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The Financial Situation

It was, of course, inevitable that any official statement finally made public concerning the conversations of the "big three" in Iran would be in the nature of an anti-climax. It is not known, of course, what was done at these gatherings—and it is not reasonable for the public to expect to be told in any detail now what went on—but it would appear that the value of the meeting as a morale builder within the various United Nations and as a weapon with which to injure morale in enemy countries must have almost vanished before the gathering adjourned.

The earlier meetings in Cairo of the heads of the governments of Great Britain, the United States, and China, somehow seemed in part at least, to avoid the anti-climax of the Teheran discussions. At all events the pronouncement which followed them contained an element of the unexpected which provided a certain dramatic touch. It is difficult to believe that this bald announcement of the fate intended for Japan is likely to render that nation less ready to fight to the end, since it appears that little or nothing else is left for it to do. The treatment prescribed would quite effectively erase that nation from the list of first class powers—or even of second, third or fourth class powers. Presumably, it was believed that the Chinese were in need of some such tonic, and, of course, it may well be that such a consummation would be far from unwelcome to Russia.

"Realpolitik"?

But, whatever was done at either or both of these gatherings, the observer obtains the impression that what used to be termed "realpolitik," rather than the vague and meaningless Atlantic Charter, was the guiding spirit both in Cairo and in Teheran. Had it been otherwise not only China, but

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From Washington Ahead Of The News

By CARLISLE BARGERON

Sometime ago Mrs. Roosevelt aroused indignation in Republican circles when she was shown in a newsreel putting the Republicans and the Japs in the same boat as regards dislike of her husband. You remember the story. It was old at the time she told it. It was to the effect that a young Marine wanting a Jap trophy was told to go out in No Man's Land and yell "To hell with Hirohito." The Japs would stick up their heads and he could then shoot them. He returned empty-handed and by way of explanation, said the Japs yelled back at him: "To hell with Roosevelt."

"How could I shoot my fellow Republicans?" the boy was said to have asked.

Mrs. Roosevelt explained it was her husband's favorite joke, and you should have heard the Republicans in Congress getting indignant about it.

As a matter of fact it was quite revealing. Mr. Roosevelt has from the beginning considered it more or less his own personal war, or that of him and Winnie versus Hitler. He used to shout back and forth across the ocean at Hitler telling him he intended to kick his pants off, and Hitler would taunt him back. He kept telling Hitler he would show him and he's doing it. He has called on the rest of us to help him out and we've responded right nobly.

We've never liked the personalization of this war. We all know that if anything were to happen to him, or to Churchill, the war would go right on. But he doesn't think that, and we doubt if Churchill does. In their thinking it's a score to settle between them and Hitler.

Hitler and Mussolini used to

meet at the Brenner Pass. There would be an awful lot of propaganda about it. Our propagandists who for their own particular reasons argue that propaganda is more vital than bullets, got to calling this a war of nerves. So Messrs. Roosevelt and Churchill meet in the North Atlantic; at Casablanca; at Quebec; at Cairo and now, the greatest of all events, an event so spectacular as to confound the imagination, they meet Stalin at Teheran. You gather that is supposed to be equivalent to the birth of civilization which took place there.

At Quebec, Churchill and Roosevelt reached an all-out plan, and communicated it to Stalin; at Casablanca before they reached another one; a few weeks ago Hull and Stalin in a perfectly epochal thing, reached an all-out accord at Moscow; now an all-out history-making accord is reached by the Big Three at the birthplace of civilization.

Always, the President takes members of his family along to be in on the history-making event. This time there was son Elliott and son-in-law John Boettinger and then there was Harry Hopkins' son. They had an awfully good time drinking vodka with

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Treasury Proposals For Raising Corporation Taxes Shake Nation's Economic Foundations: Friedman

Treasury proposals for raising corporation income taxes from 40% to 50% were criticized on Dec. 3 by Elisha M. Friedman, New York consulting economist, as aggravating inflation and checking post-war employment. In a statement presented to the Senate Finance Committee, Mr. Friedman contended that the tax deters the taking of risk and stimulates the search for security. He further said that Treasury proposals for raising corporation income taxes "shake the economic foundations of the country."

Regarding the provision in the House-approved bill to raise the excess-profits tax from 90% to 95%, Mr. Friedman said that "this would not be an unreasonable proposal if we had not, in 1941, changed the sequence of deducting the tax", adding that "as a sound and realistic program, the corporation income tax should be deducted before excess profits tax" if the rate is raised to 95%. As a minimum program, Mr. Friedman said that, if the "present unsound and unrealistic sequence is retained, the rate of 90% of excess profits tax should not be raised, and the invested capital base should not be lowered to 4%."

Mr. Friedman urged the Senate Finance Committee to consider the following recommendations on corporation income tax: (a) Permit increased reserves for wartime depreciation; (b) Exempt amortization of debt; (c) Permit reserves for economic transition to peace; (d) Treat preferred stock dividends exactly like bond interest; (e) Tax publicly-owned corporations competing with private enterprise, and (f) Shift the corporation tax to the British basis after the war.

The tax bill was approved by the House on Nov. 24, and details of the measure as passed by that body were given in these columns Dec. 2, pps. 2206 & 2226; in that item mention was made of the

fact that the Senate Finance Committee began consideration of the bill on Nov. 29—Mr. Friedman's statement to that committee follows in full.

The Treasury proposes that corporation income tax be raised from 40% to 50%. Such increase in corporate taxes will not control, but aggravate inflation. Heavy corporate income taxes will check post-war employment. The stockholder who takes the ultimate risk is penalized. The bondholder is favored. As corporate income tax rates rose from about 13% in 1936 to 40% in 1942, new stock issues declined from 32% to 3% of new bond issues. The tax deters the taking of risk and stimulates the search for security. What sort of America will this create?

The tax compelled small business to shift from corporations to partnerships. The tax deters efficiency. Increased costs of wages and materials are virtually paid by the Treasury. For the first half of 1943, wages in United States Steel rose \$75,000,000 and Federal taxes fell \$64,000,000.

Taxes are paid in cash. But earnings are not in cash. High corporation taxes impair the liquidity of corporations. Since 1940, the

liquidity ratio has declined from 266% to 199% as the corporation tax rose from 24% to 40%. Therefore, a rising corporation tax is a new risk against the borrower. The commercial banker and private investor must gamble on possible future unsound tax measures which may jeopardize the loan. A corporation tax on top of an individual income tax constitutes severe double taxation.

Under Treasury proposals, this combined tax will exceed the corresponding British normal individual income tax of 50%. A corporation income tax destroys the tax exemption of colleges and hospitals.

In both the U. S. and Great Britain, government bond yields declined about 20% since September 1939. In Great Britain common stock yields declined sympathetically about 28%. Stock prices rose. But in the United States common stock yields rose 24%. Stock prices fell. The American investor was frightened by reckless and unreasonable taxation on corporations. He took refuge in bonds. Such tax policy penalizes expanding plant through stock issues.

Treasury proposals for raising corporation income taxes shake the economic foundations of the country. This is not so in Great Britain. All the evil effects of our corporation income tax are significantly absent in Great Britain.

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Roger Babson Makes Forecast For Politics, War And Business in 1944

Sees Roosevelt Delaying Acceptance Of Renomination Until Assured Of Election

According to Roger W. Babson, "there are three primary things which apparently interest business men when considering 1944." "They are," he said, "POLITICS—the WAR—and BUSINESS." With respect to the three, he had the following to say at the Conference of Business Men held at the Hotel Astor in New York on Dec. 6.

Politics

The Democratic Convention for 1944 will be later than usual and may not come until August. Mr. Roosevelt would like to be nominated if he is sure of re-election, but will wait until the very last moment before deciding whether or not to accept the nomination. He is absolutely determined to run no chance of being defeated.

If Mr. Roosevelt does run he will insist upon a strong Vice-Presidential candidate so that after the war he can resign and



Roger W. Babson

accept the Presidency of the new World Organization if it is offered to him. Mr. Wallace will not be re-nominated for the Vice-Presidency. As to who will be his successor on the Democratic ticket the suggestions include Byrnes, Byrd and even Willkie.

The Republicans are sure to get a majority of the new House of Representatives and probably six more Senators. However, if Germany is still fighting late in 1944 and Roosevelt runs, he is certain of re-election; but otherwise the Republicans have a good chance of winning the Presidency. As to who the Republican candidates may be, I am not prepared now to forecast.

The War Outlook

Winston Churchill, of course, is very anxious that Mr. Roosevelt be re-nominated and re-elected; also Stalin is inclined to agree with him. Therefore, Mr. Churchill may not hurry the European cam-

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Why Food Is Short

"Nobody outside the Government can have accurate information about how much, but it is known there are quantities of foods in danger of spoilage if they are not moved. Reduction in frozen point values can be traced to the glut.

"Among items that are not improving with age are butter, frozen cream and eggs, as well as frozen fruits and vegetables. In addition, there are foods on docks and under sheds without proper protection. Situation seems general throughout the country, but is particularly acute in the eastern seaboard areas and in the feeder cities behind the ports.

"Approximately 30 different programs are in various stages of development by the Inventory Review Committee of the Food Distribution Administration. Several are about ready for public announcement that quantities of foods will be released to civilian channels. It is the determination of the committee to bring Government holdings into line with actual requirements—no small job.

"Within the next 30 days there will be news on the following items being offered back to the trade: some 520,000 cases of evaporated milk, 25,000,000 pounds of canned pork and beans, 1,000,000 pounds of soup powder, quantities of canned peas and canned tomatoes, in addition to those already announced; some 655 tons of raisins—this from Government stocks and not from 1943 reservations; canned apples, about 2,000,000 pounds of dried eggs, a yet-to-be-determined amount of shell eggs, salted spareribs, citrus concentrates and cotton ticking."

—American Institute of Food Distribution, Inc.

The public is not permitted to have the full facts about food, but such fragments of information as these strongly suggest why there are "shortages" of many food items.

U. S., Britain And China Reach Agreement On War Against Japan At Cairo Conference

President Roosevelt, Prime Minister Churchill and Generalissimo Chiang Kai-shek have agreed upon future military operations against Japan and resolve to strip that country of all the territory she has gained by aggression in the last 50 years. This was officially disclosed on Dec. 1 in a joint communique issued in Cairo, Egypt, which further said that the three Allied leaders, together with their military and diplomatic advisers had completed a conference in North Africa. The meetings were reported to have been held for five days, Nov. 22-26.

The general statement also said that the three Allies "have no thought of territorial expansion" and will continue to persevere to force the "unconditional surrender of Japan." Return of territories taken from China and a free Korea were also pledged.

The text of the communique was given as follows in United Press Cairo advices:

A press communique states that President Roosevelt, Generalissimo Chiang Kai-shek and Prime Minister Churchill, together with their respective military and diplomatic advisers, have completed a conference in North Africa.

The Official Communique

The following general statement was issued:

The several military missions have agreed upon future military operations against Japan.

The three great Allies expressed their resolve to bring unrelenting pressure against their brutal enemies by sea, land and air. (As issued at Washington the communique added: "This great pressure is already rising.")

The three great Allies are fighting this war to restrain and punish the aggression of Japan.

They covet no gain for themselves and have no thought of territorial expansion.

It is their purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the first World War in 1914, and that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the Republic of China.

Japan also will be expelled from all other territories which she has taken by violence and greed.

The aforesaid three great powers, mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent.

With these objects in view, the three Allies, in harmony with those of the United Nations at war with Japan, will continue to persevere in the serious and prolonged operations necessary to procure the unconditional surrender of Japan.

A Supplementary Communique

The conference was attended on behalf of the United States by Admiral William D. Leahy, General George C. Marshall, Admiral Ernest J. King, General H. H. Arnold, Lieutenant General B. Somervell, Major General Edwin M. Watson, Rear Admiral Wilson Brown, Rear Admiral Ross McIntire, Harry Hopkins, W. Averell Harriman, Ambassador John G. Winant, Ambassador Laurence A. Steinhardt, Lewis Douglas and J. J. McCoy.

The British representatives were Foreign Secretary Anthony Eden, Lord Leathers, Sir Alan Brooke, Sir Charles Portal, Sir Andrew Cunningham, Sir John Dill, Sir Hastings Ismay, General Sir Thomas Riddell-Webster and Sir Alexander Cadogan.

The Chinese mission included, among others, General Shang Chen, Dr. Wang Chung-hui, Vice-Admiral Yang Hsuan-chen and Lieutenant General Chou Chih-jou. Generalissimo Chiang Kai-shek was accompanied by Madame Chiang Kai-shek.

The State Of Trade

Most of the heavy industries showed declines during the Thanksgiving holiday week, but retail trade continued to climb as Christmas shopping gained momentum. Industrial production is believed to be now at its wartime peak. The Federal Reserve Board's revised index reached new high ground in October at a level of 145% above the 1935-1939 average. Subsequent data on leading components suggest a further slight rise for November and projections indicate that the absolute peak will be recorded this month. As military requirements lessen civilian production will be permitted to expand to take up any slack in either manpower or materials.

Production of electricity dropped sharply during the Thanksgiving week ended Nov. 27th, to 4,403,342,000 kilowatt hours from the all-time high of 4,513,299,000 reached the week before, according to the Edison Electric Institute. This was 16.9% above the year-ago total of 3,766,381,000. Consolidated Edison Co. of New York reports system output of 209,100,000 kilowatt hours in the week ended Nov. 28th, an increase of 37.1% over the year-ago total of 152,400,000. Local distribution increased 37.2% to 205,600,000 kilowatt hours from 149,800,000 a year ago.

Carloadings of revenue freight for the week ended Nov. 27th, totaled 820,082 cars, according to the Association of American Railroads. This was a decrease of 62,205 cars from the preceding week this year, 76,618 cars more than in the corresponding week in 1942 and 46,098 cars under the same period two years ago. This total was 124.45% of average loadings for the corresponding week of the ten preceding years.

Steel production in the United States is scheduled this week at 99.3% of ingot and casting capacity, against 99.5 last week and 98.6 a year ago. At 99.3%, output for the week is indicated at 1,730,700 net tons, against 1,734,200 tons last week and 1,686,700 tons in the like 1942 week.

Civil engineering construction in continental United States for the short holiday week totaled \$36,523,000. This, not including construction by military engineers abroad, contracts outside the country and shipbuilding, was 45% below the corresponding 1942 week, and compared with \$68,931,000 reported by Engineering News-Record for the preceding week. Public construction was 38% lower than in the 1942 week as State and municipal work and Federal construction declined 85% from a year ago. Current volume brings 1943 construction to \$2,885,384,000, an average of

\$61,391,000 for each of the 47 weeks of the period.

Christmas shopping gained momentum during the past week and retail trade volume averaged 16 to 19% above the like 1942 week, according to Dun & Bradstreet, Inc. Favorable shopping weather over the week-end and the suggestion that gift packages be mailed earlier than usual stimulated consumer buying on gift lines, the agency said, and reports indicated that some items are already running short, with replacements difficult. The unusual demand at retail, meanwhile, was reflected in wholesale trading and most wholesalers were reported booked up on current merchandise, with little possibility of accepting new business for the remainder of this year.

Department store sales on a country-wide basis were up 13% for the week ended Nov. 27th, compared with the like period last year, according to the Federal Reserve System. Store sales for the four-week period ended Nov. 27th were up 15%, compared with last year.

Department store sales in New York City in the week ended Dec. 4th, were 5% larger than in the corresponding week of last year, according to a preliminary report issued by the Federal Reserve Bank of New York. In the previous week ended Nov. 27th, sales of this group of stores were 14% larger than in the like 1942 period.

Agriculture Department economists state that farm income is running about 28% above last year, as compared with a non-farm rise of 20% and that farmers will earn about \$18,000,000,000 in 1943. Against these statistics, the economists set reports prepared by the Agriculture Department and the Bureau of Labor Statistics showing that living costs have increased about 10% during the past year and are now at the highest level since World War I.

Warning that the inflationary gap between living costs and national income is spreading rapidly, the economists estimated national income this year at \$145,000,000,000—one-third greater than estimated civilian expenditures. Of this total, approximately 25% of the population living on farms will get about 13%, it was estimated.

Foresees Stabilization Program To Combat Post-War Monetary Disturbances In Latin-Am.

Anticipating that the greatest monetary disturbances in Latin America will follow the war, Charles A. McQueen, Washington economist, says that these countries probably would consider a three-point stabilization program including conservation and employment of accumulated gold and foreign credits. The other points, he says, would be sound measures to sustain industry and productive effort in other regions, and participation in credits, if necessary, on exports that are of positive rehabilitating value.

Mr. McQueen, Assistant Development Director of the Office of the Coordinator of Inter-American Affairs, and an expert in Latin American economic and financial affairs, emphasizes that in the absence of official expressions the program was conjectural.

Largely because of the material and moral support of the program of "hemisphere solidarity" implemented since 1940, Mr. McQueen says Latin America has been spared many of the trials of other regions during the present war. He adds:

"However it will be greatly affected by post war conditions, because of its needs for markets and because a world-wide money disaster would destroy buying power in those markets.

"All of the Latin American currency systems are based on gold," he says, in a paper published by The Monetary Standards Inquiry of New York, "not in the sense that gold coins circulate, but in the sense that their paper money, like that of the United States, has a legal relationship to gold that is expressed in some more or less definite terms. Latin America as a whole makes moderate use of silver coins, all on a subsidiary basis, Mr. McQueen says.

"There is no advocacy of the silver standard, although occasional isolated remarks are heard in the producing countries to the effect that 'something might be done for silver,'" he states.

International bimetalism, in Mr. McQueen's opinion, would benefit silver producers in Latin America if it meant that the price of silver was to be advanced

considerably in terms of gold, and if this price were sustained by effective international control. Mr. McQueen, former chief of the Latin American Division of the Bureau of Foreign and Domestic Commerce, advocates an Inter-American Bank as a meeting place for those who manage the autonomous currency systems of the hemisphere. Mr. McQueen is one of the twelve economists who are contributing to a study of the post-war settlement of international balances between nations being conducted by the inquiry. Papers previously published were by Amos E. Taylor, Director of the Bureau of Foreign and Domestic Commerce; E. E. Agger, New Jersey's Commissioner of Banking and Insurance (referred to in our issue of Oct. 14, page 1508), and Prof. Frank D. Graham of Princeton University to which reference appeared in our Nov. 18 issue, page 2036.

Post-War Depression In U. S. Avoidable Frances Perkins States

Frances Perkins, Secretary of Labor, in an address in Boston, at the Charles Street Forum, on Nov. 28, declared that there would not be and "need not be a depression" after the war, said an Associated Press dispatch, from Boston, the same day, which went on to say:

The Secretary explained a depression resulted when "every line of work, business and employment shrinks simultaneously."

She urged that every help be given by the government, employers, trade unions and the general public.

"For a long pull after the immediate problem of demobilization is over all those who are interested in the welfare of workers recognize that industrial practices must be developed by private industry consciously to prevent business declines and unemployment," she said.

The United States Employment Service will be of prime importance in the Post-war period as an agency to bring workers and jobs together, Secretary Perkins declared.

Murphy, Starling Retire From Secret Service

Joseph E. Murphy, Assistant Chief of the United States Secret Service since 1919, who more than any other one man has carried personal responsibility for the safety of Presidents of the United States, retired from active service on Nov. 30. Mr. Murphy is 65 years old.

The announcement issued by the Treasury Department also said:

"For most of his 45 years with the Secret Service Mr. Murphy's major assignment has been guarding or directing the protection of seven Chief Executives, from Theodore Roosevelt to Franklin Delano Roosevelt. Yet during this period he figured prominently in scores of counterfeiting and other law enforcement investigation, including the Teapot Dome oil frauds case.

"Mr. Murphy is the second veteran Secret Service intimate of presidents to retire this year. Col. Edmund W. Starling retired on Nov. 1 after 29 years with the White House Detail. Col. Starling joined the Service in 1914, served under Mr. Murphy, like Mr. Murphy accompanied President Wilson to the Versailles peace conference and on his later European tour, and participated in the protective arrangements thrown about subsequent presidents at home and abroad. Col. Starling headed the White House Detail for seven years."

ABA Demands End To Government-Subsidized Competition Of Production Credit Associations

The demand of the nation's banks for the elimination of the unfair Government subsidized competition of Production Credit Associations, made possible by the income they enjoy on the \$120,000,000 of Government capital subsidy, was placed before Congress by the American Bankers Association recently in four days of hearings held by the Select Committee of the House Committee on Agriculture to investigate the activities of the Farm Security Administration.

Representative Harold D. Cooley of North Carolina presided over the hearings as Chairman of the Select Committee. The presentation for the banks was begun by Mr. F. G. Addison, Jr., as Chairman of the Committee on Federal Legislation of the Association, who read the ABA statement of position with respect to the Production Credit System, as was announced in St. Louis on Nov. 11 and referred to in these columns—Nov. 25, page 2133. The final argument was made by A. L. M. Wiggins, President of the ABA. The opening statement of the case of the banks was made by C. T. O'Neill, as Chairman of the ABA Subcommittee on Agricultural Credit of the Committee on Federal Legislation.

In closing the presentation, Mr. Wiggins said:

"We come to present to you not an attack on cooperative enterprise but to point out that what is now masquerading under the name of a cooperative credit enterprise has in it a certain element which we believe will, if unchecked and allowed to continue, undermine and eventually destroy country banking. That is the subsidization of a competitor with Government money. If you will examine the law you will find that this Government agency is not a cooperative institution. . . . I think we are doing a disservice to cooperative enterprise when we let this masquerade as a cooperative and don't do more about making it a cooperative.

"The management of this business has demonstrated that it is a system that can stand on its own feet. It should have paid \$3,000,000 last year in interest to the Government. Here is a system that has been set up for ten years which has been operating with varying degrees of success. It needs a reexamination and re-study by management people to put it on its feet as a business rather than as a subsidy. If you do that you will be doing the cooperative effort of the country a service."

Mr. Wiggins cited figures for various states to show that the PCA's are not making loans to the small borrowers but to the larger borrowers, the average PCA loan for the country being \$2,025. "In all this period of time," he said, "they have had 335,000 customers, as I understand it, out of the 6,000,000 farmers. Commenting on competitive practices, Mr. Wiggins stated:

"I don't think the PCA's have any right to go out and shake the bushes with the taxpayer's money to get business from a competitor when the competitor is paying the tax. If the PCA's stand on their own feet, as far as I am concerned they can shake the bushes of their community to get business. I will be shaking some bushes to get their business too."

Mr. Wiggins in appealing to the committee to make a thorough re-examination of the Production Credit System, said: "We are asking you to reexamine the operations of this whole system to see whether you found the answer when you set this thing up ten years ago and what changes should be made in it to the end that it may be put on its own feet and pay its own way and become a legitimate real farmer-owned, farmer-operated cooperative."

He also asked for the separation of the Farm Credit Administration from the Department of

Agriculture. "The subject goes deeper than even this," he said, "because you have got to take the Farm Credit Administration and make it an independent agency like the Federal Reserve Board before you are going to do a good job. This is a vital matter to these country bankers," Mr. Wiggins concluded. "They are passing out of the picture and it just won't do. We have got to help them. We ask you gentlemen to have this reexamination made with the idea of making the Production Credit System pay its way as quickly as possible by paying for the money it uses and eliminate this unfair competition. We are becoming disturbed back home about this whole business of the Government doing so many things in competition with us and making it difficult to get along."

Mr. Wiggins, President of the ABA, is President of the Bank of Hartsville, of Hartsville, S. C.; Mr. Addison, also referred to above, is President of the Security Savings & Commercial Bank of Washington, D. C., and Mr. O'Neill is Vice-President of the National Bank & Trust Co. of Charlottesville, Va.

