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The Financial Situation

There is an idea prevalent in certain quarters that the matchless production record of American industry during the war has resulted in its release from the dog-house; not only won its release from the dog-house but relieved it of any danger of scurrilous attacks and deep injury by time-serving politicians acting at the behest of the certain elements among labor and agriculture. There can be little question that the American people, including many who had been much inclined to heap abuse upon the head of business and to accuse it of everything in the book, including incompetence, have been led to a new understanding of the capacity of a system which it had grown to take for granted and to abuse. It may not be, we certainly hope it is not, so politically profitable to talk as the Vice-President has been doing of late. Whether the President has had any real change of heart in these matters, as he sometimes appears on the surface to have had, it would be difficult to say, but at any event there are a good many others in public life, particularly in elective positions, who are now much more ready to see some good in a business man. It may be that business has been released from the dog-house—on parole, at all events.

Self-Styled Friends

It would, however, be rash indeed to assume that business is no longer in grave danger from the political elements still in the ascendancy in national life. It is to be recalled that in addition to the "school" who preach business incompetence, and worse, there is also the "school" which has no harsh word for business, which is as ready as the next man to laud its achievements, and which would protest loudly and vehemently any suggestion that it is, or ever has been in any

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The Industrial Civil War

Dr. Butler Views Nation As Engaged In Civil War In Industrial System Which If Allowed to Develop May Destroy Fundamental Principle Of Liberty And Lead To Some Form Of State Socialism—Sees Need Of Strong Public Policy, A Congress Which Will Act And An Administrative System Which Will Deal With Facts

That the nation, "unfortunately and without the knowledge of the people—or most of them—is now engaged in a second civil war," was the assertion made on Jan. 26 by Dr. Nicholas Murray Butler, President of Columbia University, who went on to say: "It is a civil war in our industrial system which, if permitted to continue to grow and to develop, may easily destroy or transform the fundamental



Dr. N. M. Butler

principles of liberty on which The Pilgrim Fathers strove to build." The occasion of Dr. Butler's remarks was the annual luncheon, held at the Hotel Biltmore, of The Pilgrims of the United States, of which he is President. In the view of Dr. Butler, "a strike is an act of war—war against the people of the United States, and not merely against the individual or corporate employer."

While conceding that "the purpose for which a strike is undertaken may itself be commendable," he declared that "the strike

is not the method by which to seek to achieve it. We must find ways and means," said Dr. Butler, "to settle these problems as civilized men should settle all their problems—by conferences, by discussion, by understanding, and, if necessary, by arbitral action." The urgency was stressed by the speaker of bringing the industrial civil war to an end "before it goes so far as to overthrow the fundamental principles of individual civil liberty and turn us over either to some form of State Socialism or even to Communism." According to Dr. Butler, what we need is a strong and vigorous public policy, a Congress which will stop talking and act, and an administrative system which will deal with facts, in accordance with fundamentals and help those who do not seem to understand what those principles are.

Dr. Butler's remarks follow in full:

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Few Americans Would Risk Peace-Time Chaos Of Continued New Deal Government: Gov. Dewey

Making the statement that "in the past decade we have fallen upon times which carried a menace to our constitutional system as grave as that of Lincoln's day," Gov. Thomas E. Dewey of New York at a Lincoln Day Dinner on Feb. 12 added that "the menace Lincoln faced was violent; ours was subtle." But "one as much as the other," he declared, "carried a mortal threat. He faced secession by the States. In our time we have seen abdication by the States." "It remained for us," said Gov. Dewey, "to see the day when States and their sub-divisions abdicated their responsibilities in favor of a single, national ruler. As dangerous as secession, abdication has also shown how the institutions of freedom are undermined. For free government must always work from the bottom up, not from the top down."



Gov. Thos. E. Dewey

The dinner at which Governor Dewey spoke was that of the National Republican Club, held at the Waldorf-Astoria Hotel. In addressing the gathering he stated that "all of you here were familiar with the consequences of the abdication by the New Deal party in the State of New York of the State's duties and rights to the National Government. It had been long obvious that the people of our State had not been given a full share in the war effort of the Nation. The State Administration had simply left everything to Washington. Civilian Defense had fallen into chaos. Food production was taken for granted while, in fact, its problems cried out for vigorous handling and leadership. The tax structures, State and local, were driving business and

employment from our State while war contracts and employment were going elsewhere."

"The spirit of the remedies applied by the Republican Administration of New York State," he said, "was to bring the people back to the practice of self-government, of relying on ourselves." "By revitalizing the State of New York we have greatly strengthened the National Government for war and for the peace to come." Among other things Gov. Dewey asserted that "there are few thinking Americans who wish to risk the peacetime chaos of continued New Deal government. And there are few Americans who do not fear what that Government might fail to do in the building of a just and lasting peace." He further declared "the people of the United States were turning to the Repub-

lican party even before the war broke out. They have been turning to it at an accelerated pace since we entered the war because they are so desperately anxious that we shall build well and strongly in international cooperation after this war."

"The people know," said the Governor, "that they cannot hope for world peace unless that peace is built upon the firm rock of truly representative government. They know that with a self-willed executive who wars at every turn with the Congress, they will have a repetition of the same catastrophe which happened in 1919." Gov. Dewey likewise stated that "the people realize that the only hope of America for world peace is that it be won by an administration which they know is not seeking power for the sake of power. If the National Government is one which our people can trust to serve them alone, to be their servant and not

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The Scope Of The State In Domestic And Foreign Affairs

By HAROLD W. DODDS*

President of Princeton University Declares Expansion Of Power Should Always Be To Increase The Liberty And Self-Regulation Of Individuals—Holds Congress Poorly Prepared To See That Legislative Will Is Carried Out Under Reign Of Law—Sees Necessity For Complete Military Defeat Of Germany And Her Full Assistance In Reconstructing Lands She Has Devastated

Believes Public Opinion Will Choose Formal Association With Other Nations To Preserve Peace When Folly Of Such Proposals As A "Seven-Ocean Navy," Standing Army Of Several Million And Industrial System Keyed To Needs Of War Are Revealed In Terms Of Economic And Social Costs And The Possible Foreign Power Combinations Against Us

One big issue that will have to be settled after the war concerns the part that government will play in the affairs of the people. We can assume that its role will be a prominent one. The issue will arise in connection with a whole series of specific measures which will be debated largely, I fear, on their specific pros and cons. Yet fundamental to the specific measures is the pattern of our general philosophy by



Dr. Harold W. Dodds

which we approach them. Is the power of the Government to be used to regiment society according to the wishes of the social planners (Planners with a capital "P")? Or is the power of Government to be devoted to regulations designed to release the power of individuals; to prevent stifling concentration of monopolistic power,

economic and political, in order that the individual may be released to exert his own enterprise under conditions of freedom of opportunity. In our modern large scale society a considerable degree of public regulation is necessary to preserve the historic freedoms and opportunities of Americans. But it makes all the difference in the world whether governmental control is to be applied to releasing the power of people as individuals, or to organizing them into battalions and regiments as cogs in a plan conceived from

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Handicapped vs. The Able-Bodied

"The handicapped veteran must not be allowed to grow to feel he is an object of charity. Discontent and self-pity quickly rob producers of their efficiency. On the other hand, he must not be allowed to feel he has a right to a livelihood at industry's expense merely because he attends regularly his place of employment. He must have the right to earn his way and know he will not be discriminated against because of his disability, but the fact that he has taken a course of training should not entitle him to a job at going rates of pay unless he produces efficiently in competition with other men. In the final analysis, the consumer pays for inefficient work.

"While he is being trained to become self-sustaining it should be done in such manner that his individuality develops, his earning power increases and his own dignity grows because of the work he is doing.

"Industry has had a great deal of experience in the past three or four years training men and women to acquire new skills, by breaking down complex operations into simple ones so that less skilled men and women may perform them. Rehabilitation of disabled veterans is only an enlargement of this field, in which there is still much to learn.

"Labor must cooperate to make it work effectively. Seniority rights may have to give way in some instances, just as accepted employment practices may have to give way in others."—Robert M. Gaylord, President of the NAM.

Few will find fault with this analysis of the problem of "handicapped" veterans.

It would, however, be a sad state of affairs if we presently asked less of the able-bodied than of the "handicapped."

Yet may not something of the sort be the case with worker groups granted "featherbed" contracts and the like?

The consumer pays for all inefficient work.

The State Of Trade

There were no spectacular changes in the reports coming from industrial centers last week, though most industries were operating at recent high levels. Steel production and electric output were up slightly compared with the previous week, while carloadings were off somewhat. Retail trade was reported as good in most parts of the country, though department store trade in New York City showed a sharp falling off for the current week.

Production of electricity increased slightly to 4,524,144,000 kilowatt hours in the week ended Feb. 5th, from 4,523,763,000 kilowatt hours a week earlier, according to the Edison Electric Institute. This was an increase of 14.2% over the year-ago figure of 3,960,242,000 kilowatt hours. Consolidated Edison Co. of New York reports system output of 213,800,000 kilowatt hours in the week ended Feb. 6th, an increase of 26.9% over the year-ago total of 168,500,000 kilowatt hours.

Carloadings of revenue freight for the week ended Feb. 5th, totaled 806,075 cars, according to reports of the Association of American Railroads. This was a decrease of 4,987 cars below the preceding week this year, 50,561 cars more than the corresponding week in 1943 and 22,113 cars above the same period two years ago. This total was 124.37% of average loadings for the corresponding week of the ten preceding years.

Net income of the nation's Class I railroads during 1943 amounted to \$897,800,000 after interest and rentals, compared with a revised total of \$901,712,558 in the previous year, the Association of American Railroads reports. Net railway operating income of the roads for the year aggregated \$1,361,984,980, against \$1,484,469,351 in 1942, the AAR reported. Increased operating expenses due to higher labor costs resulting from retro-

active wage agreements, increased cost of materials and supplies, higher taxes and action of the Interstate Commerce Commission in setting aside freight rate increases were reflected in the decline in net operating income, the Association stated.

Steel production in the United States is scheduled this week at 97.7% of capacity, equivalent to the output of 1,750,000 net tons of ingots and castings. This compares with a rate of 97.2 and output of 1,741,800 tons last week, according to the American Iron & Steel Institute. In the corresponding week last year, steel production was 1,702,100 net tons.

When the Office of Price Administration completes its survey of steel mill costs, prices of some steel products may be increased next month, although there is no indication that a general increase will be permitted, the magazine "Steel" states. The National War Labor Board now is considering the demand of the United Steelworkers of America for wage increases and other concessions.

"Engineering News-Record" reported civil engineering construction volume in Continental United States averaged \$39,130,000 a week in January, 11% above the December average, but 31% lower than in the like month of 1943. Actual volume for the week ended Feb. 5th, amounted to \$23,151,000, 35% lower than in the preceding week and off 67% from the aggregate for the same week

of 1943, the engineering construction weekly said.

Retail sales throughout the country last week were estimated at 2 to 5% higher than at this time last year, according to Dún & Bradstreet, Inc. The rise was modest, however, in comparison with the spurt which followed the announcement of shoe rationing in the same period of last year, the agency says. The rise last week was attributed to better weather early in the week and interest shown in spring merchandise.

Department store sales on a country-wide basis were up 2% for the week ended Feb. 5th, compared with the like week a year ago, according to the Federal Reserve System. Sales for the four-week period ended Feb. 5th, were up 7%, compared with the like time last year. Department store sales in New York City in the week ended Feb. 12th, were 17% smaller than in the like 1943 week, according to a preliminary estimate issued by the Federal Reserve Bank of New York. The Bank reported that the comparison was with an unusually good week last year, and this, plus the fact that Saturday was a holiday, were contributing causes to the decline. For the four weeks ended Feb. 12th, the comparison showed no change. In the previous week ended Feb. 5th, sales of this group of stores were 4% larger than in the corresponding week last year.

San Francisco Clearing Assn. Elects Officers

At the 68th annual meeting of the San Francisco Clearing House Association, held on Feb. 3, the following officers were reelected: President, C. K. McIntosh, Chairman, The Bank of California, N. A.; Vice-President, J. K. Lochlead, President, American Trust Company; also E. H. LeMasters, Vice-President and Cashier, Pacific National Bank of San Francisco, was elected Secretary.

The following were elected as members of the Clearing House Committee: C. K. McIntosh (Ex-officio); J. K. Lochlead (Ex-officio); L. M. Giannini, President, Bank of America-N. T. & S. A.; G. J. Kern, Vice-President, Crocker First National Bank; F. B. King, Vice-President, Wells Fargo Bank & Union Tr. Co.; W. H. Thomson, President, The Anglo California National Bank.

The Manager of the San Francisco Clearing House is Russell W. Schumacher and the Assistant Manager is Howard H. Huxtable.

The total clearings of the San Francisco Clearing House for the year 1943 were \$13,267,104,873, an increase of \$1,930,228,876, or 17.0% over 1942, when clearings amounted to \$11,336,875,997. The total balances for 1943 were \$6,765,263,329, compared with \$5,615,549,493 in 1942, an increase of \$1,149,714,836. The average daily clearings in 1943 totaled \$43,930,811, against \$37,915,973 in 1942, an increase of \$6,014,838, while the average daily balances for 1943 were \$22,401,534, compared with \$18,781,102 in 1942, an increase of \$3,620,432.

January Living Costs Unchanged

Living costs of wage earners and lower-salaried clerical workers in the United States remained unchanged from December to January, according to the National Industrial Conference Board which on Feb. 14 also said:

"Food declined 0.7%, but clothing rose 0.1%, fuel and light 0.2%, and sundries 0.5%.

"The Board's index of the cost of living (1923=100) stood at 103.9 in January, as in December against 103.7 in November and 101.5 in January, 1943.

"The level of living costs was 2.4% higher than that of a year

Roosevelt Says We Must Turn to Foreign Sources In Order to Augment Domestic Oil Supplies

President Roosevelt at a press conference on Feb. 11 said that the United States can no longer depend on domestic oil supplies for all the petroleum it needs and must now turn elsewhere for additional supplies, according to Associated Press dispatches from Washington on Feb. 11, which in reporting this indicated Mr. Roosevelt as saying that the nation needs petroleum from outside for this war, if it keeps on going, and for the future. The Associated Press further reported the President's comment as follows:

His remarks were touched off by mention at a press conference of the projected oil pipe line across Arabia from the Persian Gulf fields to the Mediterranean Sea.

The discussion was carried along by Edward R. Stettinius, Jr., Acting Secretary of State, who told his press conference that the United States government is going to talk over oil matters with the British and that a comprehensive statement on American plans and negotiations for foreign oil development would be forthcoming within a few days.

Mr. Stettinius said the discussions would center on Near-Eastern areas where the British and Americans among the Allies have a primary interest.

Harold L. Ickes, Secretary of the Interior, announced the pipeline plans a week ago, saying the cost of the 1,250-mile project would be \$130,000,000 to \$165,000,000. He said it was designed to provide a standing reserve of a billion barrels of oil for use by the Army and Navy on "very favorable terms."

A reporter recalled that some of the five Senators who toured the world battlefronts last year were critical of the fact that domestic oil reserves were being used up and that more oil was

not being obtained from the Persian Gulf area. The President was asked if he had anything to say about the criticism of the pipeline project.

