousands of dollars)		
In vault	1,449,901	1,306,806	1,290,745
In process of collection	3,539,563	4,116,759	2,677,505
With Federal Reserve banks	12,092,461	13,071,533	12,294,505
With other domestic banks	8,436,308	9,085,022	8,105,338
With foreign banks	19,381	13,255	12,767
Total cash and funds due from banks	25,537,614	27,593,375	24,381,860
Loans and Securities—			
U. S. Government obligations and obligations guaranteed by the U. S. Government	51,541,848	40,711,697	25,936,082
Obligations of States, political subdivisions, territorial and insular possessions	3,441,027	3,533,486	3,453,880
Other securities	2,907,248	3,099,071	3,296,466
Loans and discounts (including overdrafts)	17,392,157	18,905,869	19,922,804
Total loans and securities	75,282,280	66,251,123	52,649,232
Customers promises to pay on account of acceptances	54,208	40,808	59,333
Bank premises owned and furniture and fixtures	1,022,511	1,047,535	1,060,323
Other real estate, acquired in settlement of debt; not used as bank premises	164,306	198,800	232,429
Investments and other assets indirectly representing bank premises owned or other real estate	92,487	101,911	107,423
Other assets	252,058	225,559	218,855
Total miscellaneous assets	1,585,570	1,614,613	1,678,363
Total assets	102,405,464	95,459,111	78,709,455
Liabilities—			
Deposits—			
Individuals, partnerships, and corporations, payable on demand	53,423,385	47,128,273	39,266,281
Individuals, partnerships, and corporations, deposited for periods of time	16,897,124	15,706,335	14,889,560
U. S. Government and postal savings	7,774,190	8,228,698	1,827,528
States and political subdivisions	4,674,476	14,393,493	4,337,016
Banks	10,680,944	11,144,487	10,076,427
Others—in the form of certified and officers' checks, cash letters of credit and travelers' checks outstanding	1,132,339	1,219,141	765,619
Total deposits	94,582,458	87,820,427	71,162,431
Borrowed money	24,470	9,748	11,509
Acceptances outstanding	61,260	46,478	68,844
Other liabilities	507,936	525,224	513,851
Total miscellaneous liabilities	593,666	582,450	594,204
Total liabilities (excluding capital accounts)	95,176,124	88,402,877	71,756,635
Capital Accounts—			
Capital stock, notes, and debentures	2,841,304	2,848,630	2,858,709
Surplus (paid in by stockholders or accumulated from earnings)	2,886,829	2,801,594	2,741,404
Undivided profits	1,039,182	972,042	935,727
Amounts set aside for contingencies, etc.	462,025	433,968	416,980
Total capital accounts	7,229,340	7,056,234	6,952,820
Total liabilities and capital accounts	102,405,464	95,459,111	78,709,455

August Department Store Sales In New York Federal Reserve District 1% Above Year Ago

The Federal Reserve Bank of New York announced on Sept. 18 that August sales of department stores in the Second (New York) Federal Reserve District increased 1% above a year ago. The combined sales for January through August are 6% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of August were 23% below August, 1942.

The apparel stores in the New York Reserve District reported a gain of 16% in net sales in August. Their stocks on hand at the close of the month were 2% below last year.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES AUGUST, 1943 Second Federal Reserve District			
Department Stores—	Percentage changes from a year earlier		Stock on hand, Aug. 31, 1943
	Net Sales Aug.	Jan. thru Aug.	
New York City	+ 3	+ 8	-25
*Northern New Jersey	-11	- 2	-32
*Newark	-12	- 1	-34
Westchester and Fairfield Counties	- 5	- 2	-22
Bridgeport	-11	- 4	-28
Lower Hudson River Valley	+ 7	+ 4	- 2
Poughkeepsie	+ 9	+ 6	- 1
Upper Hudson River Valley	- 3	- 1	0
Albany	- 4	- 6	- 1
Schenectady	0	+ 6	+ 2
Central New York State	+ 8	+12	-10
Mohawk River Valley	+ 1	+13	-17
Utica	- 2	+12	- 1
Syracuse	+12	+11	- 7
*Northern New York State	+ 2	+ 4	- 1
Southern New York State	+ 3	+11	+ 3
Binghamton	+ 7	+16	- 1
Elmira	-11	- 4	- 1
Western New York State	+ 6	+11	-12
Buffalo	+10	+13	- 7
Niagara Falls	+13	+32	- 1
Rochester	+ 2	+ 8	-22
*All department stores	+ 1	+ 6	-23
*Apparel stores	+16	+21	- 2

*Subject to possible revision.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

Second Federal Reserve District [1923-25 average = 100]			
	1942 Aug.	1943 June	1943 July
Sales (average daily), unadjusted	*94	110	*91
Sales (average daily), seasonally adjusted	123	115	*128
Stocks, unadjusted	*165	104	*106
Stocks, seasonally adjusted	*169	100	*117

*Revised.

Danger In Post-War Boom Seen By Brown

The danger of an immediate post-war boom, rather than a depression, with unemployment practically non-existent, was forecast by Lewis H. Brown, President of Johns-Manville Corp., on Sept. 24.

Speaking before the annual meeting of the American Trade Executives Association in New York City, Mr. Brown said the problem "will be to prevent a disastrous runaway which could, if allowed to go uncontrolled, lead to an eventual collapse and depression."

He pointed out that, "because of years of restricted production for our normal domestic markets, there will be huge accumulated shortages that must be supplied, and the job of reconverting to peace in itself will be a tremendous one."

According to Mr. Brown "false and unjustified fears" are creating a dangerous and misguided psychology similar to the approach used in meeting the unemployment problem of the 1930's, Mr. Brown declared.

With differing conditions to be met when the war ends, Mr. Brown stated that the approach to post-war problems should be with entirely different methods than were used in the depression years. The New York "Times" also reports him as saying:

"While meeting the post-war demands the nation should be laying plans to launch new enterprises and to cross the many new horizons that will lie before us in the post-war era which will come after the reconversion period."

Says U. S. Must Also Prove Itself "Arsenal Of Spiritual Values"

President Roosevelt, in a letter endorsing Religious Week, Sept. 26-Oct. 3, declared on Sept. 8 that the United States must prove itself "an arsenal of spiritual values" if a lasting peace is to be gained. The President's letter was addressed to Dr. Roy G. Ross of the International Council of Religious Education, Chicago, sponsor of the observance, according to Chicago advices to the New York "Times," which reported the President as saying:

"We have already proved that we are the arsenal of democracy, but this accomplishment, great as it is, will not suffice to gain us that just and durable peace for which we strive unless we prove also that we are an arsenal of spiritual values. Unless we have faith in freedom, in brotherhood and in the rational direction of life, a faith undismayed by all obstacles, our labor and our sacrifices in the present struggle must assuredly be in vain.