Speaking both as a banker and as President of the Tennessee Taxpayers Association, C. W. Bailey, President of the First National Bank at Clarksville, Tenn., stated that "if the farmers of a trade area wish to operate a cooperative and make production or other agricultural loans, I have no quarrel with them and will accept the challenge of competition if the occasion demands, but I cannot adjust my thoughts to a conviction that it is right and proper that such a cooperative should be permanently favored with capital from the Treasury of the United States on which it pays no return in the form of interest and is otherwise relieved of all taxes."

Others who testified for the ABA included: M. W. Ellis, Superintendent of Banking, Des Moines, Iowa; Clyde D. Harris, President, First National Bank, Cape Girardeau, Mo.; C. D. Haskell, Vice-President of the Nebraska Federation of County Taxpayers Leagues, Laurel, Neb.; Wade R. Martin, Director of Banking, Lincoln, Neb.; W. L. Smith, Vice-President and Cashier, First National Bank, Lake Geneva, Wis.; Edmund W. Thomas, President, First National Bank, Gettysburg, Pa.; N. V. Torgerson, President, Farmers State Bank, Adams, Minn., and L. C. Wright, President, Security Bank, Blackwell, Okla.

NYC Security Dealers Organize For War Loan

Some 275 New York City security dealers and firms not members of any stock exchange, including specialists and over-the-counter dealers, have been invited to join with the Banking & Investment Division of the War Finance Committee for New York State, in furthering the sale of War Bonds during the next War Loan drive. Joseph A. Bower, Executive Vice President of the Chemical Bank & Trust Co., and Director of the Banking & Investment Division, met with these dealers and heads of firms at the Federal Reserve Bank Building on Nov. 22 to organize for active participation in forthcoming War Loan campaigns.

Lamont Wishes Willkie Luck In Arousing Republicans To Necessity Of Looking To Vital Domestic Issues

Thomas W. Lamont, Chairman of the Board of J. P. Morgan & Co., Inc., in an article, "What a Capitalist Reads," in the Dec. 4 issue of "The Saturday Review of Literature," Christmas issue, comments favorably on Mr. Willkie's book, "One World," and says, "I wish Mr. Willkie could have equal luck in any effort that he might conceive for arousing my Republican friends to the necessity of doing a real job on current vital domestic issues which they seem to be leaving largely to the Democrats."

We quote below in part from Mr. Lamont's article:

"Upon his return from his world tour, which took 49 days with many stops, against Jules Verne's 'Round the World in 80 Days,' on the go every minute, Mr. Willkie met some criticism because of his warm and almost unprecedented praise of things Russian, including Marshal Stalin. Later developments, however, on the field of battle on the Russian steppes and in the recent Moscow agreements, have served to show how right Mr. Willkie was. He chanced to be one of the few notable individuals who early saw that the future of the human world depends in no small measure upon relations between the Soviet Union and the United States of America. Undoubtedly it was his unique, round-the-world experience and widened horizons that gave Mr. Willkie such an effective wallop in his determination to bring the Republican Party into line for international cooperation. No other one of our citizens has held a candle to him in opening the eyes of the public to the stupidity, the impossibility of isolationism. His ceaseless public exhortations undoubtedly contributed to the overwhelming nature of the Senate majority for the Moscow pacts.

"I wish Mr. Willkie could have equal luck in any effort that he

might conceive for arousing my Republican friends to the necessity of doing a real job on current vital domestic issues which they seem to be leaving largely to the Democrats. It is simply a truism for me to say that it does absolutely no good for us to yell at the Administration for inadequate policies as to taxation and anti-inflation or for questionable currency-stabilization ideas, unless we have something genuine to offer ourselves.

"I have heard some Republicans, desperately anti-Administration, say they were against Mr. Willkie and all his works because in certain policies he had supported President Roosevelt. Yet how could he or any of us possibly fail to support Lend-Lease; or the President's plans of war strategy; or fail to have approved the immediate measures that the Administration took in 1933 to relieve the grave situation arising from depression and unemployment?

"Yes, we Republicans, rank and file, must do more than criticize. If we are to clear up the domestic difficulties that, according to every part of the public press, the Democrats are in, then our representatives must work more systematically for the development of constructive policies. To such a crusade I respectfully suggest Mr. Willkie devote his next efforts."

NAM Urges Senate Group To Allow Corporations To Set Up Post-War Res. In Special Govt. Bonds

The National Association of Manufacturers, in a statement filed with the Senate Finance Committee, urged on Dec. 5 that corporations be allowed to set up reserve funds in the form of special Government bonds to provide for reconversion in the post-war period.

The recommendation was presented by J. Cheever Cowdin, Chairman of the NAM Government Finance Committee and Chairman of the Board of Universal Pictures Co., Inc., of Los Angeles.

The following regarding the Association's tax recommendations was reported in Washington avals of Dec. 5 to the New York "Herald Tribune," from which also the foregoing information is taken.

"With such reserves set up in Government bonds, the Treasury would have the use of the money now when the Government needs it most," Mr. Cowdin said. "In the post-war period these funds would be available to industry to create the jobs which all segments of our people agree will be our most serious problem."

Mr. Cowdin expressed the opposition of industry to two of the proposals in the tax bill passed by the House. These were:

1. The provision to increase the excess profits rate from 90 to 95%.
2. The provision to reduce the credits with companies with more than \$5,000,000 of invested capital.

"The proposed increase in the excess profits tax from 90% to 95% is an increase beyond the point of sound and effective taxation," he said.

"We want to repeat our disapproval of excessive profits, but in our opinion an increase to 95% would be destructive to many companies and harmful to the entire economy. It would kill incentive. It would encourage and stimulate waste and eventually cause severe unemployment."

Discussing post-war features of the bill, Mr. Cowdin revealed the results of a recent NAM survey on conversion figures for 2,072 com-

panies now engaged in war work.

"These companies estimate it will cost \$2,289,000,000 without taking into consideration renegotiation refunds to get back to peace-time production. This is \$570 for each employee."

"These companies employ 3,987,536 people. It is obvious that they will not be able to meet tremendous reconversion costs and promptly begin peace-time production and employment unless they have the necessary funds available immediately upon the termination of the war. . . .

"We recommend you give serious consideration to allowing corporations to set up reserve funds in the form of a special issue of Government bonds. Corporations should be permitted to purchase such Government bonds as they deem desirable, but should be limited in the amount of credit against taxable net income to a maximum of 10%. At the termination of the war these bonds would become redeemable and the proceeds would be used for post-war needs such as the encouragement of maximum employment through reconversion and rehabilitation, for accelerated depreciation, deferred maintenance, inventory adjustments and other business needs. Such funds should not be permitted to be used for the payment of dividends.

"With such reserves set up in Government bonds, the Treasury would have the use of the money now when the Government needs it most. In the post-war period these funds would be available to

Winant Named To 3-Power Advisory Body

The State Department at Washington announced on Dec. 4 that President Roosevelt has appointed John G. Winant, Ambassador to Great Britain, as the representative of the United States on the European Advisory Committee. Great Britain's member is William Strang, British Under-Secretary of State, and Russia's representative is Fedor Guseff, Soviet Ambassador to Britain. Establishment of this commission in London, was decided upon at the Moscow conference in order to examine European questions arising as the war developed and to make joint recommendations to the three Governments.

With respect to the new Advisory Council to the Allied Control Commission for Italy, which was also set up at the Moscow conference, the State Department announced on Nov. 22 the appointment of Robert D. Murphy as United States representative with the personal rank of Ambassador. Mr. Murphy, who has been American representative to the French Committee of National Liberation in Algiers, will continue to serve as an adviser on the staff of Gen. Dwight D. Eisenhower, Allied Commander-in-Chief in the Mediterranean theater. Succeeding him as envoy to the French Committee will be Edwin C. Wilson.

Britain and Russia and the French Committee will also name representatives to the Italian Advisory Council. The group will deal with day-to-day questions other than military preparations and will make recommendations designed to coordinate Allied policy with regard to Italy.

The results of the Moscow conference were reported in our Nov. 4 issue, page 1799.

Reconversion Action Now Proposed By Federal Economist

Government concern over conversion of Treasury-financed war plants to peace-time production brought a warning on Dec. 5 that speedy changes might result in "terrific and inequitable impacts upon an established industry."

In reporting this, an Associated Press Washington dispatch in the New York "Herald Tribune" further said:

A study of the problem by Fred E. Berquist, Justice Department economist, shows that Government contracting agencies have authorized expenditure of \$15,555,000,000 in 2,598 plants. The total does not include projects of less than \$25,000 or the \$2,278,000,000 committed for machine tool purchases by the Army, Navy and Defense Plant Corporation.

With the approval of the anti-trust division, Mr. Berquist already has urged some industrial groups to do some spade work now instead of waiting until the end of the war.

His study resulted in a recommendation for "orderly liquidation" of the Government-financed plants by sale or lease. Such a method, he said, probably would bring "maximum dollar recovery."

"Quick disposal might readily be arranged by making necessary price and term concessions," Mr. Berquist added.

industry to help create the jobs which all segments of our people agree will be our most serious problems.

"If there are going to be enough jobs to go around after the war ends, we must begin preparing for them today. If we wait until hostilities cease it will be too late," Mr. Cowdin said.

The Financial Situation

(Continued from first page)

Burma, Malaya, the Dutch East Indies, India and all the rest must logically have been promised their freedom—and protection from aggressive exploiters. China is needed to furnish a route to Japan and aid in crushing Japan—and for such purposes the active vigorous assistance of the Chinese people is essential. The other areas of that part of the world are in a distinctly different category. Moreover Russia is presumably more interested in what the attitude of the European powers toward China is to be than in what they intend to do about the Pacific Islands. The people of the United States have long been more sentimentally inclined toward the Chinese than toward any other people of the earth. That Great Britain is willing at this time, and in the precise circumstances now existing, to join the United States in a declaration which appears to look toward a China relatively although not necessarily wholly free from foreign domination need surprise no one familiar with the course of world politics during the past century.

Realism Is Encouraging

What has been said here is not intended to be critical particularly. Indeed, we confess to a feeling of greater confidence somehow when the powers are dealing with one another in a world of realism. But, of course, no informed man is likely to suppose that what might be termed the Chinese problem can possibly be so easily solved. In a very real sense there is no single entity which can be called China at this time, and there has not been for a good while past. The Chinese people are split into cliques, clans, and all manner of local groups. They are bound by ancient customs which in some instances, at least, are not either admirable or conducive to progress. If we face the facts we must admit that it is not altogether the fault of the western powers, or of Japan either, that China has not been left unmolested to work out its own salvation through the centuries. A large part of the exploitation of China in the past was regularly accomplished with the connivance and active assistance of corrupt Chinese governments.

It may be easy enough to argue that the Chinese are entitled to be "backward," and even to have "hopelessly inefficient and corrupt rulers, if they choose. The fact is, however, that such a situation plainly and strongly invites exploitation—and will do so in the years that are ahead if conditions continue in China as they have been in the past.

Unless the Chinese are ready to build their own future henceforth, it will not be merely a problem of returning their territory to them, but of standing as a guardian over their possessions to protect them from exploitation, not only by Japan, but by any or all other foreign countries. The task that Great Britain and the United States set for themselves in Asia is a huge one in a military sense. That is obvious. The task of keeping China free and unexploited may in the long run prove to be an even more difficult undertaking.

Win The War!

The Teheran conferences may well prove to be of more immediate practical importance. It is certainly to be hoped so. Naturally, the world must wait to learn what has been accomplished, but certainly the primary emphasis given to questions having to do with winning the war at the earliest possible moment is heartening. There are many troublesome questions which must inevitably arise when the fighting is over. It would be unwise to leave these matters entirely unconsidered until victory is won, but it would be far more foolish to permit them to interfere with the defeat of the Axis powers at the earliest possible moment. The vague and idealistic tenets in the Atlantic Charter are not likely to find much place in the final peace arrangements in any event. The important thing now is to get along with the war.

It would be wholly unreasonable to demand to know precisely what was done at either Cairo or Teheran about intensifying and coordinating the efforts of the United Nations to bring about the defeat of the Axis more quickly. It has long been obvious, of course, that the efforts of the British and Americans on the one hand and the Russians on the other in the European fighting were poorly coordinated, if indeed they could be said to be coordinated at all. One of the crying needs of the situation has been that of greater coordination of the activities of these mighty powers. The communique now issued from Teheran speaks of plans having been perfected for this purpose. The announcement is in the vaguest of terms, naturally, and could mean little or much. If full coordination could be achieved, including use of Russian bases for American or British air attack, a great deal would have been accomplished.

Situations such as that existing for months past in Yugoslavia should likewise have come under close study

by the participants in these Teheran conferences. Was it possible for them to come to some sort of understanding which would make it possible to work in close cooperation with all factions in occupied countries, and depend upon all factions to work smoothly together to a common end? If in fact as well as in name, the representatives of Russia and of Great Britain and the United States have been able to come to a close understanding and agreement concerning a number of questions of this sort, much indeed has been accomplished. The events of the next few months should throw a much better light on the success of these Near East conversations than any official communique could be expected to do. And both friend and foe will be able to see that light.

Three Congressmen Die

Senator W. Warren Barbour (Rep., N. J.), died of coronary thrombosis on Nov. 22 in his Washington home. His death followed within 24 hours the deaths of Representative J. William Ditter (Rep., Pa.), in an airplane crash, and of Representative Henry B. Steagall (Dem., Ala.), from a heart attack.

Mr. Barbour, who was 55 years old, was appointed to the Senate in December, 1931, to succeed the late Dwight W. Morrow. He was defeated for reelection in 1936 but was returned to the Senate in 1938 for the unexpired term of A. Harry Moore, who resigned to become Governor. Senator Barbour was reelected in 1940 for a full six-year term. He was a member of the Senate's Naval Affairs, Commerce, Manufactures, Public Buildings and Rules Committees.

Representative Steagall, who died on Nov. 22 in the George Washington University Hospital at the age of 70, was Chairman of the House Banking and Currency Committee and had been a member of the House for 29 years. He was one of the leaders of the fight in the House against the Administration's food subsidy program, having called for its defeat in a special opening debate in the House on Nov. 18. Mr. Steagall took a leading part in many important pieces of legislation, having been sponsor of such measures as those which created the Reconstruction Finance Corporation, the Federal Deposit Insurance Corporation, the United States Housing Authority and the Commodity Credit Corporation. He also helped draft the two price control acts. One of the most notable of the measures sponsored by Mr. Steagall was that known as the Glass-Steagall bank bill, enacted in June, 1933, amending the Federal Reserve and National Bank Acts; besides the deposit insurance plan carried in the Glass-Steagall measure, it embodied Branch Banking provisions, also provisions divorcing Bank Affiliates, Creating Federal Open Market Committee, etc.

Representative Ditter was killed on Nov. 21 in the crash of a Navy plane near Columbia, Pa. Mr. Ditter, who was first elected to Congress in 1932 and reelected to succeeding terms, was on a special mission in connection with his duties as a member of the House Naval Affairs subcommittee. He was also a member of the House Appropriations Committee and was three times elected Chairman of the National Republican Congressional Committee.

Life Insurance Funds Active In Financing Aid For City Housing

American life insurance companies have this year put approximately \$400,000,000 into mortgages on city homes, including apartments, bringing total financing aid of this type to nearly \$4,000,000,000, an all-time peak, it was reported Nov. 28 by the Institute of Life Insurance. This aggregate represents housing for approximately 3,500,000 persons. The Institute said:

"New dwelling units built under war housing priorities constitute a substantial part of these city properties on which mortgages have been purchased in the last two years. In addition, the companies have been active in the refinancing of existing dwelling accommodations. On both scores the war-time shortage of housing has exerted an important influence. At the same time, special attention has been given by the life insurance companies to housing values and every effort is being made to discourage increased valuations under the stimulation of inflationary conditions.

"An enormous increase has occurred in life insurance holdings of mortgages on city dwelling units, the investment in these mortgages having tripled in the last five years. As a result, life insurance funds are now one of the leading sources of financing aid to home owners."

Several companies relatively new in the field of financing aid for homes are very active in this field today, according to the institute, which says further that most companies are now eager to secure more good home mortgages than are currently available. The Institute also states:

"Post-war housing will be greatly aided by life insurance companies. Most companies are laying plans for expansion of activity in this direction with the expectation of increasing their aid to home owners when the war's end releases materials and labor for the tremendous building activity now forecast by housing experts. This aid will take the form principally of mortgage financing, but greater participation by the companies is expected in direct ownership of housing projects for which life insurance companies have recently become a leading source of funds."

From the announcement of the Institute we also quote:

"Most of the life insurance financing aid for housing in recent years has been in the field of low cost housing for families of modest means. One evidence of this is the great increase of FHA mortgages held by life insurance companies. Together the companies hold 27% of all FHA mortgages on one to four family houses and 53% of all FHA mortgages on large scale housing projects. One company alone holds more than a quarter of a billion dollars of FHA mortgages, and another company has more than 50% of its assets in this type of home financing aid. One of the companies newly interested in the field has, after only two years, more than \$50,000,000 of FHA mortgages. Approximately 30% or well over a billion dollars of the home mortgages held by the insurance companies is in FHA insured mortgages.

"Of the remaining 70% of non-farm dwelling mortgages held by the life companies, the greater part are also on low cost homes and are now on a long-term, amortization plan. The companies were among the pioneers of this type of mortgage, writing it extensively before the Federal Housing Authority was established. One life insurance company alone has written nearly \$1,500,000,000 of long term amortizing mortgages on small homes over the past 20 years, representing housing accommodations for nearly 1,500,000 people. Another company which currently holds \$250,000,000 of FHA mortgages also holds some \$550,000,000 dwelling mortgages written on its own plan, and consisting chiefly of mortgages on small homes."

U. S. Civilian Living Standard Higher, According To Survey By Harper & Curtiss Of Cornell

The living standard of the average civilian in the United States is now about one-sixth better than in 1939, according to a study of Government reports on prices and incomes made by Professors F. A. Harper and W. M. Curtiss of Cornell University. This better living, it is explained, should not be confused with higher prices, but is in terms of actual purchases of goods and services.

In Ithaca, N. Y., advices of Dec. 5 to the New York "Herald Tribune," from which the foregoing is learned, it was also stated:

"The civilian standard of living could, of course, be even higher through purchase of goods with additional money savings of workers, if more cars, radios, clothes, train rides and other consumer goods and services were available.

"This rise in the level of living assumes that price indexes of the Government are both complete and accurate, say Professors Harper and Curtiss. Actually, the indexes may not be correct, as they leave out many goods and services.

"As they stand now, Government figures 'do not show much of the civilian sacrifice we have heard so much about,' says the Cornell economists. 'Neither do they support the demands of certain organized pressure groups for higher incomes to ease their wartime suffering.' The official figures show 'that the so-called suffering has been in reverse, and the average citizen has been enjoying one of the most rapid advances ever experienced in his standard of living.'

"Consumers are eating 20% better than in 1939, according to these Government figures; non-food items have gone up 14%. With ex-

cellent weather for crops, and by using feed grain reserves, it has actually been made possible for people to shift to the luxury foods. This has been possible in spite of the export of much food through lend-lease. People with money in their pockets are also eating much more in restaurants.

"A rise of 14% in non-food consumer purchases would be surprising, according to Professors Harper and Curtiss, in view of the tremendous shift of production to war goods. Without doubt we have been using reserves of manufactured products and raw materials. Also 'production' and 'consumption' of many services has increased. Rail and bus travel has increased enormously although auto travel is reduced.

"From their own experience, many persons will not believe the conclusion that the United States is living so much better. They may be right, for not all persons have benefited equally. But 'for each person who has little or no benefit, someone else has reaped an even better living,' the Cornell study discloses."

Efforts To Link Currencies Of Near East To World Standard Opposed By Former Iran Official

Urges Return To Silver For Near East

A return to hard white money, freely circulating at its commodity value, and abandonment of all forms of paper currency, managed currency, or stabilized ratios, and eschewment of efforts to link their currencies to a world standard—is recommended as post-war monetary policy for the countries of the Near East by Dr. Elgin Groseclose, sometime Treasurer-General of Iran.

Dr. Groseclose admits that his recommendation flies in the face of monetary opinion, including the vocal opinion in the Near Eastern countries themselves; and he recognizes that silver is "less adapted . . . to the settlement of international balances." Even so, he recommends it for the Near East.

"The Near East—taken as the Arabic, Turkish and Persian speaking countries lying from the Nile Valley eastward to the borders of China—is, historically and traditionally, a hard money territory," Dr. Groseclose states in one of a series of essays on post-war monetary standards published by the Monetary Standards Inquiry, New York.

Dr. Groseclose states that a serious inflation exists throughout the Near East, and attempts to control it, even in those countries long under European tutelage, have been ineffectual.

"Had the governments of these countries never permitted themselves to be lured by the vogue of European note issue systems and Western monetary theory into experiments in paper currency, and had they clung to their old-fashioned metal moneys, it is certain that their present hardships would be infinitely less," he adds.

Dr. Groseclose states that the preference of these countries for

metallic money cannot be set down entirely to ignorance of the blessings of civilized monetary practice and theory. These are the lands, he notes, in which banking and commercial credit instruments originated; a banking code existed here long before the Mosaic Code; a form of bill of exchange was employed by Assyrian merchants of the ninth to the seventh centuries B. C.; and the modern bill of exchange, developed by the Florentine merchants, was probably an adaptation of an Arabic usage.

Dr. Groseclose says that the attempt to override the traditional distrust of paper money may prove to be one of the major mistakes in the political management of these countries.

"To be deprived of good metal for their wares and services, forced to accept dirty pieces of paper the symbols on which they frequently can neither read nor understand, which deteriorate in their hands and must be spent immediately lest they lose their value, create a state of mind which, however latent and unobserved, and understandable only by familiarity with the modes of life of these peoples makes for political and social unrest."

Declaring that if further regulation of the insurance business is needed, the Commissioners Association and the State legislatures are always willing to consider the necessity for it, Mr. Harrington emphasized that the Commissioners of the several States have demonstrated their willingness to cooperate with the Federal Government at all times in the solution of problems affecting the business. This is illustrated, he said, by the appointment of a special committee of the Commissioners' Association to cooperate with the Federal Government.

Describing other instances of such cooperation, he continued: "The State Insurance Commissioners, through their National Association, are cooperating with General Grant in advancing a program of the War Department designed to protect industrial plants producing material destined for the advancement of the war. We have cooperated with the War Department in making it possible for insurance companies to reduce the cost of workmen's compensation insurance which is a direct charge against the Federal Government in connection with war contracts. In fostering this program, the cooperation of the Governors of some States was sought and received. We have cooperated with the War Damage Corporation to make effective the purpose of the Federal Government to furnish war damage insurance to the public. There is no reason why departments of the Federal Government should be hostile to, or destructively critical of a system of State supervision of insurance which has evidenced a willingness to cooperate. Destructive criticism should be beneath the dignity of Federal officials—constructive criticism should be welcomed and seriously considered by State officials."

Urging a realistic attitude toward the extension of social security benefits at this time, Commissioner Harrington said: "Our Nation must liquidate a national debt, which we are reliably informed will reach \$350,000,000,000. Let us not hastily enact Federal laws which increase the problems now confronting the insurance companies and Insurance Commissioners. Our Government can give us nothing. The little taxpayer must share with the large taxpayer the cost of any extension of Government benefits in addition to his share of the war debt."

ABA Exec. Council To Meet In April

The annual spring meeting of the Executive Council of the American Bankers Association will be held in Chicago at the Stevens Hotel, April 16-19, 1944, it is announced by A. L. M. Wiggins, President of the Association and President of the Bank of Harts-ville, S. C.