Mr. Roosevelt, saying he was not going to mention names, said that one Senator had talked about the idea that not enough Persian oil was being used. But at the time, he said, while efforts were being made to open up a route through the Suez Canal the oil had to come around the Cape of Good Hope. Pointing out that there has been discussion for a couple of years about our diminishing oil supply, he said that "some say there is enough oil left for fifteen or twenty years, others say about twenty-five to thirty years. But there are pretty good assurances that we do not have an unlimited supply, he added.

The subject cannot be made a political issue, the President declared. We have so much oil in the ground and it is being taken out at such and such a rate, he continued, and supplies are needed from outside.

Answering an inquiry about reports that the Russians, British and Americans had discussed oil marketing at the Teheran and Cairo conferences in November and December, Mr. Roosevelt said this was not done that he knew of. Likewise, he said he knew nothing of a British mission coming here to discuss the question.

Governor Bricker Criticizes British Press For "Interference" In Presidential Election

Gov. John W. Bricker of Ohio, when asked on Feb. 10, at a news conference of 75 Washington correspondents to comment on a recent article in an English newspaper suggesting that President Roosevelt ought to be reelected, sharply criticized what he termed "interference" in this country's Presidential election. Associated Press advices from Washington on Feb. 10, from which these remarks were taken, further stated:

"I think we ought to elect our own President and it's none of their business," Gov. Bricker said, referring to the British press. "I think we ought to take care of that matter without outside interference."

Gov. Bricker, here for a Lincoln Day speech tonight, described the winning of the war as the most important single issue of the Presidential campaign, and declared that if the Republicans were successful there would be no interference with the present mil-

itary command. He said that the war now was being waged "in a way in which every American should be proud," and added that President Roosevelt should be credited for a part in the war's conduct.

On the service vote issue, Gov. Bricker said he favored the State ballot, but has no objection to a Federal ballot if it conformed to State law. He plans to call on the Legislature to revise Ohio laws after Congress acts.

Govt. Must Adopt New, Sound Money Policy—Rep. Voorhis Says Criticizing Present Procedure

A new sound monetary policy, to avert dangers inherent in the rising national debt and eliminate the threat to recurring periods of inflation and deflation, must be adopted by the Government, said Representative Jerry Voorhis, Democrat, on Feb. 10, according to United Press advices from Washington, on that day, which continued:

He criticized the present procedure whereby the Government, in order to finance the war program, issues interest-bearing bonds to private banks in exchange for new credits upon their books. Thus, he said, the Government must pay

out more and more in interest as the national debt mounts with the issuance of the bonds.

Representative Voorhis said the first step in a sound new fiscal program would be for the Government to take over sole authority to issue money and to buy all outstanding stock in the 12 Federal Reserve Banks, opening the way for elimination of interest payments on these bonds.

Illustrating the saving that the Government could thus realize, Mr. Voorhis said the national debt, now at almost \$182,000,000, would in another year of war reach \$300,000,000, on which the interest alone would be \$7,500,000,000.

ago. Sundries showed the greatest advance over January, 1943, with an increase of 3.9%. Other advances during the twelve months were: food, 2.1%; fuel and light, 3.3%; and clothing, 2.9%. Housing remained unchanged.

"The purchasing power of the dollar, on the basis of 100 cents to the dollar in 1923, which amounted to 96.4 cents in October and remained at that figure in November, declined to 96.2 in December, where it remained in January. It stood at 98.5 cents in January, 1943."

RFC Ready To Lend Financial Assistance To Business For Reconversion

The Reconstruction Finance Corporation is ready to lend financial assistance to American business for war demobilization, contract termination and reconversion to peacetime operations, it was announced on Feb. 13 by T. J. Ahearn, Jr., Manager of the New York Loan Agency located at 33 Liberty Street, New York, who invites immediate inquiry for such financial assistance whether in the form of loans, immediate commitments

for future loans or preliminary negotiations looking toward future commitments. This Agency, which covers the territory represented by the State of New York, the following counties in New Jersey: Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union, and Warren and the County of Fairfield, Connecticut, is undertaking a survey among business enterprises in order to ascertain what assistance may be expected of the RFC. The Corporation is prepared to carry out its responsibility to the national economy by using its statutory lending powers to serve the financial needs of American business in meeting emergencies which are the concern of Government, whether in war or in peace.

Mr. Ahearn emphasizes the statement made by Charles B. Henderson, Chairman of the Board of Directors of the RFC, that the Corporation's activities "should be carried on wherever possible in conjunction with banks or other financial institutions, since now, as always, the RFC desires that private financing be used with or without participation by RFC."

On Feb. 13, Mr. Henderson made public a letter addressed to managers of the 31 loan agencies of the organization in which he said the RFC must be "prepared to carry out our responsibility to the national economy in the exercise of our statutory lending powers for war demobilization, contract termination and reconversion to peacetime operations."

In his letter Mr. Henderson further said:

"I ask further that you survey your territory, contacting business

enterprises and individuals interested in these problems in order to ascertain what assistance may be expected of the RFC and how it can be most helpful."

Mr. Ahearn states that the record of national defense loans shows that in approximately half of the total number of loans made by the New York Loan Agency, banks have participated with the RFC. Such participations are effected either by the immediate purchase by the RFC of part of a loan made and serviced by a bank, an immediate purchase by a bank of part of a loan made and serviced by the RFC or a commitment to a bank by the RFC to buy a participation at a future date in a loan made by the bank. He also states:

Since undertaking the making of loans to business enterprises for the national defense effort in the summer of 1940 and later on for the war effort, the RFC has authorized for this purpose almost 10,000 loans and bank participations aggregating almost \$2,000,000,000. Analysis of these loans and bank participations demonstrates the vital part small business has played in the war effort, for almost 9,000 of these authorizations were for amounts of \$100,000 or less.

Associated Press accounts from Washington Feb. 13 said:

A spokesman for the RFC's Board Chairman emphasized that the program would not be confined to present war industries, although loans and applications for new business enterprises must demonstrate that they are sound economically, that they are needed and that they will be successful.

"American Fascists" Termed By Wallace As Those Believing Wall St. Comes First

Lauds Russia's Political And Economic System And Appeals For Mobilization Against Pressure Groups

The charge that American Fascists "at this very moment" were "desperately striving" to control delegates to county political conventions so that they might in turn control delegates to the State and national conventions of both the major parties, was made by Vice-President Wallace at Seattle Washington on Feb. 9, when he took occasion to explain that by American Fascists he meant "those who believe that Wall Street comes

first and the country second and who are willing to go to any length through press, radio and demagogue to keep Wall Street safely sitting on top of the country." Seattle advices from the New York "Times" in quoting Mr. Wallace as above also included certain of his remarks decrying "scarcity economics," as to which he said in part:

America had no choice, the Vice-President said, except to adopt wholeheartedly the doctrine of "economic abundance" and throw over any practice of "modern scarcity economics," which he held to be the "very heart" of "the Wall Street system."

"That the Russians could go so far in the past 20 years and evoke such an extraordinary response from the people in time of stress is the greatest indictment I know of the scarcity economics as practiced by those who believe that profit and free enterprise are only for a few," he went on.

"We are not going to use the whole Russian political and economic system here in the United States. It was made for Russia and not for us. But the system of rewarding men for inventing improvements in their own jobs is already well established in some progressive American industries." The other portions of Vice-Presi-

dent's speech, as contained in the dispatch to the "Times," follow:

"Operating on the precinct level, the people thoroughly aroused can at any time they wish throw the American Fascists out of control," Mr. Wallace declared. "They can put the man above the dollar and march straight up from the precinct to the county, to the State and to the national convention. They can see that the right men are nominated for Congress and the Senate. They can see that the Congressmen and Senators after they reach Washington are kept informed and eager to respond to Main Street instead of to Wall Street."

Mr. Wallace called for "a general welfare economy" for the post-war United States and said its realization involved the question whether the people "can operate through democratic government to keep the national interest above the interest of Wall Street."

He appealed for country-wide mobilization against all pressure groups except one, "the general welfare pressure group," and warned against post-war activities of "the same type of so-called hard-headed business men," who, he said, had "unsound finance" to sell after the first World War and

led American investors to buy worthless bonds.

A "profound revolution" was inevitable after the war, Mr. Wallace said, but he voiced a belief that it could be "gradual and bloodless" if opinion-molders, politicians and pressure-group leaders would "influence their millions of followers on behalf of the public good instead of regional and class prejudices."

The alternative, he added, was "a bloody revolution and slavery."

Asserting that both economic and political methods must be used, he cautioned that the nation's taxation system would have to be used more skillfully after the war than in the past for economic objectives if we were to get full employment "together with the maximum of free enterprise and profits for the many instead of the few." The political method he had in mind was "democratic planning" by "the general welfare pressure group" at the "precinct level, the county level, the State level, the regional level" and this, he said, was regarded as un-American by "Wall Street and the Wall Street stooges."

The Vice-President offered "just one basis for judgment" of taxation in the post-war period: "Will this system of taxation over a period of years give us the full employment of people producing the kinds of things which the people of the United States most need and want?"

"Undoubtedly we shall have to continue with heavy, heavy, steeply graduated taxes on personal incomes after the war," he went on. "But in the case of corporations it would seem to be wise policy to tax in such a way as to force corporate reserves either into the building of plant and equipment or into distribution as dividends."

"By our taxation system we must encourage the small and rapidly growing enterprise because such enterprises are the seedbed of the employment of the future. But corporations which have lived far beyond the life of the founding father and which have huge corporate reserves and which no longer expend, represent the dead hand of the past. They should be prodded awake by the right kind of taxation system so that they will find incentive for putting their money to work instead of letting it lie idle."

Abolition of "internal trade barriers" was described by Mr. Wallace as "the most important single economic readjustment" to be achieved if the country was to get "full utilization of all resources for the benefit of all the people."

"I am referring," he said, "to those monopolistic practices on the part of some manufacturers, bankers, labor unions, doctors and farm organizations which serve their own welfare without regard to the welfare of the unorganized."

"I don't say that each member of each of these groups deliberately practices scarcity economics. But enough of them do it so there is continually sand in the bearings of the economic machine. There is enough sand so that 10,000,000 families are continually living in poor houses without adequate clothing, without enough to eat."

Senator Johnson Says Government Must Stop Spending After War

Senator Edwin C. Johnson, Democrat, in a speech at the 28th annual banquet of the Real Estate Board of Baltimore, on Feb. 5, declared the United States Treasury would be bankrupt after the war, but that the "pulsing banks" would be able to finance reconstruction and return to free enterprise. Reporting this, the Baltimore "Sun" on Feb. 6 indicated other remarks of Senator Johnson as follows:

"We must stop spending what the Government has not got, and

Demobilization Office To Aid Transition Of Industry To Peace Urged By Senate Group Would End Dependence Of Nation On Washington Directives

The immediate creation of an office of demobilization to set up machinery for getting "the American system of free enterprise" on a full employment basis for peace is recommended in a report of the Senate Post-War Economics Policy and Planning Committee, made public on Feb. 9. The declaration is made by the Committee that the economic life of the nation "must not be permitted to become dependent upon Washington direc-

tives for peace as it has been for war. The office of demobilization should be supreme in all matters relating to industrial reconversion to peace," said the report, "except that, so long as hostilities continue, it should be subordinate to the Office of War Mobilization and should co-ordinate all its activities with other agencies through that office." Associated Press accounts from Washington Feb. 9, as given in the New York "Sun," quoting from the report as above, also had the following to say in the matter:

Chairman George (D.-Ga.) said that the senatorial group would begin work next week drafting legislation under which a director would be appointed to work in close co-operation with a full time board made up of deputy directors and a committee of three Senators and three Representatives.

As a first step in the over-all program, Senator George said that he would join with Senator Murray (D.-Mont.) in the sponsorship of a bill to speed up the settlement of canceled war contracts under which contractors could obtain advance payments on simple certificates to enable them to finance peace-time production.

The Committee reported that at the end of the war the Army alone would cancel 100,000 prime contracts, which in turn will result in the cancellation of a million subcontracts. Estimates of

the amount of goods which the Government will own run as high as \$75,000,000,000. The Committee's recommendations, all of which it proposes to implement with legislation proposals, include:

The immediate payment to manufacturers and others of 100% of the direct cost of all inventories of raw materials and partially processed goods in the hands of contractors upon contract termination. The authorization of the demobilization office to direct military and other procurement agencies to make mandatory advances or partial payments up to 90%, or loans or guaranties of loans to both contractors and sub-contractors upon the mere certificate of the contractor as to the amount due.

A penalty of 1% a month to be applied as governmental protection upon the amount of any excessive advance payment obtained by a contractor through overstatement of his claim, the penalty not to be deductible expenses for income tax purposes. The proposed legislation would set up a procedure under which a contractor or a subcontractor could appeal to the Court of Claims upon having it approved by a demobilization office review board, a regional demobilization umpire or by the utilization of arbitration processes of the national arbitration act.

Govt. Should Assume A "More Reasonable" Attitude Toward Corporate Taxes After War: Hook

Unless the Government assumes a "more reasonable" attitude toward corporate taxation in the post-war period, industry faces possible "economic starvation," said Charles R. Hook, former President of the National Association of Manufacturers, in an address before the San Francisco Chamber of Commerce, on Feb. 11. These remarks of Mr. Hook were given in a special dispatch to the New York "Times" from San Francisco, on Feb. 11,

which gave other remarks of Mr. Hook, as follows:

Unless industry itself made plans to speed the change-over to expanded peacetime production

start investing American capital as soon as the war ends.

"No one can laugh off a bankrupt treasury. What our Government owes it must and will pay. We must stop thinking of leaning on Uncle Sam. We must have an end of deficit spending, and the only way to do it is to make it possible for private capital to carry the load."

Mr. Johnson, a member of the Senate Finance Committee, warned, however, that this country would need more price control after the war "until we get steady."

"We cannot afford a wild spending spree," he said. "We must take no chances. Our country will be destroyed if we have speculation."

Commenting on post-war planning, the Senator told the realtors their organization, and other non-political and non-Governmental groups, must formulate peacetime programs, "if you do not want a socialistic form of government."

"I am not a New Dealer," he asserted. "Much bad has come out of the New Deal. But many good things have come out of it, and one of them is planning—and I am not referring to a planned economy. I am referring to orderly planning for internal improvements."

9,000,000 job seekers would "demand of our Government through political action what private enterprise is unable to give them," the speaker declared. He arrived at this figure by estimating that of the present working-fighting force of 64,000,000 men and women about 55,000,000 would still want jobs at the end of the war. This potential total compared with a working force of 46,000,000 in 1940, the biggest peacetime year in American history.

"Therefore," Mr. Hook said, "indications are that approximately 9,000,000 more people will want jobs after the war than were employed in the best peacetime year."

"We all know the Government cannot provide a sound, permanent solution to this problem. Nevertheless, if such a large group of people do not have jobs, it is only to Government that they can turn."

"An entirely new era of Government-created payrolls would inevitably emerge from such a condition. If it is to be Government's responsibility to expand employment and increase our national income when peace comes, then we must accept the fact that Government will operate on a broader scope than we have ever known."

That, he warned, would mark "the beginning of the end" for private enterprise, "because Government would be forced to compete directly in the production of goods and services."