"This faith is not easily come by. The selfishness of some individuals, the greed for power of some organized groups, and the not infrequent miscarriage of plans for human betterment all tempt us at times to adopt a cynical view of human nature and its possibilities. We need on such occasions to live above our immediate experiences, to see the slow, difficult but constant struggle of our forebears toward the realization of these ideals. We need education and re-education in the dynamic concepts which have made of this hemisphere a new world."

New Cotton Exch. Member

Eric Alliot, President of the New York Cotton Exchange, announces the election of Chesley B. Howard, Jr., of Memphis, Tenn., to membership in the Exchange. Mr. Howard is a partner of E. H. Sanders Cotton Co.

Individuals' Liquid Saving in Second Quarter At Same Level As In First Three Months

The Securities and Exchange Commission, in its analysis of saving by individuals in the United States covering the second quarter of 1943, showed that the rate of liquid saving remained at about the same level as in the first quarter of the year, in spite of an increase in income after payment of taxes. This result, the SEC said, reflects the normal seasonal decline in the rate of saving during the second quarter of the year but may also indicate an increase in the propensity to consume totally apart from seasonal factors. In the three months, April through June, individuals added \$2,900,000,000 to their cash and deposits; \$4,200,000,000 to their holdings of U. S. Government bonds; and \$800,000,000 to their equity in private insurance, mostly life insurance. They also paid off somewhat less than \$50,000,000 of mortgage debt and \$200,000,000 of consumer indebtedness other than mortgages.

The SEC announcement Sept. 16 added:

"There were notable changes in the composition of saving in the second quarter of 1943 as compared with the pattern established in the preceding 12 months. In contrast to prior quarters, individuals added more to their holdings of U. S. Government securities than to their cash on hand and in banks, largely as a result of the Second War Loan Drive in April. Saving in the form of U. S. Government securities during this quarter not only constituted the largest component of individuals' current saving but also reached the highest point on record.

"While additions to cash on hand and in banks continued to be substantial, they were at the lowest level since the second quarter of 1942. The smaller accumulation of money in the second quarter of 1943 as compared with prior quarters was, as mentioned above, largely a result of the Second War Loan Drive in April, but it may also have reflected in part the enactment of the Current Tax Payment Act of 1943 which freed for other purposes, including on the one hand increased purchases of Government securities and on the other increased consumption, funds which had been earmarked for payment of taxes.

"In addition to the increased importance of saving in the form of Government securities as compared to cash and deposits, the most significant feature of the pattern of saving in the second quarter of 1943 was the substantial decline in the liquidation of consumer debt. Individuals paid off only \$200,000,000 in the second quarter in contrast to \$650,000,000 in the first quarter. (This does not include the reduction in consumers' indebtedness to unincorporated business, estimated at about \$75,000,000 in the second quarter of 1943, and \$150,000,000 in the first quarter.) The decrease in this form of saving is partly due to seasonal factors and partly to the fact that individuals have already paid off the bulk of their outstanding installment obligations.

"It will be noted that the above estimates include the saving of unincorporated businesses, i. e., tradesmen, farmers, etc., as well as the saving of consumers. There is some evidence that a considerable part of individuals' liquid saving since the beginning of the War has been attributable to such unincorporated businesses as a result of greatly increased profits. Such profits have been reflected in substantial increases in cash and deposits. (Part of the increase in cash and deposits reflects a liquidation of inventories and receivables of unincorporated trade (net of retirement of notes and accounts payable). Although the amount of this increase is not known, it is believed to have been less than \$200,000,000 in the second quarter of 1943 and even smaller in the first quarter of the year.) However, in spite of the large accumulation of cash and deposits by unincorporated businesses included in the above estimates, the increase in cash and deposits held by the consuming public has been greater by far and has been of unprecedented volume during the past year. While there is as yet no reliable measure of the distribution of total saving or the components of saving between consumers and unincorporated businesses, an attempt is currently being made to obtain such data."

The following table presents in detail the estimates of saving by individuals (including unincorporated businesses) on which the above analysis is based:

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

	1940			1941		1942		1943	
	Jan.-March	April-June	July-Sept.	Jan.-March	April-June	July-Sept.	Jan.-March	April-June	July-Sept.
Gross saving	16.1	24.7	38.7	11.0	11.3	9.1	9.1	9.1	9.1
†Liquid saving	4.3	10.3	29.4	9.1	9.1	9.1	9.1	9.1	9.1
Gross Saving By Type									
1. Currency and bank deposits	+ 3.0	+ 5.3	+ 11.6	+ 4.0	+ 2.9				
2. Savings and loan associations	+ .3	+ .4	+ .4	+ .1	+ .2				
3. Insurance and pension reserves:									
a. Private insurance	+ 1.7	+ 2.1	+ 2.4	+ .8	+ .8				
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ .7	+ 1.0				
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 1.5	+ 1.7				
4. Securities:									
a. U. S. Savings bonds	+ .9	+ 2.8	+ 8.0	+ 2.6	+ 3.0				
b. Other U. S. Government	— .2	+ .4	+ 2.0	0	+ 1.2				
c. State and local governments	— .1	— .2	— .1	0	— .1				
d. Corporate and other	— .5	— .5	+ .3	+ .2	— .2				
e. Total	+ .1	+ 2.4	+ 10.2	+ 2.7	+ 4.0				
5. Non-farm dwellings:									
a. Purchases	+ 2.5	+ 3.0	+ 1.6	+ .2	+ .2				
b. Change in debt	+ .9	+ 1.1	+ .3	— .1	0				
c. Saving (a. minus b.)	+ 1.7	+ 1.9	+ 1.3	+ .3	+ .3				
6. **Automobiles and other durable consumers' goods	+ 9.3	+ 11.4	+ 7.6	+ 1.6	+ 2.0				
7. ††Liquidation of debt, not elsewhere classified	— 1.1	— .6	+ 2.8	+ .7	+ .2				

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

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

†Revised.

‡Does not include purchases by brokers and dealers financed by bank loans.

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

**Purchases. Based on Department of Commerce data on commodity flow currently being revised. The figures shown above include all new passenger cars sold in the United States.

††Largely attributable to purchases of automobiles 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.

In addition to the estimates of saving by individuals, the Commission also made public estimates of corporate saving, excluding banks and insurance companies, in the form of increases in cash and deposits, Government securities, and inventories, and the offsetting increases in Federal income tax liabilities for the second quarter of 1943 and prior periods. (These estimates are based on Securities and Exchange Commission, Treasury Department, and Department of Commerce data).

	Change				Level as of 6-30-43
	1940	1941	1942	1943	
Currency and bank deposits	+ 2.2	+ .4	+ 3.3	+ 2.9	* 20.1
U. S. Government securities	— .3	+ 2.4	+ 6.0	+ .5	+ 2.6
Inventories	+ 1.8	+ 5.8	+ 1.5	— .4	26.2
Federal income tax liabilities	— 1.2	+ 4.5	+ 4.9	— .6	+ 6

It is planned to make the estimates of corporate saving in these and additional forms a regular part of the releases in the future. The addition of these other forms of saving in subsequent releases will, of course, give a much more adequate picture of the financial condition of corporations and their liquid position. In this way the volume and most significant components of the saving of all important segments of the national economy will be available.

