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## The Financial Situation

The President has submitted a new budget proposing the expenditure during the coming fiscal year of another \$100,000,000,000, and at the same time forecasting a national debt of some \$258,000,000,000 by June 30, 1945. Time was when such figures as these would have caused utter dismay in the minds of all men, but so accustomed have we become to figures larger than can be readily grasped that the rank and file appear to take them for granted. The President, indeed, appears almost to glory in them. The fact is, in any event, that there is no apparent way to avoid enormous expenditures during the time that this war continues in full swing. The significant feature of the Budget Message, and to us the most disturbing aspect of it, is therefore to be found not in the expenditures proposed for next year, or even the faulty tax ideas which the President would like to have given effect for that period, but in the meaning which these proposals of the President plainly have for the future years—long after this war is over.

### Subtle Political Tactics

The President is proceeding not only to lay extended and, we think, wholly unsound, plans for the post-war period; he is not only laying them, but is making full use of his powers of persuasion in these two messages to give such plans a favorable standing in the minds of the public—not only all this but he is so skillfully (politically speaking) weaving his post-war ideas and his post-war plans and his post-war theories into the plans for winning the war that the country is likely to find it difficult to separate them—and hence to avoid commitments which seem to give Mr. Roosevelt a sort of claim to perpetuity in office, and to ease the country almost insensibly into a post-war era of the sort that the President envisages—almost without even realizing what is happening.

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## Unemployment Ahead?

### Babson Says This Is Our Next Problem

The general public has been unprepared for the cancellations of war contracts. Exact figures are not known but these must total over ten billions to date. Most affected are companies handling sub-contracts. Now faced with overnight cancellations many dislocations occur. Unless new orders of some kind, either for war or peace, are quickly obtained large numbers of workers will be let out. Prime contractors in



Roger W. Babson

many instances are now hard pressed to keep their own plants operating. They offer little encouragement to their sub-contractors.

Washington officials were perhaps wise in not tipping business off for patriotic reasons. Result, however, may be a too sudden transition. This should far better come by degrees.

**Production Fallacies**

The War Production Board is calling for a 20% increase in output in 1944 over 1943; but the bulk of this new production will be in airplanes and other specific items. The average reaction to this is that more employment will result and more money will be spent. Thus, it was expected that both profits and payrolls would be maintained. Actually the results will be quite different.

Undoubtedly the total expenditures for war work in 1944 will exceed those of 1943. The peak in wartime employment, however, has been passed. Reason is that once production is underway greater efficiency of operation results. More units of work per employee are performed and fewer employees are needed. The value of the goods produced stays up until re-negotiation occurs. This last wipes out the increasing profit margin resulting from better trained employees and the gradual absorption of initial tooling and other costs.

### Upsets Can Be Lessened

Businessmen need all the time they can get to work out post-war ideas and new production schedules. They are willing to care for fifteen million unemployed after the war; but this they cannot do overnight. Neither will they be able to operate efficiently

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## The News Behind The News

By PAUL MALLON

Speaker Sam Rayburn told the Chicago Mayors' Conference the Administration would provide a public works program—not for some far future period when depression might set in—but to take up the lag right away at the end of the war.



Paul Mallon

He added a new wrinkle to the announced plan of Vice-President Wallace to build a stack of blueprints for future construction of sewers, dams, reforestation, etc., if needed. Such projects are the meat upon which politics feeds—the luscious, fat, juicy pork. If the war is over before next November, Mr. Rayburn intends that unspecified millions or billions will be available in time to do the best possible good for the Democratic cause.

Meanwhile, he is appointing a special House post-war fact-finding committee (non-partisan, he said) to mull over the feisty building projects they are always pushing in their local districts. So the political effect will not be

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## Wallace Says \$200 Billion Post-War National Income Is Possible

### Proposes Reconversion Agency and Incentive Taxation

Vice-President Henry A. Wallace sees the possibility of the national income in the post-war era approaching the \$200,000,000,000 level by the maximum productive use of labor and plant facilities.

Speaking before the New York City Conference on full employment, called by the Political Action Committee of the Congress of Industrial Organizations, Mr. Wallace declared on Jan. 15 that this amount would



Henry A. Wallace

bring about full employment and an expanding economy, which are necessary to carry the debt load easily. The Vice-President stated that a national income of only \$100,000,000,000 is not enough to bring about an era of "work, happiness and peace" and urged the "wise men" in labor, business and Government to recognize their joint responsibility for planning on a broad basis.

Mr. Wallace suggested the con-

sideration by Congress of a "reconversion plant corporation, with extensive powers to facilitate the most rapid possible transition from war production to peace production, or it may want to add new and concrete powers to an existing agency."

Expressing the hope that the taxation system can be rapidly modified after the war in order that "the financing for most employment will come from private capital," Vice-President Wallace suggested that "incentive taxation by increasing employment and by increasing the national income can increase the Federal revenue." He added:

"Rates which are too high on rapidly expanding young enterprises will reduce employment and decrease the revenues of Federal taxation. Some place there is a happy medium and it is very important for both business and

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## From Washington Ahead Of The News

By CARLISLE BARGERON

Messrs. Roosevelt and Hull are breathing a little easier in the hope that the "Pravda" article saying that British and German conferees had discussed a separate peace has blown over without making too much of a dent in the public consciousness. Insofar as its effect on humanity is concerned, we had thought it had little or no bearing because it seems to be in the cards that Stalin is going to do pretty much what he wants to in Eastern Europe. And an article of this sort doesn't change the situation one way or the other.

What was important about it, we thought, was its bearing on the political fortunes of Messrs. Roosevelt and Hull, particularly the former. About him it pointed up a very ridiculous situation, indeed.

Let's go back a bit. First, Mr. Hull went over to Moscow and talked with Stalin. When he returned, so great was the acclaim that we fully expected, before it was over, for him to be riding up Fifth Avenue with the skyscrapers showering him with ticker tape as they did on returning heroes in the hifalutin' twenties. As it was, he was given the unprecedented honor of being asked to address Congress in joint session, and Senator Harry F. Byrd said something about a Congressional Medal of Honor for him.

As one who has always had a tremendous respect and affection for the Old Man, we felt a warm glow throughout our body, but for the life of us we couldn't understand just what was the triumph he had achieved. We asked one of his closest and intimate friends about it. What was the accomplishment about which he is so proud, we asked. We were assured

there was no doubt about his happiness over the meeting. Why, we persisted.

Because, came the reply, he is convinced he sold Stalin on his honesty.

This struck us as an amazing thing. We are the most powerful nation in the world. We've been of tremendous help to Stalin in defeating an enemy who invaded his country. Why should one of the high officials of our Government be so thrilled over the conviction he had convinced Stalin of his honesty; in effect, his personality. It is a fact that such men as Averell Harriman, Donald Nelson and Joe Davies who have met him, been "accepted" so to speak, consider it the event of their lives, but that Mr. Hull should do so inasmuch as Stalin intended to go right ahead and do what he wanted to, gave us quite a pause.

But this was only part of this amazing spectacle which we have witnessed.

Mr. Roosevelt goes to meet Stalin right in Mr. Hull's wake, and when he returns, we are assured that his accomplishment has been tremendous, that it is one of the greatest things ever to happen to us poor democratic people. He had reached an accord with Stalin,

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## The State Of Trade

The weekly trend of business was generally upward. The heavy industries continue to send in favorable reports, with electric power production holding at about its recent high levels, carloadings showing another increase and steel production showing little change from the previous week. The retail trade reported considerable activity, with wholesale markets particularly active.

Production of electricity totaled 4,539,083,000 kilowatt hours in the week ended Jan. 15, compared with 4,567,959,000 in the previous week, according to the Edison Electric Institute. This was 14.8 per cent above the year-ago output of 3,952,479,000 kilowatt hours. Consolidated Edison Company of New York reports output of 227,200,000 kilowatt hours in the week ended Jan. 16, an increase of 36.6 per cent over the 166,300,000 distributed a year ago. Carloadings of revenue freight for the week ended Jan. 15, totaled 780,220 cars, according to the Association of American Railroads. This was an increase of 17,221 cars from the preceding week this year, 24,722 cars more than the corresponding week in 1943 and 31,107 cars below the same period two years ago. This total was 121 per cent of average loadings for the corresponding week of the ten preceding years.

Steel production in the United States is scheduled at 99.4 per cent of rated capacity this week, equivalent to output of 1,727,900 net tons of ingots and castings, compared with 99 per cent last week and output of 1,720,900 tons, according to the American Iron & Steel Institute. For the week beginning Jan. 24, last year, steel production was 1,686,700 tons.

There probably will be "considerable urgency" for landing craft material, particularly plates, after February, although pressure for the products is expected to reach its crest next month, the magazine "Steel" said in its recent issue.

"Meanwhile this program not only is pushing shipyard activity to a high peak," the magazine reveals, "but it is providing many fabricating shops with needed business in sub-assemblies. It also is creating added demand for heavy sheets, bars and structural." Aircraft and heavy artillery requirements are expanding, but increases in certain lines are not yet appreciably under way, the report adds.

"Various changes in the war program continue to bring cancellations and changes in mill schedules, but gaps are filled promptly and pressure for heavy steel production is not relaxed," the magazine says. In the midst of strong pressure for war materials, states the journal, shifts are bringing about occasional opportunity for fairly prompt delivery on material at first promised for a later date. Most important needs are being advanced where possible as cancellations open the way and opportunity for obtaining material for civilian use has not yet appeared.

Retail trade continued spotty this week as volume failed to pick up as rapidly as usual from the post-holiday sluggishness, according to Dun & Bradstreet, Inc. Milder weather tended to limit the usual seasonal sales, with little response accorded the few January clearances which were held. However, Southern centers enjoyed a considerable upturn in volume as the winter season gained momentum. Wholesale markets were reported active in the week and buyer attendance at many centers exceeded that of previous years. Mail orders also were heavy. Retail sales were estimated at unchanged to 5 per cent higher than a year ago for the country as a whole.

Department store sales on a country-wide basis were up 4 per cent for the week ended Jan. 15, compared with the like week a year ago, reports the Federal Reserve System. Sales for the four-week period ended Jan. 15, were up 7 per cent compared with the like period last year. Department

store sales in New York City in the week ended Jan. 22, were 7 per cent larger than in the corresponding week of last year, according to a preliminary estimate issued by the Federal Reserve Bank of New York. In the previous week ended Jan. 15, sales of this group of stores were 6 per cent better than in the like 1943 week.

Based upon advance reports from class I railroads, whose revenues represent 81.7 per cent of total operating revenues, the Association of American Railroads estimates that railroad operating revenues in December were 8.7 per cent more than in the like month of 1942. This estimate, it was pointed out, covers only operating revenues and does not touch upon the trends in operating expenses, taxes or final income results. Estimated freight revenues last December were greater than in December, 1942, by 5 per cent, while estimated passenger revenues were greater by 25.3 per cent.

## Spain Ally Of Hitler Russ. Embassy Charges

The Soviet Embassy said on Jan. 13 that Franco Spain, although formally non-belligerent, "actually is an ally of Hitler Germany." Associated Press Washington advices in which this was reported, further said:

"An article in the Embassy's 'Information Bulletin' said that despite Spanish announcements that the Spanish Blue Division has been withdrawn from the Russian front, a Spanish legion is still fighting 'on one of the sectors of the Volkov front,' and a Spanish air squadron, 'which systematically receives replenishments,' also is stationed on the Eastern battle line.

"Spain renders Germany diverse and very substantial assistance, the article said, adding that 'Spanish neutrality is only the guise under which German imperialism is using that country for its own purposes.'

"Generalissimo Francisco Franco's recent merger of the Fascist militia with the Spanish Army and his amnesty to certain political prisoners were interpreted by the bulletin as desperate efforts in a fight against the Spanish 'anti-Fascist national democratic movement.' This movement, the bulletin said, aims to 'emancipate Spain from Fascism, to make a complete rupture with Hitler Germany and to democratize the social system.'

"The article said that in his fight against Spanish anti-Fascists 'Franco's gendarmes arrest people even for distributing the press bulletin of the British Embassy in Madrid.'

"Spain sends Germany strategic war materials, the bulletin continued, and 'British naval vessels in the Atlantic are constantly holding up Spanish ships carrying contraband for Germany.'

## Completes Sale Of First National Bank (Boston) Stock

The First Boston Corporation announced on Jan. 19 that the secondary offering of 17,000 shares of capital stock of the First National Bank of Boston at \$48.50 per share, has been completed, and that subscription books have been closed.

## Record Export Freight Traffic Handled by RRs.

Railroads handled without serious congestion in 1943 the greatest volume of export freight traffic on record, according to an announcement by the Association of American Railroads, which adds:

Export traffic is moving freely through the various ports, all of which are in a completely "liquid" condition.

Cars of export freight, excluding grain and coal, unloaded at all ports in this country in 1943 totaled 1,401,186, compared with 893,576 cars in 1942, or an increase of 67%, and an increase of 147% above that handled in 1940, in which year it amounted to 568,303 cars.

Approximately 4,000 cars were unloaded daily in 1943, compared with 2,616 in 1942 and 2,235 in 1940.

The number of cars unloaded at North Atlantic ports in 1943 was more than 75% greater than the number handled in 1918 in the first World War. Due to the fact that the average tonnage per car in 1943 was considerably more than it was in 1918, the volume of tonnage was even greater than indicated by the increase in the number of carloads.

Export grain unloaded at all ports in 1943 totaled 53,204 cars, compared with 30,315 cars in 1942, or an increase of 76%.

Coastwise freight unloaded at all ports in the past year totaled 7,333 cars, compared with 30,951 cars in 1942, or a decrease of 76%.

The character of freight handled at the various ports has materially changed in recent years, nearly 96% in 1943 having been export freight, except for coal and grain, compared with 69% in 1940. Coastal freight moving through the ports accounted for only 1/2 of 1% in the past year, compared with 26% four years ago.

## A. I. B. Wartime Meet'g Will Be Held In June

The American Institute of Banking will hold a two-and-a-half-day war-time conference in St. Louis next June, it is announced by David L. Colby, National President of the Institute, who is Assistant Vice-President of the Boatmen's National Bank, St. Louis. This conference, to be held June 6-8, will be the 42nd annual meeting of the Institute.

In making the announcement Mr. Colby stated that the conference will be a streamlined meeting held to transact essential business of the Institute, elect officers, and discuss war-time bank personnel training problems. A similar meeting was held last June in Chicago, following a precedent established by the A. I. B. during the First World War, when its annual convention was shortened to a brief conference held in Chicago.

Following the midwinter meeting of the Institute's Executive Council, which will be held in Memphis, Tenn., Jan. 30-Feb. 1, further details of the agenda and arrangements for the war-time conference to be held next June in St. Louis will be announced. The arrangements for this meeting are in the hands of the Program Committee, consisting of William C. Way, Central National Bank of Cleveland, Cleveland, Ohio, who is the Vice-President of the American Institute of Banking, Chairman; James P. Hickok, Chairman of the local conference committee, who is the President of the Manufacturers Bank & Trust Co. of St. Louis, St. Louis, Mo., and Floyd W. Larson, national Secretary of the American Institute of Banking, 22 East 40th Street, New York, N. Y. Headquarters for the St. Louis meeting will be the Statler Hotel.

## Hull Reorganizes State Department; Policy And Advisory Groups Are Created

Reorganization of the State Department at Washington in an effort "to facilitate the conduct of the foreign relations of the United States in war and peace," was announced on Jan. 17 by Secretary of State Cordell Hull.

The new set-up, it is indicated, will free the higher officials of the Department from much administrative work and allow them to concentrate on specialized fields.

Secretary Hull's order established within the Department a Policy Committee and an Advisory Council on Post-War Foreign Policy. Mr. Hull named to the Council as Vice-Chairman, Norman H. Davis, Chairman of the American Red Cross; Myron C. Taylor, President Roosevelt's special envoy to the Vatican on several occasions, and Dr. Isaiah Bowman, President of Johns Hopkins University.

In clarifying the machinery of the reorganization, the Department explained that specific fields of activity had been assigned to each Assistant Secretary of State and to the legal adviser.

"Coordination among the Assistant Secretaries is provided by the Policy Committee," said the Department.

By the reorganization all functions and divisions of the Department are grouped into "line" offices below the Assistant Secretaries.

In United Press Washington advices of Jan. 15, it was further explained: Four of these offices will deal with major geographic areas—Europe, Far East, Near East and Africa, and the Americas—and a fifth will deal with special political affairs.

The former Division of International Communications will be broken down into three offices dealing respectively with aviation, shipping and telecommunications. A new office of public information will group together various organizational units concerned with public information both at home and abroad.

Also newly-established are the offices of Wartime Economic Affairs and of Economic Affairs—

whose duties are indicated by their titles—as well as two administrative offices dealing respectively with departmental and foreign service administration.

The Department said establishment of these offices will set up "clearer lines of responsibility and authority . . . and eliminate overlapping jurisdictions and responsibility."

Of the two new committees, it said:

"The Policy Committee will assist the Secretary of State in consideration of major questions of foreign policy and the Committee on Post-war Programs will assist him in the foundation of post-war foreign policies and the execution of such policies by means of appropriate international arrangements."

Concerning the Council of Post-war Foreign Policy, the announcement said that:

"The Secretary has asked Mr. Davis, Mr. Taylor and Mr. Bowman, who with others have been associated with him in this field for the past two years, to assist him in organizing and carrying forward the work of this council which will bring together outstanding and representative national leaders to advise the Secretary on post-war foreign policy matters of major importance."

"The Department does not regard this new organization as the final answer to all the Department's administrative problems," said a statement.

"It does believe that this reorganization will better adapt the administrative framework of the Department to meet the constantly changing war situation and the foreseeable post-war demands upon our foreign policy."

## Manpower Situation Easing Off With Employment Down In November, Conference Board Reports

A decided slackening in the immediate and the prospective demands upon the nation's labor resources became increasingly apparent in the closing months of 1943, according to an analysis by the National Industrial Conference Board, issued Jan. 22.

Total employment, says the Board, including all men and women in military service declined in November for the second successive month, with further

reductions indicated for December. The reduction of 1,200,000 in the total number at work or in uniform in November was attributable in the main to the curtailment of farm operations at the close of fall harvesting, but civilian non-agricultural employment also receded by about 100,000 during the month and was below the corresponding total for November, 1942, by almost the same amount.

The announcement by the Board further stated:

"The Board's employment total for November fell to 63,100,000, which compares with the all-time high of 64,400,000 in September, and 64,300,000 in October. Farm employment dropped to 10,100,000 from the seasonal peak of 11,700,000 in September. A further reduction of more than 1,000,000 in the number at work on farms in December is suggested by the usual seasonal employment pattern, according to the Board. The full extent of the decline in non-agricultural civilian employment is partially concealed by the rise in November of employment in retail trade, much of which was temporary and part-time in character. The only substantial offset to the downward trend developed in durable goods manufacturing, particularly in the war-converted automotive industry. Employment in chemicals

and allied products, which had advanced sharply in previous months, fell off as a result of initial curtailment and plant shutdowns accompanying the cancellation or downward revision of small-arms contracts.

"The number of key industrial areas in which a slight labor surplus will exist during the next six months has increased from 102 to 112 according to War Manpower Commission field reports. The total of acute labor shortage areas declined from 69 in December to 67 a month later, while the roster of probable labor shortage areas receded from 124 to 119 in the same time interval. After allowance for revised production schedules, official forecasts of probable labor requirements through July 1, 1944, were again lowered by 600,000. The number in the armed forces at the end of 1943 was lower than previous forecasts of 10,700,000. This figure will not actually be reached, the Board says, until well toward the close of the first quarter of 1944. Against this background of easing labor requirements, except for manpower for military services, the proposed enactment of national service legislation would appear to be designed to assure the fulltime performance of those at work rather than to introduce a substantial body of new workers."

## Senator Butler Repeats Charge U. S. Is Spending Vast Sums In Latin America

Senator Butler (Rep., Neb.) presented to the Senate on Jan. 20 his second report on spending in Latin America reiterating his original assertion that a total of more than \$6,000,000,000 has been spent in the years 1942, 1943, 1944. The Senator submitted a documented certified list showing that this country's "actual expenditures, commitments and extensions of credit" relating to Latin America during the three years 1942, 1943 and 1944 amounts to \$5,733,953,534 and another documented list giving \$662,806,970 as expenses in the United States possessions in Latin America—the Panama Canal Zone, Virgin Islands and Puerto Rico.

According to the Associated Press, he attached to the report a 20-page itemization stating that the figures were gleaned from governmental departments, official reports and letters, and congressional testimony, and described the findings as a complete refutation of administration denials of his earlier estimates that of his earlier estimates that various forms of American aid to Latin America topped \$6,000,000,000. Senator McKellar (D.-Tenn.), Chairman of the Senate Appropriations Committee, recently countered Senator Butler's original estimate with administrative figures putting total outlays at \$1,483,373,000 and described Senator Butler as about 95% wrong in his figures.

The Associated Press Washington advices of Jan. 20, further reported:

"I was not 95% wrong and 5% right but 95.5% right and 4.5% wrong," Senator Butler said today in a prepared address. "That is as near right as any mortal could hope to be in checking New Deal expenditures."

"He said that the \$5,733,953,534 represented total war and non-war outlays in South and Central American republics, exclusive of the United States possessions—the Canal Zone, Puerto Rico and the Virgin Islands, where, he added, another \$662,806,970 was expended in the fiscal years 1942, 1943 and 1944. The figures, he said, were independently audited.

"That total of \$6,396,760,513 is only the documented, certified total," he said. "That is the amount we can be absolutely sure of. How much more there is, no one can say. The sums of money for which no public accounting is made are too vast. The technic of concealment is too well developed. The dark art of financial double-talk has been too well mastered."

"Senator Butler toured 22 Latin American republics last year. Repeating his earlier charges of boondoggling and waste, the Senator said that only a congressional inquiry could determine which expenditures were necessary and determine the extent of some financial operations which he said he couldn't find out about from governmental sources.

"There is boondoggling in our operations in Latin America," he continued. "There is a vast amount of it. The New Deal's operations in Latin America have made use of military necessity for ideological purposes. The New Deal's authority in the matter of our military expenditures in Latin America has resulted in extravagance and waste.

"We should stop trying to be rich uncle to Latin America. We should insist that, according to their ability to pay, what we do for the nations of Latin America is matched, dollar for dollar, by what Latin America does for itself."

"The Senator said that the important fact was not so much the amount of expenditures, but that they "demonstrate what the present Government of the United States apparently aims to do all over the world."

"In Latin America," he continued, "we have already found out what we are beginning to find out in other parts of the world, namely that money will not buy good will and that the Treasury

## Irving Trust Co. Net Of \$4,522,401 In 1943

Net profits of the Irving Trust Co. of New York for 1943 amounted to \$4,522,401, compared with \$3,712,952 for the preceding year, Harry E. Ward, Chairman of the Board, and William N. Enstrom, President, announced in the report submitted to stockholders of the bank at their annual meeting on Jan. 19.

The trust company's operating profit for the year 1943 was \$5,022,401, as against \$4,212,952 in 1942. In accordance with the management's policy of building up reserves against a time when adjustments may be necessary, \$500,000 of operating profit was added to reserves—this action having also been taken in 1942. The 1943 securities profits totaling \$568,973 were transferred to deferred income; securities profits in 1942 were \$332,009.

The bank declared dividends of \$3,000,000 during the past year. The capital stock of \$50,000,000 is unchanged from a year ago, but surplus and undivided profits amounted to \$56,428,927 at the end of 1943, against \$54,903,526 at the close of 1942.

From the report we quote:

"The trend of deposits in 1943 was upward. Fluctuations were relatively wide, due principally to governmental financial operations. While deposits were \$35,654,740 higher at Dec. 31, 1943, than at the end of the previous year, the average for 1943 was \$139,098,000 above the average for 1942. United States Government deposits amounted to \$108,763,974 at Dec. 31, 1943, as compared with \$133,111,771 a year earlier. Exclusive of United States Government deposits, there was an increase of \$60,002,538 in deposits at Dec. 31, 1943, as compared with Dec. 31, 1942.

"United States Government securities at the end of the year were \$613,719,229, or \$41,047,033 higher than at Dec. 31, 1942. The average of holdings of such securities in 1943 was \$222,365,000 greater than in 1942. Changes in the levels of deposits and loans tend to be reflected in this account. Normally, declines in our deposits and increases in our loans are met by using balances at the Federal Reserve Bank and other assets regarded as the equivalent of cash. Currently, such other assets consist primarily of short-term United States Government securities. At Dec. 31, 1943, 45% of total holdings of United States Government securities had a first call date or were due within two years, 19% within two to five years, and 36% within five to ten years."

The Irving report also noted that a good volume of foreign business was transacted in 1943, notwithstanding the many restrictions occasioned by the war. It added that after the war a material expansion in the company's foreign business is confidently expected.

was an increase of 118% compared with 1939.

For the month of December, 1943, alone, the railroads handled about 8% more ton-miles of revenue freight than in the same month of 1942.

The following table summarizes revenue ton-miles statistics for the 12 months of 1943 and 1942:

	Revenue	Ton-Miles of Freight	
	(000 omitted)	(000 omitted)	%
	1943	1942	Inc.
First 10 mos.	606,572,456	526,054,986	15.3
Month of Nov.	59,375,000	56,958,793	4.6
Month of Dec.	159,300,000	55,030,990	7.8
Total 12 mos.	725,447,456	638,044,769	13.7

\*Revised estimate. †Preliminary estimate.

## Public Will Not Stand For War Production Stoppages Warns Benj. F. Fairless

A "justly aroused" American public will not long tolerate strikes and other war production stoppages which have been prevalent in recent months, Benjamin F. Fairless, President of the United States Steel Corporation, warned on Jan. 20 in an address before the annual dinner of the Pittsburgh Chamber of Commerce. His address was broadcast over a nation-wide hookup.

At a "crucial period" of the war to determine the nation's survival as a democratic state, interference with any phase of the war effort cannot be countenanced, Mr. Fairless said, according to Pittsburgh advices to the New York "Herald-Tribune," from which we quote his further views as follows:

"If labor leaders are unable or unwilling in these critical times to curb the disruptive acts of subordinate officials or of small groups of union members, he added, then they must not complain at enactment of labor legislation 'with teeth.'"

"Mr. Fairless made a sharp distinction between loyal workers and trouble makers in labor's ranks. The great majority of American wage earners, he emphasized, 'are both patriotic and hard working, and they can be proud of the production records which they have helped establish since Pearl Harbor.'"

"The speaker reiterated his conviction, based on his company's long-standing labor relations policy, 'that the right to work should not be dependent upon membership or non-membership in any labor organization.'"

"Not only in war time, but also in the post-war period, there must be 'sincere and sympathetic' co-operation between government, management and workers to insure sound economic and social conditions here, the steel executive declared. Without profits for industry, he pointed out, the government will lose a large part of its revenues. At present more than a third of the war revenue of the government is derived from income taxes, and 'without profits our industrial machine will be endangered and workers may find their source of livelihood cut off or undermined.'"

"Aside from work stoppages, a foremost problem of industry concerns the ultimate disposition to be made of many plants which the government has financed and built during the war emergency,

Mr. Fairless told the chamber. Such plants, he pointed out, were in no case intended to take care of any deficiency in the nation's peace-time production facilities. When peace comes, he admitted, "some industries will have total capacity greatly in excess of that required for a peace-time economy."

"Courage and statesmanship on the part of government and others concerned, he observed, must attend the solution of this situation.

"In my opinion, the government should dispose of its plants and facilities as promptly as possible after the end of the war," he said. "It should not attempt to set itself up in business in competition with industry. Any such course would be in the direction of state socialism. In disposing of these plants it should be recognized that their cost is not government investment; rather, it is a war cost of the same general character as that of a battleship or other instrument of warfare brought into existence for the sole purpose of defeating the country's enemies. So instead of attempting to recover the full cost of these plants the government should be generally willing to take a reduced amount, substantial though the reduction may be, and charge the balance to the general cost of the war."

"Mr. Fairless granted that a number of these government-owned plants are 'probably' more modern and more efficient than similar facilities now owned by private industry, but said that both may not be required for peace-time production. In such cases he felt it to be in the public interest that the efficient and low-cost plants should survive and outmoded facilities be scrapped. Some government plants, he admitted, may need to be held for future emergencies and these units could be held 'under lock and key' so as not to compete with private industry."

## Allies To Divide World Into "Spheres Of Influence," Senator Johnson Predicts

The great powers of the United Nations will divide the post-war world into "spheres of influence," Senator Johnson (Dem., Colo.), predicted on Jan. 2 in an article written for "The Rocky Mountain News." Mr. Johnson is a member of the Senate Military Affairs Committee.