Few Americans Would Risk Peace-Time Chaos Of Continued New Deal Government: Gov. Dewey

(Continued from first page)

their master, they will trust it to do its full share in the world."

The following is the address in full of Governor Dewey:

It is good that we return, at least once each year, to the wisdom and the character of Abraham Lincoln. Lincoln was a man for the ages; because, throughout all ages, as long as human nature remains the same, the example of his life and conduct will remain a lesson and an inspiration. He was a plain man. Although he towers above his contemporaries, he was very much like his fellow-men. Better than anyone, he knew that he was not perfect, not all wise, not given the ability to solve the problems he faced in easy strokes of brilliance. He would have been the last to call himself indispensable. But he had one quality that made him big enough to save the United States of America in its hour of need—he had integrity of character.

When Lincoln came to the Presidency the nation was torn by bitterness and dissension. His clear, calm vision pierced through the turgid mass of public controversy to see the essential issues. He saw one thing as fundamental—the preservation of our constitutional system.

He knew very well that our founders had devised a Constitution which could bring ordered freedom to expanding and diverse groups. They had the genius to see that sovereignty was not indivisible, but rather the total of all governmental rights.

Some of these rights could best be conferred upon those having broad responsibility to the people as a whole. Others could best be left with those having a localized responsibility. By our Constitution a principle of balance was struck. It enabled and required the people to work together through federal agencies on matters which were genuinely of national import. All other matters were to be dealt with by the States.

In all earlier nations there was, of necessity, a similar division of powers and duties. But always before, the ruler kept such powers as he pleased, leaving local affairs for local administration as a matter of grace or as suited his personal convenience. The new, inspiring concept of America was that all government was solely by consent of the governed, that all powers resided in the people. That is the true, inner meaning of constitutional government under law.

Lincoln perceived that unless our people remained under that system they would inevitably fall into discord and disintegrate into jealous and disorderly groups. It was his great decision that our constitutional system must be preserved at any price. Many paid that price. They fought and died to make that great decision a reality. That reality is one which can be preserved only by the unwavering diligence of each succeeding generation.

In the past decade, we have fallen upon times which carried a menace to our constitutional system as grave as that of Lincoln's day. The menace Lincoln faced was violent; ours was subtle. But one, as much as the other, carried a mortal threat. He faced secession by the States. In our time, we have seen abdication by the States.

It remained for us to see the day when States and the sub-divisions abdicated their responsibilities in favor of a single, national ruler. As dangerous as secession, abdication has also shown how the institutions of freedom are undermined. For free government must always work from the bottom up, not from the top down.

This was the great principle

laid down by Thomas Jefferson. He declared:

"Every government degenerates when trusted to the rulers of the people alone. The people themselves, therefore, are its only safe depositories."

It is in local units that men and women can most fully sense and practice the responsibilities of citizenship. Once we have ceased to do that, once we concern ourselves merely with a four-year choice between one or another ruler, then we will be a ruled people.

On March 4, 1933, the first attempt to establish an American autocracy took place as the result of the election of what used to be known as the Democratic party. It asked and was given almost absolute powers. In that year the Governors of 40 States were also members of the Democratic party. Many of these Governors were accidents. The majority were so untrained in the principles of free government, so willing to surrender them, so satisfied just to be in office, that the title alone was enough. They were willing to become provincial satraps under the rule of Washington.

I well realize that no detailed and permanent division can be made between the powers of Federal and State Governments. Increasing economic interdependence requires increasing Federal duties. Particularly must Federal power be enlarged when, as now, our nation faced the stupendous tasks of war. We give to that effort our unlimited support. We accept without reserve the wartime leadership which devolves upon our President under the Constitution.

Having done so, does this mean that all of the basic responsibilities placed upon the States and every citizen by the Constitution are to be abandoned? Does this mean that the 120,000,000 Americans maintaining the home front should assume that our free system and all of the rest of the Constitution have been terminated or suspended? Surely, if it did, the suspension would become permanent and the war for freedom would be lost at home before it was won abroad.

The amazing thing about the American people is that even before the war they themselves, sensed that the abandonment of local government was surrender to autocracy. Even before the war they were moving to recapture their freedom and the basic right of local self-government. They sensed that the Democratic party was no longer the party of the people. Both nationally and through its Governors it had become definitely and finally the New Deal party, irrevocably committed to absolutism at the seat of the National Government.

Urges Strong State Governments

The people had no Lincoln to tell them in simple words what the trouble was. Their own instinct guided them. They sensed that they themselves must bring back to State Government competent, experienced men who would do the job of local Government. They sensed that there was a vacuum in State Government into which inevitably the Federal Government was moving.

Only the Constitution with its division of powers and strong State Governments has made America a place in which minorities could live. Only the Constitution with the support of the people kept this country united in Lincoln's day and will keep it from autocracy in our time. The ultimate truth is that no man or group of men have ever been wise enough to substitute themselves for the institutions by which freedom is preserved.

So, as in Lincoln's day, our people found once again that the Republican party alone could preserve their constitutional system of freedom. In one State after another the Republican party has been restored to power, until today instead of eight there are Republican Governors in 26 of the States, embracing three-fifths of the people of the nation.

All of you here were familiar with the consequences of the abdication by the New Deal party in the State of New York of the State's duties and rights to the National Government. It had been long obvious that the people of our State had not been given a full share in the war effort of the nation. The State Administration had simply left everything to Washington. Civilian Defense had fallen into chaos. Food production was taken for granted while, in fact, its problems cried out for vigorous handling and leadership. The tax structures, State and local, were driving business and employment from our State while war contracts and employment were going elsewhere.

The spirit of the remedies applied by the Republican Administration of New York State was to bring the people back to the practice of self-government, of relying upon ourselves. The strength of the nation is the strength of the people. The strength of the people is where they live—in the cities, villages and farms of America. Without them, as some seem to have forgotten, there would be no Federal Government. By revitalizing the State of New York we have greatly strengthened the National Government for war and for the peace to come.

In all this our State has not been alone. Twenty-five other States, from Massachusetts to California have been doing the same, strengthening our system, preparing to do their part in saving both the system and the Nation in the days soon to come.

Why have the people of the United States been so busily engaged in restoring competent, honest government in their States? Is it a mere trend against the party in power? Is it merely petty irritation at war-born sacrifices? Is it merely rebellion against the autocratic rule of a swarm of bureaucrats rivalling in numbers and in tyranny those by which our enemies live? I think not. The reason lies at the very root of our form of government and in the nature of the crisis through which we are passing.

We are living in mighty and moving times. We who are alive in the year 1944 are taking part in the greatest struggle of all history. Of this our people are deeply aware.

Within the next year or two we shall bravely win the greatest of all wars for individual freedom, or we shall tragically lose it.

There is no American who has the slightest doubt that we shall win it, and that we should win before too long. By the same token there are few thinking Americans who wish to risk the peacetime chaos of continued New Deal government. And there are few Americans who do not fear what that government might fail to do in the building of a just and lasting peace.

Anyone who gratuitously raises so much as a doubt as to the unswerving determination of our party to build a great peace trifles with the truth and with his country's future. I was present at Mackinac Island when the Republican Governors and Republican leaders in the Senate and the House of Congress deliberated upon the principles which must guide us in bringing about a lasting peace. There was not one person present who was not moved by the tremendous opportunity to state the principles by which it was to be approached and inspired by the vision of what lies ahead of us as a nation.

It was that group of Republicans who drew the Mackinac Charter, which was translated into action by our distinguished Secretary of State at Moscow. It was that result which was embodied in the Connally Resolution, adopted by a bipartisan majority of the Senate. Here was the first concrete, constructive achievement in our foreign policy of the future, and its framework was advanced by the Republican party at Mackinac Island.

The people of the United States were turning to the Republican party even before the war broke out. They have been turning to it at an accelerated pace since we entered the war because they are so desperately anxious that we shall build well and strongly in international cooperation after this war.

The people know that the Republican party has been devoted since the day of its birth to responsible constitutional government. They know that they cannot hope for world peace unless that peace is built upon the firm rock of truly representative government. They know that with a self-willed executive who wars at every turn with the Congress, they will have a repetition of the same catastrophe which happened in 1919.

The American people themselves are beginning to shape our thinking on things to come. In the last few years they have shown that they want a government which is once more close to the people. It seems manifest that they want to make their own decisions as robust, clear-thinking, free men. They have had enough of the abdication of their rights to a select few in the national capital.

The people realize that the only hope of America for world peace is that it be won by an administration which they know is not seeking power for the sake of power. If the national Government is one which our people can trust to serve them alone, to be their servant and not their master, they will trust it to do its full share in the world.

In the face of today's complex problems we are apt to think that the difficulties which face the world are beyond the ability of ordinary men to conquer. We are apt to conclude that they can be solved only by extraordinary men—men whose intellectual attainments transcend the range of normal minds. If this were indeed so we should have despaired of the outlook for humanity, for as we look about us it can hardly be said that the world is crowded with such intellectual giants. But the truth is that our problems, by reason of their complexity, will not lend themselves to single, brilliant solutions. They will be solved in the end in the way all difficult tasks are solved, the way a man builds a house, brick by brick, by tackling one difficulty after another in accordance with tried and tested principles.

The strength of our system is that it makes it possible for all the people to receive the benefit of the thought and the productive effort which society produces. Neither power nor opportunity is confined to the selected few.

The wisdom and strength of Lincoln lay in the fact that however high he rose in our national life he remained at all times one of the people. He did not seek to impose upon them ideas which were alien to their thoughts and traditions. Rather he gave expression to the aspirations which existed in their own hearts and minds. So it was when he spoke he spoke with the voice of the American people.

Lincoln loved and respected the American people. There was nothing in his soul of the paternalistic contempt for their intelligence and their character which has become the prevailing attitude of our present National

NAM To Hold Conference On Post-War Plans

A preliminary "off-the-record" conference of representatives of major segments of the economic system, will assemble at the Hotel Claridge in Atlantic City, February 18 and 19, to explore the possibility of a common post-war program, according to an announcement made on February 14 by the National Association of Manufacturers.

The following organizations will be represented:

Aeronautical Chamber of Commerce of America, Inc., American Bankers' Association, American Farm Bureau Federation, American Federation of Labor, American Legion; Association of American Railroads, Committee for Economic Development, Congress of Industrial Organizations, Investment Bankers Association of America, Kiwanis International, National Association of Manufacturers, National Council of Farmer Cooperation, National Foreign Trade Council, Inc., Rotary International, and United States Chamber of Commerce.

This unprecedented National Postwar Conference of major organizations representing such a wide field of interests has been called by the National Association of Manufacturers, on the round-table and conference principle, with a minimum of speeches, but with an agenda of problems to be discussed.

It is hoped that the participants at this first National Postwar Conference will be able to lay the groundwork for a common understanding of their various views and be able to increase the area of agreement upon the nature and solution of major transition and postwar problems.

Result Of Treasury Bill Offering

The Secretary of the Treasury announced on Feb. 15 that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated Feb. 17 and to mature May 18, 1944, which were offered on Feb. 11, were opened at the Federal Reserve banks on Feb. 14.

The details of this issue are as follows:

Total applied for, \$2,314,407,000.
Total accepted, \$1,012,222,000 (includes \$71,091,000 entered on a fixed-price basis at 99.905 and accepted in full).

Average price, 99.905+ equivalent rate of discount approx. 0.375% per annum.

Range of accepted competitive bids:

High, 99.910; equivalent rate of discount approx. 0.356% per annum.

Low, 99.905; equivalent rate of discount approx. 0.376% per annum.

(33% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 17 in the amount of \$1,001,415,000.

Administration. Government, for Lincoln, could never be merely government of the people or even government for the people. It also had to be government by the people.

Because the peace of the world cries out for it, it is this government we must regain. It is this government we must preserve. It is this government which shall not perish from the earth.

The Industrial Civil War

(Continued from first page)

It is almost 325 years since the first of our Pilgrims landed on Plymouth Rock. They and their fellow countrymen who came a few years earlier to Virginia were seeking in a new and unknown land to build those institutions of liberty and freedom which were their ambition and their goal. They were in search of freedom of life, of freedom of thought, of freedom of speech, of freedom of religion.

If you will look back over the history of Virginia and of New England and the history of the other states in the Union all the way to the Pacific Coast, you will see the record, the magnificent record, of what that effort has accomplished. It is recorded as one of the wonders of the world that such a nation as that of which they made the beginnings should have been developed and built as it has been.

That nation has suffered one political civil war. Fully 100 years ago, there began to be sharp differences of opinion as to matters of public policy which unhappily resulted in armed conflict. From Fort Sumter and Bull Run to Appomattox there was a desperate war fought over political principles.

Fortunately, and happily, under the guidance and inspiration of Abraham Lincoln, that war was won by those who would hold a united nation together and build it up with increasing strength and power. When that war was won, the United States of America entered upon a new and powerful career of industrial and commercial and economic development and power, all of which is written in the history of the past two generations.

Unfortunately, and without the knowledge of the people—or most of them—we are now engaged in a second civil war. This time it is not political but industrial. It is civil war in our industrial system which, if permitted to continue to grow and to develop, may easily destroy or transform the fundamental principles of liberty on which The Pilgrim Fathers strove to build.

Our industrial and commercial system has become so huge, so interdependent, and so many-sided that anything which happens in one part of it affects every other part of it. There is no way of separating the interests of those who at the moment are engaged in a particular industrial or commercial undertaking from the interests of the entire people, however apparently remote.

If there be interruption in the supply of fuel for the people of the United States or if there be interruption in their transportation system, every man, woman and child in the United States is affected. Thereby such action might readily lead to the illness and death of thousands of men and women and children in distant parts of the land and far removed from the undertaking which brought this situation about.

That such a situation should exist is incredible. That it shall continue to exist is impossible unless we are ready to sacrifice by revolution at home the fundamental principles of civil liberty for which our armies are fighting in every part of the world.

What is possible in such a situation? Obviously, we must learn to understand it and we must deal with it with courage, with foresight, and with constructive ability. Many of us have been deceived as to the character of this industrial civil war because it has taken the form of an effort to increase the comfort and happiness of large classes of our population in whose welfare everyone of us is interested.

Every American—no matter what may be his calling—must favor and advocate and assist in

bringing to every other American opportunity to work at a compensation which is adequate to meet not only the necessities but the comforts of the life of himself and his family.

How shall this be done? In the industrial civil war which is growing up about us, this is being done by force. A strike is an act of war—war against the whole people of the United States and not merely against the individual or corporate employer.

The purpose for which a strike is undertaken may itself be commendable, but the strike is not the method by which to seek to achieve it. We must find ways and means to settle these problems as civilized men should settle all their problems—by conference, by discussion, by understanding, and, if necessary, by arbitral action. The industrial civil war should be brought to an end before it goes so far as to overthrow the fundamental principles of individual civil liberty and turn us over either to some form of State Socialism or even to Communism.

We must also remember that our fundamental doctrines of American individual freedom—again those doctrines which the Pilgrims of long ago had in mind to establish—give every man the right to work. We must not permit the right to work to be limited by membership in any particular organization.

We cannot say that in order to get work a man must belong to a given political party, to a given church, to a given Masonic lodge, to a labor organization, or to any other organization which has no relation to an undertaking which is built upon liberty. If any one desires to join one or more, or all, of those organizations, that is his right, but under no circumstances, should he be compelled to do so. Such compulsion would be not only un-American, but anti-American.