Electric Output For Week Ended Sept. 25, 1943, Shows 17.2% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 25, 1943, was approximately 4,359,610,000 kwh., compared with 3,720,254,000 kwh. in the corresponding week last year, an increase of 17.2%. The output for the week ended Sept. 18, 1943, was 16.0% in excess of the similar period of 1942.

Major Geographical Divisions	PERCENTAGE INCREASE OVER PREVIOUS YEAR			
	Sept. 25	Sept. 18	Sept. 11	Sept. 4
New England	6.3	4.7	6.2	5.9
Middle Atlantic	18.4	14.4	19.1	19.6
Central Industrial	13.9	13.5	15.1	14.3
West Central	9.2	9.0	10.3	11.9
Southern States	20.0	20.0	23.3	26.1
Rocky Mountain	15.1	19.0	18.5	17.7
Pacific Coast	26.5	23.8	22.4	22.4
Total United States	17.2	16.0	18.0	18.4

Week Ended—	DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)				
	1943	1942	1943	1941	1932
July 3	4,110,793	3,424,188	+20.1	2,903,727	1,341,730
July 10	3,919,398	3,428,916	+14.3	3,178,054	1,415,704
July 17	4,184,143	3,565,367	+17.4	3,199,105	1,433,993
July 24	4,196,357	3,625,645	+15.7	3,220,526	1,440,386
July 31	4,226,705	3,649,145	+15.8	3,263,082	1,426,986
Aug 7	4,240,638	3,637,070	+16.6	3,233,242	1,415,122
Aug 14	4,287,827	3,694,795	+17.3	3,238,160	1,431,910
Aug 21	4,264,825	3,673,717	+16.1	3,230,750	1,436,440
Aug 28	4,322,195	3,639,961	+18.7	3,261,149	1,464,700
Sep 4	4,350,511	3,672,921	+18.4	3,132,954	1,423,977
Sep 11	4,229,262	3,583,408	+18.0	3,322,346	1,476,442
Sep 18	4,358,512	3,756,022	+16.0	3,273,375	1,490,863
Sep 25	4,359,610	3,720,254	+17.2	3,273,376	1,499,459

Non-Ferrous Metals—OPA Announces Amended Price Schedule For Tin—Copper Sales Active

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

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 23 stated: "An amended price schedule for tin was announced by OPA during the last week, chiefly to provide for ceiling prices on minor grades that have appeared on the market since the original order was issued in August, 1941. 'Grade A' tin continues at 52¢ per pound. Copper allocation certificates for next month came through in volume, as expected. Distribution of foreign lead was determined at a meeting of industry and WPB officials held in New York on Sept. 20. The situation in zinc was quiet. Advices from Mexico report that Finance Minister Suarez has issued an order prohibiting the export of silver pesos." The publication further went on to say in part:

Copper
Growing labor shortages at brass mills threaten to reduce output, according to reports from the Valley. So far, however, the demand for copper from that area has been maintained. Though the labor situation at the mines has improved in some districts, shortages still exist in various quarters.

Lead
At the meeting held on Sept. 20 to discuss October allocations of foreign lead, some requests for lead were modified, particularly in instances where consumers are carrying a substantial inventory. Total distribution of lead during October—domestic and foreign—should hold close to the 65,000-ton level, which is accepted as a highly satisfactory showing under present conditions.

Zinc
Labor shortages at the mines and smelters continue to be a disturbing factor in the zinc industry. The market situation in the metal remains unchanged, with the emergency stockpile still increasing. Owing to the fact that military and Lend-Lease needs may increase on short notice, the authorities in Washington are not expected to do much in the near future in the way of releasing more metal for civilian consumption.

tion. October allocations of zinc are expected next week.

Prime Western zinc continues at 8.25c., St. Louis.

Aluminum

The aluminum industry soon will be producing, or surpassing, its goal of 2,100,000,000 lb. of aluminum annually, Roy A. Hunt, President of the Aluminum Co. of America, stated last week. The Government has become the owner of plants with more capacity than all privately-owned companies in the industry combined. Forging capacity of the Aluminum Co. of America at the end of this year will be 45 times its peacetime peak, he added. The company's \$250,000,000 plant expansion program is rapidly nearing completion.

Tin

OPA's price schedule for tin (Maximum Price Regulation No. 17) has been amended to bring the document in line with prevailing conditions in the industry. "Grade A" tin, the principal grade sold in this market, continues at 52c. per pound. The maximum price for "Grade B" has been raised one-quarter cent to 51½c. Longhorn 2 Star, having a minimum tin content of 99.50%, carries a maximum of 51½c. This grade previously was not covered in the price schedule and sold on the same basis as ordinary Chinese tin at 51½c.

Maximum prices on the various grades, in cents per pound, effective Sept. 22, follow:

Grade	Price
A 99.80% or higher, meeting Treasury and Procurement Division specifications	52
B 99.80% or higher, not meeting Grade A specifications, and not more than .05% arsenic	51½
C 99.65% to 99.79%	51½
D 99.50% to 99.64%	51½
E 99.00% to 99.49%	51
F Below 99% for tin content	51

A provision has been added to the order for sales by Metals Reserve Co. covering less than carload lots from inland warehouses.

Straits quality tin for shipment, in cents per pound, was as follows:

	Sept.	Oct.	Nov.
Sept. 16	52.000	52.000	52.000
Sept. 17	52.000	52.000	52.000
Sept. 18	52.000	52.000	52.000
Sept. 20	52.000	52.000	52.000
Sept. 21	52.000	52.000	52.000
Sept. 22	52.000	52.000	52.000

Chinese, or 99% tin, continues at 51.125c. a pound.

Manganese Ores

Effective Sept. 11, sellers of manganese ores have been authorized by the Office of Price Administration to use Atlantic basing points in sales calling for delivery in the area east of the Mississippi and north of the Ohio. This action is covered in Amendment 3 to MPR 248.

Quicksilver

Consumption of quicksilver is expected to improve moderately as a result of the recent order easing the regulations governing use of the metal. Interest in forward shipments of quicksilver has declined, traders report, and more metal is expected to go into the stockpile. So far as prices are concerned, the market last week was unchanged. New York quotations continued at \$196 to \$198 per flask.

Silver

During the past week the silver market in London has been quiet, with the price unchanged at 23½d.

The New York Official and the U. S. Treasury prices are also unchanged at 44¼c. 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" of July 31, 1942, page 380.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 25 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 11, 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 Sept. 11 (in round-lot transactions) totaled 1,260,435 shares, which amount was 17.88% of the total transactions on the Exchange of 3,526,460 shares. This compares with member trading during the week ended Sept. 4 of 856,020 shares, or 15.71% of total trading of 2,723,610 shares. On the New York Curb Exchange, member trading during the week ended Sept. 11 amounted to 235,895 shares, or 15.04% of the total volume of that exchange of 784,145 shares; during the Sept. 4 week trading for the account of Curb members of 176,675 shares was 13.05% of total trading of 673,000 shares.