"Russia will dominate the Baltic States, the Northern Balkan States, Poland, Czecho-Slovakia, Germany and France," Senator Johnson said, according to Associated Press Denver advices which further quoted him as saying:

"Britain will dominate Norway, Holland and Belgium, including the colonies of the two latter in Africa and the Far East. Britain will also dominate the Dark Continent and the Mediterranean states of Spain, Italy and Greece. Britain's old ally, Portugal, will remain her dependable friend."

## Argentine And Paraguay Ratify Trade Treaty

Ratifications of the commercial treaty recently concluded between Argentina and Paraguay were exchanged on Dec. 15 by Gen. Alberto Gilbert, the Argentine Foreign Minister and, Luis Argana, Paraguayan Foreign Minister. They also signed numerous agreements aimed at increasing the commercial and cultural relations between their countries.

Buenos Aires advices Dec. 15 to the New York "Times" reporting this, went on to say:

The most important of the agreements signed grants Paraguayan trade "free port" facilities in Buenos Aires. By this agreement, certain docks and warehouses in the Port of Buenos Aires will be considered a Paraguayan free zone. Paraguayan goods for export or imported goods destined for Paraguay will be unloaded, stored and reloaded without payment of import duties.

Other agreements provide for improving postal facilities between Argentina and Paraguay; for the appointment of a mixed committee charged with studying a customs union between the two countries and for the expurgation from Argentine and Paraguayan school textbooks of anything that may "foster aversion for any American country."

Finally, in an exchange of letters between General Gilbert and Senor Argana, Argentina undertakes to extend to Asuncion the airline that soon will open service between Buenos Aires and Iguazu.

Signing of the trade treaty was noted in these columns Dec. 16, page 2453.

## Wallace Sees \$200 Billion Income Within Reach Of Post-War Fully-Employed America

(Continued from first page)

labor to learn just exactly where that point is—the point which will promptly prevent either inflation or deflation as one or the other tends to develop. Both labor and business might well consider recommending to Congress the delegation of power to some governmental organization to make continuously those slight shifts which are necessary if the national income is to stay on the road of full production, full consumption and full employment without inflation or deflation.

The text of the Vice-President's talk follows, as given in the New York "Times" of Jan. 16:

We have completed a year of great accomplishment and have begun a year which will be of even greater significance. The President by his daring and his wisdom has set our feet on the road toward complete victory. Cairo and Teheran mean not only the closest cooperation for war but also effective cooperation in the peace to come.

For two days you have been discussing the problem of post-war employment. There cannot be in any country full employment for the purpose of full production of peacetime goods except on the basis of an assured world peace. Such a peace is necessary to a large volume of goods flowing between countries. Without a large volume of foreign trade unemployment is certain in the United States and England. Therefore, I say that of all the actions taken in 1943 looking toward full post-war employment, the Cairo and Teheran conferences were probably the most important.

There are those on the home front who have continually tried in one subtle way and another to create discord, especially between the United States and England and the United States and Russia. Ill-timed statements and partial truths have from time to time lessened the hearty will of the American people to cooperate to the utmost every day with our Allies in winning the war at the earliest possible moment. Through all of these attacks, and some have been slanderous, the President has kept his eye on just one objective—how best to win an early and complete victory, how best to attain a secure peace.

Many things which some of us have not been able to understand have been explained by the fact that the President is keeping his mind on those two things to the exclusion of anything else.

At this time I want to express my appreciation of the magnificent job the President has done on the home front. To transform 135,000,000 people from an easy-going peace to an overwhelming war effort involves complexities beyond the mind of man to comprehend. The necessarily hasty solution of these complexities has given small men a chance to complain—and I am sorry to say that larger men in their hatred of Roosevelt have forgotten the need of winning the war and have played up the mean, the small, the irrelevant in a way to deceive the public mind as to the real truth. Of course there are imperfections in a huge task of this sort. Everyone who has built a local union, everyone who has started a great corporation, everyone who has developed a great agricultural cooperative knows the sleepless nights, the heartaches and the mistakes involved. How infinitely greater the task of the President.

And I say that what we have before us is a prodigious performance which, compared with World War I, is almost miraculous. In terms of airplanes, tanks, guns and munitions we have produced

in this war from five to a thousand times as much as we did in World War I. In World War I our expeditionary force used chiefly French guns, planes and ammunition. Compared with the pre-war base, we have in this war stepped up our production both in factories and on the farms much more effectively than we did 25 years ago. We not only have done twice as good a job in stepping up production but we have also done twice as good a job in holding down prices.

Since the beginning of the war in Europe the cost of living in the cities has risen by only about a fourth. This is less than half as much as in the same length of time in World War I. In World War I iron, steel, copper, lead, zinc and tin prices more than doubled. In this war there has been very little rise. Petroleum more than doubled in World War I, but this time it has increased less than a fourth. And so it goes all down the line. Nearly everywhere the advances have been far less than in World War I. The outstanding exception has to do with food, and even here the advance at retail has been less than 50%, as compared with about 75% in World War I. When we take into account that food prices were abnormally low in 1939 and that since then the world-wide demand for food from the United States has been greater than in World War I, it is surprising that such a good food job has been done.

I have recently made a tour of many counties in Iowa, talking to the farmers at first hand. I made the point to them of the great need of the farmers understanding labor, and told them that the satisfaction of their needs in the post-war period depended on production. I said the farmer could not get legislation without labor men and their Congressmen lined up.

The so-called leaders of agriculture in Congress do not speak for the rank and file of farmers, thank God for that. So I want you to by-pass certain leaders—I don't want to condemn any group wholesale—and get in touch with the farmers on a county level. Get your message and your picture across. It is much more important to the future of civilization than any of us realize.

Moreover, we must remember that this war is costing about ten times as much as World War I and that the savings in the hands of the people as the result of full employment amount to more than \$80,000,000,000. This means there is tremendous monetary pressure on the side of higher prices. Nevertheless, OPA has held the line remarkably well. If it had not done so, if we had had controls only like those in World War I, the consumers in the United States last year would have had their pockets picked by the rising cost of living to the tune of more than \$25,000,000,000. Moreover, the debt of the United States, because of the greater cost of the war effort resulting from such inflation, would have been increased by something like \$50,000,000,000. In brief, what I am saying is that the President is entitled to great credit for his leadership in bringing about a truly remarkable expansion of production with the minimum expansion of prices. The great majority in business and in labor is entitled to great credit for their contributions which make his leadership effective.

Many people do not like OPA. Some criticize it for being a New Deal agency started by Leon Henderson. Others criticize it for being an Old Deal agency staffed in the North by appointees of Republican Governors. Many criti-

cize it for red tape and bureaucracy. Some of these things may be true. But we have to recognize that, so far as the net effect is concerned, the job has been a good one. To increase production and hold down prices is like defying the law of gravitation. Just the same, the job has been done and will continue to be done provided the people will stand behind their President and against selfish, greedy, noisy men.

There has been much criticism of the Congress for not setting taxes high enough. Some claim that the corporations have been growing rich out of the war. This may be true in some cases but, even though Congress has not carried out in full the recommendations of the President and the Secretary of the Treasury, the facts are that in this war we have done a much better job in covering back into the Treasury excess profits than we did in World War I. The corporations during the past two years made gross profits two and a half times as great as in the two years of World War I but they paid taxes nearly five times as great. Taxes in World War II have been used twice as effectively to recover excess profits as in World War I.

The President, the Congress and all the great groups of the nation are entitled to congratulations for having done a truly remarkable job. In retrospect we can see how many things might have been changed. Certain expenditures have been proved by hindsight to be needless, but the head of a great nation cannot take chances and therefore I am thankful that the President tried so vigorously to provide against every contingency, whether it might be in South America, in Alaska, in Africa, Persia or China. He has done a job in which he and a grateful nation can take satisfaction.

There are two groups of big businessmen in the United States. In one group are found those who believe in Allied war unity, those who have always hated and distrusted Hitler. In the other group are found those who believe in "isolation first." Some of these finance anti-Semitic movements. Some organize hatred of the President and discord in the Democratic Party. Maybe some have been working in the past 48 hours. Others promote isolationism in the Republican Party. Certain isolationist politicians have been and will be beneficiaries in their campaigns of the money of these big business isolationists. One probable reason why some of these wealthy isolationists so strongly oppose the President and the kind of peace he stands for may trace to the fact that they have had profitable relationships in the past and hope to renew them with the big German trusts. They believe in international corporations or cartels, but they do not believe in any type of international government which would prevent these cartels from preying upon the people of all lands.

Generally speaking, isolationist big businessmen use the tariff as a screen behind which to conduct their monopolistic operations in the various countries. They are not so much interested in a larger volume of international trade as they are in parceling out markets for individual profit. Some of them have been interested in every nation distrusting every other nation so that their armament industries might always have a big market. Flash—footnote—look into the Argentine. They do not believe in a long-lasting international peace and will do their best to prevent it by daily hammering the public mind through their agencies of publicity. Unfortunately for the nation and the world, these men because of the war will come into the peace with huge financial reserves and, even more important, with the control of many profitable inventions of great importance to the American

public. I wonder if someone will talk to people in high places about the channels through which this money comes. They control so many new inventions that in the post-war many businesses and certain communities will be able to exist only by grace of their sufferance. Unfortunately, there are business men of this sort in every country.

But fortunately, there are many big business men who believe wholeheartedly in Allied unity in just the same way as the President. They believe in unity for both the war and for the peace. They want to see an enduring peace based on a higher standard of living and a growing volume of world trade and therefore believe in the Good Neighbor policy not only between the United States and Latin America but also between the United States and the other United Nations in the post-war period. These business men do not finance anti-Semitic movements or American Fascists. They believe in clean, aggressive competition in foreign markets. They may fight Roosevelt on his domestic policies, but in the main they do it fairly. If the common man has to choose between these two big business groups there is no question as to where his interest lies.

All groups of business men, large and small, good and bad, are enormously interested in the Government's policy with regard to reconversion and contract termination. Already 40,000 contracts amounting to more than \$12,000,000,000 have been terminated, and while many contracts have been reinstated there has been enough net change to cause serious unemployment in some localities. When the European war ends there will probably be a \$40,000,000,000 curtailment in war production. This could conceivably cost the jobs of more than 10,000,000 men unless plans are made. It is commonly understood that Mr. Baruch will soon submit a report to Justice Byrnes on this subject. No doubt suggestions as to how the Government may help business finance its reconversion.

Many of the businesses which used Government capital to convert when the war started will have to use Government capital in reconversion. When the Government knows it is going to terminate a contract it should be prepared to do its part in removing promptly its inventory of materials and machines which are not needed by the reconverted plant so that in the shortest time possible men may be at work on production of peacetime goods. Congress may well consider setting up a "reconversion plant corporation" with extensive powers to facilitate the most rapid possible transition from war production to peace production, or it may want to add new and concrete power to an existing agency.

Business men and laborers will face a sharper crisis when contracts are terminated than the nation faced when war was declared. They have a right to demand that there be some agency in Government which has the power and the courage to speak clearly and decisively on all reconversion problems. There must be public responsibility in the reconversion. Reconversion must not be made a grab-bag for monopoly. Small business, the backbone of our nation, must be protected. The sub-contractors as well as the prime contractors must be protected. The prime contractor usually has big cash reserves—the sub-contractor almost never.

Labor should back up business in its demands that the problem of reconversion be given prompt and effective consideration. Both labor and business should also join in urging on the Army and Navy a policy of restraint in the too rapid disposal of surplus products. And there are huge

mountains of them. After this war the UNRRA may serve as a useful outlet in many cases. Some business men who have been shocked at the proposal which they held to be idealistic would be exceedingly happy to see UNRRA use these goods in foreign lands. Their hearts will bleed for humanity. It will be remembered that after World War I certain labor groups in August of 1919 called on President Wilson. At that time it will be remembered that the wages of labor had lagged far behind the cost of living. Labor leaders, calling on President Wilson, said that either their wages had to be advanced or the cost of living had to come down and that on their part they would prefer to see the cost of living come down. Soon thereafter the Army and Navy disposed of large quantities of materials and the Federal Reserve Board adopted a policy of high interest rates. The country had been overinflated but the deflation cure was almost as bad as the inflation disease. The large supplies of stuff put on the market cost many laboring men their jobs. The rapid fall in prices cost many business men their businesses. The farmers suffered worst of all. All groups have a right to ask both the Congress and the Army and Navy that this time discretion be used.

Congressional committees have been discussing these problems. Policies are under consideration which during the next year or two will affect the jobs of millions of workers. Labor should prepare to be represented at all hearings of the Truman Committee and the various committees which have to do with post-war planning. Just as labor played a prominent part in pushing for the complete conversion which is now doing so much to win the war for us, so labor also should be an equally determining factor in seeing that reconversion gives us full employment, should play a constructive role in post-war planning.

I do not propose in this talk to say just what the Government ought to do with regard to post-war employment. But I do say that, inasmuch as the Government had to take full responsibility for getting cooperation from all groups to convert our economy from peace to war, it will have to take equal responsibility in converting from war to peace. Those who want to handle the post-war problem merely by turning things loose are asking for anarchy. There are, of course, certain branches of the economy where all that is necessary is to enforce the anti-trust laws. There are other branches where all that is necessary is to make sure that adequate financing is available through the RFC or the Farm Credit Administration. But there are other fields of activity where it will be necessary to engage in specific physical planning. When the contracts are terminated there will be hundreds of thousands of people out of work unless there is detailed advance planning.

This planning must be on a broad basis and not on a little basis. The Federal Government will have the responsibility of paying the interest on more than \$200,000,000,000. The only sound way to pay this interest is by the maximum productive use of labor.

We have to have full employment and an expanding economy to carry our debt load easily. This means a national income in excess of \$130,000,000,000. I am speaking of at least \$130,000,000,000 net income. This would mean \$170,000,000,000 in terms of total goods and services to carry the debt load easily. If we go up to \$200,000,000,000, as we can go, we could carry the debt load that much more easily. Some very large business men are making their plans on the basis of a national income of only \$100,000,000,000. That is not enough to give

full employment or to utilize the factory facilities which we shall have available or to carry the national debt load easily. The tendency will be for some business men to avoid thinking of the maximum output of the best quality at the lowest price. When the price is held up and the production is held down there is unemployment, which produces still greater contraction. We must keep in mind that the profits to be made by monopoly practices are not a net profit for business. All business has to help pay the costs of employment.

It seems to me that each business, as it confronts the problem of its responsibility for furnishing that amount of employment which will eliminate unemployment, must be guided in the main by the maximum use of labor and plant facilities. Obviously there are some businesses where production of more than a certain quantity is sheer waste, but in most lines of consumers' goods consumptive power is as great as productive power, provided labor is kept fully employed and the profits and savings are put to work as rapidly as they are acquired. The wise men in labor, business and government will have to give to the individual small business man the same assurance of a big market as our government at war has furnished during the past two years. Labor can't do it by itself. Business can't do it by itself. Nor government. All three must recognize their joint responsibility. This country belongs to all of us and we've got to keep it at work to keep it strong.

Of course, we must have a vast stockpile of blueprints for public roads, schools, sewers, reforestation, irrigation dams and flood control projects for every State in the Union so that if employment falters for any length of time in any area Government employment may be promptly thrown into the breach. Personally I am hopeful that our taxation system can be modified with such rapidity after the war that the financing for most employment will come from private capital.

Incentive taxation by increasing employment and by increasing the national income can increase the Federal revenue. Rates which are too high on rapidly expanding young enterprises will reduce employment and decrease the revenues of Federal taxation. Some place there is a happy medium and it is very important for both business and labor to learn just exactly where that point is—the point which will promptly prevent either inflation or deflation as one or the other tends to develop. Both labor and business might well consider recommending to Congress the delegation of power to some governmental organization to make continuously those slight shifts which are necessary if the national income is to stay on the road of full production, full consumption and full employment without inflation or deflation.

Labor took the lead after Pearl Harbor in putting real vitality into a complete war effort. To labor goes a very large part of the credit for the production miracle. Labor's hands every day are producing the munitions that are relentlessly destroying the might of Germany and Japan. Labor will not turn back. Our workers will finish what they have started. They will not let our boys down overseas.

During the war, labor has come of age and from now on must bear its full share of responsibility for molding public opinion and Congressional opinion on behalf of taking those steps which will prevent unemployment in plenty of time. You have shown by your presence here that you are intensely awake and aware of the rights of the common man, as well as the duties of the common man. You are going home to

## Items About Banks, Trust Companies

Percy H. Johnston, Chairman of the Chemical Bank & Trust Co. of New York, at the annual organizational meeting of the board of directors, on Jan. 20, announced the appointment as Vice-Presidents, W. Barton Cummings, formerly Personal Trust Officer, and William G. Laemmel, formerly an Assistant Vice-President. Mr. Cummings is a native of Connecticut and received his early education in New England. He is a graduate of Amherst College and studied at the Sorbonne in Paris. He has been connected with the Chemical Bank since 1920, becoming a Trust Officer in 1935 and he is actively engaged in the supervision of the bank's Personal Trust Department. He is a director of the New York Federal Savings and Loan Association, trustee of the Edwin Gould Foundation for Children, and Secretary of the Trust Companies Association of the State of New York.

Mr. Laemmel is a native of Brooklyn. He started his banking career with the Citizens National Bank in 1916, which institution later merged with the Chemical. Leaving the bank in 1922 to obtain practical bond experience, he returned in 1926 as Secretary and Treasurer of the Chemical Securities Corp., and later became Vice-President and Secretary. Upon the absorption of that corporation he was appointed an Assistant Vice-President of the bank, supervising the Bond Department.

At the same meeting Charles F. Hennett, formerly an Assistant Branch Manager, was appointed Assistant Branch Supervisor.

Other appointments were: James E. Hellier, Assistant Secretary; Raymond W. Moore, Assistant Trust Officer; Irving White, Assistant Trust Officer; Arthur S. Sherwin, Assistant Manager Foreign Department; George H. Devey, Assistant Manager of the Tenth Avenue at 23rd Street office, and G. Raymond Christensen, Manager of the Government Bond Department.

S. Sloan Colt, President of Bankers Trust Co. of New York, announced on Jan. 17 the election of Harold J. Marshall as Assistant Vice-President. Since 1939 Mr. Marshall has been Secretary of the New York State Bankers Association, and has been active in the American Institute of Banking and in the American Bankers Association, of which he is currently a member of the Executive Committee of the State Secretaries Section. He is also a member of the A. B. A. Research Council. Since 1940 Mr. Marshall has been Vice-President and a director of the First National Bank of Canajoharie, N. Y., prior to which he was Cashier and a director of the National Spraker Bank of Canajoharie, 1933-39; Cashier of the Washington County National Bank, Granville, N. Y., 1933; an Assistant National Bank Examiner, 1930-33, and associated with the Council Bluffs Savings

Bank, Council Bluffs, Iowa, 1923-1929. He was President of the Eastern Secretaries Conference of the American Bankers Association for the 1942-43 term.

At the annual meeting of the Commercial National Bank & Trust Co. of New York, on Jan. 11, stockholders approved a proposal to change the present par value of capital stock of \$100 per share to \$20 per share. There were 70,000 shares outstanding, which now become 350,000 shares. In their annual report, Walter G. Kimball, President, and Herbert P. Howell, Chairman of the Board, indicated that net current operating earnings in 1943 were \$1,256,301, not including \$6,910 net profits on securities. Additional profits on securities sold of \$736,174, not included in earnings, were applied to the cost of securities. After the payment of dividends of \$560,000 and the transfer of \$2,000,000 from undivided profits to surplus, undivided profits were \$1,182,919. The bank's condition statement as of Dec. 31, 1943, was referred to in our issue of Jan. 6, page 97.

The Manufacturers Trust Co., New York City, was authorized by the State Banking Department on Jan. 20 to reduce its capital stock from \$47,617,560, consisting of 429,977 shares of convertible preferred stock and 1,950,906 shares of common capital stock, all of the par value of \$20 each, to \$46,290,680, consisting of 415,382 shares of convertible preferred stock and 1,899,152 shares of common capital stock, all of the par value of \$20 each.

In his annual report to stockholders of the Colonial Trust Co. of New York, Arthur S. Kleeman, President, reported on Jan. 19 that during the past year the institution has had substantial growth in a number of directions. Total deposits increased from \$24,045,000 on Dec. 31, 1942, to \$31,890,000 on Dec. 31, 1943, a growth of 32%. Deposits, exclusive of Government deposits, increased 40%. Mr. Kleeman explained, an indication of growth in the number of customers of the bank and in the average balances carried by them. The liquidity of the institution showed an increase, he added, with cash and Government bonds totaling 74% of deposits on Dec. 31, 1943, as compared to 71% at the end of the previous year. The trust company's Government bond portfolio grew from \$10,084,000 at the end of 1942 to \$14,655,000 at the end of 1943; during the same period loans and bills purchased increased by 19%, a measure of further usefulness to our clients. Surplus and undivided profits increased by 21% during the year, from \$417,000 at the end of 1942 to \$508,000 at the end of 1943.

The Colonial Trust Co., with banking facilities and executive offices at 1230 Sixth Avenue in the United States Rubber Co. Bldg., Rockefeller Center, has leased the adjacent space to the north on the ground floor for occupancy as soon as alterations are completed. This expansion was occasioned by the increased volume of domestic business in the Rockefeller Center area; and plans for broadening the activities of the bank's Foreign Division, according to President Kleeman.

Mr. Kleeman added that Mario Diez, Assistant Vice-President in charge of the Foreign Division, will leave for South America this month to begin the work of developing closer cooperation between Colonial Trust Co. and its Latin American bank correspondents. Stockholders of the Title Guarantee & Trust Co., New York, approved on Jan. 19 the reduction of the capital stock from \$6,000,000 to \$3,000,000 and the par value of its 500,000 shares from \$12 to \$6

per share, and acted to transfer to surplus and retain for company use the \$3,000,000 thereby released. It is planned to transfer \$1,500,000 of the surplus to increase reserves for contingencies when the proposed reduction in capital becomes effective. George McAneny, Chairman of the Board of the company reported at the annual stockholders' meeting, on Jan. 19, that the company's business for the year yielded an operating profit of \$25,424, without provision for depreciation of office buildings and before deducting that portion, applicable to pay periods in 1942, of the retroactive salary increase awarded by a directive order of the National War Labor Board in 1943. This compares with an operating loss of \$83,558 reported for the year 1942 which, after giving effect to the aforesaid portion of the retroactive wage award, amounted to \$117,366.

At the Jan. 19 meeting of the stockholders the following named were elected trustees in the class whose term will expire in 1947: Philip A. Benson, William H. Deatly, Albert G. Milbank, Purcell C. Robertson, Frank L. Stiles, Willis D. Wood and Raye P. Woodin. At the organization meeting of the board of trustees, on Jan. 19, Donald M. Jack, Manager of the Mineola office, was elected an Assistant Vice-President; John W. Boyle, formerly Assistant Treasurer, was elected an Assistant Vice-President; Clarence E. Dugan, Manager of the Riverhead office, was elected an Assistant Vice-President; Charles B. Kleinschmidt, Assistant Manager of the Long Island City office, was elected an Assistant Vice-President; A. Samuel Cunningham, Assistant Manager of the Mid-Town Banking Department, was elected an Assistant Treasurer; Clinton B. Morgan, Assistant Manager of the Mid-Town office, was elected an Assistant Secretary; Loren E. Boies, formerly Manager of the White Plains office, was appointed Counsel of the White Plains office; Walter J. Gainey was appointed Assistant Solicitor of the Brooklyn office; Thomas H. Sheehy, formerly Assistant Manager of the White Plains office, was appointed Manager of the White Plains office. All other officers were reelected.

The election of W. N. Westerlund, President of Marine Transport Lines, Inc., as a director of The Continental Bank & Trust Co. of New York was announced on Jan. 20 by Frederick E. Hasler, Chairman of the bank. Mr. Westerlund served for more than a year as Assistant Deputy Administrator with the War Shipping Administration in Washington, having jurisdiction over the operations of WSA vessels. He is a member of the American committee of Lloyd's Register of Shipping and of the Maritime Committee of Commerce and Industry Association.

William J. Waite, Chairman, reported on Jan. 19 to the stockholders of Clinton Trust Co. of New York, at the annual meeting, that the net operating income of the institution for the year 1943 was \$76,700, equivalent to \$6.32 per share. This does not include profits realized on the sale of securities. Dividends paid were \$1.30 per share for the year. Deposits increased 33.5% for the year, and the average volume of earning assets employed was 75.6%. The average rate of return on loans and investments for 1943 was 2.6%. During the year holdings of United States Government securities were increased by \$3,291,292, and in that period clients purchased through the trust company United States Government securities in the amount of \$2,662,000. Of the company's total investments, 77.8% comprise United States Government issues

and 83% comprise Government and municipal issues. Of the total investment portfolio of bonds, 97.8% is in class A bonds or better. The bank's holdings of United States Government bonds total \$8,196,848, of which 50.2% mature within one year, 25.6% from one to five years, and 24.2% over five years.

The officers of the bank were reelected, and the following directors were reelected: Lee S. Buckingham, John Horn, Samuel Miller, John Mullen and Robert C. Schock. The Twenty-five Year Club of Manufacturers Trust Co. of New York, at its annual dinner held at the Hotel New Yorker on Friday evening, Jan. 14, inducted 42 new members. As the name implies, the Club is composed of employees who have been in the bank's service for 25 years or more. The total membership is now 209, the oldest of whom in length of service is Richard N. Cotter, Assistant Secretary, who has been in the employ of the bank since 1880. Chris J. Ochs, President of the Club, presided at the dinner. Henry C. Von Elm, Vice-Chairman of the Board of Manufacturers Trust Co. and himself a member of the Club by virtue of his 40 years of service with Manufacturers Trust Co., extended his greetings to the members of the Club and their guests, and presented the membership emblems to the new members. A varied program of entertainment followed, the feature of which was several vocal selections by Mrs. George R. Baker, who formerly sang with the Metropolitan Opera Company under the name of Madam Atwood, and whose husband is a Vice-President of the bank. Newly elected officers for the coming year are Richard N. Cotter, Honorary President; Edward J. Gresser, President; William Haas, Vice-President, and Henry W. Becker, Secretary-Treasurer.

James A. Stillman died on Jan. 13, in New York Hospital, following a brief illness. He was born in New York City Aug. 18, 1873. Mr. Stillman on Jan. 12 celebrated his 40th anniversary as a member of the board of directors of The National City Bank of New York. He was, in point of service, the bank's oldest director. Shortly after graduating from Harvard University Mr. Stillman joined National City when his father, James Stillman, was President of the institution. He was appointed an Assistant Cashier in 1899 and subsequently became a Vice-President. Early in 1918 Mr. Stillman was appointed General Executive Manager under the bank's plan of rotation of office, and this office he held at the time

(Continued on page 440)

Fire Waste Awards Contest

The United States Chamber of Commerce and the National Fire Waste Council announce the 1943 Inter-Chamber Fire Waste Contest, urging that participating communities submit their reports on 1943 fire prevention activities and accomplishments before March 1. The approximately 60 merit awards and the significant results in this program will be announced about April 1 at the annual meeting of the Council. This is the 21st annual event in the nation-wide fire prevention crusade by cities and communities through their Chambers of Commerce, fire departments, civilian defense units, schools, youth organizations, civic clubs, insurance and other local forces. The merit awards serve to dramatize the gravity of fire destruction and to commend the effective work in reducing and controlling the toll of fire. The National Board of Fire Underwriters estimates that the loss for the first 11 months of 1943 was \$32,519,000—the largest for any year since 1932.

## The Financial Situation

(Continued from first page)

It began with the President's "second bill of rights" list in his annual message on the state of the Union. Here they are:

The right to a useful and remunerative job in the industries or shops or farms or mines of the nation.

The right to earn enough to provide adequate food and clothing and recreation.

The right of every farmer to raise and sell his products at a return which will give him and his family a decent living.

The right of every business man, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad.

The right of every family to a decent home.

The right to adequate medical care and the opportunity to achieve and enjoy good health.

The right to adequate protection from the economic fears of old age, sickness, accident and unemployment.

The right to a good education.

It is open to some question whether if the President had let these matters end here any great harm would have been done. The absurdity of these "rights" is a little obvious even for a political harangue, where absurdities are expected. One might as well insist that every man has the right to grow six feet tall, or to be born with red hair. He may have such "rights" — whatever that means—but who is in a position to underwrite them? Every family may have a "right" to a decent home, but we suspect that for the most part and in the long run it will actually have one only if it is able to provide it for itself. The farmer may have a "right" to a satisfactory profit on his produce, but we are doubtful if he will get it very long unless he produces what other people want and does so at a cost which will allow him such a profit at prices the consumer will pay. And so it appears to us that this vague and meaningless listing of "rights" might very well be passed by without much concern.