Moreover, we have permitted organizations to accumulate huge sums of money—many millions, perhaps tens of millions of dollars—which are not publicly recorded, not publicly reported, not accounted for to the Government. That must be brought to an end. What we all desire—every American desires—is a condition of industry which will permit every man an opportunity to secure an appropriate wage or salary, not appropriate in the narrow sense, not small, not mean, not closely calculated, but generous and such as will permit him and his family to live a truly American life.

We must remember that in considering wages many factors have to be taken into account. Fifty dollars a day is a very small wage if the cost of living is \$49.50 a day; five dollars a day might be a large wage if the cost of living is \$1.50 a day. In other words, we have to consider the whole industrial and commercial situation. We have to insist upon American fundamental principles and not permit their violation and attack under any form of pretense. That, my fellow Pilgrims, is the great question before the American people today.

We were told after Pearl Harbor, by leaders of the working classes, that there would be no strikes during the continuance of the war. There have been hundreds of them and they have limited the production of our people in support of our troops in a way which is quite appalling and which is only understood by those military officials who are familiar both with the combat conditions and with the details of everything relating to the supplies which are sent to our fighting forces.

Why should we send troops to every part of the world to fight

The Financial Situation

(Continued from first page)

way unfriendly to business, but which sees it in the nature of things that private initiative, at least in a "mature economy," is in its very nature unable without positive assistance and "stimulation" from the State to serve the public adequately. Members of this group would "save" private business by lending it a hand.

Plans To Stimulate

It may well be that in the decade to come business will find its greatest hazard in men and women who argue in this way. Some of them, of course, will be mere hypocrites (as is true today) who wish to be in a position to get in their licks at private business, but many, probably most of them, will be mere misguided, misunderstanding idealists and economic planners who know not what they say or do. There are a good many of them in Washington at this moment actively, not to say feverishly, engaged in planning to "stimulate" business in this, that and the other manner, when the war has come to an end and the pressure for production occasioned by it a thing of the past. Let no one suppose that the President who, it may be taken for granted, hopes and expects to be President when the war is over and post-war problems arise, has forgotten or given up the ideas his planning machinery had given him before Congress obliged him to discontinue that particular organization.

for the fundamental principles of American liberty and sit silently by and permit those principles to be undermined and broken down at home in the obvious external interest of individuals and groups?

Mind you, the object for which they are striving is a sound object. We want wages and salaries increased; we want to make wages satisfactory. We wish this freedom from want and freedom from fear for everybody in the United States; but we wish to work it out, again I repeat, as civilized men work out all their problems—by discussion, by conference, by study, and, if necessary, by arbitral action.

What we need is a strong and vigorous public policy, a Congress which will stop talking and act and an administrative system which will deal with facts in accordance with fundamental principles and help instruct those who do not seem to understand what those principles are.

What we need, my fellow Pilgrims, just now is another Abraham Lincoln, by his personality, by his charm, and by his power to lead and to direct and to educate public opinion, to bring this industrial civil war to an end before its destruction shall have become too stupendous.

He is far too resourceful a man for that. The same work is going on now under other auspices, and grandiose plans of the same general nature are being formulated and perfected in feverish haste.

Despite all the necessity that has arisen during the war for the rank and file to defer many types of expenditure; notwithstanding the fact that "liquid savings" have accumulated in unprecedented amounts with which many individuals are expected to try to satisfy long-deferred wants when peace has returned; without regard to the circumstance that war finance has increased the money supply beyond anything ever dreamed of in this country—in the face of these and many other similar facts which might be listed, these individuals insist—and from all appearance, they have the ear of the President—that we must continue huge deficit spending after the war in order to provide "investment opportunities," stimulate business and prevent the development of large and more or less permanent unemployment in the post-war years. To us it is startling to observe from time to time how many men and women who should know far better, who are normally considered sensible people and well disposed toward the American system of free enterprise who talk in precisely this way. It is, apparently, from certain of its self-styled (and often quite sincere friends) that private business must expect its greatest post-war danger.

Discouragement, Not Stimulation

It would appear rather unnecessary, and probably rather pointless, to remind the reader at this point that this kind of activity on the part of the public authorities does not stimulate, but discourages, business. We saw it all through the latter half of the thirties. What was, as measured by all standards of the time, oceans of money was poured into the economy to "prime the pump," as it was then called. While more or less temporary spurts resulted, it may be safely said that in the long run the more more business was "stimulated" in this way the more reluctant it was to proceed in a normal way to assume the risks involved in feeding, clothing and, in general, servicing the public in the way that it had always done. And the reason was not far to seek. The business man is in business to make a profit, and to make it not only this year, but the next and the next and the next. He normally, if presented with the necessity of choosing,

would forego profit this year in order to be as certain as may be that he will not become insolvent next year. It was clear enough that all this reckless spending was driving the economy of the nation toward something quite unpleasant, toward conditions under which it would be far more than ordinarily difficult to remain solvent.

What reason is there to suppose that the same type of treatment—although much more extensive and rigorous, according to present plan—would not have precisely the same sort of effect in the post-war years? There is, and there can be none, of course. The fact is, of course, that the business man never needs any "stimulation." The competitive system in which lives, moves, and has his being sees to that. He has the energy, initiative and force essential to business success—or else he is not long in business. Some other man with more energy, more initiative, and more force will have all his former customers and all his profits. When the business man appears to some thoughtless people to need "stimulation" is at those times when conditions appear to him to demand caution and relative inaction. When such need of stimulation exists, the obvious remedy is not artificial stimulation, but correction of the conditions which impose caution.

If these very people who are now eagerly planning the "stimulation" of business do not bestir themselves, a number of conditions may well exist after the war of a nature to cause business men to hesitate, and these conditions will be a result of the negligence of the public authorities, not a piece of spite on the part of fate. Taxation, even at this time, but particularly for the post-war years, needs most careful overhauling, the whole relation of government to the thousands of manufacturers and others who are now engaged in war productions, the dozens of needlessly restrictive laws now on the statute books of the nation—these and similar conditions are what may very well cause business to hesitate when the war is over. The way to correct this situation is obvious. It would be folly to permit the underlying conditions to remain, and try to "stimulate" business into forgetting that they exist.

The Scope Of The State In Domestic And Foreign Affairs

(Continued from first page)

above by the few and imposed on the many.

The struggle between these two philosophies regarding the role of the state will pervade our politics for the next generation.

In like manner the role of the state in international relations will have to be decided. It will be much debated and again our basic philosophy will be of controlling importance.

With your indulgence I propose to discuss both phases of governmental power, domestic and international.

As we look forward to conditions which will exist at the end of the war, we can foresee widespread confusion as to what the world will be like. At the end of the last war, the victor nations were untroubled as to their faith in democracy and liberal capitalism as the basis for peace and prosperity. In large sections of the world no such universal faith exists today. I believe that it is stronger today in the United States than elsewhere, but even with us the issues which will have to be settled after this war are broader and more crucial than after the last one. This is true in both the domestic and international spheres.

In the United States the decade prior to the war had been one of rapid expansion of governmental control over the lives of the people. That much that was done in that decade will not be undone in the next is demonstrated by the fact that no political party has any serious intention of repealing the great bulk of the "New Deal" legislation. Whole areas of policy, bitterly contested at the time of adoption, are, as a practical political matter, now beyond controversy except as to details of refinement and administration.

No one can tell what proportion of the special war controls, introduced under the necessities of war, will carry over into the peace. It is generally agreed, however, that many of them cannot be relaxed too speedily afterwards. Undoubtedly some will survive the period of reconstruction and become an integral part of our political system. Unlike tidal waves, waves of expanding governmental power seem never to recede to "normal." Having experienced extensive controls, the people will be in a receptive mind towards them because their novelty will have been worn off.

The United States has been under a crisis psychology for more than a decade. First it was economic depression, then war. As Sorokin truthfully points out in his recent book on *Man and Society in Calamity*, the main effect of calamities on the political structure of society is a marked expansion of governmental regulation with corresponding decrease in freedom and decline of democratic and constitutional institutions. Political leaders in their quest for votes always try to cultivate a feeling of crisis to support their claims to office and power. This well known political strategy was quite familiar before the war. It is undoubtedly valid during the war, and it will probably survive the war into the period of reconstruction, but we must guard against being misled by it. We must not permit ourselves as a people to be led into a feeling of helplessness. Not long ago one eminent American announced that it was time to give up the concept of "Doctor New Deal" in favor of "Doctor Win the War." To this another eminent American replied that the American people are not sick patients, that the suggestion that they always needed doctoring would make hypochondriacs of all of us if we accept it. It is a doctrine, he added, which Amer-

ica must repudiate and repudiate completely.

Obviously these two viewpoints will contest for mastery in the minds of the people after the war. If conditions lead us to a sense of helplessness, it will be easy to persuade us that the Government should run itself or that the officials should run it in their own way.

One's view of the nature of government is apt to change with circumstances. If my business is experiencing new and vexatious governmental controls, the State to me is a surly policeman and little else. If, on the other hand, I am profiting from subsidies or other forms of tax supported enterprises, the Government resembles a kindly gentleman whose mission is to give pleasure to all. Neither view expresses the whole story, and it is important that we remember the whole story when we come to make up our minds as to how much or how little government we want. The fact is that government is something more than a policeman and less than a disinterested philanthropist. Since 1929 large numbers of voters have been apt to forget the brute force side of the State while concentrating on its benevolence.

When one thinks about the function of Government after the war he immediately becomes involved in the age-old problem of the part that force is to play in human affairs. The State is an organization of force; it is the sole agency which possesses the moral right to use force to compel people to observe its will. The State has a legal and moral monopoly on force. This sets it apart from all other forms of human association. It is force organized, and it tolerates no competition. In international affairs, its right to exert force is expressed ultimately in war; in domestic affairs its force culminates in the power of imprisonment and death over its citizens. Therefore, each expansion of political power heightens the importance of adequate political controls, as the Constitutional fathers well knew. Because the force of the State is exercised not by supermen or angels, but by mere men who are forever subject to the intoxicating effects of power and to the temptation to use power for self-aggrandizement, it is to the interest of the average citizen that checks be placed on the power of the State and that Government be always responsive to democratic controls. It is a commentary of our political thinking of the last fifteen years that the public has paid so little attention to the need of stronger political controls to match growing executive power. Congress is no more efficiently or adequately organized and staffed for this purpose than when the power of the executive was a mere embryo of its present hearty self.

Congress weakens its position as the agency to guard the people's interests when it occupies itself with details of legislation to the neglect of its function as watch-dog of the administration. The time has come when it should reorganize itself to cure this weakness. Administration must be carried on under the reign of law. It is the function of administrative officers to carry on the policies of Congress. At present it is poorly prepared to see that they are carried out. In comparison with the British Parliament it is sadly unable to secure the simple basic information from the executive departments that it needs to perform its great function. The proposal that Congress be enabled to call administrative officials before it for questioning, which has recently been revived in Washington, is a step in the right direction. The running fight

between the executive departments and Congress, of which we hear so much these days, is no credit to either side, and would be unthinkable in any well planned organization. We are winning the war despite these handicaps in our political system. I doubt if we can win the peace if the present confusion continues.

A word about the "experts" needs to be said at this point. We cannot get along without them. Indeed it is a tribute to the political genius of Americans that in the past we were able to carry on our Government with such little use of them. Today we have them and they are the subject of much ridicule and criticism. But this is because we have not yet worked them properly into our political organization, and because they have not always respected the true limitations of their function. A man cannot be both an expert and a politician, and this is what too many are trying to be. The old saying that the expert should be on tap but not on top expresses a great democratic truth. To think of one's self as an expert is like drinking strong wine. Being an expert is apt to go to one's head. I know this from experience because on various occasions I have been paid for serving as an expert. The uncontrolled expert, no matter how fine his motives, is apt to drift into a fascist psychology. His tendency is to do what he decides is good for the people without regard to what the people want. In a democracy it is the latter which must control. In recent months we have become quite familiar with administrators who talk not only as if they were not responsible to the elected representatives of the people but as if the representatives were responsible to them.

I am not suggesting that the expert turned bureaucrat is a unique or depraved person. He is of course susceptible to that pleasant sense of power that comes when a man is disposing of the lives and welfare of others and under such circumstances it is easy to permit the end to justify the means. It is natural for him, if he believes in himself as good men do, to seek to expand his activities. Does a lawyer flee from litigation or does a doctor flee from sickness? Do not lawyers and doctors seek to realize themselves by expanding their practice? Is it not natural that experts should wish to do the same?

By now most of us are fully aware of the role of force in international relations. Indeed we are fighting this war to refute the idea that one State can claim the right to exercise full freedom of action towards other States.

But we are apt to lose sight of the fact that in its relations with its own citizens the State is likewise an organization of force, and often tends dangerously to claim full freedom of action towards its own people, which is the antithesis of constitutionalism. In the post-war days when the line of least resistance may be uncritical expansion of the power of Government over our daily lives, it will be well for us to remember that this expansion involves dangers more real than many well-intentioned people understand. If, because of a superficial social idealism or because of a lazy choice of the easiest way out of our difficulties, we surrender to Government functions which properly belong to private or community enterprise, the consequences may be the creation of concentrated political power more devastating than any consolidation of economic power this country has ever seen.

We shall have to be especially wary of the philosophy of those extreme social planners which promises the millenium in return for servitude to the State. Those who will say in fact: "Just turn your worries over to us and we

will see that you get more of the world's goods and relieve you of the burden of responsibility for yourself," are especially to be feared.

Of course, no "total social planner" in a democratic nation conceives of his program for State control as leading to a demand for full freedom of action by the State. But the truth is that the ultimate destination of the all-out planners is an all-inclusive State. When off guard, they reveal the inevitability of this trend by their impatience with existing political controls designed to preserve our political liberty, without which there can be no liberty of any kind. That the desire on the part of the public official to be free of political controls may arise from the highest humanitarian motives to do good as the official sees the good, does not alter the dangers of concentrated executive power. "Virtue itself has need of limits," said Montesquieu.

America does not want to become hag-ridden by doctrines that the State alone can save us. She will not become so merely because some converts to collectivistic doctrines, however idealistic, wish to snatch control away from the citizens. She can become so only if those who are responsible for all of the various private and community enterprises that make up our way of life abandon their responsibilities to government. The American is trained by tradition to admire individual achievement and to believe in the American pattern of individual opportunity. He will not change lightly. He wants to do a man's job in cooperation with his neighbors in the traditional American pattern. It is the duty of all who have enjoyed superior educational privileges to join in preserving that pattern. Business and Government, along with all other agencies in American life are under a joint compulsion to provide the basis for a good life on which the common man can build.

I have been speaking about the force of the State as applied to its own citizens in domestic affairs. Because it is an agency of force with a monopoly in its field, I have argued that expansions of State power should be made with caution and that their purpose and effect should always be to increase the liberty and self-realization of individuals.

But the State also exerts force towards other States by sanctions, which may extend to starvation and war. In the application of force in international relations States are in an essentially lawless position. All governments, however despotic, are more or less subject to the reign of law and custom in dealing with their own citizens. In dealings with other nations every State still claims, in the last analysis, full freedom of action, and full freedom of action is the antithesis of the reign of law.