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

WEEK ENDED SEPT. 11, 1943		
	Total for week	†Per Cent
A. Total Round-Lot Sales:	82,280	
Short sales	3,444,080	
‡Other sales		
Total sales	3,526,460	
B. Round-Lot Transactions for 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	305,110	
Short sales	36,790	
‡Other sales	248,830	
Total sales	285,620	8.38
2. Other transactions initiated on the floor—		
Total purchases	236,010	
Short sales	10,420	
‡Other sales	162,350	
Total sales	172,770	5.80
3. Other transactions initiated off the floor—		
Total purchases	131,890	
Short sales	11,600	
‡Other sales	117,435	
Total sales	129,035	3.70
4. Total—		
Total purchases	673,010	
Short sales	58,810	
‡Other sales	528,615	
Total sales	587,425	17.88

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

WEEK ENDED SEPT. 11, 1943		
	Total for week	†Per Cent
A. Total Round-Lot Sales:	5,010	
Short sales	779,135	
‡Other sales		
Total sales	784,145	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	53,575	
Short sales	2,960	
‡Other sales	68,040	
Total sales	71,000	7.94
2. Other transactions initiated on the floor—		
Total purchases	17,325	
Short sales	1,400	
‡Other sales	13,900	
Total sales	15,300	2.08
3. Other transactions initiated off the floor—		
Total purchases	43,930	
Short sales	200	
‡Other sales	34,565	
Total sales	34,765	5.02
4. Total—		
Total purchases	114,830	
Short sales	4,560	
‡Other sales	116,505	
Total sales	121,065	15.04
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	50	
‡Customers' other sales	35,943	
Total purchases	35,993	
Total sales	22,279	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.
 †In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that 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 Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Sept. 18, 1943 is estimated at 12,100,000 net tons, as compared with 11,575,000 tons in the preceding week and 11,704,000 tons in the corresponding period last year. Total estimated production of soft coal to date exceeded that for the same period in 1942 by 1.9%.

The U. S. Bureau of Mines estimated that the total output of Pennsylvania anthracite for the week ended Sept. 18, 1943 was 1,263,000 tons, an increase of 73,000 tons (6.1%) over the preceding week. When compared with the production for the corresponding week in 1942, however, there was a decrease of 2,000 tons, or 0.2%. The calendar year 1943 to date shows an increase of less than 0.1% when compared with the same period of 1942.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Sept. 18, 1943 showed an increase of 1,800 tons when compared with the out-

put for the week ended Sept. 11, 1943. The quantity of coke from beehive ovens increased 1,700 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (In Net Tons—000 Omitted.)						
	Week Ended			January 1 to Date		
	1943	1943	1942	1943	1942	1937
Bituminous coal and lignite—	12,100	11,575	11,704	421,037	413,214	313,371
Total, incl. mine fuel—	2,017	2,031	1,951	1,899	1,883	1,428
Daily average						
*Crude petroleum—	7,010	6,974	6,304	239,271	226,940	207,569
Coal equivalent of weekly output						

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE (In Net Tons)						
	Week Ended			Cal. Year to Date		
	1943	1943	1942	1943	1942	1929
Penn. anthracite—	1,263,000	1,190,000	1,265,000	43,724,000	43,714,000	50,274,000
Total incl. coll. fuel—	1,212,000	1,142,000	1,214,000	41,974,000	41,965,000	46,654,000
†Commercial production	1,212,000	1,142,000	1,214,000	41,974,000	41,965,000	46,654,000
‡By-product coke—						
United States total—	1,244,100	1,242,300	1,209,600	45,340,900	44,438,500	†
Beehive coke—						
United States total—	164,800	163,100	164,300	5,638,600	5,926,400	4,004,100

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

State—	Week Ended					Sept. 1923
	Sep. 11, 1943	Sep. 4, 1943	Sep. 12, 1942	Sep. 13, 1941	Sep. 11, 1937	
Alabama	362	383	235	324	242	406
Alaska	5	5	5	5	3	3
Arkansas and Oklahoma	84	92	85	106	56	96
Colorado	131	153	147	163	114	214
Georgia and North Carolina	1	1	1	1	1	1
Illinois	1,333	1,508	1,182	1,097	806	1,587
Indiana	501	536	483	455	275	550
Iowa	39	43	50	57	59	117
Kansas and Missouri	142	161	159	138	114	168
Kentucky—Eastern	949	939	894	1,015	718	713
Kentucky—Western	302	314	221	207	142	248
Maryland	32	35	33	44	25	40
Michigan	4	5	5	7	8	27
Montana (bituminous and lignite)	93	99	72	70	48	68
New Mexico	34	37	28	28	26	56
North and South Dakota (lignite)	35	36	32	43	29	**27
Ohio	653	648	619	685	417	861
Pennsylvania (bituminous)	2,782	2,905	2,575	2,904	1,988	3,585
Tennessee	120	128	138	154	91	119
Texas (bituminous and lignite)	4	3	8	6	21	26
Utah	93	110	96	108	77	103
Virginia	409	404	387	428	267	245
Washington	27	25	35	43	29	58
*West Virginia—Southern	2,272	2,233	2,126	2,392	1,711	1,474
†West Virginia—Northern	998	1,035	830	888	493	857
Wyoming	169	171	137	167	103	165
‡Other Western States	1	1	††	1	††	**4
Total bituminous and lignite	11,575	12,010	10,683	11,536	7,863	11,814
§Pennsylvania anthracite	1,190	1,254	1,163	1,281	617	714
Total all coal	12,765	13,264	11,846	12,817	8,480	12,528

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; E. 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.

National Fertilizer Association Price Index Advances Fractionally

The rising trend in the general level of wholesale commodity prices continued last week, according to the wholesale price index compiled by The National Fertilizer Association, and made public on Sept. 27. In the week ended Sept. 25 this index rose to 135.9 from 135.8 in the preceding week. A month ago the index stood at 135.3 and a year ago at 130.0, based on the 1935-1939 average as 100. The Association's report went on to say:

Hog and choice cattle prices generally advanced during the week, causing the livestock group to reach a new high for this year. Price quotations for lamb and good cattle declined slightly. The farm products group continued to advance as higher quotations were noted for timothy hay, cotton, eggs, and fluid milk. Slight declines in wheat, oats, and rye were not sufficient to offset these price rises. An increase in eggs and fluid milk caused a further upturn in the foods group. The textiles group registered a fractional advance due to a slight increase in cotton. Industrial commodities remained at the same level as the preceding week.