The Executive Council is the governing body of the Association, consisting of the officers of the Association, the President and Vice President of each of its six divisions and sections, the chairmen of its various commissions, and 83 representatives elected by the member institutions of the various states. The meeting will bring together the members of the Council and the leaders of the Association's Commissions, Councils, and Committees, and the officers of its Divisions. The Council holds two meetings a year, the annual spring meeting in April and a second one held during the annual convention. The meetings of the Council are always executive sessions.

Willkie Will Not Run For Presidency, If Republicans Support Views of Landon

Wendell L. Willkie on Dec. 6 asserted, that if the recent speeches of Alfred M. Landon "represent the thinking of the Republican Party," that someone other than himself should lead the Republicans in the 1944 Presidential campaign, said Denis Tilden Lynch in an item in the Dec. 7 issue of the New York "Herald Tribune." The write-up added in part:

Mr. Willkie voiced his criticism of Mr. Landon when asked for comment on the Kansan's published prediction that Governor Thomas E. Dewey of New York would be nominated for President by the Republicans not later than the second convention ballot and that Mr. Willkie was likely to slip almost completely out of the running before convention time.

"Predictions are hazardous," said Mr. Willkie. "This much, however, is certainly true—that if Governor Landon's recent speeches, particularly the one last Saturday on the Moscow agreements, represent the thinking of the Republican Party, then certainly some one other than myself should lead the party in 1944. For the statements, inferences and implications of the Governor's speech would take the party in a different direction from that in which, in my judgment, it must go if it is to win the confidence of the American people."

Mr. Landon arrived here from Washington shortly after Mr. Willkie's attack upon his public utterances. He replied that he would welcome Mr. Willkie's views and suggested that he be "specific and definite." Governor Dewey, with whom Mr. Landon expects to confer today, also arrived in town, after a fortnight's

holiday at Sea Island, Georgia, but declined to enter the controversy.

"I would be very much interested in Mr. Willkie's views as to what he considers wrong with my speech of last week before the Republican junior Senators in Washington," said Mr. Landon. "I do think he ought to be specific and definite. I would welcome his views."

"We are not getting any details as to what is going on at these conferences. This is different from Woodrow Wilson's day, when we had open discussions, or to quote Woodrow Wilson himself, 'open covenants openly arrived at.'"

"That is how we reach a decision in a republic. That is the antithesis of a totalitarian State, and we are having too much of that today!"

"People don't know what is going on. The heads of our Government are meeting and we want to know what is going on."

"The London Economist," in its current issue that arrived in America in the last few days, raised the same questions respecting the Moscow conference that I raised because of the lack of details we have concerning it."

J. A. Stevenson Elected Chairman Of Institute Of Life Insurance

John A. Stevenson, President of the Penn Mutual Life Insurance Co., was elected Chairman of the Board of Directors of the Institute of Life Insurance, succeeding Gerard S. Nollen, President of the Bankers Life Co., at the annual meeting of the Institute's board, held at the Waldorf-Astoria Hotel in New York City on Dec. 1.

Mr. Stevenson brings to his post a broad experience in the insurance field and wide familiarity with insurance problems. He has headed sales executives associations and is particularly interested in the educational and economic phases of life insurance. He is the author of many books on life insurance and was one of the pioneers in the training of life insurance agents.

Mr. Stevenson becomes, ex officio, a member of the Executive Committee of the Institute and other new members elected to this committee were: Claris Adams, President, Ohio State Life Insurance Co.; and George L. Harrison, President, New York Life Insurance Co. Retiring members of the Executive Committee are: Leroy A. Lincoln, President,

Metropolitan Life Insurance Co.; Julian Price, President Jefferson Standard Life Insurance Co.; and Frazer B. Wilde, President, Connecticut General Life Insurance Co.

New members of the Board of Directors, elected at the annual meeting of the Institute, were James A. Fulton, President, Home Life Insurance Co., and Charles F. O'Donnell, President, Southwestern Life Insurance Co., succeeding Mr. Lincoln and Bertrand J. Perry, President, Massachusetts Mutual Life Insurance Co.

Holgar J. Johnson was reelected President and Arthur C. Daniels Secretary of the Institute.

Robert P. Patterson Opposes Proposal To Change Renegotiation Contracts

Robert P. Patterson, Undersecretary of War, before the Senate Finance Committee, on Dec. 6, declared that there is no merit in the suggestion that renegotiation should be used to allow war contractors to build up reserves for post-war conversion and at the same time he opposed the proposal to base war contract renegotiation on profits after taxes. Washington advices to the New York "World Telegram" of Dec. 6 in reporting this gave other remarks of Mr. Patterson as follows:

Mr. Patterson said changes in the renegotiation law in the House-approved \$2,000,000,000 tax bill were generally satisfactory to the War Department, except in the case of certain administrative features.

Mr. Patterson said that abnormal conditions still prevalent make it necessary to continue the legislation bringing about a downward adjustment in war contracts. Price adjustment by the War Department has been fair and reasonable and it has not delayed or impeded war production, he declared.

"American industry doesn't want to come out of the war with the

label of profiteer fastened to it," said Mr. Patterson. "If the price adjustment law had not been available, I am certain that other measures would necessarily have been taken, which might have been harmful to war production."

"To date price adjustment operations have saved the Government some \$5,300,000,000, of which \$2,500,000,000 is cash which procuring agencies have recovered or will recover. The other \$2,800,000,000 reflects reductions in prices for future deliveries under existing contracts."

Mr. Patterson declared that the charge that the renegotiation law has been administered in a manner unfair to contractors cannot be sustained.

Continuance Of State Supervision Of Insurance Advocated By Head Of Commissioners' Assn.

Says Issue Of Federal And State Rights Involves Preservation Of Free Enterprise System

Charles F. J. Harrington, President of the National Association of Insurance Commissioners, warned on Dec. 2, that if the principle that insurance is not commerce, and therefore not subject to Federal regulation, is vulnerable "similar basic principles upon which other businesses have been constructed are equally vulnerable and likely to be succeeding objectives of the national planners."

Addressing the 37th annual meeting of the Association of Life Insurance Presidents in New York City, Mr. Harrington, who also is Commissioner of Insurance of Massachusetts, declared that the doctrine in Paul v. Virginia, which held that insurance is not commerce, is not confined to that business alone, but "is a fundamental delineation between Federal and State rights, between rule by law and rule by men."

"Although related immediately to the insurance business, the issue is important to everyone of you," he told the life insurance executives. "It involves the preservation of our free enterprise system."

Strongly advocating a continuance of State supervision of insurance, Mr. Harrington described the Commissioners' Association as "a serious, deliberative body, thoroughly cognizant of its responsibilities and reasonably striving to attain its objectives," and asserted that it "has been a satisfactory substitute for a Federal bureau and certainly less expensive."

"A debt burdened nation should not at this time be required to support another great Federal bureau, with the resultant conflicts of opinion and probable increased litigation to determine where Federal supervision begins, or where State supervision ends," he added.

Commissioner Harrington cited the modernization of mortality tables and valuation standards, together with a revision of the methods used in computing non-forfeiture benefits, as a recent accomplishment of the Commissioners' Association in cooperation

with the leading actuarial societies. He told how, after the actuarial committee had completed its studies on the subject, a committee of insurance commissioners reviewed the work and suggested certain changes in the interest of practical administration of the proposed new laws. Public officials and insurance company executives who participated in the work "have reason to be proud of the fact that within six months of the adoption of their report by the National Association of Insurance Commissioners, 14 State legislatures adopted the legislation," he said. He added:

"In 11 additional States, legislation is unnecessary to permit the use of the tables and non-forfeiture benefit provisions of the report. In more than half of the States of the Union, within a six months period, it has been possible for State supervision to make effective technical and involved legal principles designed for the protection and benefit of future life insurance policyholders and their beneficiaries. No responsible criticism has been directed against the program. Unstinted praise has been voiced by those who understand the nature and extent of the benefits the public will derive from this momentous work. We have urged the Commissioners of those States, which have not adopted the legislation, to introduce it at their next legislative session. We believe that the remaining States will take favorable action manifesting that the States can by uniform legislation achieve adequate interstate supervision of the business of insurance."

Opinions Of James A. Treanor, Jr. On Anti-Manipulative Provisions Of Securities Acts

The Securities and Exchange Commission on Nov. 16 made public two opinions of James A. Treanor, Jr., director of the Trading and Exchange Division of the Commission. One opinion discusses the effect of the anti-manipulative provisions of the Securities Exchange Act of 1934 and the Securities Act of 1933 on the activities of a manager of an underwriting syndicate. The other opinion discusses the circumstances under which members of an underwriting group who has raised the market price of a security or created activity therein during their distribution of that security may be held to have violated the anti-manipulative provision of the Securities Exchange Act of 1934 and of the Securities Act of 1933.

Opinion Regarding Activities of Manager of Underwriting Syndicate

In the first case Mr. Treanor's opinion deals primarily with the case of a manager of an underwriting syndicate who effects purchases of a security to reduce the short position of the "syndicate account" in that security while the members of the syndicate or members of the selling group are engaged in the retail distribution of such security. In this situation, Mr. Treanor points out, a manager's transactions which raise the price of the security or create excessive trading therein, will violate the anti-manipulative and fraud provisions of the Securities Exchange Act of 1934 and the Securities Act of 1933.

The opinion also discusses the factors which indicate the presence or absence of manipulative intent.

The opinion applies to securities which are traded on national securities exchanges as well as to those which are traded in the over-the-counter market.

The text of the opinion follows in full:

"You have inquired whether transactions effected by the manager of an underwriting syndicate to cover an over-allotment short position of the syndicate are subject to the anti-manipulative provisions of the Securities Exchange Act of 1934 and the Securities Act of 1933.

"As I understand it, you are the manager of a syndicate which is underwriting an issue of shares of stock of 'XYZ' Corporation. The issue is being publicly offered at a fixed price, having recently become effectively registered under the Securities Act of 1933. I also understand that the syndicate account is 'short' shares in the amount of approximately 8% of the amount originally offered, resulting from over-allotment. It also appears that the individual members of the underwriting group are 'long', in the aggregate, approximately 17% of the amount originally offered, representing the unsold portion of the original offering. Moreover, the members of the selling group who are not underwriters have an aggregate long position amounting to approximately 12% of the original offering.

"In considering the question which you have raised, we may start with the premise that a syndicate over-allotment is customarily made for the purpose of facilitating the orderly distribution of the offered securities by creating buying power which can be used for the purpose of supporting the market price. Thus, it would appear, in the absence of circumstances indicating the contrary, that purchases made for the purpose of covering the 'short position' of the syndicate are effected for the purpose of facilitating the distribution. Moreover, if such purchases are effected to facilitate the offering, it is obvious that there exists the intention or purpose of inducing the purchase of the offered security by others.

"Under these circumstances, all purchases which raise the market price of the offered security or

vidual underwriters or selling-group members have securities remaining unsold, and that managers have no means of requiring members of underwriting or selling groups to supply them with the offered securities to permit the extinguishment or reduction of the short position.

"Considering these contentions first with respect to the individual underwriters, it should be noted that the manager of a syndicate is an agent for the members of the underwriting group and that the individual members of the group are principals in any transaction effected by the manager as such. The failure of an agent of an underwriting group to inform himself with respect to the status of the distribution cannot, in my opinion, grant immunity to any such agent or to his principals from the anti-manipulative provisions of law. On the contrary, no such agent should permit his principal's act or refusal to act, to force him, the agent, to violate the law in attempting to protect such principal's interests.

"In view of the foregoing, it would seem incumbent upon the manager to insure his ability to obtain all necessary information concerning the status of the distribution. In this connection, it would seem appropriate for the agreement between underwriters to contain provisions stating, in effect, that the manager, upon request, shall be informed of the amount of the offered securities which the individual underwriters have remaining unsold. Moreover, it would also seem appropriate for the agreement between underwriters to contain provisions requiring the individual underwriters, upon request of the manager, to deliver to him unsold securities, at or below the offering price, for the purpose of reducing the syndicate short position.

"While an agency relationship may not exist between the manager of the syndicate and members of the selling group, there is a community of interest between them and the manager's purchases redound to the benefit of the members of the selling group. And since the relationship between the selling group and the syndicate is customarily determined by contract between the two, and since, in effect, the members of the selling group are selling securities for the manager and the syndicate which he represents, it would likewise seem appropriate for the contract between the underwriting syndicate and the selling group to contain provisions analogous to those mentioned above."

Opinion Dealing With Raising Prices of Securities During Distribution

In the second case, Mr. Treanor's opinion deals primarily with the case of certain members of an underwriting group, who, while they or other members of the group or members of the selling group are still engaged in the distribution of a security, effect transactions in such security. In such a situation, Mr. Treanor points out, an underwriter's purchases which raise the market price of the security or which create excessive trading therein, are illegal regardless of whether the transactions are characterized as "stabilizing" or "trading" transactions.

The opinion applies both to exchange securities and to over-the-counter securities.

The text of the opinion follows in full:

"You have asked me for an opinion as to the legality of certain transactions you propose to effect in the debentures of 'X' Corporation which are being publicly offered at a fixed price by an underwriting group of which you are a member.

"I understand that the debentures became effectively registered under the Securities Act of 1933 several days ago, and that the offering was made on the day following the effective date. I also

understand that since the commencement of the offering one of the underwriters, acting as manager of the group and as the agent for all of the underwriters, has been effecting purchases of the debentures for the purpose of facilitating the distribution. You have not yet disposed of some of the debentures which, as an underwriter, you purchased from the issuer, and as a member of the selling group have purchased additional debentures from the manager. You have been selling the debentures at retail at the fixed public offering price.

"You state that, in addition to distributing the debentures through your retail department at the fixed public offering price, you would like to buy and sell the debentures, through your trading department, at prices which may exceed the price at which your retail department has been making sales. You ask whether such 'trading' transactions, if effected prior to the completion of the distribution, would violate any of the anti-manipulative provisions of law.

"I believe that discussion of the problem will be facilitated by considering initially the legality of purchases made at prices varying from the offering price when such purchases are made by the manager.

"Since the debentures are not registered on a national securities exchange, Section 9 (a) (2) of the Securities Exchange Act of 1934 is not by its terms directly applicable. However, the Commission has consistently expressed the view that transactions which would violate Section 9 (a) (2), if effected in a registered security, would be in violation of Section 15 of the Securities Exchange Act and Section 17 (a) of the Securities Act of 1933, if effected in a security which is not so registered. In this connection, I refer to you in the Matter of Barrett & Company (Providence, Rhode Island) et al., 9 S.E.C. 319 (1941), Securities Exchange Act Release No. 2901, p. 9, et seq. Therefore, the provisions of Sections 9 (a) (2) are pertinent in determining whether the general fraud provisions of Section 15 of the Securities Exchange Act and of Section 17 of the Securities Act have been violated.

"Section 9 (a) (2) of the Exchange Act makes it unlawful, directly or indirectly, 'to effect, alone or with one or more other persons, a series of transactions in any security registered on a national securities exchange creating actual or apparent active trading in such security or raising or depressing the price of such security; for the purpose of inducing the purchase or sale of such security by others.' (The emphasis is mine.)

"In determining the application of these provisions to purchases made by the manager, consideration must also be given to whether they constitute lawful 'stabilizing' transactions, in which event they would not be subject to the anti-manipulative provisions of the type described in Section 9 (a) (2). The Commission has stated that it considers 'stabilization' to facilitate the distribution of a security to be 'the buying of a security for the limited purpose of preventing or retarding a decline in its open market price. . . . Securities Exchange Act Release No. 2446, March 18, 1940, p. 3.

"Obviously, lawful 'stabilization' does not encompass transactions which raise the price of the security or which create actual or apparent trading greater than that necessary to prevent or retard a decline in the price. When a block of an unregistered security is being publicly offered and transactions in that security admittedly are being effected for the purpose of facilitating the distribution, it is clear that the distributors have the purpose of inducing the purchase of the offered security by others. It also follows, in my opinion, that under such circum-

stances transactions by the stabilizers raising the price of the security or creating greater trading activity than is necessary to prevent or retard a decline in such price clearly would be in violation of the general fraud provisions of the two Acts.

"Thus, in the situation described in your letter, if the manager effected transactions in the debentures which raised their price or created more trading therein than was necessary to stabilize effectively the price of the debentures, in my opinion such transactions would be in violation of Section 15 of the Securities Exchange Act and Section 17 of the Securities Act. In this connection, I would like to point out that purchases above the offering price, while the distribution is going on, would be unlawful, in my opinion, even though independent quotations and transactions at a higher price may be found. Such transactions are obviously not necessary to facilitate the distribution and would be considered as creating excessive trading.

"Moreover, if the manager of an underwriting group who has authority to purchase securities on behalf of the syndicate effects unlawful transactions, the individual members of the underwriting group are, as a matter of law, likewise responsible for the unlawful acts, since the manager of a syndicate is no more than an agent for the members of the group. The individual members of the group are liable as principals for such unlawful transactions.

"Since the members of the group would be liable if the manager effected the transactions, it appears obvious that any member would be in violation of Sections 15 and 17 were he to effect similar transactions directly. When an underwriter is engaged in the distribution of a security he obviously has the purpose of inducing the purchase of that security by others, with the result that when he concurrently effects trading transactions which raise the price of the security, or create trading activity beyond that necessary for stabilizing, it is difficult, if not impossible, to give credence to the view that the trading transactions were not also conducted, at least in part, for the purpose of inducing the purchase of the security by others.

"The foregoing is true, in my opinion, even though the underwriter may have sold all of the securities retained by or allotted to him in the distribution, as long as the manager is still stabilizing to facilitate the offering. While this situation prevails, the manager is still inducing the purchase of the security by others, and the underwriter, as one of the manager's principals, is to be presumed to have the same purpose. In general, as long as the syndicate agreement is in existence and the manager is vested with the power of acquisition and resale of securities customarily conferred upon him by such agreements, all members of the syndicate, whatever their individual positions may be, should be on notice that the distribution is or may be in process and that they are or may still be participants therein.

"The fact that the transactions effected by the trading department of the underwriter are labelled as 'trading' transactions and that it may be asserted that they are effected without knowledge by, or consultation with, its retail distributing organization, does not affect my conclusion. Although the argument has frequently been made that the trading department of a firm which is a member of an underwriting group operates independently of the retail division of the same firm, the fact remains that the firm is a single business organization and that the act of the trading department is legally the act of the distributor.

"Accordingly, I am of the opinion that purchases effected under

such circumstances by any department of your firm raising the price of the security or creating excessive trading therein would violate Section 15 of the Securities Exchange Act and Section 17 (a) of the Securities Act.

"Thus far this discussion has been confined to the situation in which the manager of an underwriting group is stabilizing, on behalf of the members of that group, to facilitate an offering. However, my conclusion that so-called trading transactions which raise prices or which create excessive trading activity during the course of the distribution are in violation of law does not depend upon the existence of a stabilizing operation. When an underwriter or selling-group member is still engaged in offering the security he is inducing the purchase of that security by others. Transactions by the underwriter at that time which create excessive trading activity in the security or which raise the price thereof, are illegal, regardless of whether they are characterized as 'trading' or 'stabilizing' transactions."

From Washington

(Continued from first page)

Stalin at Churchill's birthday party, and once again an accord was reached.

We don't know whether these "historic" things are as terrible on the enemy's nerves as they are purported to be. In fact, we do not see how the enemy knows anything about them except what the leaders want them to know, and in this latest greatest breathing event, they seemed to take a delight in telling the people about it.

But whatever it is doing to the enemy's nerves, we know that it is terrible on ours.

This last one seemed to be on the way of being just about as much as we could stand. And it is our guess that if the propaganda build-up had not gone wrong the let-down would have been sickening; it would have caused no end of harm to this country's morale.

Our correspondents and radio commentators are indignant because of the mishandling of the American press. To this writer's mind, it was the country's break.

By the time Mr. Roosevelt had been out of the country for a week there was hardly a hamlet in the country that didn't know about it. Then the rumors went wild. Stories were published that momentous developments were about to take place. One that received wide credence was that the Big Three were to deliver an ultimatum right then and there. Then there came an outburst of peace rumors, from Lisbon, Madrid and Stockholm. Goebbels was undoubtedly at work and he did a good job. Our players at the so-called war of nerves asked for it; they were getting it.

The result is that thousands, perhaps millions of mothers in this country thought the war was about to end. This was the state of suspense in Washington; in Congress; in the newspaper corps.

Had we still been in this state of suspense when the meaningless communique finally came through, there would undoubtedly have been a breaking of nerves all over the place.

Fortunately, the truth became known slowly. First, there was the "momentous" announcement regarding Japan. It was apparent then that the conferees were barking so loudly because they had nothing else to offer. Then the release in Moscow on the Teheran confab prepared us for the worst. It was good that it came this way, by degrees.

A few days before the Teheran conference one of the White House intimates was in a highly nervous state. He told us frankly that the country was in for the greatest let-down it had ever ex-

Treas. Proposals For Raising Corp. Taxes Shake Nation's Economic Foundations: Friedman

(Continued from first page)

Our Treasury proposals to increase corporation income taxes always break the stock market. The British are not subject to a double tax on corporate income but we are. Compared with September, 1939, the London stock market is now about 50% higher but the New York Stock market is about 17% lower. If you raise the rates, the market will fall. If you lower the rates, the market will rise.

Under Treasury proposals, United States will have the highest corporation tax in the world, equalling the Nazis, who do not tax excess profits. The United States will have the highest excess profits tax in the world, matching Great Britain's, which does not tax corporation income.

Your Committee is considering the House Bill which would raise the excess profits tax from 90% to 95%. This would not be an unreasonable proposal if we had not in 1941, changed the sequence of deducting the tax.

For railroads and utilities, the tax proposals may be illegal. The courts have held as confiscatory returns, after all taxes, of 4.59%, also 3.65%, and also 2.48%. An invested capital base of 4% with a 50% corporate income tax will produce returns that have been declared confiscatory and illegal.

The Committee might consider the following recommendations on the corporation income tax: (a) Permit increased reserves for wartime depreciation; (b) Exempt amortization of debt; (c) Permit reserves for economic transition to peace; (d) Treat preferred stock dividends exactly like bond interest. Both are fixed charges; (e) Tax publicly-owned corporations competing with private enterprise. In Soviet Russia the hydro-electric plant at Dnieperstroy paid a 40% corporation tax (not 50%). But our own TVA and municipally-owned utilities pay no federal taxes. If they did, the Treasury could collect \$150,000,000 in revenue from them and at least \$50,000,000 from holders of their securities, now tax exempt. (f) Shift our corporation tax to the British basis after the war. Responsible Treasury officials publicly favored this trend in policy. Hon. Randolph E. Paul stated so in addresses at the Detroit Economic Club March 1, 1943, and at the new School, November 16, 1943.

As a sound and realistic program, the corporation income tax should be deducted before excess profits tax, if you raise the rate to 95%. As a minimum program, if you retain the present unsound and unrealistic sequence, the rate of 90% of excess profits tax

should not be raised, and the invested capital base should not be lowered to 4%.

perceived. It was utterly impossible for the miracle to be accomplished that was apparently being looked for, he said. He will undoubtedly have a lot to tell his Chief about what the war of nerves in this instance really was.

We have considerable support for our belief that Messrs. Roosevelt and Churchill realized what they had gotten into and deliberately botched up the press handling. If this is true, we hope they have learned their lesson. They seem to be the only ones of the leaders who dote on these "history-making" events which in a few years, in a clearer perspective, will prove not to have been history making at all. The history is being made by those who are doing the fighting.

The impression is growing, in this connection, that Messrs. Roosevelt and Churchill are reluctantly being pushed closer and closer to the so-called second front, and how they hate it. Which is the state of mind of everybody who values human life.

should not be raised, and the invested capital base should not be lowered to 4%.