It is my reasoned opinion that America must do two things: She must guard against the drift to excessive encroachment of the force of the State upon private affairs; and she must be willing also to see that the force of the State against other nations is controlled by the reign of law. To accomplish the latter she must agree to collaborate with others in some form of a supranational organization. In other words, State absolutism in respect to private citizens and State absolutism in respect to other nations are equally repulsive to me.

In a common military danger we are finding a new unity and a refreshed spirit of cooperation among all people. From this we may take courage. But all moments of danger induce social cohesion, and we know by experience that unity caused by pressure of war may turn out to be only momentary and may evaporate when the danger has passed. We need constantly to remember what is becoming dangerously trite as a phrase, that winning the

war will not of itself win the peace. Are we certain that when victory has been achieved, we shall as a nation be able to profit from the lessons of the war? Victory will not guarantee us against a relapse into those conditions which will breed new wars; it will only clear the stage for another chance. The danger that we shall revert is very great. We shall come out of the war fatigued in body and spirit, strongly tempted to prefer shortsighted palliatives to the intellectual labor of building new international relationships which alone promise a peaceful future.

The simple truth is that unless we organize for peace we shall not have peace. Unless the idea of international collaboration, which few dispute, is incorporated in some political institution it will remain a polite platitude. A political institution is an instrument of order and a means of making an idea effective. An institution is to an ideal what the body is to the spirit of man. Without a political organization of nations to implement the sentiment of man for collaboration, we shall never prevent wars.

It is true that new political institutions cannot be created overnight; they root in the past and they contain both rational and non-rational elements. But while these considerations impose limitations on the power of logic to change the political habits and attitudes of peoples, they do not destroy the role the conscious design and adaption can play in human affairs. If we will it hard enough, we can now take the first steps towards an international order adequate to meet our most pressing dangers, today and to provide a basis for peaceful growth in years to come.

The necessity for complete military defeat of Germany and her full assistance in reconstructing the lands she has devastated is, to me, obvious. The Moscow Pact by agreeing not to make a separate peace encourages hope that this will be accomplished. The innocent lives that Germany has destroyed can never be restored. Naziism is merely the full flower of a policy of domination through war that has permeated Prussian life since Frederick William I. This policy of advancing the interest of a herrenvolk by war and perfidy soon was adopted and elaborated sympathetically by the German philosophers. Domination has been the theme of German leaders since the 18th Century. The survival and transmission of the cultural tradition of Germany which glorifies war must be brought to an end; and it can only be done through unconditional surrender, punishment of those guilty of atrocities, and the employment of her people in the rebuilding of areas she has laid waste. The excesses and cruelties of Naziism cannot be explained by the betrayal of the Germans by a few psychopathic leaders. The leaders are guilty but so is a nation in which the professional and business men, big and small, were ardent, domineering nationalists for generations before Hitler. A nation is responsible in the eyes of God and man; it can act immorally as well as its leaders; and Germany has. Predatory, dehumanizing force can at times be met and conquered only by force. The highest human values, says Professor Ralph Barton Perry, are vulnerable to hostile physical force.

But force cannot build. While the defeat of Germany is necessary it is negative in its effect. Why not a negotiated peace if we are to begin to get ready for another war as soon as this one is over? The case against a negotiated peace rests ultimately on the opportunity which complete victory will give to construct a world of collaboration and to introduce the reign of law into international affairs. If after this

war we must get ready for the next on the scale that it will require, we must bid farewell to our ambitions for higher standards of living for all. If the world is to remain an armed camp; if we must live in a psychology militarized by constant preparation for war; what we call democracy will inevitably have to give way to dictatorship in some form. Even Germany had to be aroused to war sentiments before her people were willing to acquiesce to a humiliating loss of personal liberty. As our constitutional fathers well knew, you cannot militarize a Government and keep it democratic, and they took careful steps to establish the supremacy of the civil over the military view of life.

When the final costs in blood are summed up after the present war, Americans will find their historic sense of security in international relations profoundly shaken, and there are various signs that public opinion is moving towards the rejection of isolationism as we have heretofore used the term. The resolution passed by the House of Representatives on Sept. 21st is evidence of this. The acceptance of the recent news from the conferences at Moscow and Teheran is further testimony to this end. While these facts afford no ground for complacency, Americans are nevertheless beginning to understand that our freedom from the chain of wars that afflicted Europe during the 19th Century was due more to a delicate balance of power in Europe and to our geographical location, than to our exceptional virtue as a nation. The Pax Britannica which protected us so long is now a thing of the past. Within the past quarter century, two world wars have demonstrated that hereafter we cannot coast along in peace on the assurance that other nations are too busy killing each other, to interfere with our vital interests or way of life.

America has at last reached a point at which she must plot a pre-considered course in her international relations; she can no longer escape a firm decision as to how she shall participate in world military affairs, for participate she must. She can no longer be the beneficiary of that world system that enabled her to enjoy the luxury of isolationism.

It is obvious that after this war we shall have three choices: (a) historic isolationism, (b) alliances on the balance of power principle alone, and (c) alliances, military for the present but containing the germinal elements of a supranational organization to effectuate the reign of law and peaceful collaboration between States.

There will be those who will argue that America is big enough and rich enough to "go it alone" in her own military might. This view, I believe, will not prevail, although it will be pressed and it will complicate the issue more than it should. Surely we are convinced by this time that no matter how much we should like to dig in on our continent and let the rest of the world go by, we will not and cannot stay dug in when events develop elsewhere which touch our vital interests and ancient liberties. When the folly of such proposals as a "seven-ocean navy," and a standing army of several million men to meet all comers, and an industrial system keyed constantly to the needs of war is revealed in terms of economic and social costs and the possible foreign power combinations against us, public opinion will choose, I believe, the path to security which involves our associating ourselves formally with other nations. The issue will then turn on the form that such association should take. Will it be a purely military alliance with England alone, or with England, Russia, China and a restored France? Or will our asso-

ciation with these nations contain the element of a supranational organization for the establishment of the reign of law among States? The philosophies underlying the ultimate goal of these last two forms of organization differ widely.

Let us analyze for a moment some of the proposals for a military alliance. On any theory of balance of power, an alliance with England alone will not do. The military potential against us would be too great. Consider Russia—industrialized, nationalized and militarized—a tough people possessing untold national resources and thriving under a form of dictatorship which organizes the masses to act as one man at the direction of a leader, the only nation in Europe that can look forward to a growing population after the war. She and her future allies could easily contest the united force of the United States and Great Britain.

What about China fifty years from now? She is becoming nationalized, industrialized and militarized. Her military potential will have to be reckoned with. One or two of her leading writers have so warned us. Her interests may turn out to be closer to Russia's than to ours.

Let us consider the other assumption of a merely military alliance between America, Great Britain, Russia, and China. This would create an overwhelming military potential it is true, which could easily police the rest of the world as long as it stuck together; but what assurance is there that it would last or that it would be just; that it could police itself? The most enlightened balance of power advocates believe that there would have to be a balancing of power between the four chief guarantors (the policing powers) themselves, so that they would act as a check on each other. Other nations will naturally attach themselves to one or more of the chief powers, as their interests dictate. Would not an alliance of the Big Four become merely a prelude to a world situation in which one group of nations would be arrayed against another? Is there any reason to believe that the Big Four would hold together any better than the Allies did after the last war, unless the goal of security is sought in the establishment of the reign of law with an organization strong enough to administer law and to justify the nations in relying on it for security?

Is there not a third and more promising road to peace through international collaboration? There is a growing group who believe that neither military isolation nor military alliance along the familiar lines of balance of power will give us security against future wars of annihilation. This school holds that unless we organize for peace we shall not have peace; that the sentiment for peace must be embodied in an international political institution or else the talk of peace remains vain and empty.

Let us understand clearly that an alliance for purely military defense is not an organization pointed to peace. It assumes that wars are inevitable. It is merely a device by which each contracting nation seeks to improve its position in wars to come, to assure that it will not be caught out alone when war comes. The purpose of a military alliance is to prevent defeat in the next war by putting a nation in an advantageous power position to meet it when it comes. The psychology behind a military alliance is a war psychology, not a peace psychology.

Therefore, while believing heartily in the importance of the allied nations remaining associated after the war, I submit that the tie that binds must include a common desire to substitute international collaboration and the reign of law for the right of any State to unlimited use of force

in its relations with other States. This aspiration towards international collaboration must not be left suspended in the air on pious hopes for peace, without the support of strong sustaining girders. It must be brought down to earth and planted on a foundation of an international organization which will implement the desire for peace in a practical way. At best any workable organization for collaboration among nations will be simple and limited at the start. It will have to grow naturally on the basis of experience and not artificially from beautiful blueprints which rely on ingenious political gadgets. But given the right start it will develop naturally as it succeeds in the primary duties assigned to it.

The point to emphasize is the need to create an international area of consent which can be translated into law. Let us be careful not to talk about enforcing peace before there is an accepted, clearly understood law buttressed by consent.

It is unfortunate that so many Americans trace the failure of the League of Nations to the refusal of our Senate to ratify the Covenant. Although the absence of the United States from the League councils affected its prestige injuriously, the real reasons were much deeper than this.

Neither is the failure of the League to be found in the cowardice or conservatism of the political leaders, here or abroad. It must be sought in the public opinion of the peoples. At the time of the Versailles conference, the peoples of Europe were more nationalistic, more reactionary, more vengeful than the chiefs of State present at the conference. It is now clear that between World Wars I and II, they "did not wish to abide by an international constitution, with political and coercive commitments." "No real international community had yet come into existence."

The peoples still need to be convinced regarding the essential community of interest among nations as an alternative to each nation pursuing its own individual interests regardless of others. Nationalistic feelings have lost little of their intensity. In fact, they will be stronger in Russia (and perhaps China), than ever before.

We must begin modestly. We must recognize the existence of national loyalties. We must not propose an order so new and unfamiliar that men would be emotionally unprepared to participate in it. Obviously, as I said earlier, if a more-than-national organization is to work, men's emotions, as well as their intellects, must be favorable to it.

There has been much loose talk about the place of an international police power as a basis for a just and durable peace.

There are two extreme views as to the necessity of a police force if anything constructive is to be achieved towards a just and durable peace. Both militate against the establishment of such a peace; one because it would attempt too much, the other because it would not attempt anything at all. Both overemphasize the part that force plays in the reign of law.

The first group says, "Let us establish an international police force owing allegiance to no one nation and controlled by an overall international authority." Individual States would maintain no national military force except those required to preserve domestic order. This school is dangerous because it is unrealistic. It overlooks the basic nature of law. It would telescope into one year, by means of international paper agreements, an evolution requiring a much greater length of time. In urging this it directs the attention of many honest people away from what is now practicable and possible. It evades the question of what law the international force would enforce

and overlooks the fact that any law to be enforceable must have behind it the strong body of consent that the law ought to be enforced.

On the other hand, there is a school of thought which considers that there can be no law, or no controls governing States, which does not have an organized police power behind it and which asserts that because no such super-government can be erected now no effective agency of international collaboration can be achieved. This school believes that there can be no law except that which is declared by an established sovereign power in the form of rules or commands under penalties inflicted by force. This school is, I believe, equally in error with the former group of impatient and over-hasty reformers, for it also misinterprets the true nature of law and the fact that there may be varying degrees of legal control.

It is natural that lawyers should stress the Austinian view of the nature of law, for it is Austinian law with which they deal. For a lawyer's purpose such a view of municipal law is a practical and proper necessity. But it does not follow that there can be no principles controlling the relations between States that do not measure up to Austin's definition. "No one will dispute that order of some kind is a necessary condition of social intercourse." (Vinogradoff). If nations are to live together at all there will have to be some reign of law governing their relations with each other, or they will not be able to get on at all. No State can claim unlimited freedom "to act as if their private wills and pleasures were everything and the wills and interests of their neighbors nothing."

It is easy to overemphasize the force side of law and to forget its real origin and nature. The school of historical jurisprudence has shown that custom is anterior to enacted law. It is not the power to inflict punishment that makes a city's police force effective. It is rather the existence of a law-abiding sentiment among the people resting on habit, agreement, and consent. Law evolved from custom and consent and still does. There are many forms of social control which are not law in the sense defined by Austin. The real reason why people obey law is the rational belief that their affairs are conducted more efficiently if the game is played in accordance with rules than if every one determines his own rights and seeks to enforce them by his own force. In other words, we are happier and more prosperous if we submit to law rather than attempt to live under anarchy.

What I am arguing for is that the United Nations remain united after the war, and that in this union be incorporated, in addition to certain necessary military arrangements, an active administrative agency for international collaboration. To succeed it must begin modestly, but it must also be one capable of growth and expansion as it demonstrates its practical utility and as nations come more and more to accept it as a familiar and practical success. It must respect the emotional strength of existing national loyalties and outlooks. It must not attempt to frame a supergovernment so all-embracing and unfamiliar that man will not be prepared emotionally to participate in it; for obviously men's emotions, as well as their intellects, must be favorable to it. At the outset it must therefore be one of limited scope and simple in operation, directed to those areas in which world interdependence is strongest, in which international friction is most readily generated and in which the advantages of cooperation are most clear. Personally I should warn against excessive trust in political

gadgets or mechanisms as such. The form of government is not the cause of good government but merely a means, although a necessary one, of effectuating the will of the people. Comprehensive schemes for world government may appear superficially logical but if they ignore history and human nature, they are doomed before they start. It would not be necessary to repeat this obvious truth were it not for the fact that it is so generally forgotten. Nevertheless, unless the desire for peace through the reign of law is incorporated in an international political organization, it will not prevail. I am not suggesting an over-elaborate organization at the start. All that is practicable at first is one that will function in those few recognized areas in which international friction customarily arises and the advantages of cooperation are most conspicuous. In this way I believe that we can achieve the reign of law in international trade, we can assure access to the raw materials of the earth on an equitable basis, and we can reduce the fear of insecurity, want and encirclement which is so often the psychological basis of war.

In conclusion: What I have been saying as to the proper function and scope of the State, in both domestic and foreign affairs, is in strict accord with the best in our American tradition. It is a tradition of individualization but not irresponsible individualization. It holds that both individuals and nations are morally responsible; that neither can claim freedom of action irrespective of moral obligation. Guardianship of the American tradition is not for timid souls or a timid nation who fear to venture.

Historians and scholars keep telling us of our European roots, of how much our civilization has borrowed from other lands. This is all true. Our ancestors were all immigrants once and naturally they brought much with them. Yet we are apt to forget that Europe and Asia have borrowed from us. American political philosophy and America's bold experiments in democratic ways of life had profound impacts upon the people of other lands. She still has words of life for a harassed world if she fails not in her allegiance to her sound tradition of faith in the individual and trust in the law.

Maryland Papers Raise Subscription Rates

Members of the Maryland Press Association, which includes publishers of 45 Maryland weeklies, unanimously agreed on Feb. 5 to raise their yearly subscription rates, said Baltimore Associated Press advices, which further stated:

S. A. Wayvill, of the Upper Marlboro Enquirer-Gazette, told the organization's annual meeting that "no one should in these times expect to get a newspaper for 52 weeks for as little as \$1.50 a year."