During the week 8 price series included in the index advanced and 6 declined; in the preceding week there were 10 advances and 3 declines; and in the second preceding week there 6 advances and 3 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX						
Compiled by The National Fertilizer Association 1935-1939=100*						
% Each Group Bears to the Total Index	Group	Latest Preceding		Month Ago	Year Ago	Year Ago
		Week	Week			
25.3	Foods	139.7	139.4	138.6	132.2	132.2
	Fats and Oils	146.5	146.5	145.7	141.2	141.2
	Cottonseed Oil	162.4	162.4	161.3	153.9	153.9
23.0	Farm Products	157.9	157.4	155.6	142.1	142.1
	Cotton	194.2	193.5	194.0	178.0	178.0
	Grains	150.6	152.3	147.9	119.0	119.0
	Livestock	154.3	153.2	151.6	142.0	142.0
17.3	Fuels	122.8	122.8	122.8	119.3	119.3
10.8	Miscellaneous commodities	131.4	131.4	131.0	126.7	126.7
8.2	Textiles	150.6	150.5	150.3	147.2	147.2
7.1	Metals	104.4	104.4	104.4	104.4	104.4
6.1	Building materials	152.5	152.5	152.5	151.5	151.5
1.3	Chemicals and drugs	127.7	127.7	126.6	120.7	120.7
1.3	Fertilizer materials	117.7	117.7	117.7	117.9	117.9
1.3	Fertilizers	119.8	119.8	119.8	115.3	115.3
1.3	Farm machinery	104.1	104.1	104.1	104.1	104.1
100.0	All groups combined	135.9	135.8	135.3	130.0	130.0

*Indexes on 1926-1928 base were Sept. 25, 1943, 105.9; Sept. 18, 105.8; and Sept. 26, 1942, 101.3.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Sept. 25 a summary for the week ended Sept. 18 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled 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 Sept. 18, 1943	
Odd-Lot Sales by Dealers: (Customers' purchases)	Total for Week
Number of orders	14,896
Number of shares	416,759
Dollar value	16,305,377
Odd-Lot Purchases by Dealers: (Customers' Sales)	
Number of Orders:	
Customers' short sales	123
Customers' other sales	16,957
Customers' total sales	17,080
Number of Shares:	
Customers' short sales	3,414
Customers' other sales	417,000
Customers' total sales	420,513
Dollar value	13,990,156
Round-lot Sales by Dealers:	
Number of Shares:	
Short sales	60
Other sales	126,315
Total sales	126,375
Round-Lot Purchases by Dealers:	
Number of shares	124,770

Roosevelt Proposed As Peace Parley Chairman By Vice-Pres. Wallace

Vice President Henry A. Wallace suggested on Sept. 10 that President Roosevelt be named permanent chairman of the peace conference after the war.

Mr. Wallace told a press conference in Chicago that Mr. Roosevelt could preside at the peace table and continue to be President of the United States. He added that it "is unthinkable that Mr. Roosevelt should not be at the peace table."

In United Press Chicago advices it was further reported: Mr. Wallace said he had not discussed his proposal with anyone and that "the President probably will be tremendously surprised when he hears what I say." Declaring he would like to "throw out a thought," the Vice President added:

"With peace approaching, there is one man who is exceedingly important to peace proceedings above any other man in the world. He is a man who by his face-to-face contacts and who by his knowledge of language and geography would have an extraordinary influence on the peace table.

"Obviously my plan could not take place unless the American people were for it and unless the leaders of England, Russia and China were for it."

When asked what he thought of having Prime Minister Winston Churchill as chairman of the peace conference, Mr. Wallace said: "Well, I'm an American."

"I am not suggesting that this peace table would insure permanent peace," he said. "This would be just the first step."

Mr. Wallace said he advanced the idea because the United States is looked upon "with less suspicion by the United Nations" and has less territorial claims than other countries.

Referring to Italy's surrender, Mr. Wallace said that it "indicates to all that peace is closer than most of us thought some months ago."

Revenue Freight Car Loadings During Week Ended Sept. 18, 1943 Increased 68,095 Cars

Loading of revenue freight for the week ended Sept. 18, 1943, totaled 902,766 cars, the Association of American Railroads announced on Sept. 24. This was a decrease below the corresponding week of 1942 of 333 cars, or 0.4% and a decrease below the same week in 1941 of 5,203 cars or 0.6%.

Loading of revenue freight for the week of Sept. 18, increased 68,095 cars, or 8.2% above the preceding week which included Labor Day holiday.

Miscellaneous freight loading totaled 399,902 cars, an increase of 32,441 cars above the preceding week, but a decrease of 21,925 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 101,655 cars, an increase of 8,413 cars above the preceding week, and an increase of 13,176 cars above the corresponding week in 1942.

Coal loading amounted to 179,158 cars, an increase of 9,058 cars above the preceding week, and an increase of 9,894 cars above the corresponding week in 1942.

Grain and grain products loading totaled 54,124 cars, an increase of 6,356 cars above the preceding week, and an increase of 3,543 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Sept. 18, totaled 38,284 cars, an increase of 3,802 cars above the preceding week and an increase of 2,724 cars above the corresponding week in 1942.

Live stock loading amounted to 20,950 cars, an increase of 4,449 cars above the preceding week, and an increase of 1,740 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Sept. 18, totaled 16,210 cars, an increase of 3,759 cars above the preceding week, and an increase of 1,227 cars above the corresponding week in 1942.

Forest products loading totaled 45,631 cars, an increase of 3,843 cars above the preceding week but a decrease of 4,386 cars below the corresponding week in 1942.

Ore loading amounted to 86,661 cars, an increase of 3,323 cars above the preceding week but a decrease of 2,751 cars below the corresponding week in 1942.

Coke loading amounted to 14,685 cars, an increase of 212 cars above the preceding week, and an increase of 376 cars above the corresponding week in 1942.

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

	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
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
5 weeks of July	4,307,406	4,185,135	4,295,457
4 weeks of August	3,554,446	3,487,905	3,591,350
Week of September 4	901,075	887,960	797,791
Week of September 11	834,671	814,897	914,656
Week of September 18	902,766	903,099	907,969
Total	30,597,386	31,342,397	30,347,955

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 18, 1943. During this period 61 roads showed increases when compared with the corresponding week last year.