Warns Kilgore Bill Will Hamstring Science & Industry

James D. Cunningham, Chairman of the Committee on Patents of the National Association of Manufacturers, charged on Nov. 29 that Senate Bill 702 (the Kilgore bill) would "stifle science and make it impossible for American business to maintain maximum postwar production and full employment."

Mr. Cunningham, President of Republic Flow Meters of Chicago, further stated that the effect of the measure is to "authorize the complete socialization of all forms of property, plans, technical information, and 'know how' of all industries, and all personnel devoted to scientific and technical effort.

"How we can expect to achieve full postwar employment if we hamstring science and industry and destroy the incentive for invention and research is incomprehensible," he continued.

Announcing a distinguished six-man panel on the topic, "Whether Research?" at the Second War Congress of American Industry in New York City on Dec. 8, 9, 10, Mr. Cunningham said that the Kilgore bill would create the most despotic authority ever given to a single officer (the proposed administrator).

As a prelude to the panel discussion two important talks were announced. "Small Business and the Patent System," by a small businessman, John W. Anderson, President of the Anderson Co., Gary, Ind.; and "Congress and the Patent System," by Senator Albert W. Hawkes, Republican of New Jersey.

Mrs. Luce Cites Lack Of Law On Deferred Men Of Draft Age

Representative Clare Boothe Luce (Rep., Conn.) said on Nov. 24 the law draws "a cruel and unfair distinction" between the home front and the battle front in responsibility of men of fighting age. In a speech on the National Forum of the air, Mrs. Luce said that "men who are sent to the battle front are required by law to be prepared to die for freedom. Men of the same age, deferred on the home front, are not even required by law to work for freedom."

In Associated Press Washington advices Nov. 24, as given in the New York "Herald Tribune" it was further reported:

Mrs. Luce spoke in behalf of her bill, under study by the House to establish an Army and Navy maintenance corps of deferred draft-age men. They would be assigned to jobs in war industries, or other essential duties.

Mrs. Luce said her bill would not affect any deferred man already working in an essential war occupation, but would call up for the maintenance corps those deferred men not yet working in essential jobs.

Mrs. Luce said further, without elaborating, that her bill would "tend to prevent and stop strikes, and it will largely stop labor turn-overs, among workers of draft age."

"The bill will also help to curtail the drafting of fathers," she added.

Finns Reported Continuing War Against Russia As Full-Fledged Partner Of Germany

Finland has quietly dropped the propaganda line that she is fighting a private war, disassociated from the world conflict and apparently has decided to continue the fight against Russia as a full-fledged partner of Germany, it was reported Dec. 3 in an Associated Press dispatch from Stockholm. These advices further said:

This decision, following a period in which some Finnish leaders showed a tendency toward trying to get out of the war, was taken as the only practical alternative to plans formulated at the Moscow Conference, which the Finns interpreted to mean they would have to surrender unconditionally, a reliable informant said.

In line with the new policy, which also reflected growing Nazi pressure, a directive was said to have been sent to the controlled Finnish press, instructing it that thereafter there should be no mention of a separate war. A stricter censorship also was reported to have been clamped down on the press, into which public sentiment for peace had sometimes found its way.

According to information reaching Stockholm, Premier Edwin Linkomies and Foreign Minister Sir Henrik Ramsay called the turn in a debate on future policy following the meeting of the representatives of Great Britain, the United States and Russia at Moscow.

The Finnish Cabinet, in effect, had decided to cling indefinitely to the line it had been pursuing

since Hitler invaded Russia, but the communique issued at the Moscow meeting, it was said, left the Finns asking themselves, "what does it mean for Finland?" Unconditional surrender was the only answer they could find and this they decided they could never accept, preferring rather to fight on alone even after the Axis capitulated, it was reported.

Called to Helsinki for consultation following the Moscow conference, Toivo Kivimaa, Minister to Berlin, was quoted as telling a secret session of the Parliamentary Foreign Affairs Committee that "we must please the Germans. There has been too much pro-ally tendency and too much anti-German demonstration."

Germany, meanwhile, appears to have received what she wanted. She has agreed to furnish Finland tens of thousands of tons of grain and sugar by January 1, and official Nazi newspapers are printing laudatory articles about "Finland's example" in which they emphasize that Finland is a "comrade in arms."

Irving Fisher Warns Against "Killing Taxes"— Urges Forced Savings to Combat Inflation

A program to combat inflation should include compulsory savings, Irving Fisher, Professor Emeritus of Economics at Yale University, told the Senate Finance Committee on Dec. 4, at the same time warning against "killing taxes" on the rich and on corporations.

In reporting his testimony, United Press Washington advices stated:

He attacked increased corporation taxes as "killing many geese that would lay golden eggs," and warned that inflation was the real problem that is just beginning.

"It is hard for me to believe," he said, "that the American people are so stupid as to think that they are 'soaking the rich' by these killing taxes."

"What we need is not so heavy taxation on business expansion, checking that expansion," he said, "but heavier subscriptions to Govern-

ment loans to create more expansion."

He urged loans to the Government out of savings as the best means of preventing inflation and insisted that compulsory savings must be adopted "at once."

"The most promising program for combating inflation seems, therefore, to be threefold: Taxing spending more, taxing savings less or not at all and making savings compulsory in the form of investments in War Bonds."

Landon Predicts Dewey's Nomination; Says Wilkie Out Of Running

Alfred M. Landon, in departing from Washington, made two predictions, said a North American Newspaper Alliance dispatch from Washington on Dec. 5 in the New York "Times." The advices reported the predictions as follows:

1. That Gov. Thomas E. Dewey of New York will be nominated for President by the Republicans not later than the second convention

of the State of New York at its monthly meeting held on Dec. 2. The others elected are:

Harold A. Brown, New York Manager, Eli Lilly & Co.; Wallace A. Chauncey, Vice-President and Treasurer, Interchemical Corp.; Joseph C. Dietsche, 2nd Vice-President, Geigy Co., Inc.; Dudley W. Figgis, Executive Vice-President, American Can Co.; Joseph H. Hazen, Vice-President, Warner Bros. Pictures, Inc.; John I. H. Herbert, Vice-President and Treasurer, J. C. Penney Co.; John B. Lewis, Vice-President, Allied Control Co.

Also Philip McGuire, New York Manager, Bayuk Cigars; Maersk McKinney Moller, President, Interseas Shipping Co., Inc.; Rowley W. Phillips, President Self-Winding Clock Co.; Clarence D. Roxby, Traffic Manager, Nestle's Milk Products, Inc.; Edward M. Van Buren, Insurance and Officer, Wyer, Chief Executive Officer, Central Railroad of New Jersey.

The American Can Co. and Warner Bros. Pictures, Inc. have been elected to corporate membership in the Chamber.

New Members Of N. Y. Chamber Of Commerce

Edward V. Rickenbacker, President of Eastern Air Lines, Inc.; C. Donald Dallas, President of the Revere Copper & Brass, Inc.; William E. Speers, President of James McCutcheon & Co., and L. R. Close, President of the Lehigh Valley Coal Sales Co., were among those elected to membership in the Chamber of Commerce of the

National Industrial Council Calls For Federal Policy On Contract Termination

At the first session of the meeting of the National Industrial Council in New York on Dec. 5, manufacturers' representatives expressed the opinion that the main needs of industry in establishing its post-war program are a definite Federal policy as to termination of war contracts and a Federal tax program permitting the setting aside of reserves with which industry may finance its own reconversion.

The meeting precedes the annual convention of the National Association of Manufacturers.

This was reported in the New York "Herald Tribune" of Dec. 6, which also said:

Herman H. Lind, of Cleveland, President of the American Institute of Bolt, Nut and Rivet Manufacturers, said his own industry was principally concerned in "being left financially healthy" after the war.

"We all know we have to pay a lot of taxes," he said, "but nobody knows what kind of a deal we are going to get in the reconversion. If war contracts are shut off immediately, some plants are going to have only two or three pay rolls ahead of them—that is the most dangerous thing."

Roy F. Williams, General manager of the Associated Industries of Massachusetts, said his industry also wanted to "make sure the government does not dump surplus war supplies on the open market in open competition with civilian production."

of the record to permit introduction of new testimony.

Bishop Arthur J. Moore, of Atlanta, president of the board, testified before Richard Townsend, trial examiner, that he was "not satisfied" with the transactions. He thus repudiated, in effect, the statement signed by the Rev. Dr. W. G. Cram, general secretary of the board, and Mrs. Ina Davis Fulton, treasurer of its women's section, to the effect that their dealings with Mr. Rawls were satisfactory.

"I know of no other authority given to those who expressed satisfaction with the Rollins transactions," he said.

The official attitude of the board, Bishop Moore explained, was contained in a resolution adopted Sunday at a meeting of the executive committee at Buckhills Falls, Pa., which approved the board's action in retaining counsel to assert its rights and ratified the civil suit filed recently in the Federal District Court in Chicago for \$500,000.

It is expected that the commission soon will set the date for oral argument in the matter.

Roger Bahson's 1944 War, Political Forecasts

(Continued from first page)

paign. Certainly this will be satisfactory to his people as the invasion of France would cost a great many English, as well as American lives. As military leaders apparently believe that the invasion of France is absolutely necessary before Germany quits, this means that Germany may not be allowed to crack until after the elections of November, 1944 unless her oil supply is lost before then. Whether or not Mr. Churchill can delay the fall of Germany eleven months more is a question. The length of the Pacific Japanese conflict depends upon Mr. Stalin. He can end it in six months after Germany cracks or he can drag it along six years if he wishes to exhaust the United States and Britain so Russia will be the world's "top dog."

General Business

One thing is very certain, namely, that after Germany cracks there will be a temporary industrial shake-up in the United States. Military orders for almost everything, except airplanes and ships and certain munitions will be cancelled. Even the shipbuilding program will materially be cut down. Plants at or near the West Coast will be kept in full operation until the Japanese are whipped; but there will be many shut-downs in the eastern portion of the United States accompanied by a decline in railroad earnings on all but the transcontinental lines.

Army recruiting will abruptly stop and a demobilization of the Army (not the Navy) will begin. This demobilization accompanied by the cancellation of war contracts is sure to cause considerable unemployment. To sum up the business outlook I would say: FROM JANUARY I TO THE TIME GERMANY CRACKS BUSINESS WILL CONTINUE AS IS. FROM THE TIME THAT GERMANY CRACKS THROUGH DECEMBER 31, 1944, WE MAY SEE BUSINESS CHAOS.

Dec. 15 Tax Filing Date For Farmers And Other Groups

Dec. 15, 1943 is a special tax date for American Farmers, Commissioner of Internal Revenue Robert E. Hannegan said on Dec. 1.

The announcement said that although a limited number of non-farmers also will have tax payments to make or declarations of estimated tax to file, Commissioner Hannegan explained that Dec. 15 will be the first date by which farmers will be required to file "Declarations of Estimated Income and Victory Tax", similar to the declarations filed by nearly 12,000,000 persons on Sept. 15.

Commissioner Hannegan in his advices said:

"By the very nature of his business, the farmer could not be put on quite the same basis as the city wage earner when Congress adopted the pay-as-you-go system.

"In the first place, the farmer usually has no wages from which tax can be withheld. In the second place, because of the hazards of weather and other conditions of agriculture, the farmer could not be expected to estimate his income until most of the crops were gathered and sold.

"Therefore, to make the pay-as-you-go system as fair as possible to farmers, the law makes two special provisions. First, farmers who file returns on a calendar year basis need not estimate their income and tax until Dec. 15 of each year, and second, a farmer's estimate will be exempt from penalties for understatement if the tax estimate is within a 33 1/3% margin of error (based on the annual tax return to be filed, as usual, the following March).

"Under these provisions, the farmer is enabled to pay his income taxes substantially in the same year as the income is received, which is the primary objective of the pay-as-you-go system—with due regard for the special difficulties of the farming business."

From the announcement we also quote:

"Dec. 15 is also a filing date for two other groups of citizens. Anyone who filed a declaration on or before Sept. 15 but who underestimated his tax substantially—20% in the case of a non-farmer, or 33 1/3% in the case of a farmer—should file an amended declaration by Dec. 15 to avoid penalties prescribed by law for such substantial underestimates. The special provisions relative to farmers will apply to all persons who expect that at least 80% of their total estimated gross income from all sources will be from farming."

"The other persons who must file by Dec. 15 are those who did not file in September because they anticipated that their income for the year would not be sufficient to require filing but who now find that their income will be high enough to require filing a declaration.

"The general requirements for filing a declaration, for both farmers and non-farmers, include all persons who had in the calendar year 1942 or expect to have in the calendar year 1943 any of the following amounts or types of income:

"1. More than \$100 gross income from a source outside of wages subject to withholding and also sufficient gross income to require filing an income tax return (\$500 for a single person, \$1,200 for a married couple, or \$624 for an individual married person).

"2. Wages subject to withholding totaling more than \$2,700 if single, or \$3,500 if married (married couples must file declarations if such wages of husband and wife together exceed \$3,500).

"In addition, the declaration is required of any one person who

Urges Further Cut In Newsprint Use

A further reduction of 23% in total use of newsprint in the first quarter of 1944 has been recommended to the War Production Board by its Newspaper Industry Advisory Committee Harry M. Bitner, Director of WPB's Printing and Publishing Division, said the recommended cut was intended to save 194,000 tons of newsprint. He said the cut would range from nothing for smaller newspapers to as high as 28% for larger publications. United Press advices from Washington from which we quote, also said:

The committee's recommendation was in the form of resolutions which said the first quarterly quota for each paper should be "100% of the amount of paper used in printing its net paid circulation in the corresponding quarter of 1941, plus 3% for waste, plus the percentage of increases of its net paid circulation in the fourth quarter of 1942 over the fourth quarter of 1941. From this base deductions shall be made to conform with the available supply."

The committee also recommended that any saving effected should be carried over for use in the second 1944 quarter.

The WPB's Book Publishing and Manufacturing Industry Advisory Committee has recommended a 15% additional cut in the supply of print paper for book publishers for 1944.

The cut would be based on 1942 consumption. Since publishers already are operating under a 10% curtailment, the newly recommended slash would bring total reduction in 1944 to 25% of the publishers' 1942 usage.

Capital Stock Increased By Portland (Ore.) Bank

At the special meeting of stockholders of the United States National Bank of Portland, Ore., on Dec. 2, approval was voted on the plan of increasing the bank's capital structure to \$16,000,000 by the issuance of 75,000 shares of new capital stock at \$40 per share. The new stock will add \$3,000,000 to the bank's present capital structure of \$13,000,000. Stockholders of record Dec. 2 will be offered rights to purchase one share of the new stock for each three shares held. These rights expire Dec. 17. Dividends in the recent past have been paid at the rate of \$1.40 per share. According to Paul S. Dick, President, the dividend rate beginning Jan. 1 will be \$1.60 per share. "Much of the earnings in the past," said Mr. Dick, "have been applied to increase the bank's working capital, but with this additional amount supplied by the public it is consistent with present-day earnings to increase the dividend rate as proposed."

Such of the new stock as is not subscribed for by present holders will be offered to the public by a group of investment bankers consisting of Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; Atkinson, Jones & Co.; Blankenship, Gould & Blakely; Ferris & Hardgrove; Hemphill, Fenton & Campbell, Inc., and Conrad Bruce & Co.

Plans for this capital increase were noted in our issue of Nov. 25, page 2129.

was required to file an income tax return for 1942 and who expects his wages subject to withholding in 1943 to be less than similar wages were in 1942."

Chinese Exclusion Act Repealed by Senate

Congressional action on the legislation repealing the Chinese exclusion acts and extending naturalization laws to allow the Chinese citizenship was completed on Nov. 26 when the Senate approved it by a voice vote.

The legislation, which had been recommended by President Roosevelt in a special message on Oct. 11, passed the House on Oct. 21. The measure repeals all existing provisions excluding Chinese, apply immigration quota provisions and extends naturalization laws to them. It was pointed out that only 105 Chinese would be allowed to enter the United States each year under the immigration quota law. It is estimated that over 40,000 Chinese residents would be eligible for citizenship.

House passage was referred to in our issue of Nov. 4, page 1817.

Mme. Chiang Kai-shek, wife of the Chinese Generalissimo, congratulated Congress on Dec. 4 on "the statesmanlike action" in repealing the Chinese Exclusion act, saying it was "a deed which will echo round the world."

In a cablegram from Chungking to Vice President Wallace and Speaker of the House Rayburn, Mme. Chiang said:

"Please convey my warmest congratulations to the Senate and the House of Representatives on the statesmanlike action in passing the Warren-Magnuson bill and thereby repealing the Chinese exclusion act.

"The recollection of the spontaneous and touching welcome that Congress and the American people accorded me when I was in America will ever remain fresh in my mind.

"Congress, which voiced the sentiment of the American people, has once again shown its friendship to China, not only in words, but in a deed which will echo round the world.

"By this vivid and concrete demonstration of the unity of the United Nations, you have unmistakably reaffirmed the liberal leadership we have all come to expect from Washington."

Ill.-Wis. Home Loan Units Raise Bond Sales

The \$46,234,414 contribution of the savings, building and loan associations in Illinois and Wisconsin to the Third War Loan, both by sale to the public and by purchase, is a demonstration of the increasing appeal of government securities to the nation as the war proceeds," it was said on Oct. 28 by A. R. Gardner, President of the Federal Home Loan Bank of Chicago. In reporting this the announcement from the bank added:

"The bank has just completed its compilation of the participation of member savings, building and loan associations in the last drive, and finds that the total was two and a half times as great as in the Second War Loan, their previous high mark in helping the Treasury. Their performance in the Third War Loan brought up to \$101,538,000 the amount of war financing for which these institutions have been responsible in 1943. Significant was the fact that 45.5% of it was done last month alone.

"Sales to the public by these community thrift and home financing institutions in the two States amounted to \$15,492,632 in the Third War Loan, or 133% of the April performance. Meanwhile the associations' own purchases during the period of the Third War Loan were practically triple their acquisitions in the previous drive.

E. H. Rollins & Sons Sued For Accounting Of Funds By Church

The Board of Missions of the Methodist - Episcopal Church, South, Chicago, filed suit in Federal Court on Nov. 26 to recover in excess of \$500,000 from E. H. Rollins & Sons, Inc., brokerage firm, it was reported in press advices from Chicago—Incidentally, it was indicated in the New York "Times" of Nov. 27 that E. H. Rollins & Sons, Inc., said on Nov. 26 that the suit filed by the Board of Missions of the Methodist Episcopal Church, South, was an outgrowth of proceedings filed against the firm on Jan. 19, 1943, by the Securities and Exchange Commission, "which have not been concluded."

"The officials of the board who administered the funds and who heretofore testified were entirely satisfied with the services rendered by E. H. Rollins & Sons, Inc., and were proud of the record of their investments," the statement said. "The allegations in the suit will be answered and resisted."

The suit, it is stated, named as defendants E. H. Rollins & Sons and Walter C. Rawls, manager of the firm's St. Louis offices.

In the Associated Press advices from Chicago Nov. 26 it was stated:

Asserting that the defendants had "wrongfully converted" for their own benefit sums in excess of \$500,000, the suit asked an accounting of and payment to the plaintiff corporation of all moneys allegedly withheld by the defendants, together with interest.

The SEC concluded last April an investigation to determine if the brokerage house and Mr. Rawls had violated any provisions of the Securities Act in connection with the firm's dealings with the Methodist account. The SEC still has the case under advisement.

The Board of Missions of the Methodist Episcopal Church, South placed its official position in the record before the Securities and Exchange Commission in Philadelphia on Dec. 6.

The hearings on proceedings instituted by the S. E. C. were actually concluded last June in Chicago, but the Board of Missions recently asked a reopening

Central Gold Reserves Slightly Lower In 1943—Production Drops From 1940 High

The October number of the League of Nations Monthly Bulletin of Statistics; which has just been published by the League Mission at Princeton, N. J., contains, in addition to the regular tables, special tables showing World Production of Gold, 1933-1942, and Recorded Central Gold Reserves at the end of December, 1929, 1935-1942, and at the end of June, 1942 and 1943, expressed in millions of old U. S. gold dollars. The Bulletin contains the following:

World production of gold, outside the U. S. S. R., reached a record figure of 1,130,000 kilos (36,300,000 ounces) in 1940, declining to about 1,120,000 kilos (36,000,000 ounces) in 1941, and to an estimated 1,000,000 kilos (32,000,000 ounces) in 1942. The Union of South Africa accounted for over 38% of world output (outside the U. S. S. R.) in 1940, Canada for over 14%, the United States for over 13%, Australia for 4-5%, and the Philippines for 3%. About two-thirds of the aggregate originated within the confines of the British Empire. Production in 1942 decreased in practically all countries, whether large or small producers, for which data are shown; there was a drop of 27% in the United States, of 23% in Australia, of 9% in Canada, and of 2% in the Union of South Africa. No precise official figures

are available for Soviet Russia's production; private estimates for 1937 ranged from 136,000 kilos (4,400,000 ounces) to 168,000 kilos (5,400,000 ounces).

The total of recorded central gold reserves outside Soviet Russia rose from 10,246,000 of old gold dollars at the end of 1929 to about 18,016,000 millions at the end of 1942, an increase of some 75%, but was slightly lower, about 17,956,000, at the end of June, 1943. But whereas in 1929 45% of these reserves were located in Europe and 38% in the United States, in 1942 no less than 75% were held by the United States and only 18% by European countries, part of which had actually been transferred from the Continent. The following table compares, for continental groups and principal countries, central gold reserves during the war years with those at the end of 1929:

In Millions of Old Gold Dollars

	1929	December 31		1942	June 30
	1938	1940	1942	1943	1943
Africa	68	170	250	416	385
Union of South Africa	37	130	211	375	344
North America	4,051	8,684	12,995	13,426	13,226
Canada	151	113	4	3	3
United States	3,900	8,571	12,991	13,423	13,223
Latin America	713	419	405	464	557
Argentina	405	255	208	209	209
Brazil	150	19	30	68	184
Mexico	7	17	23	23	74
Asia	731	333	389	435	435
India	128	162	162	162	162
Japan	542	97	97	24	24
Europe	4,566	*5,230	*2,950	†3,260	†3,338
Germany	560	27	24	24	24
Belgium	163	430	434	434	434
Spain	495	"	"	25	38
France	1,631	1,435	1,181	1,181	1,181
Italy	273	114	"	"	"
Netherlands	180	587	365	299	293
United Kingdom	710	1,588	"	"	"
Sweden	66	189	95	198	205
Switzerland	115	413	237	487	512
Oceania	117	15	15	15	15
Total ex U. S. S. R.	10,246	*14,850	†17,004	†18,016	†17,956

*Excluding Spain. †Partly estimated. ‡As of April 30. §Excluding gold held by exchange equalization funds amounting to:

	End of—	1938	1939	1940	1941	Dec. 31	1943
United States	47	92	28	752	1348	1942	1943
United Kingdom	448	1,023	172	89	340	356	356
Belgium	25	10	10	—	264	268	268
France	195	1282	—	—	214	235	235
Iran	—	—	—	—	182	200	200
Turkey (see note)	—	—	—	—	181	191	191
Palestine (Jewish)	—	—	—	—	181	200	200
Egypt	—	—	—	—	166	164	164
Chile	—	—	—	—	157	155	155
Finland	—	—	—	—	152	155	155
India	—	—	—	—	150	151	151
Spain (see note)	—	—	—	—	146	149	149
Denmark	—	—	—	—	145	159	159
Hungary	—	—	—	—	142	142	142
Norway	—	—	—	—	133	140	140
Switzerland	—	—	—	—	129	167	167
Portugal	—	—	—	—	129	129	129
Sweden	—	—	—	—	122	125	125
Japan	—	—	—	—	112	124	124
Mexico	—	—	—	—	120	125	125
United Kingdom	—	—	—	—	116	119	119
United States	—	—	—	—	116	119	119
Australia	—	—	—	—	100	100	100
Union of South Africa	—	—	—	—	113	108	108
Canada	—	—	—	—	109	113	113
New Zealand	—	—	—	—	107	112	112
New Zealand (see note)	—	—	—	—	107	112	112
Argentina	—	—	—	—	106	117	117
Uruguay	—	—	—	—	—	—	—
Germany	—	—	—	—	—	—	—
Colombia	—	—	—	—	—	—	—

*Latest month available in 1943. †Nov. 30. ‡May 31. §Feb. 28. ¶April 30. **March 31.