### War and Post-War Problems

But upon examination it would appear that the President in this message was but laying the foundation for many things that he had to say in his Budget Message, and there he becomes more concrete and politically realistic. He is right, of course, in considerable part in saying that reconversion and demobilization begin long before the war is over. That is true, and it is none of his doing. It is true, likewise, that these matters have to be met as they arise. But the President's technique of weaving his conceptions of post-war problems and their solutions thread by thread into the complex pattern of winning

the war was not necessary. On the contrary, it constitutes, or so it seems to us, one of his favorite political tactical strokes, and one whose influence we must not fail to recognize or underestimate.

Take such passages as these:

Demobilization begins long before hostilities end. While we are still expanding war production, we have already terminated more than 12 billion dollars of war contracts; while we are still increasing the size of the armed forces, we have already discharged a million men and women. If hostilities end on one major front before they end on other fronts, large-scale demobilization adjustments will be possible and necessary while we are still fighting a major war.

The problems of adjustment cover a wide range—contract termination, reconversion of war plant, disposal of Government-owned property, shifting of men to peacetime employment, and many others. Our approach to these problems must be positive, not negative. Our objective must be a permanently high level of national income and a correspondingly high standard of living. To achieve this end there must be concerted efforts by industry, labor, and government and a well-planned demobilization program. As men, materials, and facilities are released from war service and production, such resources must be channeled into civilian production on a basis that will assure a high and stable level of production, consumption, and employment. The soldier, the worker, the businessman, and the farmer must have assurance against economic chaos.

Just as economic mobilization for total war required many interrelated measures, so adequate reconversion to civilian production will require many interrelated adjustments of fiscal policy, production policy, price policy, and labor policy.

In the international field, as in the domestic field, there is no sharp distinction between war and post-war policies. For example, the program under lend-lease and reciprocal lend-lease arrangements is designed to facilitate the effective prosecution of the war and at the same time to help lay the foundation for post-war settlement and international prosperity.

Victory will be not only a cause for joy over an accomplishment but at the same time a challenge to another great undertaking. You and I have the responsibility to prepare for victory and for peace. Let us make sure that the Budget, the Government's work plan, serves both ends.

It is entirely fitting that the President give careful consideration to such subjects at this time. Indeed, it is his duty to do so. It is, likewise, both his privilege and his obligation to make such suggestions for action as seem to him appropriate. He is, however, not warranted in presenting his proposals in such a manner that those who hold other views must in opposing him risk being accused of failure to support the war effort.

## Savings Banks Group Elects Officials

Daniel T. Rowe, President of the Kings Highway Savings Bank, Brooklyn, and Charles Diehl, Executive Vice-President of the Empire City Savings Bank, New York City, were reelected Chairman and Vice-Chairman, respectively, of the Savings Bank Retirement System at the annual meeting of the board of trustees on Jan. 19. Urban C. Le Gost was reappointed Secretary, and Robert Matherson, Jr., Treasurer. In addition to his duties as Treasurer Mr. Matherson was also appointed to the newly-created post of Executive Manager.

The trustees reported the System's assets as of Dec. 31, 1943, of \$490,000 and participation in the plan by 27 banks with 880 participating employees. This participation represents an increase of 75% in the number of member employees since the inception of the plan on May 1, 1941.

A continuing interest in the System is also reported by the trustees in the addition of the 28th participating bank as of Jan. 1, and the 29th bank, scheduled to begin participation on Feb. 1. Some 20 other savings banks are being furnished figures as to the cost of participation by the Retirement System's office.

The announcement said that the growing interest in the System, organized to put the pensioning of superannuated savings bank employees on a formal and funded basis, apparently comes from a growing recognition on the part of savings bank executives of the importance of a formal pension plan in their employee relations programs, and the recent announcement that plans had been completed with the State Banking Department, toward allowing, under the provisions of the Retirement System, credit to participating employees for service rendered prior to entrance into the System. This prior service feature of the plan assures employees of retirement benefits based on both past and future service.

Other trustees of the System, in addition to Messrs. Rowe and Diehl, are: Perrin L. Babcock, President Onondaga County Savings Bank, Syracuse, N. Y.; Fred Gretsches, President The Lincoln Savings Bank of Brooklyn, Brooklyn, N. Y.; John F. Krepps, President The Home Savings Bank, White Plains, N. Y.; Jacob H. Strong, President Rhinebeck Savings Bank, Rhinebeck, N. Y.; and George Wendt, President The Mechanics Savings Bank of Rochester, Rochester, N. Y.

## St. Louis Reserve Bank Designations

The Board of Governors of the Federal Reserve System has redesignated William T. Nardin as Chairman of the Board of the Federal Reserve Bank of St. Louis, and Federal Reserve Agent, has designated Douglas W. Brooks, Memphis, Tenn., as Deputy Chairman, and has appointed Wm. H. Stead as a Class C Director. Mr. Stead is Dean of the School of Business and Public Administration of Washington University, St. Louis.

Member banks have re-elected the following as directors of the parent bank: G. R. Corlis, Anna, Ill., Class A director, and Henry H. Tucker, Little Rock, Ark., Class B director.

The following have been appointed directors of the branches of the Federal Reserve Bank:

Little Rock branch: I. N. Barnett, Batesville, Ark., W. A. McDonnell, Little Rock, and A. F. Bailey, Little Rock, Ark.

Louisville branch: Phil E. Chap-

## Prepare Now For Claims Resulting From War Contract Cancellation, Kent Urges

While many unknown quantities still lie in the contract cancellation situation, the management of all industries, particularly small industries, should start immediately to put its accounting system in order, set up inventory controls, segregate all items, such as raw materials, goods in process, overhead and so on that claims may be determined promptly and exactly, in the opinion of Dr. Fred I. Kent, Chairman of the Commerce and Industry Association of New York's Post-War Planning Committee.

The statement, it is pointed out, is the first of concrete advice and recommendations to be issued by the Association's committee head under its program. "Great speed in the final settlement of claims made against cancelled contracts is necessary to enable those concerned to take their place in the post-war industrial world," Dr. Kent said.

While no inflexible plan can be set up at the present time to meet cancellation emergencies because of uncertainties as to procedure which will take place when pending legislation is finally passed, Dr. Kent urged every industry that may be affected to get in touch with its banker and discuss matters that would arise in the event of cancellation. Such discussions would enable the banker to better keep in touch with developing conditions, he said.

"Regardless of coming legislation," said Dr. Kent, "every industry should be in position to measure the flow of funds and raw materials into production, should understand the method of bookkeeping it would have to depend upon if the claims are to be recognized, and the character of inventory controls that would have to be provided to enable prompt and certain segregation of raw materials against different claims or against production for civilian consumption and production for war purposes, where the same stockpiles might be utilized. Methods of ascertaining the amount of reasonable profits and overhead costs representing work

as it may have progressed or was progressing should be worked out." He further observed: "The amount of money that would be required upon cancellation as the time could be seen to approach when terminations of contracts were likely to be made would also be worth while measuring.

"In all of these matters discussion with its banker should help each industry concerned to get its books in such order that it could set up claims promptly and effectively. Even while many unknown quantities still lie in the situation, such discussion by an industrialist with his banker would enable the latter to better keep in touch with developing conditions that might affect the industrialist's interests than would otherwise be possible.

"New legislation will unquestionably be passed that will determine certain procedures in connection with cancellation of contracts that can be or must be carried out by Government procurement officers or others to whom authority is extended. In spite of the fact that such legislation has not yet been defined, there are many elements that have to do with accounting practice and inventory controls that the management of the industries could discuss with their bankers with great advantage to both. With complete understanding between these two sides of any loan questions which might arise upon cancellation, where industries would require a return of capital which had been invested in raw materials, the processing of goods, etc., no time need be lost when cancellation of war contracts takes place."

## Trust Legislation To Replace 'Legal Investment' Fiction With 'Prudent Investor' Rule Urged

Legislation which would substitute the "prudent investor" rule for the "legal investment" fiction, to the advantage of trust beneficiaries and trust companies, was advocated by Wm. Fulton Kurtz, President of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, in the company's annual report to shareholders on Jan. 17.

While reporting a gain of 23.65% in deposits to a total of \$437,366,587, including \$66,545,744 in the treasury account, and an increase of 13.09% in net income from general operations for the fiscal year, Mr. Kurtz touched on a problem common to all trust companies, that of unsatisfactory earnings of the trust department.

"The real solution of the problem of inadequate returns rests largely with the Courts and the Legislature rather than with the trust companies themselves," he stated. "In previous reports" he said, "we have commented at some length upon the vastly increased difficulties in analyzing investment trends and conditions, and the multiplicity of reports and returns that have been imposed over the past 25 years. In most cases we still receive only the same compensation as when the matter of investment and administration was far simpler and less expensive. True, we have made some progress toward better commission rates by voluntary agreement with beneficiaries, and we have insisted upon a living rate for new and prospective trust business, but these gains have largely been offset by the lower

rates of income and yield on all new investments. In other words, while our rates of commission have increased percentage-wise, the rate of income from investments on which our commissions are largely based has steadily declined." Mr. Kurtz added:

"In spite of persistent efforts (which are being continued), the trust companies have so far been unable to secure proper legislation to provide relief to fiduciaries in connection with trust investments. One of the major objectives which would redound to the advantage of the beneficiaries of trusts, as well as to the trust companies themselves, is the substitution of the "prudent investor" rule for the "legal investment" fiction, thus allowing the trustee to meet changing economic and monetary conditions as would a careful individual investor. Another important objective is to obtain legislation or court authority to permit a trustee to charge a principal fee in long term trusts both as executor and as trustee. These objectives are sound and reasonable and have been incorporated in the statutes of many of our states which have modernized their testamentary laws in recent years."

Mr. Kurtz also declared that the present limitation of \$25,000 for any one account in discretionary common trust funds should be raised to a far higher figure.

pell, Hopkinsville, Ky., and Chas. A. Schacht, Louisville, Ky.

Memphis branch: Rufus Branch, Pecan Point, Ark., W. W. Campbell, Forrest City, Ark., and W. H. Glasgow, Memphis, Tenn.

## Retailers Urge New Price Control Act As Effective Inflation Curb

### Favor Freezing Old Age Insurance Tax Rate at 1%

Continuance of government price control through the enactment of a new Price Control Act, in order that the true intent of the Congress may be established clearly, "to the end that unfortunate friction and confusion may be avoided and more compliance may be secured," was urged on Jan. 13 by members of the National Retail Dry Goods Association, assembled at their Victory and Post-war Conference, at the Hotel Pennsylvania, in New York.

This was one of the six resolutions adopted by the nation's retailers. Another highpoint in the resolutions was the urging upon the War Production Board and other high officials of the Federal Government, "a coordinated and active policy of releasing from the stock piles of the government, all such surplus of goods of a consumer-use nature as a careful re-inventorying of such stock piles may show are not likely to be required in the conduct of the war."

Disposal of government surpluses will constitute one of the major problems of the post-war era, the retailers emphasized, and "thought should be directed toward the possibility of a partial distribution at this time." The resolutions in their entirety, follow:

#### Retailers and the War

It is the opinion of this Association that regardless of every other consideration no American can have any more important task than to make the fullest possible contribution to the early and successful outcome of the war. As between any course of action which will contribute to victory and of narrow individual interests, there must be no hesitation in choosing that which will serve the nation's cause.

Retailers everywhere are urged to recognize that hopes of an early decision in any theatre of the war must not be allowed to cause a letdown in their contribution to the war effort.

This Association calls upon its members to continue and increase the work they have so well begun and to spare no means of aiding all of the various war projects to which retailers are especially able to make contribution. To this end, retailers are especially urged to support to the limit of their capacity the sale of War Bonds in the coming Fourth Loan Campaign.

#### Retailers and Price Control

The members of the National Retail Dry Goods Association favor a firm and understanding system of Government Price Control as a necessary war measure for the purpose of stabilizing prices and preventing the development of disastrous inflation.

Therefore, since the existing Emergency Price Control Act will expire in June, 1944, we urge upon the Congress of the United States the vital need of prompt legislative action to insure the continuance of price control beyond the prospective expiration date.

It is the intention of this resolution, however, to indicate to the Congress the necessity of accomplishing this continuance of government price control through the enactment of a new Price Control Act in order that the true intent of the Congress may be established clearly, to the end that unfortunate friction and confusion may be avoided and more complete compliance may be secured.

To this end we set forth some of the points in connection with the control of prices which we believe should have the earnest attention of the Congress:

1. It will prove impossible to stabilize prices unless those elements of cost which are the foundation of the price structure are stabilized.

2. Price control should not be permitted to develop into profit

the Unemployment Insurance compensation system and urges the return of the Employment Office system to State control as soon as practicable.

D. The Association favors every proper consideration of the welfare of those who will be mustered out of the armed forces which will enable them to regain their places in civilian life, and favors the payment of a reasonable mustering-out sum by the Federal Government. Such payments should be made from funds appropriated for that purpose by the Congress. They should not be made from the Social Security funds.

The States should protect the benefit rights of all those who left civilian employment to enter the armed services, and they should be entitled to Unemployment Compensation until their accumulated rights have been exhausted.

#### Relations With Manufacturers

It is equally important to the future interests of manufacturers and retailers that the American consuming public shall be served as well in the matter of merchandise for their daily wants as circumstances will permit. Due to the likelihood of rapidly changing conditions during the coming months, it is the opinion of the National Retail Dry Goods Association that retailers generally should place termination dates on their orders.

The members of this Association recognize that manufacturers during these times are operating under difficulties and the majority of the retailers' resources merit the approval and thanks of the retailers for the splendid way in which they have met their problems and continued to supply goods to the stores with as little disturbance of established conditions of sale as has been possible.

The cooperation of the manufacturers is solicited in order that their retail customers may be kept in position to serve the public demands at all times with the best merchandise available.

#### War Damage Insurance

There are now pending in the Congress several bills the purpose of which is to authorize the repayment to policy holders in the War Damage Corporation the excess of premiums paid above the claims and costs of operating.

The members of the National Retail Dry Goods Association favor legislation providing for such a refund on an equitable basis at the end of the war.

## Pan American Society Elects Officers

Dr. Nicholas Murray Butler, President of Columbia University, and Gano Dunn, President of the J. G. White Engineering Corp., have been elected Honorary Presidents of the Pan American Society of the United States, it was announced on Jan. 20 by Frederick E. Hasler, President of the Society. James S. Carson, Vice-President of American & Foreign Power Co., and Robert H. Patchin, Vice-President of W. R. Grace & Co., were elected Honorary Vice-Presidents.

The Society re-elected Mr. Hasler as President and Judge Otto Schoenrich as a Vice-President and elected two new Vice-Presidents—William A. Prendergast and James H. Drumm. Major R. W. Hebard and John J. Clisham were re-elected Treasurer and Secretary, respectively.

The Rev. Robert I. Gannon, President of Fordham University, was elected a Director along with Robert De Forest Boomer, Phanor J. Eder, Amos B. Foy, W. L. Hemingway, R. A. Hummel, C. R. McPherson, F. W. Nichol, William Sharpe, Maxwell M. Upson, C. S. T. Folsom, Thomas W. Palmer and Robert M. Field.

## Heimann Urges Business Leaders To Improve Situation Of White Collar Worker

### Advocates Change Of Attitude Toward Business By Govt.

Speaking in behalf of the so-called "white-collar class," Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, in his Monthly Business Review for January, made available Jan. 16, declared that "amid all the talk about increased national income," this "is one group of people for whom 1944 does not look too encouraging from a financial standpoint." Pointing out that these workers have been caught

between a rapidly rising cost of living and a frozen wage level, Mr. Heimann says the "white collar employee seems in a helpless position; he is and has been the forgotten man." "But even the white collar man has endurance limitations," says the head of the credit organization for the larger industrial corporations of the country.

He further states "this white collar man desires a decent standard of living and has every right to aspire to share in some of the luxuries of life. There is little wonder that his patience is becoming a bit exhausted, and he no doubt, will be more articulate in the year ahead." You can rest assured that this year his situation will be constantly called to his attention by labor leadership. His group represents one of the nation's largest unorganized groups.

"It would seem judicious for business leadership to recognize his plight and do everything within its power to improve his situation. Voluntary action on the part of business leadership is preferable to forced action. There is not much time to waste."

In reviewing the business prospect for 1944 Mr. Heimann named seven important points which he sees as assets in the balance sheet for the year, viz:

"1. The farmer will undoubtedly be prosperous throughout 1944—war or no war.

"2. To the extent critical material shortages are relieved, the vast backlog of civilian needs will fill the gap of any let-down in certain types of war production.

"3. The year just ahead will see the peak of liquidation of small business with a rising psychology in favor of the efficiently operated small business enterprise.

"4. There will be in preparation a large program in home construction to be partially undertaken when the first phase of the war is over.

"5. Railroads will come into the market for replacement material before the close of the war or as

quickly as critical shortages are overcome and present war demands are partially satisfied.

"6. There will be credit in abundance for the deserving.

"7. Foreign trade will present broad possibilities as the press of hostilities slackens."

"However, the business picture is not entirely rosy," Mr. Heimann says, because there are several basic problems which he considers may cause no end of difficulty for industry if they are not properly solved. He names the following as among the outstanding problems:

"The need for fair and equitable settlement of terminated war contracts.

"A renegotiation policy that is fair-minded and far-sighted to the end that manufacturers who have done such a wonderful job in war production may start now to set aside funds for reconversion to peacetime production.

"Labor must become of age and take up a full partnership in the team with industry.

"There must be a change in the attitude of the government toward business, with the recognition that the old fable about killing the goose that lays the golden egg certainly applies to the government's attitude toward taxation of industry.

"The business world in 1944 will find abundant opportunities for an unprecedented production. In the year ahead business must be alert to its inventory situation, which on a peacetime demand is not only relatively high, but presents considerable maladjustment for peacetime needs.

"Finally, not the least of the business problems will be the reabsorption of the military forces when and if demobilization occurs as well as the reorientation of female employees.

"The challenge and opportunity to business in 1944 will be greater than it has experienced in its American history. Given a fair opportunity it will discharge its responsibility."

## Renegotiation Power Not Needed Now With Tax Laws, Senator Hawks Declares

The need for continuing the law authorizing the Government to renegotiate war contracts has passed, in the opinion of Senator Hawkes (Rep., N. J.), who contended excess war profits could be recovered more fairly under tax laws.

In a statement issued on Jan. 22, Senator Hawkes granted the necessity for contract renegotiation during early stages of the war, when industry and government

were unfamiliar with the cost of producing certain materials, but said that he believed that time had passed.

In Associated Press Washington advices as given in the New York "World Telegram," Senator Hawkes was further quoted as follows:

"We have now had two or three years' experience in producing these things," he said. "Costs on most of them are known. Therefore, the necessity of renegotiation—if it ever existed—has from my point of view now disappeared.

"We have a taxing power in the United States and it is my contention that a sane, sound law could have been established which gave all concerns a right to make a certain fair profit in order to properly, fairly and patriotically feed the free enterprise system, the source from which most of our citizens derive their living.

"It is within the power of Congress to pass a law under which

there could be no profiteering, and a rule under which there would be justice given to those engaged in free enterprise who had, prior to the war, found it difficult to make any profit and yet, who in the war have served a great purpose.

"No decent American citizen wants to make blood money, and certainly I passed through an experience in losing my only son in the armed forces which should stop anybody from claiming that my argument in behalf of a fair deal for business is based upon the objective of making blood money."

Uncertainties resulting from the renegotiation law, the Senator argued, destroy the "force and virility" of the American business and industrial system. He contended that concerns holding war contracts which had not been renegotiated would be unable to obtain loans from banks with which to conduct business and prepare themselves to handle post-war re-employment.

# National Service Law Advocated By Stimson As Means Of Hastening End Of War Declares Soldiers Resent Industrial Unrest And Demand Equal Liability For Civilians

Declaring that national service "will be the means of hastening the end of this war," Secretary of War Stimson urged Congress on Jan. 19 to enact immediately a national service law in order to get at the "basic evil which produces the irresponsibility out of which stems strikes, threats of strikes, excessive turnovers, absenteeism, and the other manifestations of irresponsibility with which we are now plagued."

Testifying before the Senate Military Affairs Committee, Secretary Stimson said that "the industrial unrest and lack of a sense of patriotic responsibility" in large numbers of the population "has aroused a strong feeling of resentment and injustice among the men of the armed forces." He added that the "evident remedy is for the nation to make clear in no uncertain terms the equality of obligation of its citizens," warning that "it will be tragic indeed if the discontent and resentment felt by our gallant soldiers on the fighting fronts burns deeply and festers in their hearts."

Secretary Stimson believes that the law will produce the following results: "First and foremost, it will minimize the calling of strikes by clarifying the patriotic duty of the individual worker. In the Austin-Wadsworth proposal now before this committee this moral duty has also behind it the force of appropriate legal sanctions and penalties."

"Secondly, it will remedy the grave sense of injustice which the armed forces now feel have been practiced against them. This is irrefutable and, as I have pointed out, is most pregnant with danger."

"Thirdly, it will point out to civilian war workers that they are working for their country in the civilian ranks and that their responsibility is just as definitely recognized by the nation as that of soldiers on the front. By and large this will tend to powerfully heighten his morale in the winning of the war."

"Fourthly, it will tend powerfully toward increasing effectiveness in production when the government itself takes a hand, not only in keeping men on necessary jobs, but also in finding men for particular jobs where they are especially needed, rather than leaving the choice to chance."

In his testimony Secretary Stimson also had the following to say regarding the Army's attitude toward labor unrest:

"I believe it is hazardous to belittle the effect which such a situation will have upon the ultimate welfare of our democracy."

"If it continues, it will surely affect the morale of the Army. It is likely to prolong the war and endanger our ultimate success; and, when those troops come back to us again at the close of the war and we are faced with the acute problem of demobilization it may have an effect upon the future unity of our nation which is disturbing to contemplate."

"Our democracy has been founded upon a basis of equality and justice. I tell you that today the men in the armed forces are beginning to believe that they are being discriminated against in a matter which is one of fundamental justice as between man and man. There is danger that under the influence of that feeling they will not give even fair recognition to the tremendous production effort which has actually been accomplished by the great majority of American management and labor."

"Every month the war is prolonged will be measured in the lives of thousands of young men, in billions of dollars. The attrition in man power and in our national wealth will be felt for generations if this conflict is prolonged. National service is the one weapon we have neglected to

use. Posterity will never forgive us if we sacrifice our plain duty to a desire for creature comforts or for private gain.

"It will be tragic indeed if the discontent and resentment felt by our gallant soldiers on the fighting fronts burn deeply and festers in their hearts. Unless we set forth boldly to stamp it out, the hot flame will destroy some of the great love of country which, alone, can make a man endure the hardships, the pain and the death, which service above self offers him."

"The voices of these soldiers speak out very clearly today in demanding that all Americans accept the same liability which a soldier must accept for service to his country. They are far away now, but some day they will return. I hope they will come back eagerly, feeling that the hardship and the sacrifice have been worth while. I hope they may feel that those who will never come back have not made their sacrifice in vain."

"To me it appears to be the plain duty of the Congress to give our troops the all-out necessary backing. It seems to me time for all pledges to be redeemed in acts which, alone, can prove the sincerity and the determination of this great nation."

## Post-War Outlook Survey Published

Of current interest to bankers and others interested in post-war problems is a new book published by Harper & Brothers, New York, and edited by W. R. Kuhns, Editor of the magazine "Banking," journal of the American Bankers Association, entitled "The Return of Opportunity." The volume is a round-up of opinion by 150 leaders in agriculture, business, finance, education, and other professional life, reviewing the impact of war forces on their fields of endeavor and the pattern for the future. These leaders of business and professional life tell in simple, straightforward terms what they think the prospects are for jobs and careers, and they paint withal an encouraging outlook.

Contributors include Charles T. Kettering of General Motors, who writes on research, Clarence Francis, President of General Foods Corp., Walter D. Fuller, President of the Curtis Publishing Co., Will H. Hayes, President, Motion Picture Producers and Distributors of America, Paul G. Hoffman, President of the Studebaker Corp. and head of the Committee for Economic Development, and Alfred P. Sloan, Chairman, General Motors Corp.

Of more particular interest to banker readers are contributions by 14 of their colleagues. A. L. M. Wiggins, President of the American Bankers Association, who publishes the "Hartsville, S. C., Messenger," writes about the outlook for country newspapers under the title, "Country Newspapers Seldom Die"; W. L. Hemingway, immediate past A. B. A. President, sees opportunity in post-war trade in Latin America; C. W. Bailey, President of the First National Bank, Clarksville, Tenn., writes of the place of country banks in the American economy; Philip A. Benson, Past President of the A. B. A., describes the promising outlook of savings

banking as a career; Dr. Harold Stonier, Executive Manager, American Bankers Association and Director, The Graduate School of Banking, sees progress being stimulated in education; Frederick E. Hasler, Chairman of the Continental Bank & Trust Co., New York, stresses the need of carefully planning and cultivating good trade relations with Latin America. Other banker contributors include:

F. A. Carroll, Vice-President and trust officer of the National Shawmut Bank of Boston; Kenton R. Cravens, Vice-President of the Mercantile-Commerce Bank & Trust Co., St. Louis; Joseph E. Hughes, President of the Washington Irving Trust Co., Tarrytown, N. Y.; Gwilym A. Price, until recently President of the Peoples-Pittsburgh Trust Co., Pittsburgh; Herbert V. Prochnow, Assistant Vice-President, The First National Bank of Chicago; Joseph C. Rovensky, Vice-President, The Chase National Bank of New York; C. M. Short, Supervisor of Research, The Canadian Bank of Commerce; Arthur R. Uppron, Vice-President and Economist, Federal Reserve Bank of Chicago. The book sells for \$3.

## The News Behind The News

(Continued from first page) lost even if the war fails to come to an obliging conclusion.

The names of Congressmen can be identified in their home localities with the projects, and local contractors may lick their lips.

"We all know that a public works program will be necessary," Rayburn said—which may be true as far as the hungry Congressmen and mayors are concerned—but a non-political analyst may well dissent. The Keynes theory on which the whole politico-economic idea is based is that by spending for these projects, and financing them through federal borrowing, an inflationary effect is wrought. That is how this public works notion got started early in the New Deal.

But now the problem is the opposite—that is to prevent inflation and to face the staggering war debt of \$200,000,000,000 with a sensible eye toward paying it off (as Mr. Roosevelt has promised).

The Government certainly will not attempt to borrow for pork in post-war because its primary problem is to pay the interest on the debt as big as it already is. Also, it will not seek artificial inflationary respiration in an economic system already war-inflated with high prices and wages—or need any artificial respiration in view of the tremendous backlog of consumer demand for every implement of living from matches to automobiles.

Inflation would only run wages higher and higher (Mr. Roosevelt is now fighting a major battle with Congress to hold them down), and thus cause future continuous dislocations such as those from which our economy already is suffering so painfully (strikes, OPA, black markets, etc.).

There is no economic justification for a spending program; in fact, conditions demand an opposite course—Federal direction to stimulate private business to the tremendous extent necessary to finance the \$5,000,000,000 annual interest on the debt and provide Government running expenses without further Treasury borrowing.

Indeed, the sound way to do it would be—as Mr. Roosevelt himself has suggested—to raise enough money by taxes to go further and retire part of the war debt.

Now if Messrs. Wallace and Rayburn intend to get these untold billions for pork out of post-

## Unemployment Ahead?

(Continued from first page) or profitably under peacetime conditions if still subject to present Government regulation, control and ruinous taxes. Our men at war are fighting for economic freedom and full opportunities for all peoples. Surely our own country should set the example.

Draftees expect and are legally entitled to their old jobs back. If, however, Washington fumbles its post-war plans as it is now fumbling the current domestic economy, these boys may be out of luck. No further time should be wasted in changing, wherever expedient, to peace time production. Many businessmen have felt that the cancellation of war contracts would be only a post-war problem. It is already in their laps. If the war ended suddenly on all fronts, Washington authorities would immediately cancel seventy-five billions more orders!

### Character of Government Planning

Most of Washington's present post-war planning is in the nature of social security benefits and public spending. It will be up to the voters to decide what kind of a post-war era they want. They should elect to office, from the bottom up, men and women conscious of the part that business has played in bringing about the defeat of the Axis Powers. This same business group is capable of winning the domestic battle for a profitable peacetime economy if Washington will let them.

For political reasons there is a lack of any definite statement at Washington as to what is to be done to help businessmen re-supply the millions who are being discharged as war contracts are cancelled. The White House apparently has lost all interest in the people of the United States. Besides, too many in Washington fear that if they relaxed their present harmful controls over business and employment, then there would be no Washington job left for them! They would have to go back home and earn an honest living! This they dread to do!