Railroads	1943		1942		1941	
	Total Revenue Freight Loaded	Total Loads Received from Connections	Total Revenue Freight Loaded	Total Loads Received from Connections	Total Revenue Freight Loaded	Total Loads Received from Connections
Eastern District—						
Ann Arbor	226	330	632	1,471	1,344	1,344
Bangor & Aroostook	1,017	817	892	195	152	152
Boston & Maine	7,059	6,156	9,119	14,690	13,799	13,799
Chicago, Indianapolis & Louisville	1,332	1,506	1,754	2,096	2,050	2,050
Central Vermont	31	26	26	71	54	54
Central Indiana	995	1,037	1,491	2,601	2,790	2,790
Delaware & Hudson	6,207	6,364	7,386	11,420	11,684	11,684
Delaware, Lackawanna & Western	7,496	7,695	10,330	11,354	10,323	10,323
Detroit & Mackinac	200	532	295	133	211	211
Detroit, Toledo & Ironton	1,204	1,781	2,453	1,286	1,228	1,228
Detroit & Toledo Shore Line	369	304	365	2,625	2,900	2,900
Erie	13,622	12,879	16,128	19,189	17,561	17,561
Grand Trunk Western	4,003	4,789	5,896	7,319	8,515	8,515
Lehigh & Hudson River	220	162	165	2,687	3,323	3,323
Lehigh & New England	1,957	2,248	1,465	1,702	2,103	2,103
Lehigh Valley	9,170	9,214	9,019	14,399	13,936	13,936
Maine Central	2,448	2,464	3,267	2,642	2,697	2,697
Monongahela	6,188	6,462	6,374	457	409	409
Montour	2,355	2,407	2,209	134	35	35
New York Central Lines	55,355	51,325	52,672	56,686	60,566	60,566
N. Y., N. H. & Hartford	9,721	8,772	13,117	18,726	19,573	19,573
New York, Ontario & Western	1,229	1,034	1,259	2,464	2,523	2,523
New York, Chicago & St. Louis	7,623	9,404	7,274	16,034	16,621	16,621
N. Y., Susquehanna & Western	656	377	537	1,522	2,446	2,446
Pittsburgh & Lake Erie	7,762	7,828	8,614	8,556	9,234	9,234
Pere Marquette	5,549	5,564	6,529	8,003	6,396	6,396
Pittsburgh & Shawmut	977	872	676	19	28	28
Pittsburgh, Shawmut & North	379	364	391	250	321	321
Pittsburgh & West Virginia	1,205	963	1,166	2,992	3,134	3,134
Rutland	372	417	579	1,099	929	929
Wabash	6,290	5,943	6,265	13,220	13,001	13,001
Wheeling & Lake Erie	5,861	5,679	5,765	4,554	5,022	5,022
Total	169,978	165,695	184,110	230,596	234,968	234,968
Allegheny District—						
Akron, Canton & Youngstown	761	790	728	1,227	1,336	1,336
Baltimore & Ohio	45,778	43,589	43,141	29,820	26,543	26,543
Bessemer & Lake Erie	6,980	6,949	6,348	2,173	2,590	2,590
Buffalo Creek & Gauley	279	291	306	4	3	3
Cambria & Indiana	1,826	1,912	1,966	6	9	9
Central R. of New Jersey	7,335	7,470	8,020	22,452	20,618	20,618
Cornwall	664	651	642	58	56	56
Cumberland & Pennsylvania	223	246	304	16	10	10
Ligonier Valley	140	127	118	29	52	52
Long Island	1,894	1,099	965	4,199	3,465	3,465
Penn.-Reading Seashore Lines	1,959	1,947	2,223	2,939	2,367	2,367
Pennsylvania System	86,160	85,238	89,098	67,126	67,652	67,652
Reading Co.	15,974	15,154	17,776	29,497	29,254	29,254
Union (Pittsburgh)	21,090	21,269	20,494	8,345	7,450	7,450
Western Maryland	4,554	4,282	4,442	13,111	12,666	12,666
Total	195,589	191,014	196,571	181,002	174,071	174,071
Poconos District—						
Chesapeake & Ohio	29,425	28,131	29,127	13,832	14,476	14,476
Norfolk & Western	22,673	22,765	21,456	7,011	7,683	7,683
Virginian	4,749	4,678	4,690	2,409	2,352	2,352
Total	56,847	55,574	55,273	23,252	24,511	24,511

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Southern District—					
Alabama, Tennessee & Northern	276	321	412	346	346
Atl. & W. P.—W. R. of Ala.	658	703	1,001	2,671	2,955
Atlanta, Birmingham & Coast	764	690	813	1,053	1,127
Atlantic Coast Line	11,346	11,158	10,797	9,911	9,947
Central of Georgia	3,811	4,177	4,586	4,234	4,781
Charleston & Western Carolina	345	369	444	1,452	1,662
Cinchfield	1,521	1,787	1,807	2,677	2,755
Columbus & Greenville	410	537	412	146	261
Durham & Southern	100	122	201	447	823
Florida East Coast	1,285	657	450	1,782	1,503
Gainesville Midland	35	28	41	114	97
Georgia	1,205	1,450	1,366	3,299	2,622
Georgia & Florida	467	356	427	564	628
Gulf, Mobile & Ohio	4,085	4,226	4,561	4,234	4,573
Illinois Central System	28,721	30,009	29,675	16,872	18,486
Louisville & Nashville	25,220	26,155	26,317	11,880	11,933
Macon, Dublin & Savannah	240	190	211	657	645
Mississippi Central	295	237	244	484	578
Nashville, Chattanooga & St. L.	3,381	3,670	3,852	5,062	4,747
Norfolk Southern	1,031	1,501	1,580	1,641	2,265
Piedmont Northern	384	330	539	1,396	1,328
Richmond, Fred. & Potomac	462	491	485	9,715	8,143
Seaboard Air Line	9,864	10,512	10,255	8,323	8,555
Southern System	23,081	23,494	26,355	23,940	24,693
Tennessee Central	480	465	571	1,031	1,042
Winston-Salem Southbound	144	106	175	990	1,047
Total	119,612	123,741	127,577	114,921	117,640

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Northwestern District—					
Chicago & North Western	23,388	21,775	23,274	14,871	14,258
Chicago Great Western	2,900	2,904	3,061	3,138	3,520
Chicago, Milw., St. P. & Pac.	22,573	21,650	24,178	10,918	10,970
Chicago, St. Paul, Minn. & Omaha	4,160	4,275	4,333	4,131	4,356
Duluth, Missabe & Iron Range	29,829	33,265	22,701	349	357
Duluth, South Shore & Atlantic	1,202	1,515	1,128	538	1,375
Elgin, Joliet & Eastern	8,576	10,164	10,864	10,363	10,834
Ft. Dodge, Des Moines & South	484	570	716	86	93
Great Northern	26,998	29,263	26,911	5,851	5,829
Green Bay & Western	544	501	620	1,008	722
Lake Superior & Ishpeming	2,325	2,575	3,348	57	66
Minneapolis & St. Louis	2,400	2,232	2,149	2,277	2,370
Minn., St. Paul & S. S. M.	8,242	8,611	7,873	2,708	3,047
Spokane International	11,957	13,645	12,630	5,341	5,180
Northern Pacific	275	262	208	486	655
Spokane, Portland & Seattle	2,862	2,854	2,722	3,157	3,253
Total	148,715	156,061	146,721	65,279	66,885