Note—Cost of living base, Jan. to June, 1939, equaled 100, except in Turkey where base was 100 in 1938, in Spain 100 in July, 1939 and New Zealand 100 in Dec., 1942.

For China (Chungking), the cost of living index, base 1939=100, stood at 2249 in August, 1942, and at 6074 in July 1943.

It will be observed that the cost of living has not risen above the December, 1942, level in Sweden, New Zealand and the United Kingdom and has actually fallen below that level in Argentina, Denmark and Spain.

The above cost of living indices are based on official prices and do not, therefore, take into account the black market which is important in German-controlled countries.

In the United States, sight deposits in the weekly reporting member banks of the Federal Reserve System fell during September, the month of the Third War Loan Drive, by \$5,120,000,000 or over 14%.

Lend-Lease Food Sent In 9 Mos. Of 1943

The Foreign Economic Administration issued on Nov. 17 a report on lend-lease food shipments for the first nine months of 1943, showing that beef and veal shipped amounted to 1.3% of the country's supply, whereas in 1942 it amounted to 0.3 of 1% of our supply.

"Since the lend-lease program started," the report continued, "we have received from Australia and New Zealand almost as much beef and veal as we exported to all lend-lease countries. Lamb, mutton and pork exports during the first nine months of 1943 showed an increase over the amounts shipped in 1942. Substantial quantities of lamb and mutton have been received for the use of our forces from Australia and New Zealand under reverse lend-lease."

The report also showed that lend-lease exports of all milk products in terms of the fluid equivalent were 3.2% of our supply, a slightly lower rate of export than in 1942, when 3.4% of the supply was shipped abroad. Exports of dried whole milk, dried skim milk and condensed and evaporated milk are up somewhat this year compared with last, but the amount of cheese exported is substantially below the 1942 shipments. Exports of cheese through lend-lease amount to 11.4% of the available national supply. For 1942 they were 23.1%. Relatively small amounts of foods which are in short supply in this country, such as butter and canned goods, are being exported under lend-lease, the report commented.

American lend-lease food shipments during the first nine months of 1943, in terms of pounds, were as follows, according to the United Press:

All meats, 1,718,200,000, or 9.6% of the country's total supply, compared with 5.8% shipped in 1942.

All milk products (including 42,200,000 pounds of butter), in terms of fluid milk equivalent, 2,911,700,000, or 3.2% of supply, compared with 3.4% last year.

Dried eggs, 622,300,000, or 10.6% compared with 10%.

Edible fats and oils, 733,800,000 or 13.9%, compared with 13.2%.

Canned fish, 163,300,000, or 21.2%, compared with 22.5%.

Canned fruits and juices, 84,200,000, or 2.5%, compared with 1.70%.

Dried fruits, 207,900,000, or 21.1%, compared with 15.7%.

Canned vegetables, 59,100,000, 1.0%, compared with 0.8%.

Dried beans, 228,500,000, or 10.3%, compared with 5.0%.

Dried peas, 84,000,000, or 14.2%, compared with 6.0%.

Corn and corn products, 295,000,000, or 0.1% (same as last year).

Wheat and wheat products, 837,500,000, or 0.9%, compared with 0.3%.

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N. Y. Commerce And Industry Ass'n Cites Civic Achievements In Past Year

Direct and indirect savings to New York City's taxpayers of \$54,000,000; benefits to trade in general of more than \$9,000,000 from new payrolls, on which at least 3,000 New Yorkers found jobs, and increasing contributions to the war effort, can be credited to activity of the Commerce and Industry Association of New York, according to the annual report of the Association's Secretary, Thomas Jefferson Miley, submitted on Nov. 27 to the Board of Directors.

In commending the report, the Association's President, Neal Dow Becker, President of Intertype Corp., said he was confident the record of achievement not only will be maintained but "with the support of our citizens, the Association will increase its value in fostering the trade and welfare of New York."

Heading the list of civic achievements, Mr. Miley pointed to the Association's "victory in heading the opposition resulting in the defeat of Mayor LaGuardia's plan to purchase, at a cost of \$14,500,000, the plant of the Staten Island Edison Corp. for municipal operation." Facts furnished by the Association's Research Bureau showed the plant to be worth about half the proposed price, Mr. Miley said. Charles H. Tuttle headed the Citizens' committee conducting the campaign. The Association also was active in the defeat of the proposed power plant authority bill to erect municipal power plants at a cost of \$50,000,000, the Secretary said. In the City's annual "Battle of the Budget", as the result of data presented to the City Council by Leo J. McDermott, former Director of the Budget for the City, and now the Association's Research Director, cuts of \$5,266,043 were made. In this action, for the first time in the City's history, the Council overrode the Mayor's veto.

An estimated saving of \$35,000,000 was afforded taxpayers by defeat of the proposals to increase the sales and business taxes, the Secretary said. Walter Hoving, Association Director, headed the Anti-Sales Tax Committee which represented 50,000 of the City's business enterprises and 92 trade and civic organizations. The advice regarding the report also stated in part:

"Through the Association's Foreign Trade Committee, easing of certain restrictive rulings by the BEW was effected. Results were national in scope, Mr. Miley

said. The main recommendation adopted by the BEW was the appointment of an advisory committee to confer with the BEW on new controls prior to their issuance. More than 1,500 exporters and importers here supported the move.

"That appeals for the allotment of more war contracts to New York City, particularly in the field of the small plant manufacturer of consumer goods, were successful was indicated in the drop of the City's 400,000 registered unemployed, in a period of nine months, to fewer than 130,000. Establishment by the Association of a War Contracts division resulted in known repeat orders for small businesses of \$4,161,700 in six months' activity. Cooperating in the program were 124 prime contractors and 315 subcontractors. More than 2,000 facility lists were sent out or contracts arranged.

"In line with more war contracts for the City, the Association also succeeded in having more war agencies assigned here under its two-year campaign of Decentralization Service Activities. As a result 5,717 Federal employees were transferred, about 3,000 New Yorkers found jobs in the agencies affected, real estate operators leased 487,772 feet of space and the City in general benefited by a \$9,371,000 payroll. Army and Navy also leased vast office space.

"Toward unity of thought and action among local and national groups in achieving post-war conditions in which commerce and industry can thrive, the Association's Committee on Post-War Planning has now moved into its second year. Dr. Fred I. Kent, Association Director, is chairman, and it is composed of 24 leaders in agriculture, business, education, finance and industry.

"The caliber of the committee and the thoroughness with which it is functioning indicate that its contribution to the vital work of post-war planning will be outstanding," Mr. Miley said.

State And Local Committees To Supplement Federal Veterans' Employment Services

State and local clearing house committees to supplement Selective Service Local Board and the United States Employment Service veterans' employment services, and to centralize job-placement services by other interested groups, will be set up the first of next year, it was revealed on Dec. 1 at the weekly Business Forum under the auspices of the Commerce and Industry Association of New York on the subject of "Jobs For Soldiers"

and broadcast over station WMCA. The Commerce and Industry Association will represent New York City commerce groups on the State Committee, Thomas Jefferson Miley, Association's Secretary, Forum moderator, disclosed. Col. Allan M. Pope, Association Director and President of the First Boston Corporation, will serve as the Association's representative.

"All veterans will eventually be given all the services available in or near each community," Frank G. Newcomer, Regional Veteran's Employment Representative for New York State of the War Manpower Commission, said. Col. Arthur V. McDermott, New York City Director of Selective Service, said that the reemployment division at Selective Service headquarters here is now so organized as to be readily capable of expansion to meet an increasing volume of business. More than 2,000 had been aided in the past

year, he said. The part Sperry Gyroscope Co., as one of the largest employers of labor in the New York City area, is already playing in its voluntary participation in providing jobs for veterans, was described by Otis F. Presbrey, Director of Training. Concern with the veteran's welfare as well as his job progress, was the base of the program, he said.

"Jobs for soldiers is of particular interest to the Commerce and Industry Association," Mr. Miley said, "because in the last war, at the request of the War Department, it took over the task of centralizing all veterans' employment in New York City. In this war, the Association again anticipated its obligations by putting into action a Post-War Planning Committee. Under the chairmanship of Dr. Fred I. Kent, 24 leaders in the fields of agriculture, business, education, finance and industry have been at work for more than a year."

Walter W. Price Dies

Walter W. Price, limited partner in Abbott, Proctor & Paine, 14 Wall St., New York City, died at his home at the age of 77.

Associated with Wall Street for 55 years, Mr. Price at various periods in his career was a newspaper reporter, sailor, soldier, stock broker and political leader. He worked as a reporter for the San Francisco "Call" from 1894 to 1897 before becoming a member of Price, McCormick and Company, cotton brokers. From 1904 to 1922 he was a member of E. and C. Randolph, a brokerage firm, and from 1922 to 1934 he was a senior partner of Livingston and Company. He retired as a general partner in Abbott, Proctor and Paine on July 1, 1938. Mr. Price had pioneered in establishing private wires for financial institutions throughout the United States and Canada.

Individuals' Liquid Savings In Third Quarter

SEC Warns That Accumulations Of Cash Do Not Constitute Savings In Same Sense As Increase In Security Holdings

A warning that "the magnitude of accumulations of cash and deposits since the beginning of the war" do not "constitute saving in the same sense as increases in holdings of securities . . . but represent in considerable part only a temporary accumulation of funds not earmarked for investment that may at any time be diverted into consumption and other channels," was contained in the quarterly report issued by the Securities and Exchange Commission on Nov. 23, covering the holdings of liquid assets of individuals, including non-corporate business enterprises and corporations. The report indicates that the rate of individuals' liquid savings for the third quarter reached a new high for the year, viz., \$9,900,000,000.

In its analysis as to the volume and composition of savings, the Commission states that "in the third quarter of 1943, individuals, including non-corporate business enterprises, and corporations continued to augment their large holdings of liquid assets at the extremely high rate of the past year." "Even more than in the prior quarter, investment in U. S. Government securities accounted for the predominant part of the increase in liquid saving and assets," says the Commission, which adds:

The rate of individuals' liquid saving (includes unincorporated business saving of types specified in the attached table) in this quarter reached a new high for the year, amounting to \$9,900,000,000 (this includes saving in Government insurance, mostly Social Security funds, amounting to \$1,000,000,000). The increase of \$700,000,000 over the second quarter saving reflects a normal seasonal rise in the rate of saving as well as an increase in income after payment of taxes. In the three months, July through September, individuals added \$2,700,000,000 to their cash and deposits, (includes currency, deposits in checking accounts, and deposits in savings accounts), \$5,500,000,000 to their holdings of U. S. Government bonds and \$700,000,000 to their equity in private insurance, mostly life insurance. They also paid off somewhat less than \$200,000,000 of consumer indebtedness other than mortgages. At the same time they reduced their holdings of corporate securities by \$300,000,000.

"As in the previous quarter but to a greater extent, individuals' investment in U. S. Government securities exceeded their accumulation of cash on hand and in banks, due largely to the Third War Loan Drive. Saving of individuals in the form of U. S. Government securities reached a new high in this quarter. While additions to currency and deposits were again substantial, they were less than in the preceding quarter and showed the smallest rate of increase since the second quarter of 1942.

Because of the magnitude of accumulations of cash and deposits since the beginning of the war, they have received considerable emphasis in recent discussions of the public's saving. It may, therefore, be well to note again that additions to individuals' cash on hand and in checking accounts, amounting roughly to \$7,000,000,000 and \$9,500,000,000 respectively since the end of 1941 (it is estimated that additions to individuals' savings (and time) deposits amounted to \$4,500,000 during this period), do not constitute saving in the same sense as increases in holdings of securities and life insurance, or debt liquidations, but represent in considerable part only a temporary accumulation of funds not earmarked for investment that may at any time be diverted into consumption and other channels. In view of the differences between the various forms of saving, it is important to consider not only the volume but also the components of saving and the significant shifts among them in order to determine the effects of saving on the economy during the war as well as in the post-war period.

As previously noted in these releases, a substantial proportion of the increase in individuals' saving is attributable to unincorporated businesses such as tradesmen, farmers, professionals, etc. With respect to demand deposits (a form of saving in which unincorporated business might be expected to hold a relatively larger share than in other forms) there is some reason to believe that unincorporated businesses accounted for as much of such saving in the past year as other individuals. (It should be noted that part of the increase in cash and deposits of unincorporated business reflects 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 not more than \$1,000,000,000 since the beginning of 1942).

The attached table presents in detail the estimates 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.
Gross saving	15.8	25.0	38.7	10.8	11.4	11.9
†Liquid saving	4.0	10.6	29.5	9.0	9.2	9.9
Gross saving by type—						
1. Currency and bank deposits	+ 3.0	+ 5.0	+ 11.5	+ 3.8	+ 3.0	+ 2.7
2. Savings and loan associations	+ .2	+ .4	+ .3	+ .1	+ .2	+ .1
3. Insurance and pension reserves:						
a. Private insurance	+ 1.7	+ 2.1	+ 2.4	+ .8	+ .8	+ .7
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ .8	+ 1.1	+ 1.0
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 1.7	+ 1.8	+ 1.7
4. Securities:						
a. U. S. savings bonds	+ .9	+ 2.8	+ 8.0	+ 2.6	+ 3.0	+ 3.4
b. Other U. S. government	— .4	+ .8	+ 1.9	0	+ 1.2	+ 2.1
c. State and local governments	— .1	— .2	— .1	0	0	+ .1
d. Corporate and other	— .5	— .5	+ .3	0	— .2	— .3
e. Total	— .1	+ 2.9	+ 10.1	+ 2.6	+ 4.0	+ 5.2
5. Non-farm dwellings:						
a. †Purchase	+ 2.5	+ 3.0	+ 1.6	+ .2	+ .2	+ .3
b. Change in debt	+ .9	+ .9	+ .1	— .2	0	0
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ .4	+ .3	+ .2
6. **Automobiles and other durable consumers' goods	+ 9.3	+ 11.4	+ 7.6	+ 1.6	+ 1.9	+ 1.8
7. ††Liquidation of debt, not elsewhere classified	— 1.1	— .6	+ 2.8	+ .7	+ .2	+ .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.

‡Does not include net purchases by brokers and dealers or by other individuals financed by bank loans. In the third quarter of 1943 it is estimated that such purchases of U. S. Government securities amounted to approximately \$1,000,000,000 for brokers and dealers and \$300,000,000 for other individuals.

§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 cur-

rently 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. The reduction in consumers' indebtedness to unincorporated business is estimated at about \$50,000,000 in the third quarter of 1943.

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 again 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 third 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 9-30-43
	1940	1941	1942	Jan.- March	April- June	July- Sept.	
Currency and bank deposits	+2.2	+ 7	+3.3	+3.0	+ 5	+ 7	119.9
U. S. Government securities	— .3	+ 2.0	+ 6.3	+ .5	+ 2.6	+ 3.7	116.9
Inventories	+1.8	+ 5.6	+ 1.6	— .5	— .4	+ 6	26.7
Federal income tax liabilities	+1.3	+ 4.4	+ 4.7	+ 1	+ 7	+ 7	13.3

*Somewhat less than \$500,000,000 of this amount represented Victory taxes withheld by corporations (other than banks and insurance companies) but not paid to the Treasury Department until the next quarter.

†Somewhat over \$500,000,000 of this amount represented withholding taxes not paid to the Treasury Department until next quarter.

‡Does not include purchases financed by bank loans, estimated at somewhat over \$200,000,000.

This table shows that while during the third quarter there was a decrease of \$700,000,000 in the cash and deposits of non-financial corporations, holdings of U. S. Government securities increased by \$3,700,000,000, the highest increase on record. The net increase in cash, deposits and U. S. Government securities combined, amounting to \$3,000,000,000, was at about the same rate as in the first and second quarters of the year. Inventories increased \$600,000,000 in contrast to a decrease of approximately \$500,000,000 in each of the prior quarters of the year. The increase of \$700,000,000 in Federal income tax liabilities was about the same as in the second quarter.

In subsequent releases it is planned to present estimates of corporate saving in considerably more detail. The addition of these other forms of saving 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 more significant components of the saving of all important segments of the national economy will be available.

Steel Wage Increases May Force Rise In Prices, Says B. F. Fairless, Pres. Of Steel Corp.

In commenting on the announcement of the United Steelworkers of America that the Union is giving notice to reopen existing labor contracts with various steel producing companies, Benjamin F. Fairless, President of the United States Steel Corp., on Dec. 5 said:

"We believe in holding the line against inflation and have practiced that sound Governmental policy to date. We shall continue to do so as long as this is possible. But if the line is to be breached by the Union, the Steel Corporation is certainly entitled to adequate protection against the financial consequences to it of that breach.

"If our employment costs are to be further increased as a result of wage and other demands by the United Steelworkers of America and by the United Mine Workers, we have no recourse other than to seek a compensating increase in steel prices.

"One of the many demands of the Steel Workers Union is reported to be an increase in wages of 17 cents an hour for most employees. This would increase our basic common labor rate in the Pittsburgh district from 78 cents an hour to 95 cents an hour, an advance of approximately 22%. The justification is alleged to be increases in the cost of living.

"Since the commencement of the present national emergency, the increase in labor rates within the Steel Corporation has kept full pace with the advance in the cost of living index. On Jan. 1, 1941, our basic common labor rate in the Pittsburgh district was 62½ cents an hour; this was increased to 72½ cents an hour in April 1, 1941 (when there had been little or no recent increase in the cost of living), and was further increased to 78 cents an hour on Feb. 16, 1942. Such hourly common labor rate is today nearly 25% in excess of what it was on Jan. 1, 1941. The U. S. Department of Labor reports an advance in its cost of living index of approximately 25% between Jan. 1, 1941, and the present time.

"Increases which have been made in our hourly common labor rate, although in full accord with the reported advance in the cost of living index, tell only a small

part of the real wage story. The important consideration is what does the average steel worker actually receive per hour, and how much does he take home at the end of each week. Most of our employees receive wages on the basis of rates far in excess of the common labor rate.

"The average hourly earnings of all wage earners in our steel producing and fabricating subsidiaries, both North and South, has risen from \$0.853 an hour in January 1941 to \$1.159 an hour in October 1943, an increase of 35.9%. During October 1943 the average weekly earnings of all such wage earners, embracing about 185,000 employees, was \$50.42 per week, as compared with \$33.01 per week during January 1941. This is an increase in wages of 52.7% per week, or more than double the reported advance in the cost of living index during this same period. Part of this increase is occasioned by time and a half pay for overtime.

"What has happened to our steel prices between Jan. 1, 1941, and the present time? Practically nothing. Prices for major steel products today are the same as the published prices of 1939. A ceiling on steel prices at such level was established by OPA in April 1941. While our prices for steel products in general have not advanced, our costs have gone up most substantially since Jan. 1, 1941. Increased labor rates alone have added about \$135,000,000 a year to our total employment costs throughout the Steel Corporation. Building up our manufacturing operations to full capacity, with resulting economies from such greater production, has been a major factor in enabling us to date to absorb these additional costs and leave a small balance for our stockholders. The end of that road has been reached, however. We cannot repeat this operation, as we are now operating at full capacity. Furthermore, as the end of the war grows nearer, there may be some recession in our operating rate.

"If wage earners are granted pay increases, adjustments upward on a similar scale must be made to our salaried employees in the lower salary groups. Corresponding wage and salary increases will inevitably follow in our other subsidiary companies not engaged in the manufacture and fabrication of steel. It is estimated that a wage increase of 17 cents an hour, after including all the adjustments and increased Social Security and pension costs which must ensue therefrom, will add approximately \$141,000,000 a year to the total employment costs of the Steel Corporation. This estimate takes into consideration only one of the many reported demands of the United Steelworkers Union."

Steel Workers Ask 17-Cent Increase

Philip Murray, President of the Congress of Industrial Organizations and of the United Steel Workers of America, on Dec. 1 announced that formal requests to reopen contracts with the 485 steel companies will be mailed this week asking collective bargaining conferences to start Dec. 13, according to an associated Press dispatch from Pittsburgh, which added in substance as follows:

The union's wage and policy committee adopted a proposal to scrap the "Little Steel" formula by demanding a wage increase of 17 cents an hour over the present 78-cent hiring rate, a guaranteed weekly wage and other changes. Approximately 500,000 basic steel workers are affected.

Canadian Business Continues At High Level

The Bank of Montreal, in its current "Business Summary," dated Nov. 23, reports a sustained high level of business activity. The bank's summary reports the following:

"The latest review of the Dominion Bureau of Statistics, which covers economic conditions for the first three quarters of the year, asserts that, despite recessionist tendencies in certain lines in recent months, the level of productive activity in Canada during 1943 has been higher than ever before in her history. Compared with the same period of 1942, the official index of the physical volume of business rose from 199 to 233.3, a gain of more than 17%. The wholesale price index at 99.2 was up 4% or more, while industrial production reached nearly 270, an advance of 21%. Mineral production showed an index gain of 26% and manufacturing production almost 23%, the index being just under 290. Electric power consumption was up roughly 10%.

"Latest available employment figures reveal some slackening in the upward pace. There was a further rise in industrial employment with the coming of September, but it was considerably under the gain recorded in any recent year at the same date. The more limited expansion is attributed in part to a manpower scarcity and in part to production changes in some war industries. Notwithstanding these factors the reporting establishments (13,934) gave a total of 1,870,836 men and women employed, which compares with 1,868,542 on Aug. 1. Important results are expected in the field of labour relations following discussions between the Dominion and the provinces."

Federal Reserve October Business Indexes

The Board of Governors of the Federal Reserve System issued on Nov. 25 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 October, together with comparisons for a month and a year ago, are as follows:

	BUSINESS INDEXES					
	1935-39 average = 100 for industrial production and freight-car loadings; 1939=100 for factory employment and payrolls; 1923-25 average = 100 for all other series					
	Adjusted for Seasonal Variation—		Without Seasonal Adjustment—			
	Oct. 1943	Sept. 1943	Oct. 1942	Oct. 1943	Sept. 1943	Oct. 1942
Industrial production—						
Total	*245	244	215	*248	248	218
Manufactures—						
Total	*265	263	230	*267	267	233
Durable	*372	269	311	*373	370	312
Nondurable	*179	178	165	*182	184	168
Minerals	*135	138	129	*138	143	134
Construction contracts, value—						
Total	*51	65	185	*48	65	175
Residential	*36	35	83	*35	35	80
All other	*63	89	269	*60	90	253
Factory employment—						
Total	*170.1	168.4	159.6	*170.5	170.2	160.7
Durable goods	*232.1	230.3	206.5	*232.3	230.7	206.7
Nondurable goods	*121.2	119.6	112.6	*121.8	122.6	124.5
Factory payrolls—						
Total	—	—	—	‡	328.3	270.9
Durable goods	—	—	—	‡	461.3	366.2
Nondurable goods	—	—	—	‡	198.3	177.7
Freight-car loadings—	137	140	140	147	151	150
Department store sales, value	*145	132	128	*155	143	137
Department store stocks, value	‡	110	115	‡	114	128

*Preliminary or estimated. †Revised. ‡Data not yet available.
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. Seasonally adjusted employment index revised beginning January, 1941.