### Encouraging Factors

Political parties, bureaucracies and governmental controls can do much to help or discourage employment by their treatment of business in general. Therefore some show of understanding and straightforward consideration of manufacturers' and other businessmen's problem is overdue from Washington. Certainly I do not see how many Democrats (other than the President himself) can expect re-election next November with country flooded with unemployment.

Yet such unemployment is not necessary. Farmers will be prosperous during 1944 and will constitute a ready market. Civilian goods shortages should help small businesses if the bureaucrats would only use a little common sense. Programs for the re-establishment of residential construction should at once get underway. The railroad equipment business should be encouraged. Money rates will remain low and abundant credit will be available for those justified in seeking it. As the end of the war draws nearer, opportunities will arise in foreign trade, travel and in the resort business. Yes, 1944 can provide much useful and profitable work if Washington and the labor unions would only help in pulling the cart instead of tying the wheels.

war taxation, they may find themselves in political water as hot as the economic water.

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## Fulton Trust Co. Net \$200,960 In 1943

Arthur J. Morris, President of the Fulton Trust Co. of New York, reported on Jan. 19, at the annual meeting of stockholders, that the bank's net current operating earnings for year 1943 were \$200,960, or \$10.04 per share, compared with 188,876, or \$9.44 per share in 1942. Those earnings, Mr. Morris said, do not include net profits of \$37,893 on sales of securities. Mr. Morris further reported that the trust company's deposits for the year averaged \$30,400,000, the peak being \$37,942,000, and on Dec. 31, 1943, were \$31,789,000, as compared with \$30,800,000 on Dec. 31, 1942. He explained that while the deposits at the end of the year were down from the high point, the average deposits for 1943 exceeded the average for the previous year by \$2,550,000.

"In our portfolio," said President Morris, "our investments in Government securities at the end of the year totaled \$25,600,000, an increase over the previous year of \$3,500,000. These bonds have a maturity to the first call date as follows: 38% in 1 year; 37 1/2% from 1 to 5 years; 22 1/4% from 5 to 10 years; 1.5% over 10 years. The average maturity is 4 years. Our investments in Government bonds," he added, "represent 69% of our total resources." He added that "during the year, our customers purchased through us United States Government securities to a total of \$23,592,000. Of that amount there were investments totaling \$240,000 in War Savings series E bonds in addition to those sold during the Second and Third War Loan Drives."

At the stockholders meeting of the Trust company the following were elected directors for the term ending January, 1947: John D. Peabody, Lewis Spencer Morris, Stanley A. Sweet, Bernon S. Prentice, Franklin B. Lord and Stephen C. Clark. The following were elected as Inspectors of Election for 1945: F. Ashton de Peyster, Matthew G. Ely and Walter N. Stillman.

## U. S. War Casualties Total 139,858

The latest announced casualties of the United States armed forces from the outbreak of the war total 139,858, the Office of War Information reported on Jan. 15.

According to the OWI, this total, arrived at by combining the latest available War and Navy Department reports, includes:

Dead, 32,078; wounded, 45,595; missing, 32,478; prisoners of war, 29,707. Of these, 1,619 have died in prison camps, mostly in Japanese-occupied territory.

The OWI announcement further said:

"The War Department report (as of Dec. 23, 1943) shows Army casualties totaling 105,229. Of this number 13,831 were killed, 38,916 wounded. There were 24,067 missing, 25,415 prisoners of war. Of the wounded, 20,036 have returned to active duty or been released from the hospital. The casualties include 12,500 Philippine Scouts; of these 469 were killed, 747 wounded and the remainder are assumed to be prisoners of war."

"The Navy Department report (as of Jan. 14, 1944) shows casualties whose next of kin have been notified, totaling 34,629, made up of 15,247 dead, 6,679 wounded, 8,411 missing, 4,292 prisoners of war. These were divided as follows:

	Navy	Marine	Coast
	Corps	Guard	
Dead	11,935	2,995	316
Wounded	3,125	3,476	78
Missing	7,676	688	47
Prisoners of War	2,343	1,948	1
Totals	25,079	9,108	442



## N. Y. State Factory Employment Shows First Major Decline Since June, 1942

Between November and December, factories in New York State experienced their sharpest employment decline in eighteen months. Industrial Commissioner Edward Corsi reported on Jan. 13 that employment decreased 1.2% and payrolls declined 2.5% for the period. It is the first time in four years that employment has decreased in December and the first time in six years that payrolls have dropped in that month. Many plants reported that illness among workers was the reason for lower employment figures this month. It is impossible to tell at this time whether the drop in employment for December, which is in itself not very large, marks the end of the period of stable employment which has prevailed in the State for the past eight months. From the advices we also quote:

"Declines were general among the various industrial groups in both the war and civilian goods categories. Lumber, printing and rubber were the only industrial groups to have increased employment during the month. Seasonal factors caused employment declines in the food and apparel industries.

"The index of factory employment, based on the average of 1935-1939 as 100, dropped from 161.4 in November to 159.5 in December. The corresponding payroll index dropped from 304.3 in November to 296.7 in December and average weekly earnings from \$46.73 in November to \$46.23 in December. Employment was 2.3% higher this December than it was in December, 1942, and payrolls were 13.6% greater. Preliminary tabulations covering reports from 2,687 manufacturing firms throughout the State are the basis for the above statements. These tabulations were compiled by the Division of Statistics and Information under the direction of Dr. E. B. Patton."

The Department's announcement further stated:

"The food industry had an employment decrease of 4.2% this month, the largest drop of any of the major industrial groups. Payrolls declined 4% for the industry. Curtailment of forces was evident among canneries, bakeries, sugar refineries, candy factories and beverage plants. Additional workers, however, were hired by the producers of meat, dairy and grain-mill products.

"In the apparel industry, manufacturers of men's clothing and furnishings reported fewer employees and lower payrolls. Many small dress firms employed more people but the large modiste shops had fewer workers. Seasonal declines were evident in the production of women's suits, coats and skirts, underwear and neckwear; also children's clothing and fur goods. Millinery was the only branch of the industry to show an increase. For the group as a whole employment decreased 1.2% and payrolls were 0.5% smaller.

"Notable employment and payroll declines were shown in the paper and stone, clay and glass industries. In the leather industry, manufacturers of shoes, gloves and handbags curtailed operations. Other industries which reported decreased employment and payrolls this month were textiles, chemicals, tobacco and petroleum.

### Losses in War Plants

"Employment dropped in plants manufacturing munitions, armaments, electrical and communication equipment, scientific instruments and photographic supplies. Smelters of nonferrous metals, shipbuilders and manufacturers of all kinds of machinery also had fewer workers. Steel mills reported less activity partially because of strikes. Aircraft plants had about the same number of employees. For the metals and machinery group as a whole, employment dropped 1% while payrolls declined 2.8%.

### New York City

"There were general employment decreases in New York City factories during the past month. The industries most affected were food, paper and stone, clay and glass. All branches of the food products group showed employment declines except meat packing.

"Seasonal factors affecting the apparel industry caused a drop of 1.1% in employment for the group. Manufacturers of men's, women's and children's clothing reported fewer employees and lower payrolls for the month. The only exceptions were women's dress firms and milliners, who are starting work for the new season. Payrolls in these two branches increased enough to offset declines in the others, resulting in an advance of 0.4% for the apparel industry as a whole.

"An employment decline of nearly 1% in the metals and machinery group in the City was the first drop since June, 1942. Payrolls were 2% lower. Employment dropped in plants making scientific instruments, communication equipment and in shipbuilding. Aircraft plants in the city hired additional workers.

### Upstate Districts

"Employment dropped in all of the upstate industrial areas except the Binghamton - Edicott-Johnson City district, where it increased 0.3%. Slight gains in war plants were responsible for the increase. Payrolls were practically the same for the district, with slight decreases in war plants and slight increases in the shoe industry. Payrolls were considerably lower in the other six areas.

"In the Albany - Schenectady-Troy district, decreased employment at war plants as well as in the textile, clothing and paper industries accounted for a drop of 1%. Payrolls were 2.3% lower. In Rochester, losses in the photographic and optical goods industries were largely responsible for decreased employment and payrolls. In the Kingston-Newburgh-Poughkeepsie district, employment decreases were general in all industries; payrolls were slightly higher in war plants and clothing factories, but losses in textiles and other industries more than offset these gains.

"Employment losses among war industries in Buffalo and Syracuse were largely responsible for the declines in these districts. In the Utica area, both employment and payrolls were lower in all of the industrial groups."

## FDR Deeds Hyde Park To U. S.

President and Mrs. Roosevelt have deeded the family homestead and 33 acres of land at Hyde Park to the United States Government for use as a "national historic site." The President and Mrs. Roosevelt signed the deed on Dec. 30 in Washington and Harold L. Ickes, Secretary of the Interior, accepted the gift on Dec. 31. The papers have been filed in Dutchess County Court at Poughkeepsie, N. Y.

In Associated Press advices of Jan. 3, the following was reported:

The President presented the Roosevelt library and 16 acres of land to the Federal Government on July 24, 1939. The new title transfer grants the President and his immediate family use of the home during their lifetimes and provides that town, county and State taxes shall be paid by the Roosevelts.

The deed gives the government the entire frontage of the original 110 acres bought by the President's father, James Roosevelt, on the Albany Post Road in 1867, but the President retains about 60 acres between the house and the Hudson River.

From Poughkeepsie advices Jan. 3 to the New York "Times" we quote:

The deeding was the second to the government from the original Joseph W. Wheeler estate which James Roosevelt, father of the President, bought in 1867.

The site deeded includes all that part of the estate bordering the Albany Post Road, spacious grounds in front of the famed Roosevelt residence. The President has reserved for himself and his family 60.46 acres of the original Wheeler estate, the tract being between the house and the Hudson River. First gift consisted of 16.31 acres for the Roosevelt Memorial Library.

The President has reserved right to retain use of the estate as long as he lives and further has reserved the right of occupancy for Mrs. Roosevelt and their five children as long as they live.

Under his reservation as "a life tenant," Mr. Roosevelt will keep the premises in good condition and repair and there will be "no expense to the United States in connection with ordinary maintenance."

The President set forth that "acceptance by the United States shall not exempt the premises from taxation by the town, county and State, except that the United States shall have the right to make changes, modifications and improvements during existence of the life estate, but such improvements shall not be subject to taxation during the life existence of the life tenant."

The deed also specified that the premises "shall be maintained in a condition as near as possible to the condition of residence and ground prevailing at the expiration of the life estate of Franklin D. Roosevelt."

## Prisoners of War Mail

Postmaster Albert Goldman of New York City advises that information has been received from the Post Office Department that the International Red Cross reports that in many cases senders of letters to prisoners of war place the name and address of the addressee too near the upper edge of the envelope, thus resulting in their partial obliteration by the postmark and rendering it practically impossible to decipher the name of the prisoner of war concerned. Mailers are urged to place the address as near the lower edge of the envelope as possible. The advices from the Postmaster Jan. 11 further said:

"It is also desired to call attention to the fact that letters for prisoners of war in Europe may be sent by air mail when fully prepaid at the rate of 30 cents for each half ounce or fraction, except letters for prisoners of war in Italy for which air mail service is not available at this time.

"The Post Office Department also advises that parcels originating in this country for prisoners of war held in camps in this country should hereafter be addressed and sent directly to the camps where the addressees are held, and should not be addressed via New York. Such parcels should be addressed in the following manner: John Jones, Prisoner of war, (Insert Name of Camp, Post Office and State). This does not apply to domestic letter or card mail addressed to prisoners of war held in camps in this country, or to letters and parcels addressed to prisoners of war confined in enemy or enemy-occupied countries, which are still required to be addressed via New York."

## Net Operating Earnings Of Manufacturers Trust Reported At \$7,202,416 In 1943

Henry C. Von Elm, Vice-Chairman of the Board of Manufacturers Trust Company of New York, who presided at the Annual Meeting of Stockholders on Jan. 12 in the absence of Harvey D. Gibson, President, who is in London serving as Commissioner for the American Red Cross in the European Theater of Operations, reported that net operating earnings for the year 1943 had amounted to \$7,202,416 after current operating expenses, preferred stock dividends and reserve of \$1,500,000 set up out of earnings. This compares with net operating earnings of \$6,646,613 shown for the year 1942.

Of the total earned in 1943, \$3,299,833 was paid in dividends to common stockholders. At the end of 1943 Surplus and Undivided Profits was \$48,344,466 as against \$44,898,302 at the end of 1942. Excess of profits over losses from the sale of securities amounted during 1943 to \$2,055,784, which was credited directly to reserve account. Recoveries from items heretofore charged off totalling \$1,142,644, less the taxes payable thereon, were also credited to reserve account. The bank disposed of miscellaneous assets at an aggregate net loss against book value of \$172,083.

At the end of 1943, the bank's deposits amounted to \$1,580,909,261, which included United States Government War Loan Deposits of \$133,093,432. This gross amount was \$258,488,455 more than a year ago. After deducting War Loan Deposits account from the gross amount, normal deposits on December 31, 1943, showed an increase of \$281,390,000 over the corresponding day in 1942, and a total gain of \$491,422,000 or 51% in the last two years.

At the end of the year, the bank's total resources aggregated \$1,682,356,909. Capital funds, which include preferred and common stock, and surplus and undivided profits, amounted to \$89,650,526, as compared with a total of \$86,496,282 as of the end of 1942. This represents an increase of \$3,154,245 during the year after the redemption of \$750,000 of preferred stock. The bank now has outstanding 415,382 preferred shares having a par value of \$20 a share, the redemption price of which after January 15, 1944, will be \$50 a share plus accumulated dividends.

Mr. Von Elm explained that although banks throughout the country have placed hundreds of millions of dollars into Regulation V loans, advances to commercial borrowers, taken as a whole, have declined considerably. This, he said, has resulted mainly from (a) the use as temporary working capital of the accrued amount of Federal Income and Excess Profits Taxes, not yet due and payable, (b) the purchase by the Government of various raw materials and commodities for war purposes, and the decline in consumer goods inventories, (c) Governmental restrictions covering instalment sales, and (d) direct Government advances on war contracts. He stated that the loan requirements of many of the bank's larger commercial borrowers, who are engaged in war production, have been taken care of principally through Regulation V loans and V.T. loans. The bank's commitments to make advances under these two types of loans aggregate many millions of dollars, and although these commitments are only partially used at this time, commitment commissions are received on the unused portions.

Mr. Von Elm reported that the bank's holdings of United States Government securities increased during the year from \$635,564,409 to \$887,436,948. This increase, he indicated, was made possible by the marked expansion of deposits, and the elimination of excess cash reserves through purchases of the 90-day discount bills of the Government, which are readily convertible into cash, and thus constitute an excellent secondary cash reserve.

At the close of the year, the schedule of maturities of the bank's holdings of Government bonds to call date was as follows: from 1 to 5 years hence, 61.21%; 5 to 10 years hence, 38.79%. The average maturity was 3 years and 8½ months. Bonds and FHA mortgages purchased above par were amortized in the amount of \$2,812,278 in 1943 as compared with \$2,698,981 in 1942. These amounts were reduced through the recapture of amortization on such items sold in 1943 by \$38,422 and in 1942 by \$202,879.

In a special message from the American Red Cross Headquarters in London, read at the meeting by Mr. Von Elm, Mr. Gibson described in glowing terms some highlights of the work of the American Red Cross in Great Britain, laying special emphasis on the service clubs for men on furlough which accommodate 125,000 and more weekly, the aviation rest homes for flyers who return from combat, the clummbobles staffed by Red Cross girls which visit isolated spots, and the Red Cross field directors who visit soldiers on the battlefields and in the military hospitals.

## December Business Failures Show Decline

December business failures are lower in both number and amount of liabilities involved than in November this year and in December, 1942. Business insolvencies in December, according to Dun & Bradstreet, Inc., totaled 145 and involved \$2,055,000 liabilities as compared with 155 involving \$2,402,000 in November and 506 involving \$6,950,000 in December a year ago.

The decrease in the number of failures in December from November took place in all of the divisions of trade into which the report is divided except the wholesale and commercial service groups. When the amount of its liabilities is considered the manufacturing and retail groups show smaller liabilities involved in December than in November while the remaining groups had more liabilities.

Manufacturing failures last month numbered 28, involving \$839,000 liabilities, compared with 31 in November with \$1,211,000 liabilities. Wholesale failures increased to 16 from 11 and liabilities from \$180,000 to \$217,000. In the retail trade section, insolvencies were lowered from 78 to 63 and liabilities from \$658,000 to \$561,000. Construction failures numbered 20 with \$247,000 liabilities in December, which compares with 26 with \$206,000 liabilities in November. Commercial service failures amounted to 13 in December as compared with 9 in November and liabilities \$191,000 in December against \$147,000 in November.

When the country is divided into Federal Reserve Districts it is seen that the Boston, New York, Cleveland, Chicago and St. Louis reserve districts had fewer failures and the Philadelphia, Richmond and San Francisco Reserve Districts had the same number of failures while the remaining districts all had more failures in December than in November. When the amount of liabilities is considered it is found that with the exception of the Philadelphia, Minneapolis, Dallas and San Francisco Reserve Districts, all the Federal Reserve District had a smaller amount of liabilities involved in December than in November.

## President Sends Congress Post-War Highway Plan Covering 34,000-Mile Network Of Roads

President Roosevelt submitted to Congress for its favorable consideration on Jan. 12 a report recommending a national system of inter-regional highways covering approximately 34,000 miles. Development of the program, deemed "essential to the future economic welfare and defense of the nation," will involve an estimated cost of \$750,000,000 annually, to be almost equally divided between urban and rural sections of the system.

The program was developed by the National Inter-Regional Highway Committee, which the President appointed in April, 1941, to investigate the need for a limited system of national highways and the possibility of using manpower and industrial capacity expected to be available at the end of the war.

The report said the construction would provide direct and indirect employment for 2,000,000 men after the war.

The text of the President's message to Congress, which accompanied the report, follows:

To the Congress of the United States:

On April 14, 1941, I appointed a committee, known as the National Inter-Regional Highway Committee, to investigate the need for a limited system of national highways to improve the facilities now available for inter-regional transportation, and to advise the Federal Works Administrator as to the desirable character of such improvement, and the possibility of utilizing some of the man power and industrial capacity expected to be available at the end of the war.

The committee, with the aid of a staff provided by the Public Roads Administration, made careful and extended studies of the subject and has submitted to me its final report, which I transmit herewith and commend to the favorable consideration of the Congress. The report recommends the designation and improvement to high standards of a national system of rural and urban highways totaling approximately 34,000 miles and inter-connecting the principal geographic regions of the country.

The recommended system follows in general the routes of existing Federal-aid highways, and when fully improved will meet to optimum degree the needs of inter-regional and inter-city highway transportation. Its development also will establish a transcontinental network of modern roads essential to the future economic welfare and defense of the nation.

While the annual rate of expenditure to accomplish the improvement of the rural and urban sections of the system over a reasonable period of years will be dependent upon the availability of man power and materials, and upon other factors, the required expenditure is estimated at \$750,000,000 annually. The over-all expenditures would be approximately equally divided between urban and rural sections of the system.

The improvement of a limited mileage of the most heavily traveled highways obviously represents a major segment of the road replacement and modernization program which will confront the nation in post-war years, in rural and urban communities alike. The committee found that the national network outlined in its report comprises only 1% of the total road mileage of the United States but carries 20% of the total travel.

Continued development of the vast network of rural secondary roads and city thoroughfares, which serve as feeder lines and provide land-access service, likewise has an important place in the over-all program, together with the repair or reconstruction of a large mileage of Federal and state primary highways not embraced within the inter-regional network.

I commend especially to the

consideration of the Congress the recommendation that minimum standards of design and construction be established cooperatively with the states for all projects embraced within a designated inter-regional system. This, it seems to me, is wise planning procedure, assuring the orderly development of the facilities which are necessary in the public interest with maximum long-range economy. By Public Law 146, Seventy-eighth Congress, Section 5, Commissioner of Public Roads Thomas H. MacDonald, was authorized and directed to make a survey of the need for a system of express highways throughout the United States, the number of such highways needed, the approximate routes which they should follow and the approximate cost of construction, and to report to the President and to Congress, within six months after the date of the act, the results of the survey, together with such recommendations for legislation as deemed advisable. The act was approved on July 13, 1943.

The purposes of this directive by the Congress were identical with my own in requesting the investigation which has been made by the National Inter-Regional Highway Committee. The Commissioner of Public Roads has served as the chairman of the committee appointed and the detailed investigations required have been made by the Public Roads Administration staff. The Commissioner of Public Roads has informed me that he concurs without exception in the report of the committee, and desires that it be accepted as his report, complying with the direction of Congress in Public Law 146.

I am glad to endorse this suggestion, and ask that the Congress receive the report herewith transmitted as fulfilling the purposes of Congress in the directive laid upon the Commissioner of Public Roads.

Early action by the Congress in authorizing joint designation by the Federal government and the several state highway departments of a national system of inter-regional highways is desirable in order to facilitate the acquisition of land, the drawing of detailed project plans, and other preliminary work which must precede actual road construction.

These advance steps taken, the program can serve not only to help meet the nation's highway transportation needs, but also as a means of utilizing productively during the post-war readjustment period a substantial share of the man power and industrial capacity then available. A program of highway construction will, in addition, encourage and support the many diverse economic activities dependent upon highway transportation.

From personal experience as Governor of a state and as President, I hope that the Congress will make additional studies in regard to the acquisition of land for highways.

In the interest of economy I suggest that the actual route of new highways be left fluid. It is obvious that if a fixed route be determined in detail the purchase of rights-of-way will immediately rise, in many cases exorbitantly; whereas, if two or three routes — all approximately equal — are surveyed, the cheapest route in relation to rights-of-way can be made the final choice.

Second, experience shows us that it is in most cases much

cheaper to build a new highway, where none now exists rather than to widen out an existing highway at a cost to the government of acquiring or altering present developed frontages.

As a matter of fact, while the courts of the different states have varied in their interpretations, the principle of excess condemnation is coming into wider use both here and in other countries. I always remember the instance of the farmer who was asked to sell a narrow right-of-way through his farm for a main connecting highway. From an engineering point of view it would have been as feasible to build the new highway across the dirt road that ran in front of his house and barn. Actually the owner received from a jury an amount equal to the whole value of the farm. The road was built. The owner of the land thereby acquired two new frontages. He sold lots on one frontage for the former value of his farm. A year or two later he sold the other frontage for the full value of his farm. The result was that he still had his house and barn and 90% of his original acreage, and in addition he had received, in cash three times the value of what the whole place was worth in the first instance.

It hardly seems fair that the hazard of an engineering survey should greatly enrich one man and give no profit to his neighbor, who may have had a right-of-way which was equally good. After all, why should the hazard of engineering give one private citizen an enormous profit? If there is to be an unearned profit, why should it not accrue to the government — state or Federal or both?

FRANKLIN D. ROOSEVELT.  
The White House, Jan. 12, 1944.

## Frank Creedon Joins Stone & Webster Engineering Corp.

Stone & Webster Engineering Corp. announces that Mr. Frank R. Creedon has become associated with the corporation as construction manager.

Mr. Creedon, prior to joining the Stone & Webster organization, was associated with Mr. William M. Jeffers as Assistant Deputy Rubber Director in charge of the plant construction program of the Rubber Administration and later with Col. Bradley Dewey as Assistant Rubber Director.

Immediately prior to the assumption of his duties with the Rubber Administration, he was for three years chief of the Munitions Plant Section, Office of Chief of Engineers, U. S. Army, charged with the executive direction of the nation-wide construction program of the Engineer Corps of the War Department for the production of explosives and armament and facilities for the training of troops.

Mr. Creedon is a graduate of Massachusetts Institute of Technology and much of his earlier experience in the construction industry was obtained from association with the Aberthaw Co., the Morton C. Tuttle Co. of Boston and with the Government program for emergency construction during the depression period.

Mr. Creedon's experience in recent years in connection with the important construction work of the War Department and of the Rubber Administration has resulted in an intimate knowledge of conditions affecting the construction industry and of procedures which have been established for the execution of the unprecedented war construction program required by Government agencies. His present activity with Stone & Webster Engineering Corp. will be in connection with a large Government project which is now under way.

## Federal Control Over Insurance Would Render Entire Industry Static, Says Jones

Federal control over insurance would render the entire industry static and unimaginative, and it would eventually find itself inextricably enmeshed in the net of Washington bureaus, Paul F. Jones, Illinois Director of Insurance, told more than 300 leading lawyers in Chicago on Jan. 11 at a panel discussion on "Federal Supervision of Insurance," sponsored by the Chicago Bar Association.

Reviewing the 75-year history of the debate over the merits of Federal control and State supervision over insurance, Mr. Jones undertook to belie claims that have been made that State supervision has stifled the industry. He cited the growth of numerous Illinois companies that began as small ventures and have grown to become national leaders.

"You must not expect me to be enthusiastic over the 'ordeal of a New Deal' for insurance," said Mr. Jones.

Mr. Jones stated in part:

"The question of Federal supervision has been debated for over 75 years. In the early history of insurance development in this country there were those of the industry who sought Federal control as an escape from the conflicting laws of the several States in which they did business.

"In 1869 the issue was presented to the United States Supreme Court and it was then held, in the case of Paul vs. Virginia, that insurance was not commerce. Since that time the Court has many times reaffirmed the principles announced in that early decision and Congress has always regarded insurance as a proper subject for State supervision and control.

"The industry under the supervision of the States has kept pace with changing conditions and the phenomenal growth of the country. From the original marine and fire coverage, it has been expanded to cover almost every conceivable hazard and risk. So far as I am informed, no one claims that insurance protection is unavailable or inadequate.

"Nor is it claimed that the States have stunted the growth of insurance companies. The record speaks for itself. In the aggregate the assets of life insurance companies have increased from \$6,847,000,000 to \$39,000,000,000 in the past 25 years.

"It is further safe to say that the insurance industry under State supervision has as good a record, from a financial point of view, as any institution in the country, Federal or State, and certainly better than most, including Federal banks.

"Competition has been kept throughout the entire history of the business. . . . There are over 1,000 companies licensed to write insurance in the State of Illinois, — they range from the giant life and fire companies to the small fraternal of racial and religious groups and the county and township mutual fire insurance companies of the farmers.

"The opportunity of free enterprise has not been stifled. In Illinois our domestic companies have competed successfully with the older and larger companies in the East.

"Insurance under State supervision has been free to expand its services in keeping with the growth of the country; has been sound from a financial standpoint; has been protected against monopolistic influences calculated to stifle competition; and has inspired the confidence of the people throughout the Nation.

"At the moment, however, the relative merits of Federal and State supervision are again under debate and the Supreme Court will soon reconsider the question as to whether or not insurance is commerce within the meaning of the United States Constitution. The Department of Justice is urging the Supreme Court to reverse the long line of decisions following Paul vs. Virginia, and thereby open the way for Federal super-

vision. If such should occur, the Nation's 67,000,000 policyholders must decide, through their elected Representatives, whether a dual control over the business of insurance is necessary and wise.

"In approaching that decision it is reasonable that one should review the history and accomplishments of the National Association of Insurance Commissioners. This organization was formed in 1871 for the purpose of establishing uniform practices in the matter of State supervision. The Insurance Commissioners of each State, territory, and insular possession constitute its membership. For over 70 years this organization has continued to meet and deliberate on problems common to all. The result has been one of the most striking examples of cooperative action in the history of our country's development. Uniform statement forms have been in use for more than half a century. A common system for the valuation of securities and a method of examination based on cooperation has been in practice for many years. Reciprocity amongst the States has enabled insurance companies doing business throughout the Nation to function efficiently and well. The industry itself has at all times demonstrated the finest spirit of cooperation and has contributed much to the success of this voluntary effort.

"The remote, impersonal and mechanical supervision of the Federal Government would, in my opinion, finally result in a monopoly of the so-called 'silk stocking' branch of the industry, and the atrophy of smaller domestic companies in the States throughout the Nation would follow. Uniformity would result, but the enterprise of aggressive executives would be curbed and discouraged. Established wealth and power would hold its own under the Federal system, but the smaller and less powerful would languish and finally disappear. Insurance would become static and unimaginative under the leaden hand of the Federal Government, and eventually find itself inextricably enmeshed in the net of Washington bureaus."

## Central Hanover Bank Trust Co. Earnings

The Central Hanover Bank and Trust Co., New York City, showed net operating income of \$7,646,398 in 1943, including \$774,655, William S. Gray, Jr., President, told stockholders at the annual meeting on Jan. 13. This was equal to about \$7.28 a share. In 1942 the net was \$6,331,000, including \$283,647 in profits on sales of securities, equal to about \$6.03 a share.