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Central Western District—					
Atch., Top. & Santa Fe System	24,554	24,530	22,669	13,206	13,526
Alton	3,358	3,454	3,567	3,982	4,935
Bingham & Garfield	574	922	656	101	104
Chicago, Burlington & Quincy	21,569	20,161	18,431	13,022	12,442
Chicago & Illinois Midland	2,945	2,611	2,925	770	1,031
Chicago, Rock Island & Pacific	13,302	14,004	14,060	11,878	13,005
Chicago & Eastern Illinois	2,785	2,733	2,934	5,607	4,635
Colorado & Southern	899	1,020	997	2,073	1,870
Denver & Rio Grande Western	4,460	4,767	4,525	6,568	6,125
Denver & Salt Lake	912	1,008	1,053	9	22
Fort Worth & Denver City	1,512	1,532	1,049	1,863	1,673
Illinois Terminal	1,771	1,857	1,961	1,896	2,589
Missouri-Illinois	1,277	1,318	1,175	472	463
Nevada Northern	2,159	2,234	1,972	153	109
North Western Pacific	1,191	1,057	1,288	684	630
Peoria & Pekin Union	14	8	9	0	0
Southern Pacific (Pacific)	33,722	33,356	32,130	14,352	10,461
Toledo, Peoria & Western	295	304	421	1,831	1,706
Union Pacific System	17,701	16,350	18,162	17,718	16,468
Utah	587	621	536	9	6
Western Pacific	2,113	2,760	3,119	5,317	3,139
Total	137,700	136,607	133,639	101,511	94,959

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Southwestern District—					
Burlington-Rock Island	356	739	179	214	212
Gulf Coast Lines	5,447	4,952	3,412	3	

Items About Banks, Trust Companies

The board of directors of the Chase National Bank of New York authorized on Sept. 22 an increase of \$21,460,000 in the surplus account of the bank, raising it from \$100,270,000 to \$121,730,000. Capital remains unchanged at \$100,270,000. This increase in the surplus reflects an enlarged capital position made possible as a result of recoveries, improved earnings, and profits realized on the sale of securities.

A comparative table of the bank's capital funds at the end of last year and as of Sept. 30 after giving effect to the Sept. 22 action, (with undivided profits estimated for Sept. 30), is shown below:

	Sept. 30, 1943	Dec. 31, 1942
Capital	\$100,270,000	\$100,270,000
Surplus	121,730,000	100,270,000
Undivided profits	43,200,000	45,049,000
Total	\$265,200,000	\$245,589,000

It is anticipated that the reserve for contingencies as of Sept. 30 will amount to about \$12,300,000, compared with \$11,810,000 on Dec. 31, 1942.

Frederick B. Beach of The National City Bank of New York celebrated his 50th anniversary of employment on Sept. 20. Mr. Beach began his service as a messenger at the age of 16 with the Bank of America. He rotated through the banking departments and at 30 was made a Collection Clerk. In 1930 he became a Per Procurator Signer and authorized officer, and joined National City when it absorbed Bank of America in 1931. He now holds the record for the longest employment service of any National City Bank employee. Looking back through the years he recalls the day when the Bank buildings were in converted homes; when there were no telephones, one adding machine, one typewriter, and a single stenographer—male. Those were the days, says Mr. Beach, when the East River froze over so that it was possible to walk across it, and the single-decker ferries to Jersey were held up for hours by the heavy ice floes.

William F. Bleakley, of the firm of Bleakley, Platt & Walker, has been elected a director of Lawyers Trust Company of New York. A former Judge of the New York Supreme Court, Judge Bleakley is Moreland Commissioner, appointed by Gov. Lehman and reappointed by Gov. Dewey, to investigate the administration of the Workmen's Compensation Law. He is also counsel to the Joint Legislative Commissioner of the State of New York on Reapportionment.

Admission of the Farmers & Merchants Trust Co. of Greenville, Pa., to the Federal Reserve System, Fourth (Cleveland) District, was announced on Sept. 24 by Matthew J. Fleming, President of the Federal Reserve Bank of Cleveland. The Greenville bank, founded 41 years ago, has doubled its assets in the last five years and now has assets totaling \$3,750,000.

George R. Herzog, Cashier of the Union Bank of Commerce, Cleveland, has been advanced to Vice-President and Cashier, the bank announces. At the same time Laurence A. Cordrey, Assistant Cashier, was promoted to Assistant Vice-President. Mr. Herzog has been Cashier of the bank since its establishment in 1938. He is a graduate of the Wharton School of Commerce of the University of Pennsylvania, and went to Cleveland from Philadelphia in 1927. He is regarded as an authority on banking methods and last year served as Secretary-Treasurer of the Cleveland Clearing House Association in addition to his regular duties. Mr. Cordrey has been a banker in Cleveland since 1909. He became Credit Manager of the Union Bank of Commerce when it opened five years ago and was

promoted to Assistant Cashier in May, 1940. He is also Vice-President of the Cleveland Chapter of the Robert Morris Associates.

The State Bank of Howards Grove, Sheboygan, Wis., has been admitted to membership in the Federal Reserve System Seventh (Chicago) District.

The Peoples State Bank, Rock-springs, Tex., has been admitted to membership in the Federal Reserve System Eleventh (Dallas) District.

Appointment of Harry McClelland as Vice-President of Bank of America National Trust & Savings Association, San Francisco, has been announced by L. M. Gianini, President of the institution. Mr. McClelland, whose chief assignment will be to keep in touch with the various agricultural problems of the State, succeeds Jesse W. Tapp, who was recently elected President of Axton-Fisher Tobacco Co., Inc., Louisville, Ky. Mr. McClelland is well known among California farmers, having been closely identified with the agricultural interests since 1931. In that year he left the State Department of Public Works to join the California Lands organization (now Capital Co.). From 1933 to his current appointment he was Vice-President in charge of the firm's farm operations.

He is a native Californian, born at Woodbridge, an agricultural community in San Joaquin County. He will maintain his office at the headquarters of the Bank of America in San Francisco.

Sees Small Business Strong After War

Small business will continue to be the backbone of this nation after the war, DeWitt Emery, President of the National Small Business Men's Association, said in a nation-wide radio broadcast on Sept. 10. He appeared as one of several business leaders discussing the post-war responsibility of business in providing jobs on the National Broadcasting Company's program, "For This We Fight." Mr. Emery cited figures indicating the importance of small business in the pre-war industrial life of our country. The 1939 Census of Manufacturers, he said, shows that 99.5% of almost 190,000 manufacturing concerns listed by the census employed less than a thousand wage earners each. Of the total of almost 8,000,000 wage earners employed by all manufacturing concerns in 1939, 77.6% were employed by firms having less than a thousand employees each. Using the figure of 1,000 employees to indicate the dividing line between "big" and "small" businesses, Mr. Emery pointed out that there were only 810 "big" business firms in 1939.

"There are some people," said Mr. Emery, "who believe there is no place for small business in the post-war picture. If small business was important enough and rugged enough to occupy the position it did in 1939, after nine or 10 years of mighty tough sledding, you can depend on it that small business will be going strong in the post-war period. Our Association has long been urging small manufacturers to work out production, material and parts schedules now and put their requirements on order with their supply sources to assure shipment with the least possible loss of time when the shooting stops."