INDUSTRIAL PRODUCTION (1935-39 average = 100)

	Adjusted for Seasonal Variation—			Without Seasonal Adjustment—		
	Oct. 1943	Sept. 1943	Oct. 1942	Oct. 1943	Sept. 1943	Oct. 1942
	Manufactures—					
Iron and steel	214	213	207	214	213	207
Pig iron	202	205	199	202	205	199
Steel	241	239	229	241	239	229
Open hearth	190	189	186	190	189	186
Electric	607	593	536	607	593	536
Machinery	*454	448	380	*454	448	380
Transportation equipment	*774	767	567	*774	767	567
Non-ferrous metals & products	‡	284	230	‡	284	230
Lumber and products	*127	129	133	*132	136	140
Lumber	*115	118	127	*123	129	137
Furniture	*150	149	145	*150	149	145
Stone, clay, & glass products	*172	174	176	*165	168	167
Plate glass	47	53	33	47	53	33
Cement	‡	112	174	‡	130	202
Clay products	*120	125	143	*127	129	151
Gypsum and plaster products	*187	194	186	*191	198	190
Abrasive and asbestos products	*326	321	258	*326	321	258
Textiles and products	*151	150	159	*151	150	159
Cotton consumption	156	156	172	156	156	172
Rayon deliveries	*185	181	174	*185	181	174
Wool textiles	‡	151	160	‡	151	160
Leather products	*110	110	119	*110	109	120
Tanning	‡	105	126	‡	140	127
Cattle hide leathers	‡	107	143	‡	105	145
Calf and kip leathers	‡	81	94	‡	80	96
Goat and kid leathers	‡	88	81	‡	89	81
Sheep and lamb leathers	‡	164	147	‡	161	147
Shoes	*113	113	115	*113	113	115
Manufactured food products	*146	145	137	*156	167	147
Wheat flour	*117	111	111	*124	121	118
Meat packing	*184	182	145	*184	163	146
Other manufactured foods	*143	142	138	*160	174	154
Processed fruits and vegetables	*123	120	123	*158	259	157
Tobacco products	139	134	140	144	141	149
Cigars	100	101	121	100	101	140
Cigarettes	173	165	163	179	176	169
Other tobacco products	93	87	97	99	93	104
Paper and products	‡	143	138	‡	143	138
Paperboard	148	155	136	148	155	136
Newsprint production	83	88	107	83	88	107
Printing and publishing	*110	111	117	*113	112	120
Newsprint consumption	96	97	104	101	98	109
Petroleum and coal products	*205	201	154	*205	201	154
Petroleum refining	*211	205	153	*211	205	153
Gasoline	*122	122	111	*122	122	111
Fuel oil	‡	156	137	‡	156	137
Lubricating oil	‡	123	113	‡	123	113
Kerosene	‡	115	112	‡	114	112
Coke	*169	171	166	*169	171	166
Byproduct	*158	161	155	*158	161	155
Beehive	*556	535	527	*556	535	527
Chemicals	*394	395	314	*397	395	317
Rayon	*223	221	190	*223	221	190
Industrial chemicals	*390	383	304	*390	383	304
Rubber	*235	231	191	*235	231	191
Minerals—						
Fuels	*136	140	127	*136	140	127
Bituminous coal	*144	155	145	*144	155	145
Anthracite	*127	129	117	*127	129	117
Crude petroleum	*134	136	121	*134	136	121
Metals	*125	125	140	*149	161	176
Iron ore	*223	223	223	*307	351	335

*Preliminary or estimated. †Data not yet available.

FREIGHT-CAR LOADINGS (1935-39 average = 100)

Coal	140	152	138	140	152	138
Coke	195	195	184	191	193	180
Grain	167	137	139	167	153	139
Livestock	119	114	110	183	151	169
Forest products	137	139	149	144	150	158
Ore	196	209	190	274	314	260
Miscellaneous	140	143	150	153	154	163
Merchandise, l.c.l.	64	63	56	66	66	58

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.

Cotton Ginned from Crop of 1943 Prior to Nov. 14

The census report issued on Nov. 22, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1943 prior to Nov. 14, 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	*9,930,593	*10,676,552	*8,808,276
Alabama	899,099	860,504	754,875
Arizona	52,577	58,591	89,722
Arkansas	972,405	1,246,841	1,252,824
California	153,672	134,317	169,818
Florida	13,947	14,403	14,394
Georgia	800,314	815,189	609,415
Illinois	1,623	3,338	4,932
Kentucky	9,394	13,027	15,382
Louisiana	672,248	563,288	304,822
Mississippi	1,657,815	1,804,290	1,345,325
Missouri	245,872	349,865	427,849
New Mexico	68,162	62,127	46,565
North Carolina	553,038	602,212	528,115
Oklahoma	310,044	536,346	459,742
South Carolina	654,957	658,657	384,023
Tennessee	429,054	521,359	537,377
Texas	2,419,392	2,413,018	1,842,343
Virginia	16,980	19,180	20,733

*Includes 107,053 bales of the crop of 1943 ginned prior to Aug. 1 which was counted in the supply for the season for 1942-43, compared with 48,626 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 783 for 1941. Included in the above are 32,428 bales of American-Egyptian for 1943, 27,678 for 1942 and 27,188 for 1941; also 193 bales Sea-Island for 1943; 614 for 1942 and 2,741 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 Nov. 1 is 9,064,841 bales.

Consumption and Stocks—United States

Cotton consumed during the month of October, 1943, amounted to 846,209 bales. Cotton on hand in consuming establishments Oct. 31, was 2,203,829 bales, and in public storages and at compresses 12,264,332 bales. The number of active consuming cotton spindles for the month was 22,599,426.

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 difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

Steel Operations Slightly Lower—Trends Diversified—Revisions Disrupt Schedules

"Diversified trends are more apparent than ever this week in the metals and metal-working industries," says "The Iron Age" in its issue of today (Dec. 9), further adding: "Some of the slack created by military cutbacks has been taken up but in general the relationship between supply and demand in steel, aluminum, magnesium and copper continues easier than at any time since Pearl Harbor.

New layoffs at some war goods

factories have come to light, yet Government officials insist the manpower shortage still is tightening. Contract cutbacks involving as much as three billion dollars for the War Department alone are visualized by certain Washington authorities as likely to materialize in the next few months, prompting labor leaders to map a concerted drive to return to the 40-hour week as cancellations take place.

"In steel it appears that the excess of ingots has undergone no appreciable diminishment. One other trend of a different nature in the industry is the probability that steelmakers will be unalterably opposed to union demands for higher wages and other concessions, which will put the demands speedily before the War Labor Board. The opinion expressed by B. F. Fairless of U. S. Steel Corp., that higher employment costs must be matched by higher steel prices, is held universally through the industry.

"Aside from a demand for a 17 cents an hour increase for all wage earners in the steel industry, the union, with an eye toward post-war conditions, proposes among other things a separation wage payment for closed plants, a weekly wage guarantee for the life of the new contract, the elimination of geographical wage differentials, and so on. The union demands would shatter the 'Little Steel' formula. The various provisions in total would cause the steel industry to make an additional annual outlay of approximately \$260 million to \$280 million. The United States Treasury Department would absorb roughly 75% of such a wage cost, since wage payments are made before taxes.

"Inventory reductions by some steel consumers constitute a factor of importance currently. On the other hand, an increase has been noted by steel sellers in 'forward orders' for civilian items, which steel companies are allowed to accept, but which may not be put on order books or rolling schedules until allotment numbers and approval are granted by WPB. Incidentally, the demand for steel for civilian output is helping WPB's redistribution program since under certain conditions excess steel may be obtained through an appeals procedure.

"All indications point to continued tightness for weeks ahead in flat rolled steel, which is heavily in demand for shipbuilding. The invasion craft program is being pushed urgently with special priority assistance in an attempt to speed delivery schedules for next spring and summer by about two months."

The American Iron and Steel Institute on Dec. 6 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 99.3% of capacity for the week beginning Dec. 6, compared with 99.5% one week ago, 98.2% one month ago and 98.6% one year ago. The operating rate for the week beginning Dec. 6 is equivalent to 1,730,700 tons of steel ingots and castings, compared to 1,734,200 tons one week ago, 1,711,600 tons one month ago, and 1,686,700 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Dec. 6 stated in part as follows:

"Revisions of war requirements, with consequent cutbacks and

cancellations in some products, have brought a period of uncertainty in the steel market.

"Coming at a time when rumors are flying thick as to possible radical change in the European situation, a psychological factor enters and steel consumers are wary of holding more inventory than necessary and instead of buying ahead are utilizing their supplies for current production. Of the major steel products only plates have not eased during the past few weeks. There have been no cutbacks in shipbuilding, but some revisions have been made, notably an increase in landing barges, partially at the expense of patrol craft. Destroyer escort building is being pushed and general shipbuilding is maintained at its highest point. Plate producers generally are booked ahead solidly until May, apart from directive tonnage.

"An indication of the easier situation is found in the attitude of the War Production Board toward civilian production. Information from that source is to the effect that plates and sheets should be available for those purposes in about four months.

A break in the general decline of demand is noted in steel bars, on which delivery had eased markedly in recent weeks. During the past week bar buying has been resumed after the lull and bookings have been heavier than cancellations, in the experience of some producers. This lends color to the idea that the easier steel market is simply a manifestation of the readjustment in war requirements and not an indication that production is to be lowered. WPB insists that needs are greater than ever and that the war production job for 1944 is at least 20% bigger than that done in 1943.

"The sheet market is confused and cancellations have opened many gaps in mill schedules in first quarter for WPB to fill. Some producers find second quarter schedules considerably relieved, despite directives for January and February pushing tonnage forward into that period.

"Apprehension over possible scrap shortage limiting steel production has eased in the face of increased pig iron supply and while steelmakers have not accumulated reserves for winter to the usual extent many are limiting purchases in an endeavor to avoid heavy inventory in case of a sudden slackening."

Gov. Baldwin Says Local Governments Can Cure Bureaucracy

Governor Raymond E. Baldwin, of Connecticut speaking before the 35th annual session of the National Inter-fraternity conference at the Hotel Commodore, in New York City, on Nov. 26, warned that "we have been voting away our representative government" and declared that bureaucracy can be cured if local governments assume their full responsibility to the people. The New York Journal American of Nov. 26, also gave the following remarks of Governor Baldwin:

"Americans do not yet fully appreciate that if the centralization of government continues and we become more and more a people directed and controlled by bureaus, boards and commissions in a national capital, we will ultimately lose our representative democracy and with it our liberty and freedom."

He suggested that a remedy for bureaucracy was for State and local governments to recover broad taxing powers they have delegated through the years to the Federal Government.

Living Costs In Large Cities Advanced 0.4% Between Sept. 15-Oct. 15, Labor Dept. Reports

Retail prices as measured by the Bureau of Labor Statistics' cost of living index for large cities rose 0.4% from mid-September to mid-October, due largely to increases in the price of eggs, clothing, and miscellaneous goods and services, Secretary of Labor Perkins reported on Nov. 23. "An increase of 0.6% in food prices over the month was due largely to a 7% seasonal rise for eggs," she said. "Current OPA regulations provide for lower egg prices from Nov. 8, on, with continuing decreases until early in March," said Miss Perkins, who reported that "in the aggregate the cost of all other foods was unchanged between Sept. 14 and Oct. 19. There were further advances in prices for some housefurnishings. In New York and Seattle, there were adjustments to higher ceiling prices for coal."

Secretary Perkins further stated: "This increase brings the rise in retail prices in the two months between Aug. 15 and Oct. 15 to 0.8%, as compared with a drop of 1.4% from the middle of May to the middle of August. On Oct. 15, the index of living costs stood at 124.4 as compared with 100 in the average for the years, 1935-39, 0.6% below the level of May 15, 1943, before prices of butter and meat were lowered by the subsidy. The index is now 5.6% higher than September of last year, 7.2% higher than in May, 1942, and 23.4% above the level of January, 1941, the base date of the Little Steel formula.

"There was a considerable variation in the changes in different cities over the month. Total living costs in Birmingham declined 0.2% and in San Francisco rose 1%. The range of changes in food costs was from a decrease of 2.6% in Memphis to an increase of 1.8% in San Francisco, while total clothing costs were unchanged in Detroit and Philadelphia and rose 1.2% in San Francisco. The index for miscellaneous goods and services showed no change in four cities and advanced 1.3% in Kansas City.

"Meats and fish rose 1/2 of 1% as fresh and frozen fish prices increased over 4%, and beef edged up slightly. Increased marketing of hogs brought prices of all the pork cuts included in the index down slightly, except salt pork. A fractional decline was reported for roasting chickens.

"Prices of potatoes rose in 21 of the 56 cities, resulting in a small increase in the over-all average and reversing the usual seasonal trend. Prices of cabbage, onions, spinach, and sweet potatoes followed the usual patterns, with decreases ranging from 6.1% for cabbage to 19.2% for spinach. Carrots rose more than usual at this time of year (6.7%), while fresh apples declined by 0.9%. The supply of oranges in retail markets was smaller in October than in September, but the average price remained unchanged over the month.

"Higher retail prices for ready-to-wear articles allowed under the 'cost plus margin' regulations are reflected in higher clothing costs for October. Almost all the types of clothing which are priced for the index were higher.

"Costs of miscellaneous goods and services rose 0.5% from Sept. 15 to Oct. 15. Increases were reported in medical services, such as charges for hospital care, obstetrical services, and prescriptions for medicine. Laundry prices and motion picture admissions continued to advance."

COST OF LIVING IN LARGE CITIES

Indexes, 1935-39=100*

Date	All items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
1939: Jan. 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
Sep. 15	117.8	126.6	125.8	108.0	106.2	123.6	111.4
Oct. 15	119.0	129.6	125.9	108.0	106.2	123.6	111.8
1943: Sep. 15	123.9	137.4	132.5	108.0	107.7	126.3	117.0
Oct. 15	124.4	138.2	133.0	†	107.9	126.5	117.6

PERCENT OF CHANGE

Date	All items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
Sep. 15, 1943 to Oct. 15, 1943	+ 0.4	+ 0.6	+ 0.4	†	+ 0.2	+ 0.2	+ 0.5
Oct. 15, 1942 to Oct. 15, 1943	+ 4.5	+ 6.6	+ 5.6	0	+ 1.6	+ 2.3	+ 5.2
Sep. 15, 1942 to Oct. 15, 1943	+ 5.6	+ 9.2	+ 5.7	0	+ 1.6	+ 2.3	+ 5.6
May 15, 1942 to Oct. 15, 1943	+ 7.2	+ 13.7	+ 5.4	-1.7	+ 2.9	+ 3.5	+ 6.0
Jan. 15, 1941 to Oct. 15, 1943	+23.4	+41.3	+32.1	+2.9	+ 7.0	+26.4	+15.4
Aug. 15, 1939 to Oct. 15, 1943	+26.2	+47.8	+32.6	+3.5	+10.7	+25.7	+17.1

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

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

‡Changes through Sept. 15, 1943.

November Civil Engineering Construction Up Private Work Tops Last Month & 1942 Month

Civil engineering construction volume in continental United States for November totals \$203,632,000. This volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 5% higher than in the preceding month, but is 67% lower than the volume reported to "Engineering News-Record," and made public on Dec. 1 for the corresponding month last year. The report added in part:

Private construction reached its highest volume since October, 1941, and tops a month ago by 55%, and is 138% higher than a year ago. Public work declines 11% from October and 77% from November, 1942. Both State and municipal construction and Federal work report lower volumes when compared with a month ago and a year ago, and are responsible for the decrease in public work.

The current month's construction brings the 11-month 1943 volume to \$2,385,384,000, an average of \$61,391,000 for each of the 47 weeks of the period. On the weekly average basis, 1943 construction is 67% below the \$8,932,207,000 reported for the 48-week period in 1942. Private work, \$450,099,000, is 15% under a year ago and public construction, \$2,435,285,000, is down 70% when adjusted for the difference in the number of weeks. State and municipal work and Federal volume are 61 and 71% lower, respectively, than in the 1942 11-month period.

Civil engineering construction volumes for November, 1942, October, 1943, and November, 1943, are:

	Nov., 1942 (4 weeks)	Oct., 1943 (4 weeks)	Nov., 1943 (4 weeks)
Total U. S. construction	\$607,622,000	\$193,379,000	\$203,632,000
Private construction	30,763,000	47,314,000	73,195,000
Public construction	576,859,000	146,065,000	130,437,000
State and municipal	16,647,000	14,725,000	7,373,000
Federal	560,212,000	131,340,000	123,064,000

November volume in the various classes of construction compared with November, 1942, shows gains in commercial building and large-scale private housing, 24%, and in bridges, 46%. Losses are in streets and roads, 63%; public buildings, 77%; industrial buildings, 59%; water works, 59%; sewerage, 63%; earthwork and drainage, 52%, and unclassified construction, 55%.

New Capital

New capital for construction purposes for November totals \$21,854,000, and it is made up of \$17,854,000 in State and municipal bond sales and \$4,000,000 in corporate security issues.

The November new construction financing brings the 11-month 1943 volume to \$3,065,104,000, a total of 69% below the \$10,204,255,000 reported for the 48-week 11-month period last year. Of the 1943 new construction financing total, \$145,588,000 is in private investment; \$165,678,000 is in Federal funds for non-Federal construction, and \$2,753,838,000 is in Federal appropriations for war and departmental construction.

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	Ave. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Dec. 7	119.62	110.34	118.20	115.63	110.70	98.57	102.96	113.12	115.63
6	119.63	110.34	118.20	115.63	110.70	98.57	103.13	113.12	115.63
4	119.63	110.34	118.20	115.43	110.70	98.57	102.96	113.12	115.63
3	119.63	110.34	118.20	115.43	110.70	98.57	102.96	113.12	115.63
2	119.63	110.34	118.20	115.43	110.70	98.57	102.96	113.12	115.63
1	119.59	110.34	118.40	115.43	110.70	98.57	102.96	113.12	115.63
Nov. 26	119.72	110.52	118.40	115.63	110.88	98.73	102.96	113.31	115.82
19	119.64	110.70	118.80	116.02	111.07	98.73	103.13	113.50	116.02
12	119.91	111.07	118.80	116.22	111.07	98.57	103.30	113.70	116.02
5	119.99	111.07	119.00	116.61	111.25	98.73	103.30	113.70	116.61
Oct. 29	120.27	111.07	119.00	116.61	111.25	99.04	103.30	113.89	116.61
22	120.33	111.07	119.00	116.61	111.44	99.04	103.30	113.89	116.61
15	120.28	111.07	119.20	116.61	111.25	99.04	103.30	113.89	116.61
8	120.57	110.88	119.00	116.41	111.25	98.73	103.13	113.89	116.41
1	120.62	110.88	119.00	116.22	111.07	98.73	103.13	113.89	116.22
Sept. 24	120.55	111.07	119.00	116.41	111.25	98.88	103.30	113.89	116.41
Aug. 27	120.34	111.25	119.20	116.80	111.44	98.88	103.13	112.89	117.20
July 30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
Jun 25	120.41	110.70	118.80	116.22	111.07	97.09	102.46	113.70	116.61
May 28	119.82	110.34	118.20	115.82	110.88	98.73	102.30	113.31	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.83
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	116.78	107.27	116.20	113.89	108.88	91.77	96.54	111.81	114.27
2 Years ago	119.59	108.16	118.40	115.43	109.60	91.77	97.31	112.19	115.82

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

1943— Daily averages	U. S. Govt. Bonds	Ave. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Dec. 7	1.86	3.15	2.74	2.87	3.13	3.84	3.57	3.00	2.87
6	1.86	3.15	2.74	2.87	3.13	3.84	3.56	3.00	2.87
4	1.86	3.15	2.74	2.88	3.13	3.84	3.57	3.00	2.87
3	1.86	3.15	2.74	2.88	3.13	3.84	3.57	3.00	2.87
2	1.86	3.15	2.74	2.88	3.14	3.84	3.57	3.00	2.87
1	1.87	3.15	2.73	2.88	3.13	3.84	3.57	3.00	2.87
Nov. 26	1.86	3.14	2.73	2.87	3.12	3.83	3.57	2.99	2.86
19	1.87	3.13	2.71	2.85	3.11	3.83	3.56	2.98	2.85
12	1.84	3.13	2.71	2.84	3.11	3.84	3.55	2.97	2.85
5	1.84	3.11	2.70	2.82	3.10	3.83	3.55	2.97	2.82
Oct. 29	1.82	3.11	2.70	2.82	3.10	3.81	3.56	2.96	2.82
22	1.81	3.11	2.70	2.82	3.09	3.81	3.55	2.96	2.82
15	1.82	3.11	2.69	2.82	3.10	3.81	3.55	2.96	2.82
8	1.80	3.12	2.70	2.83	3.10	3.83	3.56	2.96	2.83
1	1.80	3.12	2.70	2.84	3.11	3.83	3.56	2.96	2.84
Sept. 24	1.80	3.11	2.70	2.83	3.10	3.82	3.55	2.96	2.83
Aug. 27	1.83	3.10	2.69	2.81	3.09	3.82	3.56	2.96	2.79
July 30	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago	2.09	3.32	2.81	2.96	3.23	4.29	3.97	3.07	2.94
2 Years ago	1.87	3.27	2.73	2.88	3.19	4.29	3.92	3.05	2.86

*These prices are computed from average yields on the basis of one "typical" bond (3% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

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

To Rehear Crummer Case

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 Nov. 27, 1943—Thanksgiving Week—is estimated at 12,450,000 net tons, a decrease of 250,000 tons from the preceding week. It was, however, an increase of 2,584,000 tons over the corresponding week in 1942. Output for the current year to date was 0.1% below that for the same period last year.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended Nov. 27, 1943 was 1,261,000 tons, an increase of 54,000 tons (4.5%) over the preceding week. When compared with the output in the corresponding week of 1942 there was an increase of 98,000 tons, or 8.4%. The calendar year to date shows a decrease of 0.9% when compared with the same period of 1942.

The Bureau of Mines also reported that the estimated output of by-product coke in the United States for the week ended Nov. 27, 1943 showed an increase of 12,700 tons when compared with the week ended Nov. 20, 1943. The quantity of coke from beehive ovens increased 800 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL (In Net Tons—000 Omitted.)