The New York "Times" also had the following to say regarding the 1943 report:

Mr. Gray reported that the bank's holdings of Government securities have an average maturity of four years and five months, or three years and five months if figured to earliest call dates. Of the bank's holdings, 53.7% are due within five years, against 75.7% one year ago, and that 46.3% are due in five to ten years, against 24.3% one year ago.

He said that, although total deposits at the end of 1943 were about \$60,000,000 less than at the end of 1942, the average for 1943 was \$1,415,000,000, an increase of \$170,000,000 over the previous year.

## Net Operating Earnings Of Bankers Trust Shows Rise In 1943 Compared With 1942

In his annual report to the stockholders on Jan. 13, S. Sloan Colt, President of the Bankers' Trust Company of New York, reported net operating earnings in 1943 of \$9,486,838, compared with \$8,467,463 in 1942. In his report at the annual meeting Mr. Colt also said:

"In my report as of June 30, 1943, the stockholders were informed that on June 14th \$25,000,000 had been transferred from Undivided Profits to Surplus Account, that

\$7,000,000 had been transferred from General Reserve to Undivided Profits, and that \$2,000,000 had been used to write down the book value of the Company's banking premises. The Statement of Conditions as of December 31, 1943, reflects these entries and shows Capital of \$25,000,000, Surplus Account of \$75,000,000 and Undivided Profits of \$25,366,747.03. The total Capital Funds of \$125,366,747.03 compares with \$115,171,788.74 at the end of 1942.

"As a result of the transfer of \$7,000,000 to Undivided Profits, the General Reserve Account shows a net decrease for the year from \$17,725,589.98 to \$14,266,289.18. In conformity with our usual practice, the balance in the General Reserve Account has been used on the Statement of Condition to reduce the value of assets.

"The statement of the operating earnings and expenses shows that operating earnings for 1943 amounted to \$22,167,030.23, as compared with \$19,406,377.38 in 1942, and that operating expenses were \$12,680,192.02 which is \$1,741,277.31 greater than the 1942 figure of \$10,938,914.71. The rise in expenses is largely accounted for by an increase of \$1,550,000 in the amount reserved for taxes.

"The land at the corner of Nassau and Wall Streets, on which our original building was erected, was leased in 1910 for a period of 21 years with three renewal options of 21 years each. On November 8, 1943, this land was purchased for \$2,522,818. The land and the buildings thereon in which our three New York offices are housed are now all owned by us and are carried on the Statement of Condition at \$15,867,317, which is approximately 69% of their present assessed value.

"The more important changes during the year in the assets of the company were as follows:

### Increases

U.S. Gov. Sec. . . .	\$238,834,876.69
Loans & Bills Disc. . . .	25,885,101.27
Other Sec. & Invest. . . .	9,423,367.51

### Decreases

Cash and due from	
Banks . . . . .	\$153,056,711.00
State & Munic. Sec. . . . .	16,860,271.75

"In accordance with our established practice, all United States Government obligations in the Investment Account are carried at amortized cost, all other bonds at amortized cost or market value, whichever is lower, and stocks at what we consider conservative market values.

"The gross deposits on December 31, 1943, totaled \$1,594,694,072.48 in comparison with \$1,504,657,609.12 at the end of 1942. These figures include United States Government deposits which amounted to \$297,799,420.20 and \$230,198,667.70 on the respective dates."

It was stated in the New York "Herald Tribune" of Jan. 14 that in reply to a stockholder's question regarding the "ultra-conservative" dividend policy, Mr. Colt expressed the opinion that strengthening of the capital and reserve position for an increased post-war business is necessary and that stockholders will be better off under that plan. The relatively high market value of Bankers Trust stock reflects this policy, he added. The same paper stated:

"Liquidity percentage, based on all holdings of Treasury securities and cash, is about 80%, another stockholder was informed. Further questioning brought out that the average yield of the \$950,441,228 Treasury obligations in the portfolio is 1.14%, and that other

securities' of \$48,941,929 listed in the statement consist exclusively of short-term railroad-equipment certificates and similar obligations. Directors were re-elected."

## Grace National Bank Operating Income Of \$305,457 For 1943

At the annual meeting on Jan. 11 of the stockholders of Grace National Bank of New York all the directors were re-elected. In his report of operating results, C. R. Dewey, President, stated that net operating income for 1943 was \$305,457 or \$20.36 per share, as compared with \$218,720 or \$14.58 per share in 1942. After taking into account profits on sales of securities, charge-offs and recoveries, the total results for the year were \$328,219 or \$21.88 per share, as compared with \$241,841 or \$16.12 per share last year. Regular dividends of 6% per annum were paid amounting to \$90,000. Mr. Dewey also stated in part:

"At the end of the year the Directors ordered \$500,000 transferred from Undivided Profits account to Surplus, thus bringing that account up to \$2,000,000.

"Federal and State income taxes were almost quadrupled, the amount due being \$109,723 as compared with \$28,580 in 1942, but the amount chargeable to the year's profits was reduced by net refunds of taxes to \$88,955.

"As to our investment portfolio, we have continued our policy of investing largely in early maturity of Government bonds. Likewise, our investments in State and municipal bonds all mature within five years. As to our \$37,384,000 par value of Government bonds, which constituted 47.70% of our assets at the end of the year, \$17,137,000 mature or are callable during 1944, all but \$2,000,000 mature or are callable on or before December, 1948, and the average maturity computed to the earliest call date is two years and four months."

"In the last year the bank has experienced an important increase in the volume of business received from Latin American banks, not only in dollar deposits, but in the volume of letters of credit," it was announced by Mr. Dewey. He added: "This increase in business was obtained in spite of our Government's restrictions on export shipments. It is anticipated that when Governmental restrictions and regulations are relaxed and merchandise again becomes available for export from this country in something approaching normal quantities, we can look forward to a sharp gain in export and import credits with Latin America. Inquiries coming to us from a large number of North American firms indicate a widespread interest in post-war opportunities in Latin America."

## SEC Adopts Rules Under Investment Co. Act

The Securities and Exchange Commission announced on Jan. 6 the adoption of three rules under the Investment Company Act of 1940.

The Commission's explanation of the revision follows:

"One of the rules adopted, Rule N-4, authorizes the incorporation by reference in registration statements and reports filed by registered investment companies, of documents and financial statements contained in any other

statement or report filed pursuant to any of the Acts which the Commission administers. The new rule is of general application and, in line with similar general rules previously promulgated by the Commission under the Securities Act of 1933 and the Securities Exchange Act of 1934, is intended to eliminate duplication in reports and statements filed with the Commission.

"Rule N-2A-3, the second rule, excludes a bank from the definition of 'investment adviser' of an investment company, for purposes of Section 12 (d) (3) of the Investment Company Act. This rule will permit a registered investment company or any company controlled by it to purchase the securities of a bank which is acting as an investment adviser of an investment company, provided that the bank is not the investment adviser of the purchasing company.

"Rule N-10F-2 relates to the exercises of warrants or rights received by a registered investment company. Section 10 (f) of the Investment Company Act prohibits a registered investment company from purchasing securities during the existence of an underwriting or selling syndicate in such securities, if any principal underwriter of the issue is an officer or a director or is otherwise affiliated with the investment company. An exception is provided in the case of issues as to which the investment company is itself a principal underwriter and the Commission is authorized to grant further exemptions by rule or order. The new rule will exempt from Section 10 (f) the purchase of securities pursuant to the exercises of warrants or rights provided they were offered or granted on the same basis to all stockholders and they do not exceed 5% of the total amount of warrants or rights issued."

## S. Sloan Colt Named To N. Y. Money Market

Allan Sproul, President of the Federal Reserve Bank of New York, announced on Jan. 13 the appointment of S. Sloan Colt as a member of the General Committee of the New York Money Market, which was organized at the outbreak of the European War in 1939. Mr. Colt is President of the Bankers Trust Co., and on Jan. 6 took office as a director of the Federal Reserve Bank of New York for a three-year term.

At the same time it was announced that August Ihlefeld, President of the Savings Bank Trust Co., who has been serving on the General Committee as alternate of Charles A. Miller, former Chairman of the Savings Banks Trust Co., has been appointed a member of the committee succeeding Mr. Miller, who resigned his office with the Savings Banks Trust Co. last year. Mr. Sproul's announcement further says:

"The General Committee of the New York Money Market was organized in August, 1939, to provide a ready means of bringing together representatives of the principal factors in the market for consultation among themselves and with the Federal Reserve Bank and Treasury authorities. It has been necessary for the committee to meet only infrequently since its organization because of the stability and strength of the financial markets of the country during the war years, but the committee did serve effectively to mobilize opinion and action in the market at the time of the outbreak of the war in Europe and again when this country was attacked and entered the war in December, 1941."

The present membership of the committee is as follows:

Representing Commercial Banks—William C. Potter, Chairman of Executive Committee, Guaranty Trust Co., Chairman;

## Biddle Orders Inquiry Into Alleged CIO Violation Of Anti-Strike Law

An investigation into charges that the Congress of Industrial Organizations has violated the criminal provisions of the Connally-Smith anti-strike law, with respect to political contributions, was ordered on Jan. 13 by Attorney General Francis Biddle. Representative Smith (Dem., Va.), co-author of the law, is said to have asserted in a letter to Mr. Biddle that Philip Murray, President of the CIO, had admitted a "flagrant violation" of

the law's criminal provisions in an article in the February issue of "The American Magazine" which revealed "an initial contribution of \$700,000" to the CIO Political Action Committee by CIO unions.

Washington advices of Jan. 13 to the New York "Times," from which we quote, further reported:

"Section Nine of the Connally-Smith Act," Mr. Smith, its co-author, wrote, "makes it unlawful for any labor organization to make a contribution in connection with any election, at which Presidential and Vice Presidential Electors or a Senator or Representative in, or a delegate or resident commissioner to Congress are to be voted for and provides that an officer of any labor organization who consents to any contribution by the organization shall be fined not more than \$1,000 or imprisoned not more than one year or both.

"Mr. Murray is President of the CIO. The article is a defiant confession of the violation of the statute.

"A number of other officers of the union are named in the article as parties actually engaged in carrying on the unlawful enterprise.

"I respectfully request that you present the whole matter to a Federal grand jury forthwith, with a view to the indictment and prosecution of those engaged in this conspiracy to control the national elections of 1944."

Attorney General Biddle instructed Tom G. Clark, Assistant Attorney General and Chief of the Justice Department's Criminal Di-

vision, to begin the investigation at once.

A CIO spokesman said the organization's political activity had been planned, according to a recent statement by its counsel, Lee Pressman, on the premise that the Connally-Smith act did not prohibit labor unions from spending money on behalf of the campaigns of individual candidates "provided the money is spent directly by such labor organizations and not by agreement or pre-arrangement with the candidates or their political parties or their political committees."

Representative Smith told a press conference, however, that the law was plain and "as written, it's going to be pretty hard to get away from."

Meanwhile he introduced a bill to outlaw unions that engage in wartime strikes, as provided by the original Smith anti-strike bill, which was passed by the House Dec. 3, 1941, but was not acted upon by the Senate. Such a provision was also contained in the Connally-Smith bill as it passed the House, but was deleted by the Senate.

The new bill stipulates that any local union involved in a strike "shall forthwith cease to be entitled" to the status of a labor organization under the National Labor Relations Act and that all officers or representatives of such a union shall cease to be entitled to represent or bargain for workers, under provisions of the National Labor Relations Act or "any order of the War Labor Board or any agreement with the employer."

## President Calls On People To Pledge International Cooperation After War

President Roosevelt, in a New Year's statement, urged on Jan. 1 that the American people pledge continued cooperation with other nations, both for winning the war and for establishing and maintaining peace in the years to come.

The President recalled that the concept of the United Nations came into being "on another and infinitely bleaker New Year's Day two years ago" when these countries were on the defensive, but added that "today we are on the offensive."

The text of Mr. Roosevelt's statement follows:

"Many of us in the United States are observing this first day of the new year as a day of prayer and reflection and are considering the deeper issues which affect us as part of the family of nations at a crucial moment in history. It is fitting on this day that we direct our thoughts to the concept of the United Nations which came into being on another and infinitely bleaker New Year's Day two years ago.

Leon Fraser, President First National Bank, Vice-Chairman; Winthrop W. Aldrich, Chairman Chase National Bank; S. Sloan Colt, President Bankers Trust Co.; Gordon S. Rentschler, Chairman National City Bank; J. C. Trap-hagen, President Bank of New York.

Representing Investment Bankers—Harold Stanley of Morgan Stanley & Co. (alternate of Henry S. Morgan, who is serving with the armed forces).

Representing Savings Banks—August Ihlefeld, President Savings Banks Trust Co.

Representing Stock Exchange—Emil Schram, President New York Stock Exchange.

Representing Insurance Companies—Frederick H. Ecker, Chairman Metropolitan Life Insurance Co.; George L. Harrison, President New York Life Insurance Co.

"It was but three weeks after Pearl Harbor that the declaration by United Nations was promulgated at Washington. Twenty-six nations subscribed immediately, eight more have adhered subsequently, all pledging themselves to stand together in the struggle against common enemies.

"Two years ago the United Nations were on the defensive in every part of the world. Today we are on the offensive. The walls are closing in remorselessly on our enemies. Our armed forces are gathering for new and greater assaults which will bring about the down-fall of the Axis aggressors.

"The United Nations are giving attention also to the different kind of struggle which must follow the military phase, the struggle against disease, malnutrition, unemployment and many other forms of economic and social distress.

"To make all of us secure against future aggression and to open the way for enhanced well-being of nations and individuals everywhere, we must maintain in the peace to come the mutually beneficial cooperation we have achieved in war.

"On the threshold of the New Year, as we look toward the tremendous tasks ahead, let us pledge ourselves that this cooperation shall continue both for winning the final victory on the battlefield and for establishing an international organization of all peace-loving nations to maintain peace and security in generations to come."

# Handy & Harman's Review Of Silver Market New High Record For Use Established

A new high record was established for the use of silver in the arts and industries in the United States in 1943, according to the annual review of the silver market by Handy & Harman, in which it is estimated that 125,000,000 ounces of silver were used, an increase of 10,000,000 ounces or about 9% over the previous high of 115,000,000 ounces used in 1942. The review, made available Jan. 17, indicates that the consumption of silver for all purposes in the United States in 1943 was more than four times the average amount for the five years prior to 1941, which was the first year in which there was an appreciable use of silver for the war effort. Of all the silver used in the United States in 1943, some 65% went into war production or the purposes classified as essential by the War Production Board.

The review observes that war conditions necessitated the continuance of Government control, both at home and abroad, over the price of the white metal, and over its allocation for industrial and monetary purposes, and it states that "the only significant development during the year was the action taken by the United States Congress which made Government owned silver available for sale or lease, subject to certain restrictions." It is also noted that when Congress convened in January, 1943, numerous bills on the subject were introduced. After much discussion, the bill sponsored by Senator Green of Rhode Island was finally passed and signed by the President. The selling price of silver was fixed at 71.11c an ounce. The leasing of Treasury silver was restricted to use within the United States for a period limited to six months after the war, and the use of loaned silver was permitted as backing for silver certificates. It thus became possible to release silver from Treasury stock for consumption in industry. It is likewise observed:

"The making available of Treasury silver came at a most opportune time, since there had been a shortage of newly mined metal for several months and the situation threatened to become progressively more acute. The passage of the act was particularly fortunate because of the shortage of both foreign and domestic silver, the foreign silver shortage being due to Mexico's withholding their supplies for coinage purposes, while the domestic shortage was due to an actual decline in the production of silver, due to scarcity of mine supplies and labor. On July 29th the War Production Board, acting under the terms of the Green Act, published the necessary regulations to release Treasury silver for consumption in industry. Three lists were created, as follows: List A (foreign silver) for medicine, photography, electrical contacts and certain priority-rated orders; List B (domestic silver) for various uses considered non-essential to the war effort; List C (Treasury silver) for engine bearings, brazing alloys, solders and official military insignia.

"There is no gainsaying the fact that the imposition of regulations as to the use and price of silver was indispensable to orderly marketing and manufacturing under war conditions. Because no Treasury silver was allotted for non-essential use, it might erroneously be assumed that the Green Act had proved of no benefit to the silverware and jewelry industries. Such is not the case, since every ounce of Treasury silver distributed for List C purposes released an ounce of domestic silver for non-essential use. The vital importance to non-essential industry of the supplies thus made available may be measured by the fact that some 20,000,000 ounces of Treasury silver were actually withdrawn during the second half of 1943.

"For the first year since the inauguration of the silver purchasing program in 1934, United States Government holdings of silver showed a decline. No foreign silver was bought during 1943

and acquisitions of newly mined domestic silver amounted to only 5,400,000 ounces. On the other hand, substantial quantities of bullion were released from Treasury stocks for various purposes and nearly 4,000,000 ounces of "silver ordinary" were sold to industry. Official figures disclose that for the last eleven months of 1942 17,218,000 ounces were sold under the Green Act and that 40,000,000 ounces were lend-leased. This action, however, was not made under the Green Act, but was carried out under regular lend-lease procedure. It is understood that the latter amount was the result of direct transactions between the United States and other governments. It seems likely that Great Britain and India were the principal beneficiaries of the lend-lease silver.

"According to the Treasury's Daily Statement, dated December 31, 1943, there were 1,175,000,000 ounces of Government owned silver bullion which remained unpledged as backing for silver certificates. It is indicated that of this silver, the Defense Plant Corporation, etc., held 829,000,000 ounces or 242,000,000 more than was held in 1942.

"In 1943 the United States used more silver for domestic coinage than in any prior year. Official figures for the first eleven months show that 95,818,000 ounces were so consumed, or 17,000,000 ounces more than the full year record established in 1943.

"There was a considerable increase during the past year in the production of silver-lead solders to conserve tin in the lead-tin soft solders ordinarily employed in the canning industry. Larger quantities of silver were also used for brazing alloys, which continue to have most diversified use in war production. They are being utilized to make joints between metal parts of such war material as ships, planes, tanks, guns, bombs, shells, rockets and torpedoes, as well as for many items of general equipment and various types of instruments.

"In the non-essential field, the manufacturer of silverware and jewelry was limited throughout 1943 to using domestic silver only, and since February 25th the amount of silver for these purposes has been under quota restrictions of the War Production Board.

"The price at which manufacturers could obtain silver has increased during the past year and a half from the pre-war level of 35c per ounce to 45c per ounce and for many purposes, to 71.11c per ounce. This higher price has retarded the use of silver to some extent, but less than might be expected because of the wartime emphasis on performance rather than cost. However, under competitive conditions after the war, a 71.11c price will undoubtedly be a serious deterrent to the use of silver in the arts and industries."

## Male Citizens Of U. S. Living In Canada Must Register For Draft

A Press dispatch from Ottawa, on Dec. 12th, to the Toronto "Globe and Mail" reported that it was stated at the United States Embassy that a considerable proportion of United States male citizens of military age living in Canada have thus far failed to register for United States Selective Service.

From the Toronto paper we also quote:

The Embassy announced Oct.

30 that male United States citizens living in Canada who were born after Dec. 31, 1898, and on or before Dec. 31, 1925, and who had not previously registered, were required to do so at the nearest United States consular office.

The period for such registration was set as extending from Nov. 16 through Dec. 31.

The Embassy announcement said with over half the period gone a relatively small number of those estimated as affected by this order have been reported as registering.

"Although many American citizens living in Canada are assumed to have complied with registration in some other manner, it is nevertheless felt that large numbers have failed to register through failure to understand the order or through procrastination," the announcement said.

The penalty for failure to comply with the order is the same as in the United States—not more than five years' imprisonment or a fine of not more than \$10,000, or both.

## Marine Midland 1943 Net Of \$1,439,642

At the annual meeting of the stockholders of the Marine Midland Trust Co. of New York, held on Jan. 12, James G. Blaine, President, reported net earnings of \$1,439,642 for the year 1943, which was \$401,792 in excess of 1942, and the largest in the history of the company. The increase in net earnings, it is announced, was due to interest earned on a much larger investment portfolio in 1943 and increased interest on loans which also were in excess of the previous year.

Gross earnings were \$3,737,478, an increase of \$386,211 over 1942. Operating expenses were \$1,987,331, an increase of \$76,164 over the previous year. Taxes were \$310,504.99. Net earnings were equal to \$2.88 per share, \$10 par value, against \$2.08 earned in 1942. Dividends for the year amounted to \$600,000, or 41.7% of earnings, leaving a balance of \$839,642, which was added to undivided profits. This, plus a transfer of \$345,000 from reserves accounts for the net increase of \$1,184,642 in surplus and undivided profits for 1943.

Mr. Blaine reported that these earnings did not include profits or losses on the sale of investments or charge-offs or recoveries on loans.

On Dec. 31, 1943, total assets of the trust company were \$366,886,306, compared with \$212,231,000 one year previous. Cash and due from banks totaled \$66,532,424, compared with \$58,305,703. Investments totaled \$112,892,475 at Dec. 31, 1943, against \$91,890,687 one year previous. U. S. Government obligations amounted to \$107,788,499, an increase of \$29,327,493, and 95.48% of the total portfolio are U. S. obligations; 1.66% are obligations of instrumentalities of the U. S. Government; 1.01% are State and municipal obligations, and the remaining 1.85% is made up of various securities. U. S. Government obligations are carried at par or cost, whichever is lower, and 89.55% of the total mature within five years.

Investments had a market value of \$920,970 in excess of book value. In addition the trust company has a reserve for depreciation on investments amounting to \$687,833, so that the appreciation plus the reserve totaled \$1,608,808. The average rate earned on investments for 1943 was 1.21%, compared with 1.17% for the previous year. Profits on the sale of investments were \$381,153. Recoveries on investments previously written down amounted to \$334,677. Writedowns on investments were \$123,943. Losses on investments sold were \$55,697, all

## Dr. Staley Defends UNRRA Program As Sound Investment For U. S.

Defending the program of the United Nations Relief and Rehabilitation Administration, Dr. Eugene Staley, UNRRA staff member, declared on January 5 that prompt relief for regions liberated from Axis domination is not only an important military measure that will hasten ultimate victory but that it will also help prevent an economic depression in this country after the war.

Speaking before an open meeting of the New York University Institute on Post-war Reconstruction, Dr. Staley described in detail the program of the UNRRA and cited instances of how prompt economic relief in North Africa has already aided the Allied cause.

The primary objective of the UNRRA program, Dr. Staley said, is to revive local industries as

of these amounts being entered to valuation reserves. Loans and discounts totaled \$82,672,073, an increase of \$25,083,133 over the figures of one year previous. The average rate earned on loans for 1943 was 2.10%, compared with 2.57% in 1942. Capital funds total \$17,033,248, a net increase of \$1,184,642 over the figures of one year ago.

Gross deposits totaled \$248,171,513, compared with \$195,320,004 one year previous. Excluding U. S. war loan deposits, the figures represent an increase of \$39,013,344.

In his annual report to the directors Mr. Blaine presented the results of the year's operations in the attached short form, saying "that in so far as I know, this is the first time that any bank has made use of the short form in its annual report." This income accounts for the year ending Dec. 31 was submitted as follows:

"Net income for the year was \$1,439,642, the largest in its history. Our total volume of business for 1943 exceeded the previous year by about 22%. The receipts derived from the sale of your company's goods and services to its customers provided the payment of labor, purchase of materials for the conduct of our business, the payment of taxes, the payment for the use of the tools (assets) owned by the stockholders.

"The customers were therefore the employers of both the labor and the tools.

"The results of the year's operations are set forth in the following short form:

"Received from customers, \$3,737,478.16.

"These receipts were disposed of as follows:

Payment for goods and services purchased from others for the conduct of our business.....	\$657,716
Wages and salaries.....	1,148,464
*All taxes to Governments.....	491,656
Payment for use of tools (assets) .....	1,439,642
	\$3,737,478

\*Total taxes increased 83% over 1942.

"Payment for use of the tools (assets) was disposed of as follows:

"To the owners of the trust company for the use of their tools, dividends amounting to \$600,000.

"There was retained in the business for future needs, \$839,642.12."

In his report to the stockholders Mr. Blaine declared that the management is giving serious thought to the post-war period as it may affect the banking business and The Marine Midland Trust Co., and are devoting particular attention to customers who may be confronted with the termination of contracts and the need for free working capital with which to enter peace-time business. He also stated:

"When peace comes the ensuing problems will be far greater than those born of the war. Your management is conscious of the fact that its responsibilities to do a constructive job then will be larger than at any time in the history of the bank. We shall do our best to meet those responsibilities effectively."

rapidly as possible in order to make the residents of these regions independent of relief and to enable them to contribute economically to the military needs of the United Nations. In his remarks Dr. Staley said:

"The advancing United Nations armies have stable civilian conditions in their rear. Troops must be protected from epidemics of disease, which can originate in a malnourished population lacking adequate clothing, soap, medicines, or means of repairing and restarting their own equipment for producing these things. The more quickly local production can be revived in liberated areas, the less will be the strain on military supply lines and the more adequate will be the materials and equipment that can be made available to our men at the fighting front. This will save the lives of our soldiers and shorten the war.

"Also, the fact that prompt aid is known to be forthcoming to liberated peoples will encourage and inspire those still unliberated to increase their resistance, and further weaken the enemy, hastening his ultimate military collapse. If a well planned and well organized and previously announced program of relief and rehabilitation helped to shorten the war by only one week, the straight dollars and cents savings would be a tremendous return on the investment, not to speak of the much more important matter of the lives of our soldiers and civilians that would be spared."

Discussing the post-war aspects of foreign relief work, Dr. Staley pointed out how the prompt economic recovery of liberated countries would help provide a market for American products. He further said:

"One thing people are always forgetting, is that if you help others to produce more it also makes it possible for them to consume more. A man who is healthy and equipped with good tools and a member of a well-functioning economy is both a better competitor and a better customer than a man who is handicapped by malnutrition and disease and who has to work with poor tools. American producers need not worry about being cut out of markets by foreign competition after the war, if world income is high, so that world markets are large and prosperous. American industry is amply able to take care of itself in a world where there is a lively demand for all kinds of products. The thing America and every other trading nation has to guard against is getting back into the world situation of the thirties where even the most efficient business had a hard time because the customers were not able to buy from anyone."

## FDR Sees Victory In 1944

President Roosevelt declared in a telegram to the French Consultative Committee in North Africa that "1944 will be the year of victory," the Algiers radio said on Jan. 18, according to an Associated Press London dispatch.

Mr. Roosevelt's telegram, in reply to one sent him by the assembly said: "I share your hope and your confidence: 1944 will be the year of victory which will make it possible for France and the oppressed nations to breathe again the air of liberty."

## CCC Spent \$3.5 Billion In 1943 To Stimulate Production Of Food

The Commodity Credit Corp. spent more than \$3,500,000,000 during the 1943 fiscal year in establishing support prices and subsidies to facilitate increased food production and help stabilize the consumer cost of living, it was reported on Dec. 25.

The review of CCC operations was contained in a report by J. B. Hutson, President of the corporation, to War Food Administrator Marvin Jones.

In United Press Washington advices, it was stated:

CCC loans and purchases were up \$1,900,000,000 over 1942 expenditures, and went largely to stimulate production of war-essential foods — vegetable oils, dairy products, poultry and meats.

"The increase represented by the fulfillment of commitments to farmers to support prices at higher levels than in 1941-42 in consideration of larger costs on an unprecedented volume of production," the report said.

Mr. Hutson said the subsidies paid by CCC "helped to maintain growers' foreign markets and cotton ceiling prices" on sugar,

vegetable oils, meats, milk and eggs.

The CCC report said prices were supported principally through loans to farmers on commodities stored on farms and in warehouses against civilian and military requirements. Farmers were given \$506,000,000 in loans, compared with \$626,000,000 in 1942, and \$452,000,000 in 1941.

CCC purchase of commodities totalled \$2,700,000,000 including about \$1,500,000,000 for lend-lease.

In turn the CCC sold \$2,800,000,000 worth of commodities—principally tobacco to aid domestic growers' foreign markets and cotton that went to lend-lease.

## U. A. W. Proposes Drive For Nation-wide Wage Agreement In Industry

R. J. Thomas, President of the United Automobile Workers, Congress of Industrial Organizations affiliate, said on Jan. 8 that the union will undertake a drive for a nation-wide wage agreement in the industry based on equal pay for equal work, regardless of geographical location of plants or products being manufactured. Advances to this effect (Associated Press) from Chicago Jan. 8, were reported in the New York "Herald Tribune," which went on to say:

Such an agreement as he [President Thomas] said, would apply to 1,400,000 workers now covered by U. A. W. contracts. He added 95% of these workers could be incorporated into the proposed master-wage plan.

"Our present contracts cover 1,200 plants, entailing 1,200 separate negotiations," the union leader continued. "This has slowed down War Labor Board procedures and has created unfair wage differentials."