Non-Farm Foreclosures

Declining for the tenth successive year, non-farm foreclosures in the United States totaled 25,699 in 1943, the Federal Home Loan Bank Administration reported on Feb. 12. This compares with 42,331 foreclosures in 1942 and 252,400 during the depression in 1933—and is the lowest total on record. At the year-end the foreclosure index maintained by the Federal Home Loan Bank Administration was only 13.6 (1935-1939 average equals 100).

By Federal Home Loan Bank districts, says the announcement, the decline from 1942 to 1943 ranged from 31% in the New York bank region (New Jersey and New York) to 58% in the Indianapolis region (Indiana and Michigan).

Latest Summary Of Copper Statistics

The Copper Institute on Feb. 11 released the following statistics pertaining to production, deliveries and stocks of duty-free copper: SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE

U. S. Duty Free Copper	Production		Deliveries to Customers		Refined Stocks End of Period	Stock Increase (+) or Decrease (-)
	Crude	Refined	Domestic	Export		
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	-41,417
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	-48,671
Year 1942	1,152,344	1,135,708	1,635,236	---	65,309	+16,636
Year 1943	1,194,684	1,206,871	1,643,677	---	52,121	-12,187
1 Mo. 1944	96,004	92,781	101,586	---	45,993	+3,223
July, 1943	100,456	105,589	129,631	---	55,097	-5,133
Aug., 1943	97,413	100,077	147,135	---	53,726	-2,664
Sep., 1943	98,867	98,333	141,111	---	45,844	+534
Oct., 1943	102,589	97,274	129,212	---	47,148	+5,315
Nov., 1943	99,340	102,136	138,881	---	52,027	-2,796
Dec., 1943	98,553	104,644	115,850	---	52,121	-6,091
Jan., 1944	96,004	92,781	101,586	---	45,993	+3,223

*Mine or smelter production or shipments, and custom intake including scrap.
†Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.
‡At refineries, on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.
§Corrected.

Steel Operations Increase—Mill's Position Strong—Backlogs Higher—Buying Heavy

"The steel industry currently is experiencing heavy buying reminiscent of former peak periods during this war," states "The Iron Age" in its issue of today (Feb. 17), which further goes on to say:

"Backlogs at most companies definitely are higher than they were a month ago, led by flat rolled orders, structural steel awards and pipe bookings. Added demand for alloy bars also appears likely to materialize soon as a result of a new ammunition project.

"The placing of large tonnages by farm equipment makers is a feature of the markets, while Maritime and Navy orders remain brisk and include sizable requirements for 1945.

"A little relief in the hectic flat rolled steel picture is afforded by the start of operations at the new Granite City sheet mill, which increases capacity by about 25,000 tons per month. The new plate mill in Texas also is believed ready to start operations.

"Bearing out previous forecasts that war contract cutbacks would be heavy this quarter, individual announcements during the past week indicated plans for the closing in whole or part of numerous plants making munitions and other items. In some cases, retooling was inaugurated and in others sales of plants were under consideration.

"Contract cutbacks and terminations now amount to approximately \$14,000,000,000 by the War Department alone and another \$2,000,000,000 has been canceled to date by the Navy.

"Civilian allotments for carbon steel for second quarter have been cut 7% below requests, but represent a modest gain of 55,000 tons over the second quarter.

"As of Jan. 1, 1944, the total capacity of the nation's blast furnaces stood at 67,391,270 tons. Capacity of open hearth steel furnaces is now rated at 82,223,610 tons per year, that of electric furnaces at 5,350,880 tons, that of bessemer at 6,074,000 tons per year."

The American Iron and Steel Institute on Feb. 14 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 97.7% of capacity for the week beginning Feb. 14, compared with 97.2% one week ago, 96.1% one month ago and 98.3% one year ago. The operating rate for the week beginning Feb. 14 is equivalent to 1,750,000 tons of steel ingots and castings, compared to 1,741,800 tons one week ago, 1,720,900 tons one month ago, and 1,702,100 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 14 stated in part as follows:

"Steadiness prevails in the steel market, backlogs being well sustained with no appreciable change in delivery promises from a month ago, except possibly in sheets.

"Producers of some forms of steel are not in as strong a posi-

tion as recently but on the average the situation is exceptionally firm. Sheet deliveries are slightly more extended although some makers are in easier position on some grades. Most mills, while experiencing shifts, find their schedules somewhat lengthened.

"In contrast to plates and sheets steel bar demand is slackening, though mills are sold through April or further on hot-rolled sections. Medium sizes are most in demand, with capacity available in smaller sizes.

"Easy situation is developing in pig iron, mainly a result of inability of gray iron foundries to increase their melt, because of restrictions on manufacture of civilian goods and lack of workers. No inventory is accumulating at furnaces or in hands of melters. Since allocations have been dropped contracting has been resumed by quarters instead of monthly. Books generally have not been opened for second quarter.

"Scrap supply has ceased to be a factor in steel production and all threat of winter shortage has passed.

"Tin plate production is currently about 70% of capacity."

NAM Manual For War Contract Termination

A manual of preparation for war contract termination was issued on Feb. 12 by the National Association of Manufacturers for the guidance of its members in dealing, it points out, "with one of the most serious problems which they and all other industrialists now have to face." Its significance is indicated by the fact, announced in the introductory to the manual, that more contracts have already been terminated than after the last shot in World War I.

Meanwhile, in Washington, says the Association, the U. S. Army (Readjustment Division of the Army Service Forces) is rushing to complete a manual which it says will make more digestible the problems of contract termination. Congress is waiting for a report being prepared by Bernard M. Baruch's post-war unit in the Office of War Mobilization.

The NAM manual was prepared by the organization's staff in consultation with a group of executives who are actively directing such terminations every day in their own enterprises. It includes a check list of the steps which the prime contractors, subcontractors and suppliers in all tiers

should take in the preparation and conduct of contract terminations. The check list follows:

1. Establish Proper Internal Organization For Handling Terminations: (a) Under an advisory committee representative of top management and major departments affected; (b) with a responsible executive in charge; (c) free from other responsibilities so as to give adequate attention to termination; (d) trained to understand, develop, direct and coordinate the over-all plan for termination of contracts.

2. Review Contractual Relationships: (a) Develop simple reference notations on the different provisions of termination clauses, giving special attention to contracts likely to be canceled; (b) convert "letters of intent" and other informal orders; (c) assure inclusion of satisfactory termination provisions in new contracts, and reasonable protection in new purchase orders.

3. Check Financial Policies and Company Status: (a) Take advantage, if necessary, of guaranteed bank loans; (b) become fully familiar with partial payment provisions; (c) consider payments which will be required to subcontractors and suppliers; (d) determine auditing requirements for approval of subcontractor and supplier claims; (e) plan financing to cover purchase of surpluses.

4. Anticipate and Plan for Production Control Problems: (a) Review potential problems with plant managers; (b) be currently informed on need of your goods, production of which might be terminated; (c) establish policy for transfer or lay-off of employees no longer required; (d) prepare "stop work" notices, and material and supply orders for immediate transmission to all control centers and to subcontractors and suppliers; (e) plan for confirmation of telegraphic notice to your vendors, adding (1) identification of prime contractor and contract or order number; (2) instructions in light of Government's notice, applicable conditions of sale and regulations on what to do with completed items not shipped, work in process, material on hand and commitments with their own vendors.

5. Analyze Inventory Disposal Problems: (a) See that raw materials, purchased parts and work in process are properly identified with customer's contracts or orders; (b) be sure that inventories are reasonable and in line with monthly program requirements; (c) maintain segregation of all government-owned supplies, tools, equipment and facilities, and be able to account for same; (d) be prepared to allocate and physically identify inventory of terminated war contracts, or of government contracts in process, civilian production and company stockpile; (e) protect at reasonable costs inventory of terminated contracts until properly released; (f) learn conditions requiring contractor-agent approval prior to disposal; (g) adopt policies, price and charge standards, for disposal of surpluses—(1) retained (or purchased) for use on other orders; (2) sales to third parties; (3) scrapping; (4) delivery to government; (h) pre-plan immediate taking of inventory as soon as "stop-work" orders are issued.

6. Study Preparation of Claim: (a) Maintain a listing of superior subcontractors and suppliers related to each contract; (b) organize for prompt summarization of all open purchase orders and commitments; (c) assure speedy compilation of both direct and overhead costs allowable to terminated projects; (d) consider handling charges where costs have been incurred in other than contract production; (e) survey the factors of post-termination expense; (f) prepare instructions, suggested forms or other facilities

Electric Output For Week Ended Feb. 12, 1944, Shows 15.1% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Feb. 12, 1944, was approximately 4,532,730,000 kwh., compared with 3,939,708,000 kwh. in the corresponding week a year ago, an increase of 15.1%. The output of the week ended Feb. 5, 1944, was 14.2% in excess of the similar period of 1943.

Major Geographical Divisions	PERCENTAGE INCREASE OVER PREVIOUS YEAR			
	Feb. 12	Feb. 5	Jan. 29	Jan. 22
New England	5.7	5.0	5.6	3.2
Middle Atlantic	14.2	14.3	11.9	13.0
Central Industrial	7.0	9.6	9.1	9.9
West Central	10.9	5.4	5.8	6.2
Southern States	18.8	16.9	15.8	16.7
Rocky Mountain	12.1	12.0	12.0	11.5
Pacific Coast	27.7	28.7	30.8	29.4
Total United States	15.1	14.2	13.8	14.0

Week Ended	DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)				
	1943	1942	over 1942	1941	1932
Nov. 6	4,413,863	3,761,961	+17.3	3,368,690	1,520,730
Nov. 13	4,482,665	3,775,878	+18.7	3,347,893	1,531,584
Nov. 20	4,513,299	3,795,361	+18.9	3,247,938	1,475,268
Nov. 27	4,403,342	3,766,381	+16.9	3,339,364	1,510,337
Dec. 4	4,560,158	3,883,534	+17.4	3,414,844	1,518,922
Dec. 11	4,566,905	3,937,524	+16.0	3,475,919	1,563,384
Dec. 18	4,612,994	3,975,873	+16.0	3,495,140	1,554,473
Dec. 25	4,295,100	3,655,926	+17.5	3,234,128	1,414,710

Week Ended	% Change				
	1944	1943	over 1943	1942	1932
Jan. 1	4,337,387	3,779,993	+14.7	3,288,685	1,619,265
Jan. 8	4,567,959	3,952,587	+15.6	3,472,579	1,602,482
Jan. 15	4,539,083	3,952,479	+14.8	3,450,468	1,598,201
Jan. 22	4,531,662	3,974,202	+14.0	3,440,163	1,588,967
Jan. 29	4,523,763	3,976,844	+13.8	3,468,193	1,588,853
Feb. 5	4,524,134	3,960,242	+14.2	3,474,638	1,578,817
Feb. 12	4,532,730	3,939,708	+15.1	3,421,639	1,545,459
Feb. 19	---	3,948,749	---	3,423,589	1,512,158
Feb. 26	---	3,892,796	---	3,409,907	1,519,679

Moody's Bond Prices And Bond Yield Averages

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

1944—Daily Averages	MOODY'S BOND PRICES† (Based on Average Yields)									
	U. S. Govt. Bonds	Avg. rate*	Corpo- rate*	Corporate by Ratings*			Corporate by Groups*			
Feb. 15	119.83	111.25	118.20	116.41	111.25	100.49	104.48	113.50	116.41	
Feb. 14	119.76	111.25	118.20	116.22	111.25	100.49	104.31	113.50	116.41	
12	STOCK EXCHANGE CLOSED									
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41	
10	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41	
9	119.70	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.61	
8	118.73	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.61	
7	119.68	111.25	118.40	116.22	111.07	100.49	104.14	113.50	116.61	
5	119.50	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61	
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61	
3	119.41	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61	
2	119.41	111.25	118.20	116.22	111.25	100.32	104.14	113.31	116.41	
1	119.42	111.25	118.40	116.22	111.07	100.32	104.14	113.31	116.61	
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41	
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41	
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41	
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22	
High 1944	119.83	111.25	118.80	116.41	111.25	100.49	104.48	113.50	116.02	
Low 1944	119.41	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.61	
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40	
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46	
1 Year ago	117.11	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.63	
Feb. 15, 1943	---	---	---	---	---	---	---	---	---	
2 Years ago	116.39	106.74	116.22	113.50	107.80	91.77	97.00	110.52	113.50	

1944—Daily Averages	MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices)									
	U. S. Govt. Bonds	Avg. rate*	Corpo- rate*	Corporate by Ratings*			Corporate by Groups*			
Feb. 15	1.84	3.10	2.74	2.83	3.10	3.72	3.48	2.98	2.83	
Feb. 14	1.84	3.10	2.74	2.84	3.10	3.72	3.49	2.98	2.83	
12	STOCK EXCHANGE CLOSED									
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83	
10	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83	
9	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.82	
8	1.84	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.82	
7	1.85	3.10	2.73	2.84	3.11	3.72	3.50	2.98	2.82	
5	1.86	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82	
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82	
3	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82	
2	1.87	3.10	2.74	2.84	3.10	3.73	3.50	2.99	2.83	
1	1.87	3.11	2.73	2.84	3.11	3.73	3.50	2.99	2.82	
Jan. 28	1.86	3.10	2.74	2.84	3.11	3.74	3.50	2.99	2.83	
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83	
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83	
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84	
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85	
Low 1944	1.84	3.10	2.71	2.83	3.10	3.72	3.48	2.98	2.82	
High 1943	2.08	3.31	2.81	2.96	3.23	4.25				

Recordings Of Non-Farm Mortgages In 1943 Show Decline Over Previous Years

The decline in real estate mortgage financing which began in 1942 was almost halted in 1943, according to a report on Feb. 12 from the Federal Home Loan Bank Administration, which shows total recordings of non-farm mortgages for the past year amounting to \$3,861,000,000. This compares with \$3,942,000,000 for 1942 and \$4,732,000,000 in the record year of 1941. In 1943, the recordings volume was especially heavy in the last six months.

The FHLBA in its announcement also said:

"Because of an increase in mortgages to finance the sale of existing properties, the slight decrease in recordings from 1942 to 1943 did not parallel the sharp drop in home building which was a consequence of wartime restrictions. Lenders in the district of the Federal Home Loan Bank of Los Angeles, embracing California, Nevada and Arizona, reported a 18.5% gain in recordings for 1943 while the Little Rock district (Arkansas, Texas, New Mexico, Louisiana and Mississippi) underwent a 13% decline.

"Savings and loan associations maintained their lead over other types of financial institutions in the proportion of all recordings during the year, increasing their

ratio slightly to 32%. For banks and trust companies the proportion was 19.5%, compared with 22.5% in 1942. Mutual savings banks retained their position with 4%. The ratio for insurance companies declined from 9% to 7%, reversing last year's trend.

"For the fourth consecutive year a rise took place in the proportion of mortgages recorded in the name of 'individuals'—from 16% in 1940 to 22% in 1943.