Commodity groups—	1943				1942				Percentage changes to Nov. 27, 1943 from—			
	11-27	11-20	11-13	10-30	11-28	11-20	10-30	11-28	1943	1942	1943	1942
All commodities	102.6	102.6	102.8	102.8	100.1	100.1	100.1	100.1	0	-0.2	+2.5	+2.5
Farm products	121.2	121.2	122.1	122.2	110.8	110.8	110.8	110.8	0	-0.8	+9.4	+9.4
Food	105.8	105.6	105.5	105.0	103.6	103.6	103.6	103.6	+0.2	+0.8	+2.1	+2.1
Hides and leather products	116.9	118.4	118.4	118.4	118.4	118.4	118.4	118.4	-1.3	-1.3	-1.3	-1.3
Textile products	97.2	97.2	97.2	97.2	96.6	96.6	96.6	96.6	0	0	+0.6	+0.6
Fuel and lighting materials	81.7	81.6	81.6	81.6	79.7	79.7	79.7	79.7	+0.1	+0.1	+2.5	+2.5
Metals and metal products	103.8	103.8	103.8	103.8	103.9	103.9	103.9	103.9	0	0	-0.1	-0.1
Building materials	113.0	113.0	113.0	112.8	112.0	112.0	112.0	112.0	0	+0.2	+2.5	+2.5
Chemicals and allied products	104.2	104.2	104.2	104.2	99.5	99.5	99.5	99.5	0	0	+0.9	+0.9
Housefurnishing goods	104.2	104.2	104.2	104.2	104.1	104.1	104.1	104.1	0	0	+0.1	+0.1
Miscellaneous commodities	92.0	92.0	92.0	92.0	89.9	89.9	89.9	89.9	0	+0.1	+3.4	+3.4
Raw materials	111.1	111.1	111.1	111.1	103.8	103.8	103.8	103.8	-0.2	-0.6	+7.0	+7.0
Semimanufactured articles	92.9	92.9	92.9	92.8	92.5	92.5	92.5	92.5	0	+0.1	+0.4	+0.4
Manufactured products	100.3	100.3	100.3	100.3	99.7	99.7	99.7	99.7	0	0	+0.6	+0.6
All commodities other than farm products	98.6	98.6	98.6	98.6	97.8	97.8	97.8	97.8	0	0	+0.8	+0.8
All commodities other than farm products and foods	97.5	97.5	97.5	97.5	96.1	96.1	96.1	96.1	0	0	+1.5	+1.5

*Subject to current adjustment. †Average based on 5.8 days. ‡Nov. 25, Thanksgiving Day, weighted as 0.8 of a normal working day.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE (In Net Tons)

Commodity groups—	1943				1942				Percentage changes to Nov. 27, 1943 from—			
	11-27	11-20	11-13	10-30	11-28	11-20	10-30	11-28	1943	1942	1943	1942
All commodities	102.6	102.6	102.8	102.8	100.1	100.1	100.1	100.1	0	-0.2	+2.5	+2.5
Farm products	121.2	121.2	122.1	122.2	110.8	110.8	110.8	110.8	0	-0.8	+9.4	+9.4
Food	105.8	105.6	105.5	105.0	103.6	103.6	103.6	103.6	+0.2	+0.8	+2.1	+2.1
Hides and leather products	116.9	118.4	118.4	118.4	118.4	118.4	118.4	118.4	-1.3	-1.3	-1.3	-1.3
Textile products	97.2	97.2	97.2	97.2	96.6	96.6	96.6	96.6	0	0	+0.6	+0.6
Fuel and lighting materials	81.7	81.6	81.6	81.6	79.7	79.7	79.7	79.7	+0.1	+0.1	+2.5	+2.5
Metals and metal products	103.8	103.8	103.8	103.8	103.9	103.9	103.9	103.9	0	0	-0.1	-0.1
Building materials	113.0	113.0	113.0	112.8	112.0	112.0	112.0	112.0	0	+0.2	+2.5	+2.5
Chemicals and allied products	104.2	104.2	104.2	104.2	99.5	99.5	99.5	99.5	0	0	+0.9	+0.9
Housefurnishing goods	104.2	104.2	104.2	104.2	104.1	104.1	104.1	104.1	0	0	+0.1	+0.1
Miscellaneous commodities	92.0	92.0	92.0	92.0	89.9	89.9	89.9	89.9	0	+0.1	+3.4	+3.4
Raw materials	111.1	111.1	111.1	111.1	103.8	103.8	103.8	103.8	-0.2	-0.6	+7.0	+7.0
Semimanufactured articles	92.9	92.9	92.9	92.8	92.5	92.5	92.5	92.5	0	+0.1	+0.4	+0.4
Manufactured products	100.3	100.3	100.3	100.3	99.7	99.7	99.7	99.7	0	0	+0.6	+0.6
All commodities other than farm products	98.6	98.6	98.6	98.6	97.8	97.8	97.8	97.8	0	0	+0.8	+0.8
All commodities other than farm products and foods	97.5	97.5	97.5	97.5	96.1	96.1	96.1	96.1	0	0	+1.5	+1.5

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

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

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

State	Week Ended				Nov. 20, average
	Nov. 20, 1943	Nov. 13, 1943	Nov. 21, 1942	Nov. 22, 1942	
Alabama	410	349	367	323	409
Alaska	5	5	6	5	5
Arkansas and Oklahoma	86	55	94	93	100
Colorado	179	145	191	165	236
Georgia and North Carolina	1	1	1	1	1
Illinois	1,620	1,440	1,350	1,229	1,571
Indiana	608	470	548	566	536
Iowa	50	41	80	78	128
Kansas and Missouri	193	199	167	155	175
Kentucky—Eastern	960	925	958	603	724
Kentucky—Western	308	319	294	227	218
Maryland	35	32	30	20	33
Michigan	3	2	7	7	14
Montana (bituminous and lignite)	134	113	96	93	79
New Mexico	37	39	35	30	62
North and South Dakota (lignite)	76	73	99	93	72
Ohio	713	628	686	626	492
Pennsylvania (bituminous)	2,573	2,410	2,744	1,851	1,815
Tennessee	142	132	145	152	101
Texas (bituminous and lignite)	6	5	7	7	19
Utah	146	122	115	100	82
Virginia	428	390	386	340	258
Washington	26	25	37	43	42
*West Virginia—Southern	2,344	2,193	2,196	1,516	1,408
†West Virginia—Northern	1,002	997	884	527	476
Wyoming	214	159	197	156	124
‡Other Western States	1	1	1	1	1
Total bituminous and lignite	12,700	11,270	11,721	9,006	8,231
§Pennsylvania anthracite	1,207	1,084	1,165	907	1,029
Total all coal	13,907	12,354	12,886	9,913	9,260

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Wholesale Commodity Index Unchanged During Week Ended Nov. 27, Labor Dept. Reports

The U. S. Department of Labor announced on Dec. 2 the Bureau of Labor Statistics' index of commodity prices in primary markets for the last week of November remained unchanged at 102.6% of the 1926 average. Few price changes were reported. Quotations for certain foods were slightly higher while price changes in farm product markets were mixed, with some weakness in the livestock markets.

The all-commodity index was fractionally lower than at this time last month and 2.5% higher than for the corresponding week of last year.

The Department's announcement further explained:

Farm Products and Foods—In the farm products group slightly higher prices for grains were counterbalanced by lower prices for livestock with the result that the group index remained unchanged at last week's level. Quotations for wheat and barley advanced and oats and rye declined. Although prices for livestock in general dropped nearly 1% during the week, the movement was mixed. Calves, cows and hogs declined while steers, sheep and live poultry at Chicago advanced. Higher prices were also reported for eggs in certain eastern markets, for apples, onions, potatoes and wool. Cotton continued to decline.

Average prices for foods again moved up largely as a result of stronger markets for fruits and vegetables. Quotations for rye flour advanced nearly 5%.

Industrial Commodities—Except in a very few instances prices for industrial commodities continued steady. A decline of 1.3% in the hides and leather products group resulted from a series of reductions in prices for sheepskins extending over the past two months.

Turpentine and rosin again moved upward and quotations were also higher for lumber, particularly Appalachian poplar.

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

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Oct. 30, 1943 and Nov. 28, 1942 and the percentage changes from a week ago, a month ago, and a year ago.

Commodity groups—	1943				1942				Percentage changes to Nov. 27, 1943 from—			
	11-27	11-20	11-13	10-30	11-28	11-20	10-30	11-28	1943	1942	1943	1942
All commodities	102.6	102.6	102.8	102.8	100.1	100.1	100.1	100.1	0	-0.2	+2.5	+2.5
Farm products	121.2	121.2	122.1	122.2	110.8	110.8	110.8	110.8	0	-0.8	+9.4	+9.4
Food	105.8	105.6	105.5	105.0	103.6	103.6	103.6	103.6	+0.2	+0.8	+2.1	+2.1
Hides and leather products	116.9	118.4	118.4	118.4	118.4	118.4	118.4	118.4	-1.3	-1.3	-1.3	-1.3
Textile products	97.2	97.2	97.2	97.2	96.6	96.6	96.6	96.6	0	0	+0.6	+0.6
Fuel and lighting materials	81.7	81.6	81.6	81.6	79.7	79.7	79.7	79.7	+0.1	+0.1	+2.5	+2.5
Metals and metal products	103.8	103.8	103.8	103.8	103.9	103.9	103.9	103.9	0	0	-0.1	-0.1
Building materials	113.0	113.0	113.0	112.8	112.0	112.0	112.0	112.0	0	+0.2	+2.5	+2.5
Chemicals and allied products	104.2	104.2	104.2	104.2	99.5	99.5	99.5	99.5	0	0	+0.9	+0.9
Housefurnishing goods	104.2	104.2	104.2	104.2	104.1	104.1	104.1	104.1	0	0	+0.1	+0.1
Miscellaneous commodities	92.0	92.0	92.0	92.0	89.9	89.9	89.9	89.9	0	+0.1	+3.4	+3.4
Raw materials	111.1	111.1	111.1	111.1	103.8	103.8	103.8	103.8	-0.2	-0.6	+7.0	+7.0
Semimanufactured articles	92.9	92.9	92.9	92.8	92.5	92.5	92.5	92.5	0	+0.1	+0.4	+0.4
Manufactured products	100.3	100.3	100.3	100.3	99.7	99.7	99.7	99.7	0	0	+0.6	+0.6
All commodities other than farm products	98.6	98.6	98.6	98.6	97.8	97.8	97.8	97.8	0	0	+0.8	+0.8
All commodities other than farm products and foods	97.5	97.5	97.5	97.5	96.1	96.1	96.1	96.1	0	0	+1.5	+1.5

Civil Engineering Construction \$52,181,000 For Week—Private Work 114% Above 1942 Week

Civil engineering construction volume in continental United States totals \$52,181,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 49% lower than in the corresponding 1942 week, but tops the \$36,523,000 reported to "Engineering News-Record" for the holiday-shortened preceding week. The report made public on Dec. 1 continued as follows:

Private construction exceeds its 1942 week's volume by 114%, but public work is 55% lower, due to the 1% decrease in State and municipal construction and the 58% decline in Federal work.

The current week's volume brings 1943 construction to \$2,937,565,000, an average of \$61,199,000 for each of the 48 weeks of the period. On the weekly average basis, 1943 volume is 67% below the \$9,035,350,000 for the 49-week 1942 period. Private construction, \$457,886,000, is 14% below a year ago, and public work, \$2,479,679,000, is down 70% 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:

	Dec. 3, 1942 (5 days)	Nov. 25, 1943 (4 days)	Dec. 2, 1943 (5 days)
Total U. S. construction	\$103,143,000	\$36,523,000	\$52,181,000
Private construction	3,638,000	1,294,000	7,787,000
Public construction	99,505,000	35,229,000	44,394,000
State and municipal	3,853,000	1,592,000	3,814,000
Federal	95,652,000	33,637,000	40,580,000

In the classified construction groups, gains over the short preceding week are reported in all classes of work except public buildings. Increases over the

Daily Average Crude Oil Production For Week Ended Nov. 27, 1943 Off Only 750 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Nov. 27, 1943 was 4,413,650 barrels, a decline of only 750 barrels from the preceding week. It was, however, 535,650 barrels per day higher than in the corresponding week of 1942, and exceeded the daily average figure recommended by the Petroleum Administration for War for the month of November, 1943, by 36,950 barrels. Daily output for the four weeks ended Nov. 27, 1943, averaged 4,413,450 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 4,261,000 barrels of crude oil daily and produced 12,638,000 barrels of gasoline; 1,417,000 barrels of kerosine; 4,379,000 barrels of distillate fuel oil, and 8,633,000 barrels of residual fuel oil during the week ended Nov. 27, 1943; and had in storage at the end of that week 69,980,000 barrels of gasoline; 11,257,000 barrels of kerosine; 46,187,000 barrels of distillate fuel, and 62,143,000 barrels of residual fuel oil. 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)

State	*P. A. W. Recommendations November	*State Allowables Begin Nov. 1	Actual Production		4 Weeks Ended Nov. 27, 1943	Week Ended Nov. 28, 1942
			Week Ended Nov. 27, 1943	Change from Previous Week		
Oklahoma	318,000	325,000	325,000	+ 850	327,650	365,700
Kansas	285,000	274,800	273,200	- 8,150	271,500	299,100
Nebraska	1,600		11,700		1,700	2,950
Panhandle Texas			85,500		85,500	89,800
North Texas			141,900		141,900	137,600
West Texas			359,750		359,750	212,750
East Central Texas			142,950	+ 5,000	139,200	95,800
East Texas			376,400		376,400	354,800
Southwest Texas			298,100		298,050	176,550
Coastal Texas			524,600		524,600	313,400
Total Texas	1,881,000	1,905,471	1,929,200	+ 5,000	1,925,400	1,380,700
North Louisiana			78,800	+ 50	78,750	96,550
Coastal Louisiana			272,200		272,200	228,700
Total Louisiana	353,700	375,700	351,000	+ 50	350,950	325,250
Arkansas	76,900	77,891	78,450	+ 100	78,350	73,600
Mississippi	49,000		49,650	+ 2,850	50,350	60,950
Illinois	205,000		218,100	+ 2,850	219,300	255,650
Indiana	14,000		13,500	+ 1,000	13,450	16,200
Eastern— (Not incl. Ill., Ind. and Ky.)	78,500		69,850	- 1,250	70,750	75,050
Kentucky	24,500		24,550	+ 1,200	23,750	15,300
Michigan	56,000		53,750	+ 3,650	54,150	58,400
Wyoming	98,000		102,850	+ 2,000	100,800	90,700
Montana	23,000		21,300	- 50	21,300	22,550
Colorado	7,000		7,350	- 100	7,350	7,000
New Mexico	110,500	110,500	112,900	- 50	112,750	95,800
Total East of Calif.	3,581,700		3,633,150	+ 8,250	3,629,500	3,144,900
California	795,000	\$795,000	780,500	- 9,000	783,950	733,100
Total United States	4,376,700		4,413,650	- 750	4,413,450	3,878,000

*P.A.W. recommendations and state allowables, as shown above, represent the production of Crude Oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Nov. 25, 1943. ‡This is the net basic allowable as of Nov. 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 from 3 to 8 days, the entire state was ordered shut down for 8 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 8 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 NOV. 27, 1943

(Figures in Thousands of Barrels of 42 Gallons Each)

District	Daily Refining Capacity Potential % Re-Porting	Crude Runs to Stills Daily Average	% Operated	at Refineries		Stocks of Gasoline	Stocks of Gas Oil and Distillate	Stocks of Residual Fuel Oil
				Incl. Blended	Unfinished			
Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas—Appalachian—	2,444	88.7	2,147	87.8	6,063	31,497	23,269	18,463
District No. 1	130	83.9	101	77.1	285	1,570	980	162
District No. 2	47	87.2	48	102.1	139	937	158	146
Ind., Ill., Ky.	824	85.2	762	92.5	2,663	13,625	6,598	2,909
Okla., Kans., Mo.	416	80.1	335	80.5	1,240	6,880	2,465	1,154
Rocky Mountain—								
District No. 3	8	26.9	9	112.5	35	67	22	36
District No. 4	141	58.3	90	63.8	350	1,198	436	729
California	2,817	89.9	2,769	94.1	1,863	14,197	12,259	38,544
Tot. U. S. B. of M. basis Nov. 27, 1943.	4,827	86.4	4,261	88.3	12,638	69,980	46,187	62,143
Tot. U. S. B. of M. basis Nov. 20, 1943.	4,827	86.4	4,192	86.9	12,488	68,996	45,772	62,662
U. S. Bur. of Mines basis Nov. 28, 1942.			3,740		11,337	74,628	50,195	78,674

*At the request of the Petroleum Administration for War. †Finished, 60,122,000 barrels; unfinished, 9,858,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,417,000 barrels of kerosine, 4,379,000 barrels of gas oil and distillate fuel oil and 8,633,000 barrels of residual fuel oil produced during the week ended Nov. 27, 1943, which compares with 1,380,000 barrels, 4,643,000 barrels and 8,797,000 barrels, respectively, in the preceding week and 1,344,000 barrels, 4,098,000 barrels and 7,306,000 barrels, respectively, in the week ended Nov. 28, 1942.

Notes—Stocks of kerosine at Nov. 27, 1943, amounted to 11,257,000 barrels, as against 11,492,000 barrels a week earlier and 12,632,000 barrels a year before. District No. 1 inventory indices are: Gasoline, 40.4%; kerosine, 49.0%; gas oil and distillate fuel, 65.1%, and residual fuel oil, 75.4% of normal.

National Fertilizer Association Commodity Price Index Advances Fractionally

The weekly wholesale commodity prices index, compiled by The National Fertilizer Association and made public on Dec. 6, advanced to 135.2 in the week ending Dec. 4 from 135.0 in the preceding week. A month ago this index stood at 135.4 and a year ago at 130.6, based on the 1935-1939 average as 100. The Association's report continued as follows:

The farm products group moved into higher ground with the grains group continuing to advance and wheat prices reaching a new peak since 1925. Lower quotations were noted for good cattle, hogs, lambs, and eggs. However, rising prices for sheep, calves, and poultry were more than sufficient to offset these. All major groups of farm product prices except meat animals were higher last month than in November, 1942. The foods group registered a slight decline with lower prices for eggs and oranges. The textiles group continues to reach a new low since Jan. 2 of this year with further declining prices for cotton. All other group indexes remained unchanged from the previous week.

During the week 6 price series advanced and 8 declined; in the preceding week there were 10 advances and 5 declines; and in the second preceding week there were 11 advances and 5 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
		Week Dec. 4, 1943	Week Nov. 27, 1943		
25.3	Foods	140.6	140.8	140.0	134.2
	Fats and Oils	145.6	145.6	146.1	148.8
	Cottonseed Oil	159.6	159.6	161.3	164.7
23.0	Farm Products	152.9	152.3	154.5	142.1
	Cotton	185.0	185.4	188.9	184.8
	Grains	162.5	161.0	155.8	120.7
	Livestock	144.8	144.2	148.4	139.9
17.3	Fuels	122.8	122.8	122.8	119.3
10.8	Miscellaneous commodities	131.4	131.4	131.4	128.6
8.2	Textiles	149.6	149.7	150.2	148.7
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.5	151.3
1.3	Chemicals and drugs	127.7	127.7	127.7	127.6
.3	Fertilizer materials	117.7	117.7	117.7	117.5
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	135.2	135.0	135.4	130.6

*Indexes on 1926-1928 base were: Dec. 4, 1943, 105.3; Nov. 27, 105.2, and Dec. 5, 1942, 101.7.

Non-Ferrous Metals—Zinc Allocations Released—1944 Lead Outlook Encouraging

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 Dec. 2, stated: "Supply and demand prospects for lead for next year were reviewed at an industry meeting held in Washington during the last week. Those familiar with the lead situation believe that consumption of the metal in 1944 will hold to about the same high level as at present, even though some war demands are expected to diminish. Zinc allocation certificates for December were released early in the week as expected. Small tonnages of copper products were made available by WPB for use in essential civilian applications. Quicksilver on spot sold in a small way at unchanged prices, but futures could have been obtained at concessions in a highly unsettled market." The publication further went on to say in part:

Copper
Tonnages of copper released so far for other than war uses have been small, but the industry appears to be grateful for even modest contributions that point to an expansion in civilian consumption of the metal. WPB, on Tuesday, released about 1,500 tons of fabricated copper and copper alloy parts for use in the manufacture of builders' hardware, locks, etc.

During the last week WPB issued regulations making it possible for anyone in the business of making repairs to buy, without authorization each calendar quarter, up to a total of 500 lb. of copper and copper base brass mill and foundry products. This action is covered in an amendment to CMP Regulation 9a.

Brass mill products were produced at a high rate during the third quarter of the current year. The statistics branch of WPB revealed that production for the July-Sept. period totaled 1,362,277,000 lb., of which 425,647,000 lb. were produced in July, 456,808,000 lb. in August, and 479,822,000 lb. in September. Production for the first nine months was as follows:

	Pounds
January	464,520,000
February	440,210,000
March	499,363,000
April	474,727,000
May	484,396,000
June	457,671,000
July	425,647,000
August	456,808,000
September	479,822,000

Lead

The advisory committee of the lead industry met with WPB officials in Washington on Nov. 30 to review production and consumption prospects for 1944. An official report on the discussions was not available, but those in close touch with the situation report that most authorities feel that domestic consumption of lead next year will hold to about the same high level as that of the current year. To support the supply picture, imports will have to be maintained next year at a good rate. Ammunition and war construction are expected to take less lead in 1944, but this should be offset by increased consumption in cable covering, pigments, batteries, and ethyl gasoline.

Sales of common lead for the last week were higher than in the preceding week. There were no price developments.

Zinc

Allocation of zinc for December shipment to consumers occupied the industry during the last week. Though more Prime Western was earmarked for distribution, the total tonnage, which embraces all grades, was somewhat smaller than in recent months, the trade believes. Producers contend that zinc will continue to move into the stockpile until increased tonnages begin to move into civilian channels. Brass is certain to take less zinc next year.

Tin

From present indications, consumption of tin during the first quarter of 1944 will be held down sharply, indicating that the supply situation, though easier than earlier in the current year, does not call for a radical change in the general program. Tinplate operations for the Jan.-March

period of 1944 will be restricted to about 45,000 tons. An accumulation in supplies of tin-plate will be drawn upon should output fall short of actual needs. Output of tin-plate during the second-quarter, the industry believes, will be increased appreciably.

The price situation in tin remains unchanged. Grade A or Straits quality tin is moving on the basis of 52c. per pound. Straits quality tin for shipment, in cents per pound, was as follows:

	Dec.	Jan.	Feb.
Nov. 25			
Nov. 26	52.000	52.000	52.000
Nov. 27	52.000	52.000	52.000
Nov. 29	52.000	52.000	52.000
Nov. 30	52.000	52.000	52.000
Dec. 1	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

Unsettled conditions prevail in quicksilver, reflecting uncertainty in reference to prices for next year. Output is expected to decline, but whether necessary adjustments in production schedules can be made without a sharp downward revision in prices is a question that tends to keep buyers from making long-term commitments. Large consumers apparently intend to operate on a hand-to-mouth basis, pending developments. Prompt shipment metal in New York held at \$192 to \$194 per flask of 76 pounds. Prices on forward material were wholly nominal.

Silver

During the last week the silver market in London has been quiet and unchanged at 23 1/2d.

The New York official for foreign silver and the Treasury's price were unchanged at 44 3/4c. and 35c., respectively.

Production in silver in Canada during September amounted to 1,162,162 oz., according to a preliminary estimate by the Dominion Bureau of Statistics. This compares with 1,286,973 oz. in August and 1,842,007 oz. in September last year. Production during the first nine months of 1943 was estimated at 13,300,731 oz., against 15,323,855 oz. in the same period of 1942.

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.

Oct. Steel Payrolls Set New Record

Steel industry payrolls again in October established a new record, amounting to a total of \$144,937,000 for that month, the American Iron and Steel Institute announced on Dec. 7, adding:

The previous peak was \$143,769,000 distributed in payrolls during September which had one less working day. In October a year ago, steel payrolls totaled \$126,627,000.

Number of employees in steel plants continued to decline in October, following the trend of the past year. In October, 615,000 employees were on the industry's payrolls, compared with 620,000 in September and 635,000 in October, 1942.

Wage-earning employees earned an average of \$1.158 per hour in October, as against \$1.16 per hour in September and \$1.086 per hour in October of last year. Since January, 1941, the base month for wages under the "Little Steel" formula, average hourly earnings have increased nearly 35%, while average weekly earnings have risen more than 50%.

An average of 44.6 hours per week was worked by wage earners in October, which compares with 45.3 hours per week in September and 39.9 hours per week in October, 1942.