Mr. Thomas said the U. A. W. executive board was of the opinion a master wage agreement would speed up war production and lessen unrest within the industry.

A survey of wage agreements and labor conditions within the industry is to be undertaken immediately, he said.

The board also recommended that steps be taken to insure industry-wide application of the following five points: A 48-hour guaranteed work week or 48-hour guaranteed weekly wage; creation of a post-war employment security fund; provision for severance pay; \$1 per hour minimum and provisions for establishment of a guaranteed annual wage.

## Maverick Heads Small War Plants Corp.

Donald M. Nelson, Chairman of the War Production Board, announced on Jan. 9 the appointment of Maury Maverick of San Antonio, Texas, as Vice-Chairman of the WPB in charge of the Smaller War Plants Corporation and as a member of the Board of SWPC. Mr. Maverick has been serving as chief of the Government Division of WPB, which he organized shortly after WPB's inception.

For 12 years, Mr. Maverick was a lumber dealer and home builder in San Antonio, Texas, with experience in the manufacture and retail sale of lumber and in mortgage financing. He has served two terms as a member of Congress and one term as Mayor of San Antonio.

In August, 1941, Mr. Maverick entered the Office of Price Administration and Civilian Supply, handling prices and civilian supply problems for the U. S. territories. Later he transferred to the Office of Production Management

## Head Health Council Of U.S. Comm. Chamber

Eric A. Johnston, President of the Chamber of Commerce of the United States, announced on Jan. 12 the appointment of Dr. Leverett D. Bristol, Executive Director of the Hospital Council of Greater New York, as Chairman of the Chamber's Health Advisory Council, and Dr. Anthony J. Lanza, Chief of the Occupational Hygiene Section of the Office of the Surgeon General, U. S. Army, as Chairman of the Council's Committee on Industrial Health. Dr. Bristol succeeds Dr. James S. McLester, of Birmingham, Ala., who continues as a member of the Council but who has relinquished the general chairmanship because of his increasing activity in the war service of the Federal Government and the State of Alabama.

The Advisory Council was created last winter to operate with the Chamber's Insurance Department in advising business organizations throughout the country on industrial, individual and community health programs and in cooperating with national, State and local health agencies.

Dr. McLester, Chairman of the Council from its inception, has found it necessary to resign the general chairmanship because of additional responsibilities placed on him by the Federal Government in connection with its war nutrition program and by Governor Sparks, of Alabama, in connection with the development of a four-year medical school for that state. Dr. McLester is Professor of Medicine at the University of Alabama and a former President of the American Medical Association. Under the general chairmanship of Dr. McLester the Council, it is stated, has been particularly successful in stimulating activities in the promotion of community and industrial health and in focusing attention to many current health needs for maintaining and speeding the nation's war production.

Dr. Anthony Lanza, who succeeds Dr. Bristol as Chairman of the Chamber's Committee on Industrial Health, has been active in the field of industrial hygiene for the last 25 years. He was in charge of Industrial Hygiene for the United States Public Health Service, was Chief Surgeon of the United States Bureau of Mines, was special staff member of the Rockefeller Foundation on the International Health Board and prior to his present connection, was responsible for the industrial hygiene activities of the Metropolitan Life Insurance Co. Dr. Lanza is a member of the Industrial Health Council, of the American Medical Association, and Chairman of the Medical Committee of the Industrial Hygiene Foundation of Pittsburgh.

## Cotton Spinning For Dec.

The Bureau of the Census announced on Jan. 19 that according to preliminary figures, 23,342,922 cotton spinning spindles were in place in the United States on Dec. 31, 1943, of which 22,596,322 were operated at some time during the month, compared with 22,623,406 for November, 22,599,426 for October, 22,631,338 for September, 22,632,776 for August, 22,667,376 for July, and 22,923,406 for December, 1942. The aggregate number of active spindle hours reported for the month was 9,905,016,236. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during Dec., 1943, at 115.3% capacity. This percentage compares, on the same basis, with 125.3 for November, 129.5 for October, 127.5 for September, 122.5 for August, 120.0 for July, and 128.3 for December, 1942. The average number of active spindle hours per spindle in place for the month was 424.

## Net Earnings Of Continental Bank & Trust For 1943 Reported At \$856,265

### Hasler Sees Need Of International Agreement After War To Facilitate Exchange Of Goods

Frederick E. Hasler, Chairman of the Continental Bank & Trust Co., of New York, told stockholders at the annual meeting on Jan. 19 that while 1943, financially, had been the best year in the bank's 73 years of existence, it was recognized, in common with other banks, that increased earnings were due almost entirely to the war. "As the war effort tapers off, as it will when Germany is defeated," he warned, "there will need to be a sharp upturn in the commercial loan business to help compensate for decreased war earnings."

In his report regarding the year's operating results of the institution, Mr. Hasler said:

"Measured by the standards of a war economy, I feel that the stockholders have real cause for gratification at the showing made by their institution during 1943. The highlights of the year's record of the bank were:

"Resources at the year-end showed an increase of more than 20% over the close of the previous year.

"Deposits at the close of business on the last day of the year were more than 23% higher than on Dec. 31, 1942.

"Net earnings for the year increased 66% and the net from current operations 36%.

"Earnings per share of stock were \$2.14, compared to \$1.29 for 1942.

"The surplus fund was increased from \$3,000,000 to \$4,000,000.

"Surplus and undivided profits were \$536,265 higher.

"Holdings of United States Government obligations increased \$22,772,352.75."

Mr. Hasler also reported:

"Net earnings of the bank for the year amounted to \$856,265, equivalent to \$2.14 a share, as compared to \$515,214, equivalent to \$1.29 a share for the year 1942. Net earnings from current operations amounted to \$619,966 as compared to \$456,228 for the year 1942.

"Dividends paid to stockholders during 1943 amounted to \$320,000, leaving \$536,265 to be added to the undivided profits account. The sum of \$1,000,000 was transferred from the undivided profits account to the surplus fund account."

The surplus and undivided profits at the end of the year totaled \$5,306,422, an increase over the previous year's total of \$536,265. Total deposits at the close of the year were \$119,437,879—23% higher than a year ago. The bank's holdings of United States Government obligations at the year-end totaled \$56,140,330, an increase of \$22,772,353 over the close of 1942. Of the securities in the Government portfolio, 40% have maturities of less than five years and the balance maturities of more than five but less than 10 years.

Referring in his report to post-war problems, Mr. Hasler said that a practical solution of the more intricate problems of economic and financial stability "must wait until the post-war aims of the United States, Great Britain and Russia have been more clearly defined and a rough pattern of future international cooperation can be blueprinted."

He further said:

"Unquestionably, for our protection, we shall have to enter into an international agreement to facilitate exchange of goods and to provide currency with which to pay for them. The dollar has no choice but to support foreign currencies in order to support itself. We must adjust our minds to taking payments for exports in imports of goods, and not gold. For our own salvation the further extension and implementation of Secretary Hull's reciprocal trade agreements program is a necessity."

## Federation Bank Operating Net

In his annual report to the stockholders, Jeremiah D. Maguire, President of the Federation Bank & Trust Co. of New York, disclosed on Jan. 11 that the net operating income of the bank in 1943 was \$105,132 and that the total net income, including net profits on sales of securities, recoveries and miscellaneous credits, was \$150,250. The bank's total operating income for 1943 was \$465,000 and operating expenses, including taxes and assessments, were \$359,868. Mr. Maguire reported that the net addition to the bank's undivided profits account in 1943 was \$37,776, bringing this figure, before transferring \$100,000 to surplus, to \$420,006. The addition of \$100,000 to surplus makes this item now stand at \$1,175,000.

In his report Mr. Maguire stressed the fact that deposits from other than Government agencies increased by over \$3,000,000. The bank's deposits on Dec. 31, 1943, stood at \$23,712,154, against \$18,994,347 on Dec. 31, 1942. Of the almost \$13,000,000 of Government securities in the bank's portfolio, Mr. Maguire explained that the average maturity is approximately 38 months. The bank's average return on its loans and investments in 1943 was 2.08%, against 3.28% in 1942.

The bank's condition as of Dec. 31, 1943, was referred to in these columns Jan. 6, page 97.

## Muench Is Secretary Of N. Y. Bankers Assn.

Albert L. Muench, Assistant Secretary of the New York State Bankers Association, has been appointed Secretary, effective Feb. 1, to succeed Harold J. Marshall, who resigned to become Assistant Vice-President of the Bankers Trust Co. of New York, according to an announcement made by the Association's President, E. Chester Gersten. Mr. Muench, who became identified with the Association in December, 1940, as Assistant Secretary, has also been made Secretary of the New York State Bankers Retirement System. He was formerly Manager and Secretary-Treasurer of the Westchester County Clearing House Association and Registrar of the Westchester County Chapter of the American Institute of Banking. He is a member of the class of 1944, Graduate School of Banking, Rutgers University.

The tasks accomplished by him as Assistant Secretary include the organization of the annual Farm Credit School and the Midwinter County Secretaries' Conference, handling of wage and hour legislation problems for the banks, research into wage and salary stabilization regulations, studies of thrift account interest computation, bank closing hours, and other matters involving management and policy. Mr. Muench's experience in banking includes eight years with the Washington Irving Trust Co. in Tarrytown as Assistant Secretary, and five years with the Railroad Cooperative Building and Loan, New York City.

## Knox Proposes Year's Military Training For Youth On Reaching 17 Or 18 Years

Declaring that "there is no safety or peace in unpreparedness," Secretary of the Navy Knox advocated on Jan. 14 that a system of universal training be instituted to provide that "every boy, when he attains the age of 17 or 18, shall be required to spend at least one year in training on land or sea."

In an address before the Greater Cleveland Council of the Boy Scouts of America, the Secretary said that this would be "one of the best measures we can take to insure that our individual liberties will be preserved and that free Americans will remain free." Mr. Knox urged that the machinery for such a system be set up "while the war is still on" so that a sufficient number of young men will be available to relieve those overseas "in the period of adjustment immediately following the close of hostilities." Other factors in favor of such a program, Mr. Knox said, are the training facilities now available and the experienced instructors who might wish to stay in the service.

Secretary Knox said the necessity of an adequate preparedness has been "driven home to us" by the unfitness of American youth. He cited figures showing that rejections have been more than 25% for the Army and Navy, adding that "we must, in the future, spend more time, thought, and money, in improving the physical qualities of our people. The Secretary also declared that the war "is still only at its beginnings" and that, while he does not expect immediate action on his suggestion, the time is already here when we should be thinking about these things and getting ready to do something about them."

At a press conference prior to his talk, Secretary Knox termed "wishful thinking" any belief that the European conflict will end soon through collapse of the German home front. He was quoted in Associated Press advices as saying:

"A quick ending of the war is unlikely. Those who wishfully think for an early end of the war are necessarily doing a disservice to the war effort.

"There is no ground for hope that the German home front will collapse. It's a different kind of front from the last war, with the control Himmler and his Gestapo have over the people.

"The German people realize they are surrounded by enemies. They have the French on one side, Czechs and Poles on the other, and the Russians coming in. The prospect of Germans surviving at home if the military breaks down are not very rosy."

From the same advices we quote:

Asked his opinion on national service legislation proposed by President Roosevelt, Mr. Knox said:

"I'm very hopeful Congress will enact a national service law. If we have the right to order a man into a fox hole to be killed by Japs, surely we have the right to order a man, as we needed him, into an airplane factory or shipyard."

The full text of Secretary Knox's address follows, according to the New York "Times":

All around the world today there are men fighting on the land and in the air and on the sea who learned their first lessons in love of country and flag, in devotion to their country's cause in peace or war, as Boy Scouts. Who can measure the proportions of the debt which the whole country owes in this hour of greatest crisis to the Scout movement? Surely it cannot be gainsaid that those who learned the fundamentals of patriotism and citizenship as members of some troop of Boy Scouts are among those who know what they are fighting for.

In the early days of the republic, when our forefathers were

years—dangers which continue to the very present.

At a time when we are straining every resource, shouldering a frightful burden of debt, sending millions of our young men to desperate battle in Europe, and in the Far East, building a huge fleet, strong enough to dominate the seven seas, and turning out in unprecedented numbers aircraft to sweep the skies, who, under these circumstances, will dare to say that such dangers will never come again?

Certainly it is the part of prudence, a requirement for our future safety, that we assume that they may. If this is true, then regard for our future safety demands that we shall so organize the lives of our men and women that they will never in the future be lacking in those stern qualities which free men and women must always possess if they are to remain free.

Has it ever occurred to you, my friends, that under Divine Providence human affairs are so ordered that effort and sacrifice and discipline are inevitably and invariably the price of progress? God did not intend very evidently that the human family was going to be "wafted to heaven on flowery beds of ease." He wisely ordained that the human race must fight its way to heaven, because, in His infinite wisdom, He knew that refinement of character and loftiness of soul was exclusively the fruit of sacrifice and labor and self-discipline. It has been so from the beginning of mankind, and I have no doubt will continue to be until the final chapter is written.

If you have followed me in what I have said thus far you will go with me, I am sure, while I pursue this subject with reference so some of our domestic policies, the need for and the wisdom of which this devastating war has high-lighted.

There is as you know, in the Navy Department, the United States Marine Corps. This is probably one of the finest fighting organizations the world has ever known. It has a wonderful tradition and its officers and men have illumined with their courage and sacrifice many of the most glorious pages of our history. It undoubtedly has as fine an "esprit de corps" as may be found in any military organization anywhere.

And, as the basis for this indomitable spirit, it has always been found necessary to have the foundation of physical fitness. So high are the physical, and other standards, required of marines that, in the present war, only one man in five, of the hundreds of thousands of young men who have applied for admission into the corps, were able to pass the rigorous requirements.

Here is unquestionably a danger signal which we should not ignore. Why is it that fewer than 20% of American youths could pass the examinations for admission to the Marine Corps? Perhaps I can best answer that question by repeating a statement made to me by one of the officers of the Marine Training Station at New River, recently. He said:

"We are compelled to teach these men everything. They have forgotten how to walk, because it was easier to ride, and something to ride in was almost always available. They can't carry a pack, because most of them have never known what it was to use their shoulders.

"They don't know how to take care of themselves out-of-doors, because almost all of them have never lived out-of-doors. Their muscular endurance is trifling, because they have seldom used their muscles. They can't fire a gun because most of them have never handled weapons and they can't hit anything they shoot at because only a trifling fraction have ever been taught marksmanship.

"In a war like this," he con-

tinued, "whether to the east or the west, where the rule is kill or be killed, they come to us, unfit, and we have to make them fit."

That they are doing this successfully the Marines have attested at Guadalcanal, at Bougainville, at Tarawa, and only the other day at Cape Gloucester. Therefore, in the unfitness of American youth, so startlingly shown by the very high percentage of young Americans who could not pass the reasonably moderate tests of service in the Army and Navy—more than 25% being rejected for physical reasons—there lies a profoundly important lesson for us. We must, in the future, spend more time, thought, and money, in improving the physical qualities of our people.

You here in Cleveland and the United States, who support the Boy Scout movement, are doing what you can, but it is far from enough. The task is one which cannot be discharged by a small percentage of generous and thoughtful people, who interest themselves in movements such as the Boy Scout movement. It is a problem so vast, and so important that it must engage the careful attention of the entire country, and be supported out of the public purse.

Any program, having for its purpose the building of a strong and more virile race of American citizens, must find its beginnings in the care of mothers and infants. All too many American babies come into the world handicapped, at the very start, by the lack of that care at birth, and in young childhood, which supplies the foundation for vigorous adult life.

Most of the ills which disqualified the young men from military service in this war were the direct result of lack of care, or ignorance, or poverty, of the parents while they were children. Malnutrition, lack of care of the eyes, and teeth, and ears—these were the most prolific causes of physical disabilities among young men and young women of today.

Our first concern, therefore, in any program for national physical wellbeing, must be care for children. This can take many forms but certainly should include frequent medical examination, in the public schools, in order to correct physical deficiencies at their beginnings.

The second step is one which your organization is designed to supply. That is to teach the city-bred boys and girls how to take care of themselves out-of-doors: to teach their legs how to walk, and to teach their arms how to lift and carry, and teach their minds how to accommodate themselves, in comfort, out under the open skies.

As we move farther and farther from pioneer conditions, this sort of training for boys and girls becomes more and more important. The lessons taught us in this war, if we take them seriously, ought to result in a swift upsurge in Boy Scout and Girl Scout work. Indeed, I am not sure that scouting ought not to be made a part of our public school curriculum, and thus extend its benefits to all boys and girls, everywhere. Certainly the lessons which Boy Scout training can teach a boy are just as important as any other single subject he may be taught in school.

And now, we come to the third important link in the task of building a strong and virile America in the future. It has to do with the young man, when he reaches an age when military service can be expected of him, in time of war—say between 17 and 19 years of age. Normally, this would be about the age most boys finish high school, and either go to work, or go to college. That would be the ideal time, in a boy's life, when a year of his time should be given to his

country for the purpose of training him physically, and mentally, and spiritually, for citizenship, the first duty of which is service in defense of his country in case of emergency.

Surely we must have learned from our present experiences that there is no safety or peace in unpreparedness. The unspeakable folly of the theory that we are more likely to resort to war or become involved in war because we are reasonably prepared against the danger of war has been made so plain that few will be found to deny it.

Therefore, I believe throughly that one of the best measures we can take to insure that our individual liberties will be preserved and that free Americans will remain free is to require that every boy, when he attains the age of 17 or 18, shall be required to spend at least one year in training on land or at sea against the possibility that sometime in his younger manhood his services may be required to help protect the country.

During such a year, especially if his period of service should chance to be in the Navy, he will be given training that will not only make him a good navy man but he will also be trained in one of many skills or crafts which could be useful in later life. The same is true, in lesser measure, of service in the land forces.

Certainly all of such young men would be given physical training of the highest value, would be instructed in the expert use of firearms, would be taught how to live comfortably in the open and would be taught lessons in patriotism, love of country and devotion to flag, which are an essential part in the education of every American.

Such a system of universal training is in complete harmony with the democratic ideal. No one should be exempt; rich and poor boys from the city, and boys from the farm, boys of all races and religions, all should be made to shoulder a common responsibility of personal preparedness, as a shield for the future security of our country.

I can think of scores of benefits which would flow from an intelligent use of this principle. Properly used, a year's service with the colors would provide, for every young man, a chance to enjoy the benefits of occupational guidance.

Under such expert direction many a boy would find himself, and pursue after that, that training best suited to his capacity and predisposition. Healthy habits could be instilled which would last for the rest of his life. Helpful education in democratic government could be imparted; the responsibility of citizenship under a popular form of government could be taught. The list might be prolonged.

I venture to say, if our people have the wisdom, growing out of the experience of this war, to institute a system of universal training, we will reap, in that way, many highly valuable benefits from our war expenditures. It is my profound conviction that now is the time to begin the agitation for such a system of training.

As a people, we are still shocked to discover that more than half our young men are physically unfit. We have just had driven home to us the necessity of an adequate preparedness. We now know that peace, of any worthwhile duration, may only be expected, if we are prepared to put force behind it. The wisdom of the maintenance of an adequate navy, an adequate air force and an adequate army, is now widely recognized.

Furthermore, the country will find itself, at the conclusion of hostilities, with five or six million men abroad, consumed with anxiety to get home. And yet, the retention of many of them, because of the unsettled nature of

the world, when hostilities cease, will be paramount.

It would be infinitely better, if we could set up the machinery for a universal training law, while the war was still on, and then say to these millions of young men overseas:

"You have borne the heat and the burden of the war. You have won. You have earned the right to come home, and go back to the pursuits of peace. We are sending, to take your place, a sufficient number of young men, who have taken their military training, so that all of you, who want to return at once, can do so."

Such a plan would provide us instantly with enough young men, anxious and eager for the experience, to fill all our needs overseas, in the period of adjustment, immediately following the close of hostilities.

And there is another factor which would tend to support a program of training to be instituted while the war is still on. All over the country we will find, when this war is finished, literally thousands of training camps, with adequate buildings and equipment, for the training of these young men. They are available in more than ample proportions. They would provide ideal surroundings for the annual call to the colors for training under this principle.

Also, there will be available, at the close of hostilities, an abundance of the instructors and officers, required by such a system of training; young men who would be glad to stay in the service, if their service was made permanent, or reasonably so.

Of course, I do not expect immediate action on these suggestions. But I do know that the time is already here when we should be thinking about these things and getting ready to do something about them. I know you love your country. I know you are devoted to its principles, but love and devotion are not enough. We have got to find practical ways in which to display that love and effectuate that devotion.

This great war, which is still only at its beginnings has shown us how, in one way, we can display our concern for our country's future—and the one way I emphasize tonight, is deliberately to set about correcting one of our more glaring weaknesses, which the war has disclosed—our physical weakness and our physical unreadiness. To this cause I summon you, not only as patriotic men and women, but as fathers and mothers.

Surely all of us will admit how much greater is the enjoyment of life when good health is one of its assets. And so, I give you in my concluding thought, for the days of the future, a healthy young America; a young America that knows how to march, that knows how to carry a heavy load, that knows how to take care of itself out-of-doors, that knows how to handle a gun and become expert in its use; a young America that will not be deficient in that virile fitness which is the price of liberties maintained and freedom defended.

### Connally Leaves OPA Post

Reagan P. Connally, Director of the Consumer Goods Price Division of the Office of Price Administration, has resigned in order to return to his duties as President of the Interstate Department Stores, N. Y. City, Chester Bowles, Price Administrator, announced on Jan. 10.

Mr. Connally recalled that when he assumed his duties in August it was with the understanding that it was for a limited period of service. In accepting this resignation the Administrator expressed great regret that Mr. Connally found it necessary to leave the agency at this time. Mr.

### Cleveland Reserve Bank's Annual Report For '43

An increase in circulation of notes issued by the Federal Reserve Bank of Cleveland of \$362,280,000 during 1943, is the outstanding change in the annual report of the bank for 1943, according to Matthew J. Fleming, President of the bank.

The increase, disclosed in the bank's 29th annual report issued Jan. 12, was from \$1,133,500,000 as of Dec. 31, 1942, to \$1,495,780,000 at the end of 1943. It brought the total increase of currency in circulation issued by the Federal Reserve Bank of Cleveland since the outbreak of the war in 1939 to more than \$1,000,000,000. One reason for the increase of currency in circulation, President Fleming said, is that higher living costs necessitate the carrying of more money to pay for ordinary cash purchases.

"There is some hoarding, too," he asserted, "but I prefer the word 'holding' rather than 'hoarding' of currency, since there is no evidence today of the scare hoarding of a decade ago.

"This fact is certain: despite the spending of personal funds for goods, bank deposits of individuals and currency in circulation both continue to rise."

President Fleming also reported that checks of all kinds cleared last year by the Reserve bank reached an all-time record total of 165,916,586, with a dollar value of \$65,707,123,000. This compares with 152,599,565 checks valued at \$52,316,306,000 cleared during 1942. The volume of Treasury bills held by the Reserve bank under repurchase option—a relatively new form of obtaining reserve funds used mainly by the larger commercial banks in the district—increased nine-fold, he said, during the last year, from \$9,335,000 to \$86,403,000.

President Fleming said that during 1943, 26 banks in the Fourth District, with assets of \$7,000,000, were admitted to membership in the Federal Reserve System, compared with 17 admissions in 1942. A total of 707 state charter and national banks are members of the system out of 1,189 banks in the district. Member banks have assets of more than \$8,000,000,000—about 85% of the resources of all banks in the district.

The report shows that total assets of the Federal Reserve Bank of Cleveland were increased by \$412,000,000 last year. The bank narrowly missed the \$3,000,000,000 classification, finishing with assets of \$2,898,404,000 compared with \$2,486,874,000 at the end of the previous year.

It further discloses that holdings of United States securities by the bank jumped \$671,000,000 from \$509,454,000 a year ago to \$1,180,153,000. The purchase of these securities by the Reserve bank is a form of credit extension to the banking system, which found its reserves reduced by greater demand for currency, and an increase in deposits, which are subject to reserves.

Net earnings of the Cleveland Reserve Bank for the year 1943 were \$5,181,774, against \$1,316,468 in 1942. Total earnings before the deduction of expenses were \$6,750,584 in 1943, compared with \$4,975,031 in the previous year. Current net earnings for 1943 were \$2,558,187, compared with \$1,368,068 in 1942. The additions to current net earnings for 1943, including \$3,537,442 profits on sales of U. S. Government securities, were \$3,538,455, whereas in 1942 additions to current net earnings were \$337,371, including \$333,826 securities' profits.

Distribution of the \$5,181,774 net earnings for 1943 was as follows: to reserves for contin-

Bowles said: "You have, I believe, laid an excellent ground work for simplification and improvement of price control in the consumer goods field. We are especially grateful to you for the work you have done in the preparatory steps for a general retail regulation." Mr. Connally's successor has not yet been appointed.

gencies, \$3,000,000; to surplus, \$1,259,011, for paying of dividends, \$922,164, and paid to U. S. Treasurer, \$599.

### State Quotas For Fourth War Loan Drive

State quotas for war bond sales to individuals in the Fourth War Loan drive were announced on Jan. 11 by Ted R. Gamble, National Director of the War Finance Division. From the opening day of the drive, Jan. 18, to Feb. 1 emphasis will be placed entirely on sales to individuals. The national quota for these sales is \$5,500,000,000. The overall goal is \$14,000,000,000. The advices from the Division said:

"Total quotas for individuals, partnerships and personal trust accounts, which include series E, F and G bonds and other securities, are, in terms of millions of dollars: Alabama, 51; Arizona, 20; Arkansas, 32; north California, 209; south California, 205; Colorado, 40; Connecticut, 124; Delaware, 19; District of Columbia, 53; Florida, 64; Georgia, 70; Idaho, 16; Illinois, 368; Indiana, 125; Iowa, 92; Kansas, 65; Kentucky, 56; Louisiana, 54; Maine, 31; Maryland, 93; Massachusetts, 258; Michigan, 253; Minnesota, 104; Mississippi, 35; Missouri, 136; Montana, 20; Nebraska, 53; Nevada, 7; New Hampshire, 20; New Jersey, 219; New Mexico, 11; New York, 911; North Carolina, 70; North Dakota, 17; Ohio, 312; Oklahoma, 58; Oregon, 54; Pennsylvania, 423; Rhode Island, 39; South Carolina, 33; South Dakota, 17; Tennessee, 65; Texas, 210; Utah, 22; Vermont, 8; Virginia, 78; Washington, 96; West Virginia, 40; Wisconsin, 113; Wyoming, 9.

"Total quotas for individuals in territories and possessions are: Alaska, \$2,000,000; Hawaii, \$12,000,000, and all others, \$8,000,000."

These quotas are based, Mr. Gamble said, on relative incomes in the various States. He said:

"Allowing for Federal, State and local taxes on individuals of about \$22,000,000,000, individuals will have, after taxes, about \$126,000,000,000 to spend and to save in the fiscal year 1944. There will be only about \$90,000,000,000 worth of consumer goods and services. Therefore, consumers must save or fritter away in higher prices about \$36,000,000,000. Obviously every income earner can best service himself and his country by investing every dollar possible in war bonds."

### Commodity Exchange Reelects Weld Pres.

Philip B. Weld was reelected for a second term as President of the Commodity Exchange, Inc., New York City, on Jan. 20. Floyd Y. Keeler was reelected Treasurer. The Vice-Presidents also reelected were Richard F. Teichgraber, Milton R. Katzenberg, Paolino Gerli, and Ivan Reitler.

At the annual election of members of Commodity Exchange, Inc., the following Governors were elected to represent the various groups of the Exchange:

Commission House Group—Richard F. Teichgraber, reelected; Hide Group—Henry M. McAdoo, reelected; Silk Group—Paolino Gerli, reelected; Nathan Lewis, reelected; John K. Voehringer Jr., elected to fill an unexpired term; Metal Group—Benno Elkan, elected to succeed Addison B. Hall; Rubber Group—Le Roy Scheinler, reelected; Non-Trade Group—Leon B. Lowenstein, reelected.

### Aldrich, Of Chase Bank, Confers In Washington On National War Fund

Warns Allegations Involving Interpretation of Foreign Exchange Regulations As "Ridiculous"

Winthrop W. Aldrich, Chairman of the Board of the Chase National Bank of New York, conferred with White House officials on Jan. 14 and said the subject was the National War Fund, which he heads.

According to the Associated Press, Mr. Aldrich indicated that he was not seeing anyone as to charges against the bank, alleging violation of Trading With the Enemy Act, and was leaving the matter to the bank's attorney. In a statement denying the charges, on Jan. 13, Mr. Aldrich said:

"The indictment of the Chase National Bank just announced by Attorney General Biddle simply makes no sense.