"The number and amount of mortgages of less than \$20,000 recorded in 1943, by types of lenders, are as follows:

	Number	Amount	%
Sav. & L. Assus.	423,355	\$1,237,505,000	32
Ins. Cos.	56,524	279,866,000	7
Bk. & Tr. Cos.	219,910	752,228,000	20
Mut. Sav. Bks.	38,765	152,369,000	4
Individuals	376,049	857,681,000	22
Others	159,390	581,752,000	15
Totals	1,273,993	\$3,861,401,000	100

Supreme Court Reversals of Previous Rulings Are Criticized By Two Justices

A belief that a "tendency to disregard precedents" in some recent United States Supreme Court decisions has left prospective litigants and the lower courts "without any confidence that what was said yesterday will hold good tomorrow" was expressed on Jan. 31 by Associate Justices Owen J. Roberts and Felix Frankfurter. This was noted in Associated Press Washington accounts Feb. 2, which indicated that, in asserting that re-

versals of previous holdings by the high court tended to make the law "a game of chance," the two dissented sharply from the views of 7 of their colleagues in a seaman's compensation case, decided at its Jan. 31 session. From the Associated Press we quote:

In that case, the majority held that a seaman was entitled to recover from his employer for injuries suffered in the use of "unseaworthy appliances" when proper equipment has been made available. The dissenters contended that this overturned earlier decisions covering the same circumstances.

The dissent, filed by Justice Roberts and concurred in by Justice Frankfurter, said:

"The tendency to disregard precedents in the decision of cases like the present has become so strong in this court of late as, in my view, to shake confidence in the consistency of decision and leave the courts below on an uncharted sea of doubt and difficulty without any confidence that what was said yesterday will hold good tomorrow, unless indeed a modern instance grows into a custom of members of this court to make public announcement of a change of views and to indicate that they will change their votes on the same question when another case comes before the court.

"This might, to some extent, obviate the predicament in which the lower courts, the bar and the public find themselves."

The "modern instance" referred to an announcement June 3, 1942, by Justices Black, Douglas and Murphy that they thought they had voted wrong on June 3, 1940, in joining a majority which held that school children could be compelled to salute the United States flag. Chief Justice Stone had been the lone dissenter at the time the decision was delivered. It was reversed on June 14, 1943, when the same question was raised in another case.

"The evil resulting from overruling earlier considered decisions must be evident," said Justice Roberts of the compensation decision. "In the present case, the court below naturally felt bound to follow and apply the law as clearly announced by this court.

"If litigants and lower Federal

courts are not to do so, the law becomes not a chart to govern conduct but a game of chance; instead of settling rights and liabilities it unsettles them. Counsel and parties will bring and prosecute actions in the teeth of the decisions that such actions are not maintainable on the not impossible chance that the asserted rule will be thrown overboard.

"Defendants will not know whether to litigate or to settle, for they will have no assurance that a declared rule will be followed. But the more deplorable consequence will inevitably be that the administration of justice will fall into disrepute. Respect for tribunals must fall when the bar and the public come to understand that nothing that has been said in prior adjudication has force in a current controversy.

"Of course the law may grow to meet changing conditions. I do not advocate slavish adherence to authority where new conditions require new rules of conduct. But this is not such a case."

The litigation involved Anton Mahnich, a seaman employed by the Southern Steamship Co. of Philadelphia on the vessel Wichita Falls. He was injured when a rope broke while he was engaged in a painting job. Chief Justice Stone wrote the majority opinion holding that a seaman, "in the performance of his duties, is not deemed to assume the risk of unseaworthy appliances."

A further conflict of opinion has been developed, it was made known in the press advices Feb. 7, when it was noted that Justice Frankfurter further differed from other members of the court over the interpretation of Constitutional law by asserting that his colleagues were resorting "gratuitously" to a "wholly novel doctrine of constitutional law." As to the occasion of the expression of difference in these cases, the Associated Press (Washington, Feb. 7) reported:

These were virtually the same words Justices Black and Murphy used a month ago in criticizing Justice Frankfurter's views on utility rate-making.

The latest tiff developed over the Court's decision that a Federal bankruptcy court, rather than

State courts, has exclusive power to fix fees for attorneys who represented in the State courts a corporation reorganized under the Federal Bankruptcy Act.

Justice Frankfurter agreed with all the other justices that in this particular case the bankruptcy court should determine the fees but expressed opposition, in a concurring opinion, to the grounds which the Supreme Court cited.

The case involved the reorganization of the Reynolds Investing Company, Inc., in the Federal District Court for New Jersey. Three attorneys, acting for the debtor and, later, for trustees for the company, filed suit in the New York Courts to collect \$100,000.

Justice Douglas' opinion declared that under Chapter 10 of the Bankruptcy Act, Congress had conferred "paramount and exclusive" jurisdiction on the Bankruptcy Court.

"Where the reorganization supersedes a prior proceeding in either the Federal or State court, the Bankruptcy Court is the one which is authorized to allow the 'reasonable costs and expenses'" the opinion said.

But Justice Frankfurter asserted that from the beginning Congress had allowed federally created rights to be enforced in State courts "not only by the general implications of our legal system but also by explicit authorization."

He declared that the Constitution does not give the Bankruptcy Act supremacy over the right of States to determine what shall be litigated in their courts, and under what conditions.

"And certainly," he added, "such a wholly novel doctrine of constitutional law should not be resorted to gratuitously when the case before us can be disposed of on the conclusive ground that the litigation conducted in the New York courts was conducted under an arrangement consonant with New York law."

Allan Sproul Re-Elected To Open-Market Committee

The directors of the New York Federal Reserve Bank have re-elected Allan Sproul, President of the Bank, as a representative of the Federal Reserve Banks on the Federal Open Market Committee for the year beginning March 1, 1944, and ending February 28, 1945, and have elected Leslie R. Rounds, First Vice-President of the bank, as an alternate to Mr. Sproul to serve on such Committee during Mr. Sproul's absence. The announcement of the Reserve Bank, issued Feb. 8, added:

"The Federal Open Market Committee created by Section 12A of the Federal Reserve Act, as amended, consists of the members of the Board of Governors of the Federal Reserve System and five representatives of the Federal Reserve Banks chosen annually. One of the representatives of the Federal Reserve Banks is elected by the board of directors of the Federal Reserve Bank of New York. The other 11 Federal Reserve Banks are divided into four groups, each containing two or three banks, and each group elects a representative to serve on the Committee."

ABA 2nd War-Service Meeting Scheduled

The announcement was made in New York on Feb. 11 by A. L. M. Wiggins, President of the American Bankers Association, that the Association will hold its second war service meeting in Chicago next September at the invitation of the Chicago banks. The dates are September 24-27. This will be the second wartime meeting of the Association. Its annual meeting was omitted in 1942, but was held in 1943 in New York City.

Brazilian Government Takes Over Rubber Operation Of U. S. In Brazil

Supplemental Agreement Reported By Boucas

A supplemental agreement between Brazil and the United States by which Brazil, in return for a premium of 33 1/3% over the prices for natural rubber established early in 1942, assumes all future development expenses in Brazil, provides approximately \$500,000 to aid the rubber program and relieves the Rubber Development Corporation of certain obligations which it had assumed in order to stabilize production costs in the

Amazon, was announced on Feb. 8 by Valentin F. Boucas, special representative of the Minister of Finance of the Brazilian Foreign Debt. Mr. Boucas, who is in the United States as Chairman of a mission in connection with the fiscal affairs of the Brazilian Government, made the announcement at a luncheon given at the Waldorf-Astoria Hotel by the American-Brazilian Association in his honor and that of Jobbel de Lima Paes Barretto, a member of the mission.

In the New York "Journal of Commerce" of Jan. 10 it was stated that having taken over all the rubber operations of the United States in Brazil under the supplemental agreement, the Brazilian Government hopes to expand its production to a point where it can guarantee to supply the United States with 10% of this country's needs. The Rubber Development Corp., it is noted, is a subsidiary of the Reconstruction Finance Corp. It is also pointed out that the agreement to pay a premium of 33 1/3% a pound over the former rubber price of 45 cents brings the cost per pound up to 60 cents. Under United States operations, said the "Journal of Commerce," Brazil rubber was costing about \$1.12 per pound. Douglas H. Allen, RDC President, stated.

From the announcement bearing on the remarks of Mr. Boucas at the Feb. 8 luncheon, we quote:

The agreement, which resulted from conversations between Mr. Boucas and Mr. Allen, states that the premium is to be paid on all wild Brazilian rubber received by the RDC between Feb. 9, 1944, and March 31, 1945, "in order to offset the increase in production costs that has taken place in Brazil since the Spring of 1942 and to provide an incentive for maximum production."

The agreement further states that the RDC is making studies in other Latin-American countries to determine whether or not rubber production costs have risen in those countries to a point requiring the payment of some premium to assure maximum production.

In his address preceding the announcement of the supplemental agreement, Mr. Boucas traced the growth of Brazil's national debt and outlined the fiscal reforms instituted by President Vargas, saying:

"Our trade balance is growing, and today we have abroad a favorable balance valued at over \$500,000,000. This is a simple reserve fund, a fund of depreciation that we carefully accumulate here and in Great Britain. We need that money to provide, as soon as the world's condition permits—and to buy from the United States and others—all the new material needed to replace cars, locomotives, rails, machinery, etc., that are wearing out.

"For every dollar you sent us to buy rubber, manganese, iron ore, coffee, etc., on lack of drafts for importation, we were forced to issue more currency, thus threatening the country with the peril of inflation. Now a law is provided to take care of our excess profits. But there is a paragraph which exempts from paying the tax those who buy in advance double the amount, in dollars or pounds, to be applied to the future importation of materials needed for our industries. The business people will have the priorities for importation and, in the meanwhile, the Bank of Brazil will pay the annual interest of

3%. I presume, for this foreign currency bought in advance. This is a movement to stop inflation and to force some of our people to learn how to save today to provide for tomorrow."

Mr. Boucas pointed out that Brazil has reached a final settlement of its foreign debt with the British and American bondholders, to begin payment in January, 1944. As to this he said:

"We have carried out in New York all our preliminary conversations to put into effect the new terms. Only the necessary registration data demanded by United States laws and the New York Stock Exchange are taking a few days more; but I am glad to say that our Minister of Finance, Souza Costa, has approved the work we have done and has already sent through the National City Bank of New York over \$8,000,000 for the special purpose of meeting the payments due in January, February and March in the United States."

Thomas J. Watson, President of International Business Machines Corporation, paid tribute to President Vargas for his farsightedness in facilitating commerce and industry between Brazil, Paraguay and Bolivia by making Santos a free port and beginning the conversion of the Parana River into a great commercial waterway to connect the three countries, as well as Brazil's cancellation of Paraguay's debt.

Referring to the rapid growth of Brazil, he said, "The population is increasing at a rate about 40% greater than in the United States. Manufacturing between 1920 and 1937 increased 163%." In closing, he paid tribute to Mr. Boucas as a successful business man, an international citizen and an unofficial ambassador of goodwill between his own country and the many which he has visited. Oscar Correia, Brazilian Consul-General, spoke briefly. Joseph T. Wilson, President of the American-Brazilian Association, presided.

Calif. Business Activity

Business activity in California during December according to the January Business Outlook of the Wells Fargo Bank & Union Trust Co. of San Francisco was 251.4% of the 1935-39 average as compared with 258.9% (revised) in November and 234.9% in December, 1942. The bank states that some measure of the continuing growth of the state's wartime activities may be had from the fact that in 1943, department-store dollar-volume, independent retailers' dollar-volume and bank debits (16 clearing house cities) were up 19, 22, and 29% respectively. Building permits were off 29%.

1944 Govt. Textile Needs

"Surveying the probable textile and apparel requirements of Government purchasing agencies during 1944," states the Organon, under date of Feb. 9 "it appears that these are likely to approximate the 1943 purchases with the one exception of wool fabrics. The latter reduction says the Organon is due largely to the decrease in Army woolen needs resulting from the final completion of the overcoat stockpile and the removal of the wool lining from the jacket. As a result of these reductions, it is expected that purchases of woolen and worsted fabrics may drop by 35 to 40%, according to one trade paper estimate."

Gross And Net Earnings Of United States Railroads For The Month Of October

Gross and net earnings of the railroads of the United States for the month of October now show the trend that has been expected; that is, while gross earnings show a gain, the rise in operating expenses more than ate up all of the gain in gross so that a loss is reported in net earnings. Gross earnings in October were higher than in September, but did not reach the record high level of \$800,232,157 attained in August and because of the increased operating costs, net earnings were below the \$332,944,921 peak attained in August.

Gross earnings in October, 1943, were \$796,282,370 as compared with \$745,582,947 in October, 1942, an increase of \$50,699,423, or 6.80%. As the ratio of expenses to earnings increased to 64.58% in October, 1943, from 55.85% in October, 1942, net earnings were reduced to \$282,712,452 in October, last year, as against \$329,157,826 in October a year ago, a decrease of \$46,445,374, or 14.22%. We now give in tabular form the results for the month of October, 1943, as compared with the month of October, 1942.

Month of October—	1943	1942	Amount	%
			Incr. (+) or Decr. (-)	
Mileage of 132 roads	229,168	230,141	-973	-0.53
Gross earnings	\$796,282,370	\$745,582,947	+ \$50,699,423	+ 6.80
Operating expenses	513,569,918	416,425,121	+ 97,144,797	+23.32
Ratio of expenses to earnings	(64.50%)	(55.85%)		
Net earnings	\$282,712,452	\$329,157,826	- \$46,445,374	-14.22

When the roads are arranged in groups or geographical divisions, it is seen that all of its districts—Eastern, Southern and Western—as well as all the different regions grouped under these districts record gains in gross. The increases vary from 3.76% in the Pocahontas region to 10.07% in the Southwestern region. In the case of net earnings the reverse is true, all districts and regions recording losses. The decreases run from 2.3% in the Southwestern region to 31.88% in the Great Lakes region. As previously explained, we group the roads to conform to the classification of the Interstate Commerce Commission. The boundaries of the different groups and regions are indicated in the footnotes to the table.

SUMMARY BY GROUPS—MONTH OF OCTOBER

District and Region	1943	1942	Gross Earnings	Incr. (+) or Decr. (-)	%
			\$	\$	
Eastern District—					
New England region (10 roads)	27,929,084	26,402,889	+ 1,526,195	+ 5.78	
Great Lakes region (23 roads)	127,791,803	120,245,161	+ 7,546,642	+ 6.27	
Central Eastern region (18 roads)	154,447,317	147,181,847	+ 7,265,470	+ 4.93	
Total (51 roads)	310,168,204	293,829,897	+ 16,338,307	+ 5.56	
Southern District—					
Southern region (26 roads)	106,685,869	101,750,035	+ 4,935,834	+ 4.85	
Pocahontas region (4 roads)	37,168,855	38,819,406	+ 1,349,449	+ 3.76	
Total (30 roads)	143,854,724	137,569,441	+ 6,285,283	+ 4.56	
Western District—					
Northwestern region (15 roads)	91,216,494	84,013,068	+ 7,203,426	+ 8.57	
Central Western region (16 roads)	177,912,830	163,732,770	+ 14,180,060	+ 8.66	
Southwestern region (20 roads)	73,130,118	66,437,771	+ 6,692,347	+10.07	
Total (51 roads)	342,259,442	314,183,609	+ 28,075,833	+ 8.93	
Total all districts (132 roads)	796,282,370	745,582,947	+ 50,699,423	+ 6.80	

District and Region	1943	1942	Net Earnings	Incr. (+) or Decr. (-)	%
			\$	\$	
Eastern District—					
New England region	6,597	6,635	-38	-0.57	
Great Lakes region	25,607	22,249,471	+ 47,269,647	+15.02	
Central East. region	23,994	24,191	-197	-0.81	
Total	56,200	56,675	-475	-0.84	
Southern District—					
Southern region	37,387	37,554	-167	-0.44	
Pocahontas region	6,014	6,044	-30	-0.50	
Total	43,401	43,598	-197	-0.45	
Western District—					
Northwestern region	45,559	45,506	+53	+0.12	
Central West. region	55,254	62,993,630	+ 47,269,647	+15.02	
Southwestern region	28,757	28,838	-81	-0.28	
Total	129,567	129,868	-301	-0.23	
Total all districts	229,168	230,141	-973	-0.42	

Note—Our grouping of the roads conforms to the classification of the Interstate Commerce Commission, and the following indicates the confines of the different groups and regions:

EASTERN DISTRICT

New England Region—Comprises the New England States.
Great Lakes Region—Comprises the section on the Canadian boundary between New England and the westerly shore of Lake Michigan to Chicago, and north of a line from Chicago via Pittsburgh to New York.