Revenue Freight Car Loadings During Week Ended Nov. 27, 1943 Declined 62,205 Cars

Loading of revenue freight for the week ended Nov. 27, 1943, totaled 820,082 cars, the Association of American Railroads announced on Dec. 2. This was an increase above the corresponding week of 1942 of 76,618 cars, or 10.3%, but a decrease under the same week in 1941 of 46,098 cars or 5.3%.

Loading of revenue freight for the week of Nov. 27, which included Thanksgiving Holiday decreased 62,205 cars, or 7.1% under the preceding week.

Miscellaneous freight loading totaled 368,418 cars, a decrease of 31,627 cars below the preceding week, but an increase of 11,103 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 96,123 cars, a decrease of 10,223 cars below the preceding week, but an increase of 14,334 cars above the corresponding week in 1942.

Coal loading amounted to 181,812 cars, a decrease of 6,461 cars below the preceding week, but an increase of 28,215 cars above the corresponding week in 1942.

Grain and grain products loading totaled 50,889 cars a decrease of 4,166 cars below the preceding week but an increase of 11,796 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Nov. 27, totaled 32,772 cars, a decrease of 2,709 cars below the preceding week but an increase of 6,545 cars above the corresponding week in 1942.

Live stock loading amounted to 16,041 cars, a decrease of 6,356 cars below the preceding week, and a decrease of 960 cars below the corresponding week in 1942. In the Western Districts alone loading of live stock for the week of Nov. 27 totaled 12,169 cars, a decrease of 5,447 cars below the preceding week, and a decrease of 1,128 cars below the corresponding week in 1942.

Forest products loading totaled 41,905 cars, a decrease of 3,978 cars below the preceding week but an increase of 5,458 cars above the corresponding week in 1942.

Ore loading amounted to 49,652 cars, an increase of 582 cars above the preceding week and an increase of 5,201 cars above the corresponding week in 1942.

Coke loading amounted to 15,242 cars, an increase of 24 cars above the preceding week, and an increase of 1,471 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942. All reported decreases compared with 1941 except the Pocahontas and Southwestern.

	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	3,581,350
4 weeks of September	3,545,823	3,503,383	3,540,210
5 weeks of October	4,518,244	4,511,609	4,553,007
Week of November 6	754,724	829,663	873,582
Week of November 13	847,683	826,695	883,890
Week of November 20	882,287	836,762	799,386
Week of November 27	820,082	743,464	866,180
Total	39,327,717	39,988,017	39,243,794

The following table is a summary of the freight carloading for the separate railroads and systems for the week ended Nov. 27, 1943. During this period 82 roads showed increases when compared with the corresponding week last year.

Railroads	REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED NOV. 27			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	226	255	624	1,543	1,274
Bangor & Aroostook	2,359	1,509	1,686	208	154
Boston & Maine	5,970	4,951	9,857	15,382	13,153
Chicago, Indianapolis & Louisville	1,461	1,225	1,839	2,405	2,034
Central Indiana	31	19	27	44	41
Central Vermont	861	829	1,471	1,620	2,226
Delaware & Hudson	5,214	5,927	5,340	11,620	10,614
Delaware, Lackawanna & Western	7,306	6,733	9,108	10,844	9,087
Detroit & Mackinac	205	385	466	99	132
Detroit, Toledo & Ironton	2,279	1,403	2,745	1,354	1,156
Detroit & Toledo Shore Line	276	276	364	2,992	2,895
Erie	12,726	10,551	15,271	19,108	15,716
Grand Trunk Western	3,385	3,792	6,006	8,636	6,958
Lehigh & Hudson River	174	189	207	2,415	2,507
Lehigh & New England	1,691	1,682	1,627	1,565	1,817
Lehigh Valley	8,592	7,264	9,519	13,332	13,191
Maine Central	1,822	1,949	3,097	3,713	2,770
Monongahela	6,013	5,233	5,721	464	353
Montour	2,437	2,217	2,406	24	19
New York Central Lines	49,218	41,303	52,736	58,510	50,210
N. Y., N. H. & Hartford	9,098	7,299	13,150	20,400	16,800
New York, Ontario & Western	1,054	666	991	2,702	2,134
New York, Chicago & St. Louis	6,100	6,272	7,157	16,817	14,315
N. Y., Susquehanna & Western	500	449	591	1,879	1,588
Pittsburgh & Lake Erie	7,531	7,094	8,479	7,800	7,221
Pere Marquette	4,964	5,041	7,535	7,964	6,254
Pittsburg & Shawmut	859	618	739	13	14
Pittsburg, Shawmut & North	342	375	428	329	233
Pittsburgh & West Virginia	1,033	840	828	2,507	2,472
Rutland	252	243	510	1,064	839
Wabash	5,974	4,775	6,165	11,377	12,694
Wheeling & Lake Erie	4,276	4,304	5,267	4,513	4,527
Total	154,636	135,679	181,047	234,464	205,397
Allegheny District—					
Akron, Canton & Youngstown	727	703	676	1,403	1,124
Baltimore & Ohio	42,141	33,984	41,310	30,530	26,650
Bessemer & Lake Erie	5,282	4,747	5,123	1,557	2,187
Buffalo Creek & Gauley	404	348	255	2	7
Cambria & Indiana	1,797	1,821	1,937	2	4
Central R. R. of New Jersey	6,855	6,476	7,422	21,344	19,192
Cornwall	577	539	556	65	53
Cumberland & Pennsylvania	213	215	296	11	17
Ligonier Valley	155	140	121	42	47
Long Island	1,166	988	794	3,807	3,475
Penn.-Reading Seashore Lines	1,697	1,573	1,971	2,779	1,950
Pennsylvania System	81,248	69,947	83,885	63,821	60,300
Reading Co.	14,525	13,274	15,081	28,618	26,072
Union (Pittsburgh)	20,067	20,578	20,172	7,188	6,230
Western Maryland	4,224	3,425	4,507	12,204	11,755
Total	181,078	158,758	184,246	173,474	159,063
Pocahontas District—					
Chesapeake & Ohio	30,449	25,783	28,799	13,857	11,507
Norfolk & Western	22,798	19,814	24,156	7,091	6,002
Virginian	4,828	4,454	4,633	2,790	2,073
Total	58,075	50,051	57,588	23,738	10,582

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Southern District—					
Alabama, Tennessee & Northern	277	293	387	328	270
Atl. & W. P.—W. R. R. of Ala.	700	626	863	2,916	2,600
Atlanta, Birmingham & Coast	713	719	785	1,462	1,553
Atlantic Coast Line	12,672	13,093	11,443	11,750	10,524
Central of Georgia	3,688	3,488	4,668	4,755	4,576
Charleston & Western Carolina	389	390	438	2,002	1,400
Chinchfield	1,738	1,694	1,848	2,811	2,719
Columbus & Greenville	273	412	240	264	482
Durham & Southern	100	90	183	737	412
Florida East Coast	2,550	1,558	859	1,371	1,581
Gainesville Midland	44	36	38	110	97
Georgia	1,201	1,150	1,375	3,407	2,457
Georgia & Florida	360	383	426	706	545
Gulf, Mobile & Ohio	4,254	4,002	4,463	4,493	4,679
Illinois Central System	27,196	25,848	28,962	16,344	15,528
Louisville & Nashville	24,648	22,703	25,673	11,996	11,035
Macon, Dublin & Savannah	209	230	215	897	909
Mississippi Central	300	161	207	471	484
Nashville, Chattanooga & St. L.	3,429	3,235	3,181	4,936	4,355
Norfolk Southern	1,026	1,088	1,135	1,851	1,691
Piedmont Northern	412	314	521	1,225	1,211
Richmond, Fred. & Potomac	366	407	498	11,221	9,998
Seaboard Air Line	10,546	10,024	10,758	9,357	9,408
Southern System	21,651	20,918	24,095	24,908	22,653
Tennessee Central	475	362	513	826	910
Winston-Salem Southbound	115	100	166	913	864
Total	119,332	113,324	123,940	122,057	112,941
Northwestern District—					
Chicago & North Western	15,286	14,952	18,654	13,903	13,321
Chicago Great Western	2,341	2,021	2,609	3,509	3,129
Chicago, Milw., St. P. & Pac.	20,148	16,892	23,496	10,020	9,119
Chicago, St. Paul, Minn. & Omaha	3,271	3,020	4,675	3,283	3,451
Duluth, Missabe & Iron Range	19,343	16,209	19,353	205	222
Duluth, South Shore & Atlantic	507	555	677	484	618
Elgin, Joliet & Eastern	8,922	8,442	10,579	11,637	10,378
Ft. Dodge, Des Moines & South	370	359	479	70	87
Great Northern	17,120	13,847	19,217	4,716	5,029
Green Bay & Western	437	429	633	894	621
Lake Superior & Ishpeming	613	1,707	2,658	56	32
Minneapolis & St. Louis	1,854	1,861	1,947	2,337	2,046
Minn., St. Paul & S. S. M.	5,780	4,622	6,134	2,863	2,718
Northern Pacific	11,014	10,466	12,643	5,441	4,972
Spokane International	168	158	122	498	583
Spokane, Portland & Seattle	2,323	1,380	2,740	3,618	2,801
Total	109,497	96,920	126,616	63,534	59,127
Central Western District—					
Atch., Top. & Santa Fe System	21,761	20,649	22,435	12,442	12,408
Alton	3,508	3,009	3,612	4,731	4,618
Bingham & Garfield	611	506	639	90	100
Chicago, Burlington & Quincy	19,431	18,145	19,001	13,109	11,351
Chicago & Illinois Midland	3,222	2,513	2,611	852	686
Chicago, Rock Island & Pacific	11,250	10,929	12,351	11,036	11,773
Chicago & Eastern Illinois	2,536	2,131	3,092	6,742	4,001
Colorado & Southern	843	1,404	1,330	2,147	1,947
Denver & Rio Grande Western	4,252	4,403	4,378	6,236	5,094
Denver & Salt Lake	325	653	908	25	7
Fort Worth & Denver City	861	1,128	1,572	1,549	1,234
Illinois Terminal	2,030	1,662	2,015	1,889	1,400
Missouri-Illinois	1,173	1,082	1,094	536	492
Nevada Northern	1,916	2,252	2,020	125	120
North Western Pacific	822	818	1,152	670	567
Peoria & Pekin Union	27	4	27	0	0
Southern Pacific (Pacific)	28,161	25,143	30,543	13,961	12,205
Toledo, Peoria & Western	322	342	413	1,856	1,610
Union Pacific System	17,023	18,034	19,226	18,140	14,932
Utah	641	576	606	10	1
Western Pacific	2,115	2,115	2,890	4,270	2,703
Total	123,030	117,534	131,915	100,416	87,249
Southwestern District—					
Burlington-Rock Island	292	123	128	173	214
Gulf Coast Lines	7,366	5,070	3,858	2,863	2,480
International-Great Northern	2,203	3,212	1,546	4,173	3,164
Kansas, Oklahoma & Gulf	241	348	242	1,415	1,121
Kansas City Southern	5,845	4,310	2,667	2,817	2,635
Louisiana & Arkansas	3,291	3,639	2,702	3,032	2,329
Litchfield & Madison	342	266	424	1,238	1,019
Midland Valley	649	655	633	332	259
Missouri & Arkansas	162	164	162	466	327
Missouri-Kansas-Texas Lines	5,772	6,527	4,496	6,072	4,76

Items About Banks, Trust Companies

A proposal to increase the capital of the Chase National Bank of New York from \$100,270,000 to \$111,000,000 by transferring \$10,730,000 from surplus for that purpose will be submitted to the shareholders of the bank for approval at the annual meeting on Jan. 11. A letter outlining this proposal, signed by Winthrop W. Aldrich, Chairman of the Board of Directors, was mailed to shareholders on Dec. 7 with the formal notice of the annual meeting and proxies.

The bank's announcement says: "This action would round out the par value of each share of stock by increasing it from the odd amount of \$13.55 to \$15. The number of shares, however, would remain unchanged at 7,400,000. Two-thirds of the stock of the bank must approve the proposed increase of capital in order to make it effective.

"Last September the Board of Directors authorized an increase of \$21,460,000 in the surplus of the bank, raising it from \$100,270,000 to \$121,730,000. That increase in surplus, as announced at the time, was made possible as a result of recoveries, improved earnings, and profits realized on the sale of securities.

"The Chairman's letter adds that the recent increase of surplus and the proposed increase of capital are consistent with the recommendations of national supervisory authorities that banks, insofar as possible, should augment their capital funds by retention of a substantial portion of earnings for that purpose."

The executive committee of the Board of Directors of the Chase National Bank of New York has authorized, subject to approval by the proper Federal agencies, an increase in the supplemental compensation payable to the bank's employees from the present rate of approximately 5% to a rate of 10% on the first \$3,000 of annual salaries which do not exceed \$6,000.

Announcement of this proposed increase was made in a memorandum addressed to the staff of the bank by H. Donald Campbell, President. He stated that the change will be made applicable to compensation for the first quarter of 1944, if approval is granted by the Federal authorities. He also said that in conformity with the bank's regular practice of reviewing salaries at the end of the year, salary increases will be granted in cases of merit, promotion, and advancement to positions involving increased responsibilities, etc., wherever justified, and as permitted by wage and salary regulations of the Government.

Employees of the Chase National Bank have been receiving supplemental compensation since the final quarter of 1941, with payments computed at the rate of 6% on the first \$1,800 of basic annual salary and 4% on the next \$1,200.

Frederick E. Hasler, Chairman of the Continental Bank & Trust Co. of New York, announced that at a meeting of the Board of Directors held on Dec. 6, Edwin Van Pelt, Assistant Vice-President, was elected a Vice-President; F. Stafford Cleary, Assistant Treasurer, elected Assistant Vice-President, and Gilbert Henne, Chief Clerk, elected Assistant Treasurer; all located at the Seventh Avenue branch. Talbot Babcock, an Assistant Treasurer at the main office of the bank, 30 Broad Street, was elected an Assistant Vice-President.

The directors of the Continental Bank & Trust Co. at their Dec. 6 meeting voted to transfer \$1,000,000 of undivided profits to surplus and at the same time declared the regular quarterly divi-

dend of 20 cents, payable Jan. 1, 1943 to stock of record Dec. 17 next.

E. Chester Gersten, President of the Public National Bank & Trust Company of New York, announced the appointment on Dec. 2 of Garland J. Day as Assistant Vice-President. Mr. Day is identified with the Correspondent Bank Division at the main office of the bank.

Frederick J. Kugelman, Cashier of the National State Bank of Newark, was elected President of the Essex County (N. J.) Bankers' Association at the recent annual meeting. He succeeds M. Raymond Riley, President of Orange First National Bank. Other officers elected, according to the Newark "News," were: First Vice-President, Roy K. Hitchings, President, Irvington National Bank; Second Vice-President, Gustave A. Wiedenmayer, Cashier, National Newark and Essex Banking Co., and Treasurer, Thomas A. Loughlin, Secretary-Treasurer of United States Savings Bank of Newark.

J. Paul Crawford has been elected a Vice-President of the First National Bank of Philadelphia. Mr. Crawford was formerly a Vice-President of the Philadelphia National Bank with which institution he had been connected for the past nine years.

The conversion of the Austin State Bank, Chicago, to a national institution with the title of National Bank of Austin and doubling of the capital of \$200,000, is announced by Lester D. Castle, President. The capital increase was accomplished by transferring \$50,000 from surplus and by selling 3,000 shares of \$50 par stock. The bank's former capital consisted of 5,000 shares of \$40 par value. Now the capital account is made up of 8,000 shares of \$50 par stock. Plans for the change were noted in these columns of Nov. 4, page 1820.

The Royal Bank of Canada (head office Montreal) announces the appointment of two new Assistant Managers. The appointees are T. H. Atkinson, formerly supervisor of Quebec, New Brunswick and Eastern Ontario branches, and Frank S. Moffitt, who has been supervisor of investments since 1940.

Chrysler Workers Union Makes Wage Demands

Leo LaMotte, National Director of the Chrysler department of the United Automobile Workers (C. I. O.) on Dec 1 stated that the union has presented formal demands for a wage increase for approximately 70,000 employees of the Chrysler Corporation, according to an Associated Press dispatch from Detroit, Mich., which further adds:

"The union, seeking to overturn the Little Steel formula limitations on wages, recently made similar demands on the Ford Motor Company, General Motors Corporation and some smaller manufacturers.

"The union, according to Mr. LaMotte, asked the negotiations start Dec. 21 on its request that an over-all wage increase be determined on the following principles:

"A cost of living adjustment sufficiently in excess of the 15% of the Little Steel formula to meet the 'real' advance in the cost of living; and

"An additional adjustment to meet special costs and needs faced by war production workers."

Guaranty Trust Survey Shows Business Urges Tax Structure Permitting Post-War Reserves

Economy In Government Expenditures Held Requisite

Stating that business opinion, up to a certain point, supports the general position of the framers of the tax bill as passed by the House on Nov. 24 and sent to the Senate, the Guaranty Trust Co. of New York indicates that this view is reflected in answers to a sampling inquiry by the Trust company, the results of which it made public on Dec. 3.

In an effort to ascertain the tenor of opinion in a number of businesses and industries, the Trust Company asked several representative executives to set forth their views on the vital question of wartime taxation and as to the essential points that should be considered in connection with tax legislation.

According to the Guaranty Trust Co., the replies indicate a preponderance of opinion on the following points:

"Further substantial increases in income tax rates on corporations and on individuals in the middle and higher brackets would be futile and dangerous.

"Additional tax revenue, if needed, should be obtained by broadening the tax base, either through lower personal exemptions, higher excise taxes, or, best of all, a general sales tax.

"The most objectionable features of the present law are the capital stock tax and the declared-value excess profits tax.

"It is highly important that the tax structure be such as to permit business concerns to build up adequate post-war reserves.

"The tax system is greatly in need of simplification and, as far as possible, stabilization.

"The present fiscal problem can be solved largely if not wholly by economy in Government expenditure.

"Double taxation of corporation earnings in the form of profits and dividends should be abolished.

"The provisions of the law dealing with capital gains and losses, excess profits tax credits and the spreading of losses should be liberalized.

"Estate, gift and social security taxes should not be raised at present, and the social security tax should be used exclusively for social security purposes.

"High tax rates are accepted as necessary, and objections are raised only against those provisions of the law that are considered inequitable in their operation.

"On the following points opinion is divided, or there appears to be no pronounced sentiment among the business men responding to this company's inquiry:

"Further increase in the excess profits tax.

"The importance of renegotiation of war contracts.

"The compulsory savings plan."

The Trust Company indicates that businessmen believe that economy in Government expenditures is a prime requisite, even in wartime. Nor, it states, is the recommendation confined to civil expenditures; it applies also to those classified as for war. Some correspondents place this at the top of their list of suggestions. One goes so far as to say flatly that "the limit has been reached in the amount which corporations and individuals can pay" and suggests that "pressure be put on Congress and the Administration to secure any additional funds by a reduction in governmental cost."

It is further stated in the announcement by the Guaranty Trust Co.:

"Among the most widely advocated measures for the reform of the Federal tax system is the elimination of the double taxation of income in the form of corporate earnings and of dividends to stockholders.

"On no subject are the replies more generally agreed or more emphatic than on the view that income tax rates both on indi-

viduals and on corporations, particularly the latter, are about as high as they can safely be made. One typical comment says: 'Corporation taxes, instead of being increased, should be decreased. Perhaps it would be unwise to decrease them at the present time, but certainly they will have to be decreased at the earliest possible date, or the incentive of management will be destroyed, with the result that the ability of private business to provide employment in the post-war era will be greatly decreased.'

"There is a division of opinion on the excess profits tax, with some correspondents flatly opposing any increase and others conceding the possible desirability of a rise to 95 or even 100%. Some correspondents feel that there should be inserted in the law a clause giving definite assurance that the excess profits tax will be abolished within a brief period after the end of the war. This, according to one official, 'would enable taxpayers to proceed with their plans for necessary post-war adjustment and would be of material assistance in the development of new enterprises, thus avoiding in some measure the shock of post-war deflation. It would serve also as a notice to the taxpayers that Congress considered the excess profits tax as a war measure and not part of our peacetime tax structure.'

"Representative of the general opinion concerning individual income tax rates in the middle and higher brackets is the comment that 'existing rates have reached a level where increases would be merely for political purposes, since they would neither produce substantial additional revenue nor affect inflation.'

"There is no pronounced opposition to higher excise taxes; on the contrary, a majority of those who express themselves on the question mention this among the most feasible methods of obtaining additional revenues. Much stronger, however, is sentiment in favor of broadening the excises into a general sales tax, either with or without exceptions for such necessities as food. On no point is business opinion more nearly unanimous. Underlying the proposal is the central thought that existing taxes fail to reach the great bulk of war-swollen income and that the general sales tax offers the simplest and readiest means of achieving this end.

"The features of the present tax law that are most strongly objected to are the capital stock tax and the closely related declared-value excess profits tax. . . .

"Concern over the question of post-war reserves is widely expressed. An executive of a large airplane corporation complains of 'the inability of a company today to set up post-war conversion reserves of its own on a more realistic basis than the arbitrary one provided in the tax law.' Another official suggests that the pending bill should contain 'provision for the setting up of reserves before taxes to meet the inevitable costs of (a) reconversion, (b) decline in inventory values following the war, (c) deferred maintenance and repairs.' A third believes that 'the outstanding tax problem today is to write a law that will permit corporations to be solvent and in liquid position at the end of the war. Some definite provision should be made to permit corporations to charge operating expenses

and place in a reserve fund suitable amounts for post-war reconversion, for inventory declines that will come some time after the crest of the war, in order that corporations may enter the post-war period in a financial condition for immediate conversion to peace time production. I believe such a provision will make it possible for industry in this country to continue to operate at a very high percentage of capacity, and by that means it will be able to absorb the soldiers returning from the armed services, as well as reemploy those persons now working in munitions and war material plants.'

"One of the most generally felt needs is that of simplification of the tax structure. The 'extreme complexity of our income tax system' is described by one correspondent as an 'obstacle of great importance in the path of American business.' Another points out that 'individuals, even those with small incomes, require advice as to how to do all the accounting necessary these days.'

"The most widely advocated means of simplification is repeal of the Victory tax. This is suggested not as a method of tax reduction but purely as a step toward greater simplicity, and the recommendation is generally linked with the proposal that income tax rates be raised accordingly. In this respect, business opinion seems to be in substantial agreement with those who framed the pending bill. There is some support for the further proposed step of combining the normal tax and surtax into a single series of rate brackets."

Shorter Hours Without Wage Cuts Urged By Green In Post-War Era

Labor will demand shorter post-war hour standards without reductions in earnings, William Green, President of the American Federation of Labor, told the Truman war investigating committee of the Senate on Dec. 3.

Asserting that the Administration has not kept its part of the no-strike agreement by adjusting wages to absorb increasing living costs, Mr. Green added:

"We shall endeavor to restore equity by insisting that peacetime hour standards shall be established without reductions in earnings."

In Associated Press Washington advices, he was further quoted as saying:

Mr. Green endorsed Donald M. Nelson, Chairman of the War Production Board, as the man best fitted to guide the post-war reconversion program.

"Because of his valuable training and experience," Mr. Green said, "Mr. Nelson is especially well equipped for this job. I know of no man who has rendered a more valuable service during the war."

Mr. Green suggested that Mr. Nelson function under a "top policy council" in which Congress, management, labor and farmers would be represented.

Referring to labor's part in the war, Mr. Green said workers have had to depend on longer hours to meet increased living costs.

Commenting on the Truman committee's report urging labor to be "realistic" about wage adjustments in the post-war period, Mr. Green said downward revision would not be economically advisable.

"If industry adopts such a plan on a nation-wide scale, it will be cutting off its own nose," he asserted.