"All the acts complained of happened before Pearl Harbor and therefore before the United States entered the war. The Chase National Bank, like all other large banks, had many thousands of transactions which involved the interpretation of the foreign ex-

change regulations. In carrying them out we were acting in the closest cooperation with the public authorities.

"The indictment alleges that the bank conspired to aid the Axis. This is ridiculous. We are no more guilty of such action than is the Attorney General himself, and we resent having our reputation damaged in this manner.

"What has been done in the name of the administration of Justice is a plain outrage on the home front and crass stupidity on the international front."

### High Court Asked To Decide Wage-Hour Issue As Affecting Newspaper Distributors

The U. S. Supreme Court was asked on Dec. 17 to decide whether the Fair Labor Standards Act (Wage-Hour Law) applies to persons engaged in the local distribution of newspapers from the plant of publication to dealers and newspaper racks.

The following regarding the case is from Associated Press advices:

The question was raised by Fred Schroeffer, Charles R. Schroeffer and Abraham Berry, who said they were engaged in distributing the Baltimore Sunpapers and contended they were entitled to overtime compensation provided by the legislation. Berry also sought "unpaid minimum wages."

They appealed from a decision by the Fourth Federal Circuit Court, which held that they were not engaged in interstate commerce and hence not covered by the act.

"The movement of intelligence or information across State lines," their petition said, "is interstate commerce, and has been frequently so held in decisions of this court.

"Petitioners' work was an integral part of the interstate gathering and distribution of news in which respondent (the A. S. Abell Company, Inc., publisher of the Sunpapers) is engaged, for the process which begins with the collection of news, admittedly an interstate activity, . . . does not end until the paper is placed in the hands of the customer or reader."

### War Bond Redemptions Total But 7% Of Sales

Redemptions of Series E, F and G War Bonds up to Dec. 31, 1943, amounted to only 7% of sales since these issues were first offered to the American public. It was disclosed at the Treasury Department on Jan. 8. Sales, which began May 1, 1941, exceeded \$25,000,000,000 and redemptions, inclusive of both cost and accrued interest, were \$1,763,000,000.

A slightly higher redemption rate—9.2% of sales—was reported for the Series E bonds alone. Sales of this "people's bond" between May 1, 1941, and Dec. 31, 1943, were \$17,500,000,000 and redemptions (cost plus accrued interest) totaled \$1,600,000,000. The advices from the Treasury Department further said:

"About 91% of the proceeds of the Series E Sales and 93% of the proceeds of the three series combined remained invested, therefore, at the start of the new year for continued war duty as 'fighting dollars.'

"Sales and redemption figures were reported on a cumulated basis, the Treasury explained, because bonds turned in for redemption in any one month consist of

bonds sold in every one of the previous months since the war securities were first offered.

"Redemptions are heavier in lower denominations of Series E bonds than in the higher denominations. This, the Treasury said, is accounted for by two factors: Persons of limited means who buy bonds generally acquire only the \$25 denomination, and these persons are the ones first hit by emergencies that make it necessary for them to cash the bonds they have acquired; further, many persons who make substantial purchases of E bonds specify delivery in small denominations, so that if a redemption necessity arises, they will not have to cash a bond for a larger sum than they require.

"Redemptions naturally increase with increases in bonds outstanding, the Treasury said, but the occasional peaks such as have been reached recently come as a result, in a vast majority of cases, of bond holders having no other liquid reserves to meet extraordinary or seasonal expenditures. This is why redemptions have been highest during tax-payment months, at Christmas time, and coincidental with the flu epidemic. In this connection, it is significant that redemptions follow the same pattern as savings bank withdrawals," the Treasury report added.

### Lumber Movement—Week Ended January 15, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 449 mills reporting to the National Lumber Trade Barometer were 4.1% above production for the week ended Jan. 15, 1944. In the same week new orders of these mills were 15.1% greater than production. Unfilled order files of the reporting mills amounted to 106% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 2.8%; orders by 13.5%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 50.2% greater; shipments were 43.0% greater; and orders were 32.2% greater.

## Expansion and Revision of Social Security Urged By McNutt In Report to Congress

To provide what is termed "a comprehensive basic program of social security" the Social Security Board, in its eighth annual report sent to Congress on Jan. 17 by Federal Security Administrator Paul V. McNutt, urges revisions and extension of the present system. The report was submitted to Mr. McNutt by Chairman Arthur J. Altmeyer. The 5-point extension of the system proposed in the report would provide:

1. Coverage under old-age and survivors insurance for more than 15,000,000 to 20,000,000 workers now excluded—farm and household workers, employees of public organizations and of nonprofit institutions, and the self-employed. Inclusion of, Federal, State, and local government employees "should be made in such a way as not to endanger any rights of these workers under existing special systems and to increase, not lessen, the total insurance protection available to them."

2. Protection of social security rights of the millions of persons in the armed forces.

3. Insurance protection against total loss of income due to permanent or total disability.

4. Insurance to cover the costs of hospital and medical care. Such a provision, the board insists, must "preserve free choice of doctor or hospital and personal relationship between physicians and their patients, to maintain professional leadership, to insure adequate remuneration—very probably more nearly adequate than that in customary circumstances—to all practitioners and institutions furnishing medical and health services, and to guarantee the continued independence of non-governmental hospitals."

5. A national unemployment insurance system to replace the 51 separate State and territorial systems, and including the millions of wage and salary earners excluded under the State systems. "Even if the special stresses of post-war years were not impending," the board says, "the State-Federal basis of the unemployment compensation program would have merited reconsideration and revision at this time."

The Board's report urges a comprehensive unified system of contributory social insurance covering part of wage losses due to unemployment, sickness, disability, old age, and death as well as a considerable part of the expense of hospital and medical services. Such a system would operate more simply and more economically, iron out present inequities, make protection available for all workers, and assure financial soundness. During the next decade, the Board estimates, it would cost no more than 12% of covered pay rolls.

As compared with the present scheduled rates for 1949 and thereafter, it would mean no increase for employers and an increase of 3% of taxable earnings for employees, if this cost were divided equally between employers and workers.

While the Board believes that "social insurance is essentially national in character," public assistance lends itself better to State administration. The Board, however, urges larger than 50% Federal assistance grants to States with per capita incomes lower than the average. It urges that Federal grants-in-aid also be extended to the States to care for all their needy people as well as the aged, blind, and dependent children. The Board also would liberalize the aid to dependent children program so that the States could help more children and more adequately than at present.

"The present time," the Board's report says, "is singularly auspicious for strengthening and extending our system of social insurance and assistance." Taxable earnings are at record high. Higher insurance payments would lessen current inflationary pressures and build resources against post-war readjustments.

"Whether one believes the war will end in one year or five," the reports says, "the time in which to build a stronger system of social security is short in view of the character of the changes and readjustments we confront as individuals and as a people."

"It is not the aim of social security to provide a life-time bonus," the Board says. "Social insurance represents, rather, a safeguard against economic hazards besetting the long road of self-support and family support, which is arduous and risky for most in any working generation."

## Officers Elected By Newark Clearing House

At the annual meeting of the Newark Clearing House Association, held on Jan. 18, the following officers were elected:

President, W. Paul Stillman, President National State Bank, Newark; Vice-President, Robert G. Cowan, President National Newark & Essex Banking Co.; Treasurer, Carl K. Withers, President Lincoln National Bank; Secretary, T. L. R. Crooks, President Clinton Trust Co.

Ray E. Mayham, retiring President, who is President of the West Side Trust Co., and Horace K. Corbin, President of the Fidelity Union Trust Co., were elected to the Clearing House Committee.

Mr. Stillman, the new President, was Manager-Examiner of the Clearing House from 1927 to 1931, and has been associated with the Association through membership on various committees for the past 17 years. With approval of the entire membership the following standing committees were chosen by Mr. Stillman for the year 1944: Managing Committee—David J. Connolly, Vice-President and Treasurer Federal Trust Co.; John T. Corsa, Vice-President National State Bank; Roy F. Duke, Vice-President Fidelity Union Trust Co.; William Dunkel, Vice-President and Cashier Union National Bank.

Committee on Admissions—Ralph W. Crum, President United States Trust Co.; Fred J. Kugelmann, Cashier National State Bank; Francis R. Steyert, President South Orange Trust Co.

Advisory Committee—Arthur E. Kean Jr., Cashier Lincoln National Bank; Stanley J. Marek, Secretary-Treasurer Franklin Washington Trust Co.; Gus E. Wiedenmayer, Vice-President and Cashier National Newark & Essex Banking Co.

Russel W. Lynn is Manager-Examiner of the Association.

## Earnings, Jobs & Hours At New Peak In November

Hourly and weekly earnings, employment, man-hours, and payrolls rose to a new peak in November, according to the regular monthly survey of 25 manufacturing industries by the National Industrial Conference Board. The work week, although the same as in the month before, was longer than any other month since April, 1930.

The Board's announcement further stated:

"Hourly earnings at \$1.041 in November were 0.5% higher than in October, 7.8% above November, 1942, and 76.4% above 1929. The increase since January, 1941, the base date of the Little Steel formula, was 37.2%. Weekly earnings reached a new peak at \$47.59, 0.2% above the month before, 12.0% above the correspond-

## Stetson Named Chairman Of Board Of Guaranty Trust—Operating Earnings \$16,617,544 In 1943

### Government Withdrawal From Business Field Urged

At the annual meeting of the stockholders on Jan. 19 of the Guaranty Trust Company of New York, the annual report was read by W. Palen Conway, Chairman of the Board. At a meeting of the Board of Directors immediately following the stockholders' meeting, Eugene W. Stetson was elected Chairman of the Board, succeeding Mr. Conway, who was elected Vice-Chairman of the Executive Committee. Mr. Stetson has been asso-

ciated with the Guaranty Trust Company for 27 years, during the last three of which he has served as President. J. Luther Cleveland, who has been associated with the Guaranty since 1923, and who has served in the capacity of Vice-President for the past 16 years, was elected President. William C. Potter was re-elected Chairman of the Executive Committee. The annual report presented at the meeting was signed by Messrs. Conway, Potter and Stetson. In discussing the wartime position of the banks the report stated that "despite high wartime taxes and determined efforts to encourage bond buying by non-banking investors, a large part of the task of financing the war has fallen on the banks." It is added that "although efforts to encourage purchases of Government obligations by non-banking investors will unquestionably continue unabated and the public may be expected to respond on a scale comparable with that experienced thus far during the war period, it will probably be necessary to depend on the banks for a substantial part of the required funds." The report went on to say:

"It is highly essential that the greatest possible share of the total war cost be met from savings rather than from credit expansion and that every possible Government economy which will not actually interfere with the war effort be practiced.

"It is in connection with the post-war outlook that the principal uncertainties arise. The theory that prosperity can be induced by Government spending has been tried and found wanting. This does not mean, of course, that the Government can immediately relinquish its wartime participation and intervention in the business field and leave the national economy to readjust itself. The Government's withdrawal should be carried on as rapidly as possible. But, after such a period of industrial dislocation, credit expansion, price regulation and general economic regimentation as the nation is now passing through, the reestablishment of a foundation on which a sound peacetime economy can be built will require the most painstaking care. It will necessitate every possible assurance that opportunity in the post-war era will be commensurate with the risk and that no unnecessary impediments will be placed in the way of honest enterprise. If these requirements

are met, no fear need be felt that the banking system will be unequal to its part in the task of post-war reconstruction."

The report shows that operating earnings for the year 1943 amounted to \$16,617,544 as compared with \$14,883,835 as reported for the year 1942. It is added that "as stated in the report of last year, \$2,500,000 of current amortization of premiums on securities was charged against the Amortization Fund in 1942. In comparing these two figures, therefore, \$2,500,000 should be deducted from the 1942 earnings to show the figures on a comparable basis."

The above was preceded by the statement that "in 1943, the full amount of amortization of premiums on securities was charged against interest on securities, instead of charging a portion to the amortization fund as heretofore. Profits on the sale of United States Government Securities in the Investment Account, instead of being credited to the Amortization Fund as heretofore, were credited to undivided profits."

The earnings of the Company for 1943 and 1942, are shown in the report as follows:

	1943	1942
	\$	\$
Current Operating Earnings—		
Interest on loans	9,234,436	8,883,696
Interest and dividends on securities	20,042,263	16,196,397
Other current operating earnings	6,808,346	5,281,034
Total	36,085,045	30,361,127
Current Operating Expenses—		
Interest paid	102,660	69,993
Salaries & wages	8,200,392	8,106,634
Other current operating expenses	11,164,447	7,300,665
Total	19,467,501	15,477,292
Net current operating earnings	16,617,544	14,883,835
Reconciliation of Surplus and Undivided Profits		
Surplus and undivided profits at beginning of year	192,547,059	189,470,857
Net current operating earnings (as above)	16,617,544	14,883,835
Investment security profits	4,336,114	14,058
Miscellaneous credits	51,796	142,430
Total	213,552,514	204,511,180
Less—		
Dividends declared	10,800,000	10,800,000
To general contingency reserve	1,000,000	1,000,000
Miscellaneous charges	360,660	164,121
Total	12,160,660	11,964,121
Surplus and undivided profits at end of year	201,391,854	192,547,059

## \$107 Million Repaid On Export-Import Bank Loans

Roads, steel mills, hydro-electric plants and other enduring additions to the productive facilities of Latin America are being built with the aid of credits from the Export-Import Bank of Washington, according to a release issued by the Office of the Coordinator of Inter-American Affairs.

Loans made by the bank to aid in this development of the hemisphere productive facilities and for expansion of inter-American trade now amount to \$212,000,000, according to figures recently made public by Warren Lee Pierson, President of the bank. Of this total, it is announced, approximately \$107,000,000 has been repaid.

"There are no loans to any Latin American country or political subdivision or agency thereof which are in default," Mr. Pierson reported. Since it was created in 1934, Mr. Pierson disclosed, the bank has authorized lines of credit aggregating \$779,000,000 for operations in the other American republics. Of this amount, however, more than \$200,000,000 has been canceled or expired. The advices from the Office of the Coordinator also state:

"A substantial part of these great credits were made by the Export-Import Bank to aid in development of hemisphere resources under the program of the Rio de Janeiro Conference of American Foreign Ministers.

"Highway development is illustrated by the extension of \$30,000,000 in credits to Mexico for its big road-building program, of which \$10,000,000 has been used.

"Expansion of hemisphere steel-making facilities with the aid of Export-Import Bank credits centers mainly in Brazil's great Volta Redonda plant, now building for completion in 1944-45. Some \$45,000,000 in credits have been made available for purchase of equipment and materials in the United States."

## Columbia U. Is One Of City's Largest Taxpayers

The trustees of Columbia University are undoubtedly one of the largest real estate taxpayers in the city of New York, Dr. Nicholas Murray Butler points out in his annual report as President of the university. At the rate of 2.98 which then prevailed, the real estate taxes for the year 1942-43 paid on land and buildings which Columbia owns amounted to approximately \$1,500,000, Dr. Butler says.

Dr. Butler visualizes the development of Morningside Heights, site of the university, as a cultural and religious center rivaling the Acropolis of ancient Athens and the Forum of ancient Rome.

## Chicago Reserve Bank Changes In Staff

Simeon E. Leland, Chairman of the board of directors of the Federal Reserve Bank of Chicago, announced on Jan. 3 the following changes in the official staff: Walter S. McLucas, Chairman of the board of directors of the National Bank of Detroit, was reappointed a director of the Detroit branch of the Federal Reserve Bank of Chicago for a two-year term ending Dec. 31, 1945. Neil B. Dawes, John K. Langum, and Arthur L. Olson were promoted from the position of Assistant Vice-President to that of Vice-President. Edward D. Bristow, Chief of the collection department, was appointed Assistant Cashier.



## Steel Production At Higher Rate—Invasion Equipment Demand Still Heavy—Scrap Easy

"Reflecting the emphasis being put on the expedited and enlarged landing craft program as well as other invasion equipment, national steel ingot operations this week are up one-half point," states "The Iron Age" in its issue of today (Jan. 27), which further adds:

"Plate and sheet mills continue to bear the brunt of the heavy demand for invasion equipment, but requirements for components also are making themselves felt in heavier orders for certain products other than flat-rolled steel. There are indications that the landing craft program may be spread over a longer interval this year than appeared likely a few weeks ago. Another new development is the transfer of a war requirement from cold-rolled sheets to terne plate, with the vacated space on cold mill schedules likely to be taken by barrel stock orders which have been on hot mills previously.

"Meanwhile, rising pressure in favor of a faster easing of limitation orders threatens to make WPB's unenviable task of holding down the lid upon civilian production more difficult as time goes on. As a matter of fact, despite official announcements stating that controls will be maintained for the time being, allotments have been issued recently for steel in small amounts for several consumer items which a few weeks ago never would have been applied for or approved. About Feb. 1 an experiment in producing civilian goods in three areas on a limited scale is scheduled to start.

"Shortly after the meeting of the Steel Advisory Committee adjourned last week, WPB announced that it had recommended to the Defense Plant Corp. termination of work on seven steel plant expansion projects. Figures released simultaneously with the news of the proposed cutbacks showed the severe decline in demand for alloy steel over recent months. September output at 1,024,000 tons was about 200,000 tons below the peak reached last March and in December production was down to about 800,000 tons.

"Several leading steel companies recently have taken steps which will help protect post-war tonnage in an important consuming field, the steel barrel industry. Acquisitions by Bethlehem Steel Corp. and U. S. Steel Corp. have been announced during recent months. Previous acquisitions placed Inland, Republic and J. & L. among the steel makers operating barrel concerns. National output of drums in 1943 was about 10,000,000 units over the 1941 level of around 18,000,000 units. Heavy demand from the Navy is a feature of this market recently, with the cold rolled sheets being furnished with oxidized finish.

"The Government's recent move permitting steel companies to use more low alloy scrap in carbon steel heats does not appear likely to cause a substantial increase in use of this overabundant material. Meanwhile, an unofficial estimate places iron and steel scrap consumption in 1943 at approximately 55,900,000 gross tons, a total 4% greater than the previous peak of 53,807,000 gross tons consumed in 1942."

"The American Iron and Steel Institute on Jan. 24 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 99.4% of capacity for the week beginning Jan. 24, compared with 99.0% one week ago, 86.3% one month ago and 97.4% one year ago. The operating rate for the week beginning Jan. 24 is equivalent to 1,727,900 tons of steel ingots and castings, compared to 1,720,900 tons one week ago, 1,504,200 tons one month ago, and 1,686,700 tons one year ago.

## 1943 War Expenditures At \$85.1 Billions

War expenditures by the United States Government in 1943 amounted to \$85,135,000,000, as compared to the \$52,406,000,000 expended in 1942, an increase of 32½%, the War Production Board announced on Jan. 15.

The average daily rate of war expenditure in 1943 rose 61.4% over 1942, from \$139,100,000 to \$272,900,000. The daily rate is based on the 310 days in 1942 and the 312 days in 1943 on which checks were cleared by the Treasury.

"The WPB announcement added: "During the month of December expenditures for war purposes amounted to \$6,951,000,000, a decrease of 10.8% from the high of \$7,794,000,000 in November.

"The daily rate in December averaged \$267,300,000 as compared to \$299,800,000 in November. The daily rate is based on the 26 days in each month on which checks were cleared by the Treasury.

"These figures include checks cleared by the Treasury and payable from war appropriations and net outlays of the Reconstruction Finance Corporation and its subsidiaries for war purposes."

## First Post-War Automobile May Be Built By Aircraft Industry, Stout, of Vultee, Declares

No one should be surprised if the first "real" motorcar after the war is built by the aircraft industry and not by an automotive manufacturer, William B. Stout, designer and engineer, told the United Press in an interview in Detroit on Jan. 23. These advices report that Mr. Stout, head of the Stout Research Division of Consolidated-Vultee Aircraft, said there are two reasons for this:

"1. Automobile manufacturers are trailing far behind the aircraft industry in engineering and research.

"2. The automotive industry is shackled financially and production-wise to outmoded tools and dies worth millions of dollars."

The United Press dispatch further quoted Mr. Stout as follows: "But regardless of who makes the first "real" motorcar, Mr. Stout said, it will be neither a "small" car nor a model selling for \$400, \$500 or \$600.

"The American people," he asserted, "don't want a small car, and they don't want a cheap one. After all, almost every one buys a car on the installment plan and a couple of dollars a month difference in the payments doesn't mean anything. Manufacturers will tell you that de luxe models always sell better, anyway."

Speaking of the post-war automobile, Mr. Stout said it is not surprising that the first model produced by the industry when civilian manufacture is resumed is expected to resemble closely the 1942 models.

"It's got to be that way," he said, "because automobile manufacturers are tied down to a lot of expensive tools. Moreover, they've got to move fast with a new car, and you can't do it if you have to retool completely. But if they mistake the period of brisk demand right after the war as something permanent instead of temporary, in my opinion the whole industry will be sunk."

Mr. Stout said that the aviation industry is as far ahead of the automobile industry in engineering and research as the automobile industry is ahead of the railroads.

## Sees Roosevelt Administration Headed For Socialized Form Of Government

W. S. Jack, President of Jack & Heintz, manufacturers of aircraft parts, said on Jan. 14, according to the Associated Press, that the Roosevelt administration was "flirting with a revolution," as he commented on a War Department order to reduce by \$7,000,000 the cost of products his company sold the Government during 1942. The Associated Press advices from Cleveland, went on to say:

"The Roosevelt administration is flirting with a revolution when the men come home from the war," the Cleveland News quoted Mr. Jack as saying. "Our soldiers are coming home expecting jobs in American factories. But our factories will not be left a dime for the post-war period. What do you think these men are going to think when they are offered new and glorified WPA jobs? I tell you they are coming home to the worst mess in the nation's history."

Asked whether Jack & Heintz might suspend operations after the war, Mr. Jack replied: "It certainly will not. We've just been called to the rescue of equipment for the big bomber. Of course we'll go. We wouldn't think of halting now or ever.

"We need additional capital of \$10,000,000 to \$15,000,000 for our safety. My auditors tell me I have about \$600,000. I'll put that in, everything I have, to carry on. We'll ask associates (employees) for subscriptions. We'll do our part."

It was further reported from Cleveland on Jan. 17 that Mr. Jack stated that he will fight in the courts the \$7,000,000 Treasury Department contract renegotiation assessment made against his company, the Associated Press on that date adding:

Mr. Jack coupled his challenge with a declaration that America was heading for a socialized form of government and a dictatorship greater than any ever seen.

## N. Y. Reserve Bank 1943 Earnings Higher

Net earnings of the Federal Reserve Bank of New York, after all additions and deductions, amounted to \$15,331,000 in 1943, which compares with net earnings of \$4,568,000 for 1941, according to the Bank's 29th annual statement, issued on Jan. 10 by Allan Sproul, President. The total earnings of the Bank for 1943 are reported at \$17,998,000, contrasting with \$14,078,000 in 1942, and the net expenses during the year were \$10,034,000 against \$8,880,000 last year, leaving current net earnings in 1943 of \$7,964,000, compared with \$5,198,000 in 1942. Total additions to current net earnings in 1943 were \$10,245,000, nearly all (\$10,217,000) representing profits on sales of U. S. Government securities, and compared with additions in 1942 of \$974,000, of which \$967,000 was profits on securities.

The total deductions from current net earnings in 1943 were \$2,878,000, consisting of provisions for the retirement system and the special reserve on bank premises, as against deductions of \$1,604,000 in 1942.

From the net earnings for 1943 the Reserve Bank paid dividends of \$3,280,000, transferred \$12,033,000 to surplus under Sections 7 and 13-B of the Federal Reserve Act, and paid the United States Treasury \$18,000 under Section 13-B of the Reserve Act. A year ago the Bank paid dividends of \$3,184,000 and transferred \$1,350,000 to surplus. The Bank's surplus at the end of 1943 stood at \$70,012,000, compared with \$58,001,000 at the end of 1942.

During 1943 the total assets of the New York Federal Reserve Bank increased to \$9,537,938,000 on Dec. 31 from \$9,048,863,000 on Dec. 31, 1942. Reserves declined during the year to \$6,001,376,000 from \$6,930,038,000, while holdings of U. S. Government securities amounted to \$3,000,110,000 on Dec. 31, 1943, comparing with \$1,697,229,000 at the end of 1942. Total deposits on Dec. 31, 1943, were \$5,320,745,000, against \$5,845,664,000 at the end of 1942.

The Bank's profit and loss account for 1943, together with 1942 figures, follows:

The following is the Bank's profit and loss account for the calendar years 1943 and 1942 (in thousands of dollars):

	1943	1942
Earnings	\$17,998	\$14,078
Net expenses	10,034	8,880
Current net earnings	\$7,964	\$5,198
Additions to current net earnings:		
Profits on sales of U. S. Government Secs.	\$10,217	\$967
All other	28	7
Total additions	\$10,245	\$974
Deductions from current net earnings:		
Retirement system	\$2,389	\$1,122
Special reserve on bank premises	482	482
All other	7	
Total deductions	\$2,878	\$1,604
Net earnings	\$15,331	\$4,568
Paid United States Treasury (section 13b)	\$18	\$34
Dividends paid	3,280	3,184
Transferred to surplus (section 13b)	22	
Transferred to surplus (section 7)	12,011	1,350
Surplus (section 7) beginning of year	\$58,001	\$56,651
Addition as above	12,011	1,350
Surplus (section 7) end of year	\$70,012	\$58,001

compares with 12,936,375 bales of lint and 51,783 bales of linters on Nov. 30, 1943, and with 13,573,163 bales of lint and 83,676 bales of linters on Dec. 31, 1942.

There were 22,596,322 cotton spindles active during December, 1943, which compares with 22,623,406 active cotton spindles during November, 1943, and with 22,923,406 active cotton spindles during December, 1942.

### Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The New York Stock Exchange issued on Jan. 18 the following tabulation of companies reporting changes in the amount of stock held as heretofore reported by the Department of Stock List:

Table with columns: Company and Class of Stock, Shares Previously Reported, Shares Per Latest Report. Lists various companies like Allegheny Ludlum Steel Corp., American-Hawaiian Steamship Co., etc.

- NOTES
(1) Acquired 54; disposed of 250.
(2) Acquired 7,000; cancelled 48,900.
(3) Acquired 3; disposed of 16.
(4) Acquired 5,690; issued 690 shares covering purchase of Fluid Milk Business in Marion, Ohio.
(5) Acquired 1,200; disposed of 1,200.
(6) Acquired 100; retired 3,325.

The New York Curb Exchange has issued the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Table with columns: Company and Class of Stock, Shares Previously Reported, Shares Per Latest Report. Lists companies like Air Investors, Inc., American Cities Fw. & Lt. Corp., etc.

### Investment In War Loan Of Idle Funds Urged By President Sproul Of Reserve Bank

Incident to the start of the Fourth War Loan Drive for \$14,000,000 on Jan. 18, Allan Sproul, President of the Federal Reserve Bank of New York, urges banks to invest temporarily idle funds in Treasury bills or other appropriate short-term securities.

"Since there are no reserve requirements with respect to such accounts for the period of the war... and for six months thereafter, this transfer will normally result in a decline in the required reserves of the banks having such accounts and an increase in their excess reserves."

"As the experience of banks in connection with the Second and Third War Loans has demonstrated, this increase in excess reserves will be only temporary. Government funds in war loan

### Electric Output For Week Ended Jan. 22, 1944, Shows 14.0% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 22, 1944, was approximately 4,531,662,000 kwh., compared with 3,974,202,000 kwh. in the corresponding week a year ago, an increase of 14.0%.

PERCENTAGE INCREASE OVER PREVIOUS YEAR Week Ended. Major Geographical Divisions: Jan 22, Jan 15, Jan 8, Jan 1. Includes data for New England, Middle Atlantic, etc.

### 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). Table with columns: 1944 Daily Averages, U.S. Govt. Bonds rate, U.S. Ave. Corporate by Ratings, Corporate by Groups.

STOCK EXCHANGE CLOSED. Table with columns: High 1944, Low 1944, High 1943, Low 1943, 1 Year ago, 2 Years ago.

MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices). Table with columns: 1944 Daily Averages, U.S. Govt. Bonds rate, U.S. Ave. Corporate by Ratings, Corporate by Groups.

STOCK EXCHANGE CLOSED. Table with columns: High 1944, Low 1944, High 1943, Low 1943, 1 Year ago, 2 Years ago.

\*These prices are computed from average yields on the basis of one "typical" bond 3 1/2% coupon, maturing in 25 years and do not purport to show either the average level or the average movement of actual price quotations.

### Moody's Daily Commodity Index

Table with columns: Tuesday, Jan. 18, Wednesday, Jan. 19, Thursday, Jan. 20, Friday, Jan. 21, Saturday, Jan. 22, Monday, Jan. 23, Tuesday, Jan. 24, Two weeks ago, Jan. 11, Month ago, Dec. 24, Year ago, Jan. 25, 1943 High, April 1, 1943 Low, Jan. 2, 1944 High, Jan. 22, 1944 Low, Jan. 5.