ABA Resolutions Reaffirm Faith In Dual Banking System—Oppose Socialized Credit

Endorse Participation In Post-War Plans But Insist Currencies Be Based On Gold

The American Bankers Association, in reaffirming at its annual meeting in New York earlier this month, its faith in the dual banking system of chartered banks, State and National, declared it will support every effort for its preservation. In its resolution the Association in pointing out that the dual system "has been an important factor in preserving the principle of States rights," and has "played a vital part in maintaining economic freedom and political economy," declares that "any successful attempt to unify the banking system under the domination of the Federal Government would destroy this safeguard to basic rights and to independent enterprise."

The Association also registered its support of "the view that our own progress and that of the world require our active participation with other countries in dealing with post-war problems." However, it maintains that any currency stabilization plan in which this nation may agree to assist "should incorporate the principle that the value of currencies should be fixed in terms of gold."

The bankers also declared it as their belief "that Government loans or the guarantee of loans are not only unnecessary for the financing of post-war commercial enterprise," but are "contrary to sound financial policy."

The resolutions reasserted the opposition of the Association "to the socialization of credit by Government" and "to Government subsidized credit"; among other things the Association's Committee on Federal Legislation was directed "to continue its efforts to secure legislative relief for chartered banking from the destructive effects of such credit." The resolutions follow in full:

Participation of Banks in the War Effort

American banking is an essential part of the American economic order. It is cognizant of its war-time duties and responsibilities. By the extension of substantial credit for war production, by leadership in the sale and distribution of war bonds to the public, by the liberal purchase of Government securities for its own portfolios, by active participation in the "Food-for-Freedom" program, by performing the service of ration banking, by acting as depositories of withheld taxes, American banks have proved they can carry whatever responsibilities the war may yet impose. This they have done in the face of a continuing drain on their personnel, and notwithstanding rising costs and immense increases in the demand for normal services.

We are fully aware that the war is not yet won. Heavier duties and greater sacrifices lie ahead. Banking is ready. We renew our pledge to accept whatever responsibility the cause of victory may require.

Financing the War

The cost of the war should be met by taxation to the maximum extent consistent with production, the maintenance of morale and incentive, the preservation of the economic structure, and the establishment by industry of adequate post-war reconversion reserves.

Borrowing should be first from current income; then from the idle funds of individuals and corporations; and lastly, from the banks of the nation, the lending powers of which should be employed only to the extent necessary after exhausting the other two sources. It is in the best tradition of democracy that lending by individuals should be voluntary.

We do especially commend and endorse the efforts of the Treasury to secure as wide a distribution of war savings bonds among our people as may be possible.

Non-essential Expenditures

While we recognize that the nation must resort to deficit financing as long as the war lasts, we urge that Government reduce to a minimum the expense of its non-war activities. In calling upon individuals to make financial sacrifices in support of the war effort, Government should set the example.

Subsidized and Socialized Credits

The American Bankers Association reasserts its opposition to the socialization of credit by Government and to Government subsidized credit as expressed in the statement of the Association made on Jan. 21, 1943.

In order to carry out the objectives contained in that statement, the Committee on Federal Legislation is hereby directed:

1. To continue its efforts to secure legislative relief for chartered banking from the destructive effects of such credit;
2. To seek enactment of Senate Bill 914, introduced by Senator Wherry;
3. To seek forthwith and vigorously support a thorough Congressional investigation of the Production Credit System in order that the truth as to the soundness of methods and cost of operations may be ascertained and given to the members of Congress and to the taxpayers of the nation; to seek such appropriate Congressional action as may be required to protect the American system of chartered banking against its destruction through Government subsidized lending operations. In order that the principles and issues involved in the Production Credit System may not be confused and complicated with those of other agencies, the Committee on Federal Legislation is directed to seek an investigation of the Production Credit System separate from all other agencies;
4. To support the purposes of Senate Concurrent Resolution 8, introduced by Senator Butler; and
5. To support the efforts of those farm organizations which are endeavoring to free agricultural credit from political control.

Government Guaranteed Loans

War production financing inevitably required certain credit devices which cannot be justified after the termination of the War Procurement Program.

Banking has made an impressive volume of war production loans under guarantees, and a substantially equivalent volume on its own responsibility. We now declare our belief that Government loans or the guarantee of loans are not only unnecessary for the financing of post-war commercial enterprise, but are actually contrary to sound financial policy and the best interests of the American economy.

Banking Manpower

Banking has thus far met the demands made upon its personnel by the armed services. It is our belief, however, that any further depletion of banking manpower may cause a breakdown in our endeavors to render the services which are so important to this nation. We trust that the appropriate officials of Government will give thoughtful consideration to this vital problem.

Dual System of Banking

The dual system of chartered banks, state and national, is a

product of our form of constitutional government. It has been an important factor in preserving the principle of States rights and has played a vital part in maintaining economic freedom and political democracy for the individual, the community, and the nation. Any successful attempt to unify the banking system under the domination of the Federal Government would destroy this safeguard to basic rights and to independent enterprise. The American Bankers Association reaffirms its faith in the dual banking system and will support every effort for its preservation.

Post-War Economy

This Association supports the view that our own progress and well-being, and that of the world, require our active participation with other countries in dealing with post-war problems. Such participation may require generous aid in stricken areas to relieve distress. In addition there will undoubtedly be need of co-operation in measures to restore stability of currencies, broaden the flow of commerce between nations, and encourage international capital investment for rehabilitation and development. But any plan in which this nation may agree to assist in the stabilization or reestablishment of foreign currencies should incorporate the principle that the value of currencies be fixed in terms of gold. Financial and commercial relations with other countries should accord with sound business principles. While recognizing that enlightened self-interest calls for our participation in efforts to build a better world, yet we fully realize that achievement of the goal depends primarily upon the efforts of people everywhere to help themselves.

President Revises Lend-Lease Letter

President Roosevelt sent to Congress on Sept. 14 a revised letter of transmittal which accompanied his Aug. 25 lend-lease report, removing the two sentences which implied that lend-lease aid would not be repaid as far as possible although not necessarily in dollars. The excised part of the original text read as follows:

"The Congress in passing and extending the lend-lease Act made it plain that the United States wants no new war debts to jeopardize the coming peace. Victory and a secure peace are the only coin in which we can be repaid."

The President's recent press conference explanation of this planned action was noted in our issue of Sept. 9, page 1004. The original text of the letter appeared in these columns of Sept. 2, page 927.

Elk Hills Oil Contract Ended By President

An agreement terminating the Navy Department's contract with the Standard Oil Co. of California for mutual development of the Elk Hills (Calif.) oil reserve was approved on Sept. 8 by President Roosevelt.

The termination agreement, it is reported, does not provide for a substitute arrangement to govern operation of the joint properties of the Standard Oil Co. and the Government within the Elk Hills Naval Petroleum Reserve beyond a ninety-day period in which efforts are to be made to come to a permanent agreement.

The Navy announced in June that it would end the contract after the Justice Department had ruled that the proposed arrangement exceeded the authority granted by law; this was indicated in our issue of July 8, page 136.