### From Washington

(Continued from first page) They had a perfect meeting of minds. So we were told. It was a darned good thing we had a man like Mr. Roosevelt who could accomplish these things.

This contention that he has understandings with these foreign statesmen that he can't possibly tell anybody else about is his principal bid for a Fourth Term. Of the foreign statesmen Stalin was the hardest nut to crack.

Then, of a sudden, the "Pravda" article figuratively kicks him in the pants.

That is what was embarrassing about it, not that it bore on the future relations between two peoples, because they are very definitely grooved and not to be turned by hokum designed for domestic political use. It was very embarrassing on this score because it was something on which people generally could not but their fingers and conclude "We are being kidded somewhere."

Yet, the relief to them is likely to be only temporary. Something else like this is sure to come along. You can't escape the impression that Stalin has a contempt for the way our politicians perform.

If you will recall, he kicked Mr. Hull in the pants right at the height of his being a national hero. His Ambassador in Mexico City, Oumansky, slyly said that we seemed to be mistaken about what constituted the Polish border.

The experience of one of our distinguished visitors to Moscow may throw some light on Stalin's attitude. He explained that he was not a politician, just a business man.

"I don't like politicians," he quoted Stalin as saying.

Subsequently Stalin turned to him and said:

"Mr. Blank, we like to have you Americans visit us. You don't come to us as aristocrats."

This was taken as a slap at Churchill. But Mr. Roosevelt is also an aristocrat. We don't know, but we wouldn't be surprised if Stalin is annoyed with a man who plays at revolution. Why doesn't he go ahead and have it without so much indirection, Stalin may think. As a first class revolutionist, you can see that he might feel contemptuous of amateurs.







### 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 bituminous coal and lignite in the week ended Jan. 15, 1944 is estimated at 12,750,000 net tons, an increase of 500,000 tons, or 4.1%, over the preceding week. Output in the corresponding week last year amounted to 11,575,000 tons. Total production for the current year to date is 7.4% in excess of that for the same period in 1943.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Jan. 15, 1944 was estimated at 1,147,000 tons, an increase of 71,000 tons (6.6%) over the preceding week. When compared with the output in the corresponding week of 1943 there was an increase of 101,000 tons, or 9.7%.

The Bureau of Mines also reported that the estimated output of byproduct coke in the United States for the week ended Jan. 15, 1944 showed an increase of 5,000 tons when compared with the production for the week ended Jan. 8, 1944. The quantity of coke from beehive ovens increased 4,200 tons during the same period.

#### ESTIMATED UNITED STATES PRODUCTION OF COAL (In Net Tons)

Table with 4 columns: Bituminous coal and lignite, Total incl. mine fuel, Daily average, Revised. Rows for Jan. 15, 1944; Jan. 8, 1944; Jan. 15, 1943; Jan. 16, 1944; Jan. 16, 1943; Jan. 17, 1943.

#### ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE (In Net Tons)

Table with 4 columns: Penn. anthracite, Total incl. coll. fuel, Commercial production, Byproduct coke, United States total, Beehive coke, United States total. Rows for Jan. 15, 1944; Jan. 8, 1944; Jan. 15, 1943; Jan. 16, 1944; Jan. 16, 1943; Jan. 19, 1929.

\*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.)

Table with 5 columns: State, Jan. 8, 1944, Jan. 1, 1944, Jan. 9, 1943, Jan. 9, 1937. Lists states from Alabama to Wyoming and other Western States.

Summary table for Total bituminous and lignite, Pennsylvania anthracite, and Total all coal.

\*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. ††Less than 1,000 tons.

### New Capital Issues In Great Britain

The following statistics have been compiled by the Midland Bank Limited. These compilations of issues of new capital, which are subject to revision, exclude all borrowings by the British Government; shares issued to vendors; allotments arising from the capitalization of reserve funds and undivided profits; sales of already issued securities which add nothing to the capital resources of the company whose securities have been offered; issues for conversion or redemption of securities previously held in the United Kingdom; short-dated bills sold in anticipation of long-term borrowings; and loans of municipal and county authorities which are not specifically limited. In all cases the figures are based upon the prices of issue.

#### SUMMARY TABLE OF NEW CAPITAL ISSUES IN THE UNITED KINGDOM (Compiled by the Midland Bank, Ltd.)

Table with 4 columns: Year, £, £, £. Rows from 1919 to 1931.

#### NEW CAPITAL ISSUES IN THE UNITED KINGDOM (Compiled by the Midland Bank, Ltd.)

Table with 5 columns: Total, United Kingdom, British overseas countries, Foreign countries, £. Rows for years 1935 to 1943.

### Bankers' Dollar Acceptances Outstanding On December 31 Increase To \$116,814,000

The volume of bankers' dollar acceptances outstanding on Dec. 31 amounted to \$116,814,000, an increase of \$5,525,000 from the Nov. 30 total, according to the monthly acceptance survey issued Jan. 13 by the Federal Reserve Bank of New York. As compared with a year ago, the Dec. 31 total represents a decline of \$1,225,000.

In the month-to-month comparison, domestic warehouse credits, dollar exchange and those based on goods stored in or shipped between foreign countries were lower, while in the yearly analysis only credits for imports and exports were higher.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS. Includes Federal Reserve Districts, Imports, Exports, Domestic shipments, Domestic warehouse credits, Dollar exchange, and Bills held by accepting banks.

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES JAN. 13, 1944. Includes Dealers' Buying Rates and Dealers' Selling Rates for various days.

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Jan. 31, 1941:

Table with 3 columns: 1941, 1942, 1943. Rows for months Jan. to Dec. showing dollar amounts.

### Cottonseed Receipts To December 31

On Jan. 13, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the four months ended Dec. 31, 1943 and 1942.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS). Table with 4 columns: State, Received at mills, Crushed, On hand at mills. Rows for United States and various states.

\*Does not include 90,336 and 81,928 tons on hand Aug. 1 nor 30,823 and 29,218 tons reshipped for 1943 and 1942 respectively. Does include 1,560 tons destroyed for 1943 and 3,157 for 1942.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND. Table with 6 columns: Item, Season, On hand, Produced, Shipped out, On hand. Rows for Crude oil, Refined oil, Cake and meal, Hulls, Linters, Hull fiber, Grabbots, motes, &c.

\*Includes 13,826,000 and 71,288,000 pounds held by refining and manufacturing establishments and 3,150,000 and 21,228,000 pounds in transit to refiners and consumers Aug. 1, 1943 and Dec. 31, 1943 respectively.

†Includes 3,196,000 and 4,778,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,734,000 and 3,898,000 pounds in transit to manufacturers of shortening, soap, etc. Aug. 1, 1943 and Dec. 31, 1943 respectively. Does not include winterized oil.

‡Produced from 622,407,000 pounds of crude oil. ††Total linters produced includes 170,118 bales first cut, 502,754 bales second cut and 54,818 bales mill run. Total held includes 60,129 bales first cut, 195,993 bales second cut and 29,028 bales mill run.

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

### Ruml Renews Plea For Post-War Fiscal Policy

Beardsley Ruml, Chairman of the Board of the Federal Reserve Bank of New York and Treasurer of R. H. Macy & Co., submitted to the House Public Buildings and Grounds Committee on Jan. 19 his nine-point post-war Federal fiscal program as an aid in securing high production and high employment and as a check on tendencies toward restrictive practices.

Mr. Ruml said that during the transition period the program itself cannot be expected to eliminate the need for some public expenditure for relief and rehabilitation, "but that it would provide a flow of purchasing demand, which springs authentically from the tens of millions whose tax burdens will have been reduced."

"It will," he added, "express in a mosaic aggregate the popular interpretation of the American way of life as pictured in consumer preferences. Against this background the readjustments of employment and the reconversion of business and industry can more readily occur."

Mr. Ruml's nine-point program follows, according to Associated Press advices:

- 1. No public spending for its own sake and no projects merely because they support purchasing power in general. "Let us base our budget estimates on the efficient and economical carrying out of worth-while activities to accomplish our national purposes."
2. Lower tax rates "to the point where they will balance the budget at an agreed level of high employment. Taxes should be reduced where they will do the most good in creating demand and in encouraging private enterprise."
3. Then stabilize taxes "except as there are major changes in national policy. When employment goes beyond an agreed level, or if, with high employment, we have a boom in prices, let us hold the surplus or use it to reduce the national debt, not as an excuse for further tax reduction."
4. Retention of the principle of progressive income taxes and estate taxes "as the best way of reversing the tendency of purchasing power to come to rest. Let us reduce the rates on the individual income tax to stimulate consumption and to make possible investment in new enterprise on a business basis."
5. A planned public works program "not to balance the whole economy, but to help toward stabilizing the construction industry."
6. "Let us neutralize the social security programs as far as their fiscal influences are concerned. Since their beginning they have been highly deflationary; for old age security, let us set our rates and benefits so that they come somewhere near balancing, and for unemployment insurance, let us set our rates so that intake and outgo balance at high levels of employment."
7. Retain "important excise taxes" for the time being "and get rid of the rest."
8. "Let us arrange our lending abroad, whether for stabilization, relief or long-time reconstruction, so that it will support rather than contradict fiscal policies adopted to strengthen our domestic economy."
9. Reorganization of the parts of the Federal Government that have to do with fiscal policy and administration. "We want clarity in policy, consistency in administration and cooperation between the executive and legislative branches."
Reference to Mr. Ruml's most recent previous urging of this program was made in our issue of Jan. 20, page 315.

Revenue Freight Car Loadings During Week Ended Jan. 15, 1944 Increased 17,221 Cars

Loading of revenue freight for the week ended Jan. 15, 1944, totaled 780,220 cars, the Association of American Railroads announced on Jan. 20. This was an increase above the corresponding week of 1943 of 24,722 cars, or 3.3%, but a decrease below the same week in 1942 of 31,107 cars or 3.8%.

Loading of revenue freight for the week of Jan. 15, increased 17,221 cars, or 2.3% above the preceding week.

Miscellaneous freight loading totaled 356,160 cars, an increase of 9,817 cars above the preceding week, but a decrease of 6,899 cars below the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 98,888 cars, a decrease of 1,107 cars below the preceding week, but an increase of 12,196 cars above the corresponding week in 1943.

Coal loading amounted to 183,886 cars, an increase of 6,445 cars above the preceding week, and an increase of 18,071 cars above the corresponding week in 1943.

Grain and grain products loading totaled 57,442 cars an increase of 2,731 cars above the preceding week and an increase of 4,135 cars above the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Jan. 15, totaled 40,730 cars, an increase of 1,361 cars above the preceding week and an increase of 3,366 cars above the corresponding week in 1943.

Live stock loading amounted to 17,167 cars, an increase of 19 cars above the preceding week, and an increase of 2,595 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Jan. 15, totaled 12,350 cars, an increase of 236 cars above the preceding week, and an increase of 1,715 cars above the corresponding week in 1943.

Forest products loading totaled 37,828 cars, an increase of 280 cars above the preceding week but a decrease of 4,546 cars below the corresponding week in 1943.

Ore loading amounted to 13,404 cars, a decrease of 1,417 cars below the preceding week and a decrease of 961 cars below the corresponding week in 1943.

Coke loading amounted to 15,445 cars, an increase of 453 cars above the preceding week, and an increase of 131 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943, except the Southern, but all districts reported decreases compared with 1942 except the Pocahontas, and Southwestern.

Table with 4 columns: Week of January, 1944, 1943, 1942, Total. Rows for Week of January 1, 8, and 15.

The following table is a summary of the freight carloading for the separate railroads and systems for the week ended Jan. 15, 1944. During the period 78 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JAN. 15

Large table with columns: Railroads, Total Revenue Freight Loaded (1944, 1943, 1942), Total Loads Received from Connections (1944, 1943). Rows include Eastern District, Allegheny District, and Pocahontas District.

Table with columns: Railroads, Total Revenue Freight Loaded (1944, 1943, 1942), Total Loads Received from Connections (1944, 1943). Rows include Southern District, Northwestern District, Central Western District, Southwestern District.

NYSE Odd-Lot Trading

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

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Table with columns: Week Ended Jan. 15, 1944, Total (Customers' purchases), Number of orders, Number of shares, Dollar value, Odd-Lot Purchases by Dealers, Customers' total sales.

New Notes Offered By Treasury For Clfs. Maturing Feb. 1, 1944

Secretary of the Treasury Morgenthau announced on Jan. 24 an offering, through the Federal Reserve Banks, of 0.90% Treasury Notes of Series D-1945, open on an exchange basis, par for par, to all holders of Treasury Certificate of Indebtedness of Series A-1944, maturing Feb. 1 in amount of \$2,211,161,000. This subscription books remained open through yesterday (Jan. 26). This exchange operation was conducted outside of the Fourth War Loan Drive, which started on Jan. 18, and the subscriptions received will not be a part of any quotas.

The Treasury's announcement explained:

"The notes will be dated Feb. 1, 1944, and will bear interest from that date at the rate of 0.90% per annum, payable on a semi-annual basis on Sept. 1, 1944, and March 1, 1945. They will mature March 1, 1945. They will not be subject to call for redemption prior to maturity. They will be issued in bearer form only, with two interest coupons attached, in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000.

"Pursuant to the provisions of the Public Debt Act of 1941, interest upon the notes now offered shall not have any exemption, as such, under Federal tax Acts now or hereafter enacted.

"Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington, and should be accompanied by a like face amount of the maturing certificates. Subject to the usual reservations, all subscriptions will be allotted in full."

Weekly Statistics Of Paperboard Industry

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

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

Table with columns: Period, Orders Received, Production, Unfilled Orders, Percent of Activity. Rows include 1943-Week Ended (Oct. 2 to Dec. 25) and 1944 (Jan. 1 to Jan. 8).

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

## Items About Banks, Trust Companies

(Continued from page 421)

of his father's death, March 15, 1918. On April 2, 1918, he succeeded his father as Chairman of the Board of Directors. On June 3, 1919, he was elected President upon the resignation of Frank A. Vanderlip. Mr. Stillman resigned as President May 3, 1921. Mr. Stillman had a winter home in Havana, Cuba, and had planned to leave for his annual stay there within the next few days. Surviving are three sons, Lt. Alexander Stillman, U. S. N., formerly Assistant Cashier of The National City Bank of New York; James Alexander Stillman, Medical Corps of the U. S. Army; Lt. Guy Stillman, U. S. N., and a daughter, Mrs. Anne Stillman Davidson of Glen Cove, Long Island.

Stockholders of the Nyack Bank & Trust Co., Nyack, N. Y., approved on Jan. 11 an increase in the common stock from \$200,000 to \$400,000 through a 100% stock dividend. The bank also announced that during the past year the bank retired \$250,000 class A preferred stock, all of a balance held by the Reconstruction Finance Corporation. The Marine Midland Corp. owns a majority of the common stock. C. Bertrand Leitner, Nyack real estate and insurance agent, was elected a director of the bank to succeed Stirling Tomkins, President of the New York Trap Rock Co., who is now overseas with the American Red Cross.

At the annual stockholders' meeting of the County Trust Co., White Plains, N. Y., held on Jan. 19, Andrew Wilson Jr., President, reported that for the year 1943 operating earnings, exclusive of profits from the sale of securities, amounted to \$181,454, or slightly better than \$6 a share on the 30,000 shares of capital stock. Of this amount \$33,750 was paid out in dividends during the year, \$90,097 was added to undivided profits, and the remaining \$57,607 was transferred to various allocated reserves. Surplus and undivided profits at the beginning of the year amounted to \$1,114,316 and at the end of the year \$1,204,713. The capital funds of the bank as of Dec. 31, 1943, amounted to \$2,154,713.

Continuing, Mr. Wilson told the stockholders that all recoveries as well as profits from the sale of securities were transferred to various allocated reserves.

During the year 1943 the investment in U. S. Government obligations was increased from \$12,613,197 to \$21,177,682. Forty-four members of the staff have entered the armed services of our country, four of whom have already given their lives. Substantially more than \$9,000,000 of series E, F and G war bonds and war savings stamps have been sold by the various offices of the bank to date.

The deposits of the bank at the end of 1943 were \$34,285,504, compared with \$26,908,347 at the beginning of the period. Total assets were \$36,709,802, compared with \$29,071,813.

The stockholders elected the following directors: Henry H. Romer, Frederick C. McLaughlin, Charles C. Fagg, Edward M. West and Wilfred L. Richardson. It was announced that all of the officers of the trust company were reelected at the directors' meeting, following that of the stockholders.

The Pavilion State Bank, Pavilion, N. Y., has received authorization from the State Banking Department to increase its capital stock from \$25,000, consisting of 500 shares of \$50 par value, to \$50,000, made up of 500 shares of \$100 par value.

The First National Bank & Trust Co., New Haven, Conn., an-

nounces the promotion of J. Coy Reid, Clifford W. Wilcox and Ralph L. Holbrook as Assistant Vice-Presidents, and Albert M. Gesler as Credit Manager.

Wynant D. Vanderpool, President of the Howard Savings Institution, Newark, N. J., announces the election of Waldron M. Ward as a Vice-President, and of William L. Maude, Vice-President, as a member of the board of managers. Mr. Ward, a member of the board of managers of the bank since 1925, is a partner of the law firm of Pitney, Hardin & Ward. Mr. Maude joined the Howard in 1932 as manager of its real estate department, and in 1937 was elected a Vice-President.

Plans for the merger of the First National Bank and the National Iron Bank, both of Morristown, N. J., were recently announced. They are two of the oldest banks in the State—the First National having been founded in 1865 and the National Iron in 1855. According to a joint statement issued by Frank D. Abell, President of the First National, and George A. Easley, President of the National Iron, the merger will give the community a bank with assets of over \$22,000,000—the largest bank in metropolitan New Jersey outside of Newark.

Benjamin Rush Jr., Vice-President of the Indemnity Insurance Co. of North America, was elected a director of the Land Title Bank & Trust Co., Philadelphia, at the annual meeting of its stockholders on Jan. 11. The other directors were all reelected. Mr. Rush is a director and Chairman of the Executive Committee of the Morris Plan Bank of Philadelphia. He also is Chairman of the South-eastern Pennsylvania Chapter, American Red Cross, for which he directed last year's War Fund Drive that totaled \$4,043,749. The bank's report for 1943 was referred to in these columns Jan. 13, page 195.

Ellsworth A. Roberts was elected to the board of directors of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, at the 131st annual meeting of shareholders held on Jan. 17. He is President of the Fidelity Mutual Life Insurance Co. and was Pennsylvania State Chairman of the Third War Loan Drive. Wm. Fulton Kurtz, President of the Pennsylvania Company, at the meeting, announced the following promotions:

George E. Katzenbach, from Assistant Treasurer to Assistant Vice-President; H. G. Rheiner, to Assistant Treasurer; David E. Witham, to Manager of Mortgages; George Smith, from Registrar to Corporate Trust Officer; Cholmley Fox, from Assistant Registrar to Assistant Corporate Trust Officer, and Henry J. Wylie, from Assistant Registrar to Assistant Corporate Trust Officer.

Sidney B. Congdon, President of the National City Bank of Cleveland, reported to stockholders at their recent annual meeting that operating earnings for the year 1943 amounted to \$1,392,527, equivalent to \$3.09 per share on the 450,000 shares of capital stock outstanding, after setting aside \$295,152, equivalent to 66 cents per share, for Federal income taxes. In the preceding year, Mr. Congdon said, operating earnings were \$1,058,973, equivalent to \$2.35 per share of capital stock, after setting aside \$130,570, equivalent to 29 cents per share, for Federal income taxes. Dividends of \$1.20 per share were paid during the year, amounting to \$540,000, and the remaining earn-

ings of \$852,527 were retained in capital accounts, reflected in an increase in surplus of \$200,000, and an increase in undivided profits of \$652,527.

Mr. Congdon further said that the directors have decided to increase the dividend rate from the \$1.20 rate, which has been in effect for the past seven years, to \$1.40 per share per year, in view of the bank's earning record. A dividend of 70 cents per share, with 35 cents payable Feb. 1 and May 1, has been declared. It is the intention of the board to continue the practice of declaring 35 cents quarterly dividends, subject to changing circumstances.

The bank's statement of condition as of Dec. 31, 1943, shows that during the year deposits, including U. S. Government war loan account, amounted to \$393,088,952, an increase of \$88,401,952, with ordinary deposits increasing \$55,512,908. This compares with an increase in ordinary deposits of \$49,924,747 in 1942. Loans amounted to \$70,360,900, an increase of approximately \$12,000,000 during the year, while holdings of U. S. Government obligations now amount to \$222,621,642, about \$67,000,000 above the end of 1942.

President Congdon announced on Jan. 11 that George Buffington, Vice-President of the bank, has been appointed Executive Vice-President. Mr. Buffington entered the bank as Vice-President in August, 1943, after long years of experience in the investment banking field. From 1941 until he joined the staff of the bank, he was assistant to the Secretary of the United States Treasury, primarily concerned with the sale and distribution of war bonds. It was also announced that Francis H. Beam, Vice-President, had been placed in charge of the Banking Department. Mr. Beam came to the bank from the practice of law in January, 1943. The Trust Department remains in the immediate charge of Eugene S. Lindemann, Vice-President. He became associated with the bank in that capacity in June of 1943, having been for five years General Counsel for Union Properties, Inc.

Herbert F. Koch has been elected President of the Guardian Bank & Savings Co., Cincinnati, succeeding Warren E. Keplinger, who retired and became Chairman of the Board. Mr. Koch was formerly Executive Vice-President.

Gross earnings of the Manufacturers National Bank of Detroit for the year ending Dec. 31, 1943, were \$4,625,723, according to a report made by Charles A. Kanter, President, at the annual meeting of stockholders on Jan. 11. Operating expenses, including the estimated cost of remodeling the new main office and other non-recurring items, were \$3,740,760, leaving net earnings of \$884,962. Dividends of \$240,000 were paid and \$500,000 was transferred to surplus, bringing the surplus figure to \$5,500,000. Undivided profits, as of Dec. 31, were \$1,641,258.

Deposits as of Dec. 31 were \$445,314,176. Assets were \$456,913,762. Cash and Governments totaled \$405,833,335. In comparing year-end figures of 1943 and 1942, Mr. Kanter reported the following gains during the last year: \$10,373,319 increase in loans and discounts, including mortgage loans; \$99,059,219 increase in U. S. Government (direct and guaranteed), municipal and other bonds, notes, debentures and securities; \$104,601,077 increase in demand deposits; \$11,469,647 increase in time deposits.

The opening of the new main office of the bank on Jan. 3 was noted in our issue of Jan. 13, page 208.

Alvin E. Johnson, President of the Live Stock National Bank of Omaha, Neb., announced that at

the annual meeting of the stockholders and directors Paul Hansen was elevated to the position of Vice-President and Cashier from that of Cashier. W. Dean Vogel and Herbert H. Echtermeyer were also elected Vice-Presidents. They were both formerly Assistant Cashiers. Mr. Hansen began as a clerk in the bank in 1920. W. Dean Vogel has been associated with the bank since December, 1942, was for 11 years associated with the Atlantic State Bank of Atlantic, Iowa, and for a number of years owned and operated a finance company in the same city. Mr. Echtermeyer began as a messenger in the bank at the age of 15.

In addition to the three above-named Vice-Presidents, the following officers were reelected: Alvin E. Johnson, President; Henry C. Karpf and R. H. Kroeger, Vice-Presidents, and L. V. Pulliam, C. G. Pearson, Earl R. Cherry and Tom J. Price Jr., Assistant Cashiers.

The following directors were reelected: W. P. Adkins, H. B. Bergquist, L. S. Burke, Jas. J. Fitzgerald, T. E. Gledhill, Alvin E. Johnson, Henry C. Karpf, Leo T. Murphy, James L. Paxton Jr., Herman K. Schafer, Carl A. Swanson and J. L. Welsh. W. P. Adkins retires as Board Chairman. In his annual report to the stockholders Mr. Johnson pointed out that the deposits at the close of business Dec. 31, 1943, stood at \$53,770,050, as compared with \$37,812,927 at the close of business Dec. 31, 1942, and that the bank's capital, surplus and undivided profits, exclusive of reserves, was \$1,696,336, as compared with \$1,481,642 Dec. 31, 1942. Edward Morris, a stockholder of Chicago, attended the meeting.

The McIlroy Bank, Fayetteville, Ark., has become a member of the Federal Reserve Bank of St. Louis. The new member started operations as a private bank in 1871 and was incorporated in 1892. It has capital of \$100,000, surplus of \$100,000, and total resources of \$3,273,677.

The South Texas Commercial National Bank, Houston, announces that E. F. Gossett, who has been President since May, 1941, became Chairman of the Board at the annual meeting of the bank's directors on Jan. 11, and Sam R. Lawder, formerly First Vice-President of the First National Bank in Houston, has become President. Mr. Gossett has been a senior officer of the bank for 20 years, and as Chairman continues to head the institution in an active capacity. The bank also announces the promotion of John F. Austin Jr. from Cashier to Vice-President; of E. W. Vogelpohl from Assistant Cashier to Cashier, and of George Darsey and Terrell Taylor to Assistant Cashiers.

It is also announced that Harris McAshan, First Vice-President; Malcolm G. Baker, Assistant Cashier, and Arthur Trum, Assistant Cashier and Assistant Trust Officer, are on leaves of absence, serving with the U. S. armed forces.

At the annual meeting of the stockholders of Citizens National Trust & Savings Bank of Los Angeles, held on Jan. 11, four new directors were elected to the board, viz.: Dwight Clarke, Executive Vice-President Occidental Life Insurance Co.; Robert Hunter, Pasadena, former investment banker; William Simpson, President William Simpson Construction Co., and Donald Thornburgh, Vice-President Columbia Broadcasting System, Inc. Directors reelected included President H. D. Ivey; Executive Vice-President L. O. Ivey; Milo W. Bekins, W. J. Boyle Jr., Walter H. Butler, Ralph J. Chandler, Eugene P. Clark, T. B. Cosgrove, A. M. Dunn, Ernest E. Duque, W. A. Faris, George W.

Hall, William A. Innes, Samuel K. Rindge, William S. Rosecrans and E. C. Wilson.

In his report to stockholders President Ivey commented on the deposits of \$241,419,534, the largest total ever published, and upon the capital, surplus and undivided profits account of \$10,000,000, an increase of \$500,000 from the Dec. 31, 1942, report. This account, Mr. Ivey said, is now equal to \$40 per share, as compared with \$38 a share a year ago.

The Board of Directors at the organization meeting, held Jan. 13, reelected all of the present officers of the bank, and elected Samuel K. Rindge as Chairman of the Board. In addition, the board elected Attorney General Robert W. Kenny as a director to fill the vacancy created by the resignation of Jesse B. Alexander, a director of Citizens National Bank for over 25 years, and a member of the Executive Committee for over 22 years.

Reporting to stockholders of the Bank of America at the recent annual meeting in San Francisco, President L. M. Giannini said that a most constructive development of 1943 was the extent to which the American people built up their individual backlogs of savings. "Depositors in this bank alone added over \$500,000,000 to their financial resources through additions to savings and purchases of war savings bonds," he said. "Such substantial savings will create business and jobs by providing purchasing power when consumer goods can again flow freely."

After reviewing the unprecedented growth in Bank of America's resources, deposits and investments as revealed in the year-end statement of condition, Mr. Giannini warned that war progress in 1943 cannot be taken as meaning the worst is over. "It only means that we can eventually win victory—if we will," he asserted. "Hard won advantage must not now be lost by mistaking progress toward victory for victory achieved. In matters of production and self-sacrifice our first consideration must continue to be the needs of our fighting men, without any qualification whatsoever."

Declaring that post-war planning is our present responsibility, he said that the goal of such planning must be full employment, with a national income close to the present level. He stated that reestablishment of small business enterprises figures prominently in the bank's planning, and offered the view that prevailing values of labor, commodities and merchandise must be maintained. "Reduced values for labor and goods, while increasing the purchasing power of the dollar, would, I apprehend, precipitate depression and endanger our nation's integrity," he declared.

He emphasized the need for prompt settlement of war contracts upon their cancellation to prevent perilous delay to peacetime production and employment adjustment. Changeover in production from war to civilian goods should be effected as uniformly as possible, both geographically and as to industries, or irreparable damage would be caused on the Pacific Coast by keeping its industries on full war production in the war's latter stages while the rest of the nation resumed civilian production. Banks must be ready, and permitted, to exercise their normal functions of financing private enterprise without subsidized governmental competition.

Stating that many of the people's prerogatives have been temporarily relinquished for war purposes, he declared that one right not to be relinquished even temporarily is the right to remain free from regimentation in the form of conscription of civilian workers.