Central Eastern Region—Comprises the section south of the Great Lakes Region east of a line from Chicago through Peoria to St. Louis and the Mississippi River to the mouth of the Ohio River, and north of the Ohio River to Parkersburg, W. Va., and a line thence to the southwestern corner of Maryland and by the Potomac River to its mouth.

SOUTHERN DISTRICT

Southern Region—Comprises the section east of the Mississippi River and south of the Ohio River to a point near Kenova, W. Va., and a line thence following the eastern boundary of Kentucky and the southern boundary of Virginia to the Atlantic.

Pocahontas Region—Comprises the section north of the southern boundary of Virginia, east of Kentucky and the Ohio River north to Parkersburg, W. Va., and south of a line from Parkersburg to the southwestern corner of Maryland and thence by the Potomac River to its mouth.

WESTERN DISTRICT

Northwestern Region—Comprises the section adjoining Canada lying west of the Great Lakes Region, north of a line from Chicago to Omaha and thence to Portland, and by the Columbia River to the Pacific.

Central Western Region—Comprises the section south of the Northwestern Region west of a line from Chicago to Peoria and thence to St. Louis, and north of a line from St. Louis to Kansas City and thence to El Paso and by the Mexican boundary to the Pacific.

Southwestern Region—Comprises the section lying between the Mississippi River south of St. Louis and a line from St. Louis to Kansas City and thence to El Paso, and by the Rio Grande to the Gulf of Mexico.

In the table which follows we furnish our customary summary of the September comparisons of the gross and net earnings of the railroads of the country from the current year back to and including 1909:

Month of October	Gross Earnings				Mileage	
	Year Given	Year Preceding	Incr. (+) or Decr. (-)	%	Year Given	Year Preceding
1909	\$251,187,152	\$225,109,822	+\$26,077,330	+11.58	222,632	219,144
1910	256,585,392	253,922,867	+2,662,525	+1.05	232,162	228,050
1911	260,482,221	259,111,659	+1,370,562	+0.53	236,291	233,199
1912	293,738,091	258,473,408	+35,264,683	+13.64	237,217	233,545
1913	299,195,006	300,476,017	-1,281,011	-0.43	243,690	240,886
1914	269,325,262	298,066,118	-28,740,856	-9.64	244,917	241,093
1915	311,179,375	274,091,434	+37,087,941	+13.53	248,072	247,009
1916	345,790,899	310,740,113	+35,050,786	+11.28	246,683	246,000
1917	389,017,309	345,079,977	+43,937,332	+12.73	247,048	245,967
1918	484,824,750	377,867,933	+106,956,817	+28.31	230,184	230,576
1919	508,023,854	489,081,358	+18,942,496	+3.87	233,192	233,136
1920	633,852,568	503,281,630	+130,570,938	+25.94	231,439	229,935
1921	534,332,833	640,255,263	-105,922,430	-16.54	235,228	234,686
1922	545,759,206	532,684,914	+13,074,292	+2.45	233,872	232,882
1923	586,328,886	549,080,662	+37,248,224	+6.78	235,608	236,015
1924	571,405,130	586,540,887	-15,135,757	-2.58	235,189	235,625
1925	590,161,046	571,576,038	+18,585,008	+3.25	236,724	236,564
1926	604,052,017	586,008,436	+18,043,581	+3.08	236,654	236,898
1927	582,542,179	605,982,445	-23,440,266	-3.87	238,828	238,041
1928	616,710,737	579,954,887	+36,755,850	+6.34	240,661	239,602
1929	607,584,997	617,475,011	-9,890,014	-1.60	242,622	241,451
1930	482,712,524	608,281,555	-125,569,031	-20.64	242,578	242,174
1931	362,647,702	482,784,602	-120,136,900	-24.88	242,745	242,024
1932	298,076,110	362,551,904	-64,475,794	-17.78	242,031	242,024
1933	297,690,747	298,084,387	-393,640	-0.13	240,858	242,177
1934	292,488,478	293,983,028	-1,494,550	-0.51	238,937	240,428
1935	340,591,477	292,495,988	+48,095,489	+16.44	237,385	238,971
1936	390,826,705	340,612,829	+50,213,876	+14.74	236,554	237,573
1937	372,283,700	390,633,743	-18,350,043	-4.70	235,173	235,750
1938	352,880,489	372,283,700	-19,403,211	-5.21	234,242	235,161
1939	418,934,974	352,823,729	+66,111,245	+18.74	233,361	234,182
1940	412,774,363	418,934,974	-6,160,611	-1.47	232,632	233,369
1941	517,592,773	412,896,707	+104,696,066	+25.36	232,081	232,682
1942	745,582,947	517,592,774	+227,990,173	+44.05	229,144	232,055
1943	796,282,370	745,582,947	+50,699,423	+6.80	229,168	230,141

Month of October	Net Earnings			
	Year Given	Year Preceding	Increase (+) or Decrease (-)	%
1909	\$69,243,438	\$85,452,483	-\$13,790,955	-16.14
1910	91,451,609	102,480,704	-11,029,095	-10.76
1911	93,836,492	91,725,725	+2,110,767	+2.30
1912	108,046,804	93,224,776	+14,822,028	+15.90
1913	97,700,506	110,811,359	-13,110,853	-11.83
1914	87,660,694	95,674,714	-8,014,020	-8.38
1915	119,324,551	89,244,989	+30,079,562	+33.71
1916	130,861,148	119,063,024	+11,798,124	+9.91
1917	125,244,540	131,574,384	-6,329,844	-4.81
1918	107,088,318	122,581,905	-15,493,587	-12.64
1919	104,003,198	106,196,863	-2,193,665	-2.07
1920	117,998,825	103,062,304	+14,936,521	+14.49
1921	137,928,640	115,397,560	+22,531,080	+19.52
1922	120,216,296	137,900,248	-17,683,952	-12.82
1923	141,922,971	121,027,593	+20,895,378	+17.26
1924	168,750,421	142,540,585	+26,209,836	+18.39
1925	180,695,428	168,640,671	+12,054,757	+7.15
1926	193,990,813	180,629,394	+13,361,419	+7.40
1927	180,600,126	193,701,962	-13,101,836	-6.76
1928	216,522,015	181,084,281	+35,437,734	+19.57
1929	204,335,941	216,519,313	-12,183,372	-5.63
1930	157,115,953	204,416,346	-47,300,393	-23.14
1931	101,919,028	157,115,953	-55,222,527	-35.14
1932	98,336,295	101,914,716	-3,578,421	-3.51
1933	91,000,573	98,337,561	-7,336,988	-7.46
1934	80,423,303	89,641,103	-9,217,800	-10.28
1935	108,551,920	81,039,275	+27,512,645	+33.95
1936	130,165,162	108,567,097	+21,598,065	+19.89
1937	102,560,563	130,196,850	-27,636,287	-21.23
1938	110,996,728	102,560,563	+8,436,165	+8.23
1939	148,098,290	110,994,564	+37,103,726	+33.43
1940	136,866,261	148,098,290	-11,232,029	-7.58
1941	156,128,607	136,924,911	+19,203,696	+14.03
1942	329,157,843	156,128,608	+173,029,235	+110.83
1943	282,712,452	329,157,826	-46,445,374	-14.22

Civil Engineering Construction \$156,518,000 For January Gains 11% Over Preceding Month

Civil Engineering construction volume in continental U. S. totals \$156,518,000 for the four weeks of January, an average of \$39,130,000 per week. This average volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 11% above the average for the five weeks of December, 1943, but is 31% lower than in the corresponding month last year, according to "Engineering News-Record". The report made public on Feb. 11 added:

The private construction average for January is 26% below that for the preceding month, but tops the January, 1943, volume by 57%. Public work tops last month by 22%, but declines 37% from last year. State and municipal construction is 11 and 37% lower, respectively, than last month and last year. Federal volume climbs 25% over its December, 1943 average, but is 37% below the January, 1943 average.

Civil engineering construction volumes for January, 1943, December, 1943, and January, 1944, are:

	Jan., 1943	Dec., 1943	Jan., 1944
	(four weeks)	(five weeks)	(four weeks)
Total U. S. Construction	\$226,826,000	\$176,460,000	\$156,518,000
Private Construction	15,498,000	41,199,000	24,356,000
Public Construction	211,328,000	135,261,000	132,162,000
State and Municipal	12,072,000	10,647,000	7,565,000
Federal	199,256,000	124,614,000	124,597,000

New Capital

New capital for construction purposes for January, 1944, totals \$147,142,000. This compares with \$4,498,000 for the corresponding month last year, and \$7,976,000 for December, 1943. The current month's new construction volume is made up of \$90,832,000 in Federal funds for construction; \$47,176,000 in corporate security issues; \$5,089,000 in State and municipal bond sales; and \$4,075,000 in RFC loans for industrial construction.

Conference On War And Post-War Issues Facing Small And Medium Business To Hear Wallace

Vice-President Henry A. Wallace will be the principal speaker early in March before a cross-section of American business men representing business and trade associations, as well as individual organizations embracing all lines of industry, gathered to consider wartime and post-war issues confronting medium-size and small business enterprises. The occasion for his and other addresses recommending definite solutions for the problems of business will be the Post-War Conference of Independent Enterprise. These business men will meet in New York City under the auspices of the American Business Congress. Among other Government officials scheduled to attend are

Donald M. Nelson, Chairman of the War Production Board; Justice Thurman Arnold of the U. S. Court of Appeals; Maury Maverick, Chairman of the Smaller War Plants Corporation; the Hon. Wayne Taylor, Under Secretary of Commerce; Senator James E. Murray, Chairman of the Congressional Small Business Committee, and Leon Henderson, along with others.

George J. Seedman, President of the American Business Congress, stated that the purpose of the conference is to present the case of unorganized business majorities and to submit blueprints for their wartime and post-war survival and progress. He saw, in the acceptances of these officials, the importance which the Washington Administration attaches to the place of small and medium-size business in our national economy. Mr. Seedman said:

"Republicans and Democrats alike are keenly aware of the dangers which disproportionate war earnings and concentration of production have emphasized.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Feb. 5, 1944 is estimated at 12,760,000 net tons, a decrease of 70,000 tons, or 0.5%, from the preceding week. Output in the corresponding week of 1943 amounted to 11,880,000 tons. Total production for the current year to date is 9.3% in excess of that for the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Feb. 5, 1944 was estimated at 1,264,000 tons, a decrease of 10,000 tons (0.8%) from the preceding week. When compared with the output in the corresponding week of 1943, there was a decrease of 109,000 tons, or 7.9%. The calendar year to date shows an increase of 4.7% when compared with the same period of 1943.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Feb. 5, 1944 showed an increase of 15,400 tons when compared with the output for the week ended Jan. 29, 1944. The quantity of coke from beehive ovens decreased 1,900 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL (In Net Tons)

	Week Ended			January 1 to Date		
	Feb. 5, 1944	Jan. 29, 1944	Feb. 6, 1943	Feb. 5, 1944	Feb. 6, 1943	Feb. 6, 1937
Bituminous coal and lignite	12,760,000	12,830,000	11,880,000	64,470,000	59,009,000	51,456,000
Total, incl. mine fuel	1,213,000	1,223,000	1,318,000	5,845,000	5,583,000	8,675,000
Byproduct coke	1,289,700	1,274,300	1,210,300	6,539,400	6,409,800	†
United States total	164,700	166,600	159,500	828,800	808,900	661,700

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

	Week Ended			Cal. Year to Date		
	Feb. 5, 1944	Jan. 29, 1944	Feb. 6, 1943	Feb. 5, 1944	Feb. 6, 1943	Feb. 9, 1937
Penn. anthracite	1,264,000	1,274,000	1,373,000	6,088,000	5,816,000	9,348,000
Total incl. coll. fuel	1,213,000	1,223,000	1,318,000	5,845,000	5,583,000	8,675,000
Byproduct coke	1,289,700	1,274,300	1,210,300	6,539,400	6,409,800	†
United States total	164,700	166,600	159,500	828,800	808,900	661,700

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES (In Net tons)

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

State	Week Ended			
	Jan. 29, 1944	Jan. 22, 1944	Jan. 30, 1943	Jan. 30, 1937
Alabama	409,000	403,000	381,000	321,000
Alaska	5,000	5,000	6,000	2,000
Arkansas and Oklahoma	108,000	103,000	106,000	112,000
Colorado	195,000	195,000	192,000	245,000
Georgia and North Carolina	1,000	1,000	1,000	†
Illinois	1,649,000	1,644,000	1,388,000	1,451,000
Indiana	545,000	550,000	515,000	391,000
Iowa	53,000	54,000	67,000	131,000
Kansas and Missouri	188,000	185,000	204,000	220,000
Kentucky—Eastern	958,000	980,000	883,000	220,000
Kentucky—Western	360,000	349,000	300,000	76,000
Maryland	38,000	38,000	29,000	36,000
Michigan	4,000	6,000	7,000	21,000
Montana (bituminous and lignite)	99,000	109,000	101,000	77,000
New Mexico	38,000	39,000	38,000	45,000
North and South Dakota (lignite)	76,000	78,000	70,000	106,000
Ohio	674,000	689,000	680,000	480,000
Pennsylvania (bituminous)	3,060,000	2,990,000	2,745,000	2,392,000
Tennessee	171,000	173,000	135,000	125,000
Texas (bituminous and lignite)	6,000	6,000	8,000	14,000
Utah	127,000	144,000	130,000	143,000
Virginia	437,000	417,000	380,000	241,000
Washington	36,000	35,000	36,000	65,000
*West Virginia—Southern	2,363,000	2,265,000	2,070,000	1,070,000
*West Virginia—Northern	1,023,000	982,000	820,000	680,000
Wyoming	206,000	209,000	207,000	175,000
†Other Western States	1,000	1,000	1,000	†
Total bituminous and lignite	12,830,000	12,650,000	11,500,000	8,839,000
‡Pennsylvania anthracite	1,238,000	1,218,000	1,352,000	1,052,000
Total all coal	14,068,000	13,868,000	12,852,000	9,891,000

*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.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Highest Since October

Shipments of finished steel products in January amounted to 1,730,787 net tons, an increase of 11,163 net tons over the preceding month and an increase of 44,794 net tons over January, 1943. The deliveries in January, 1942, were 1,738,893 net tons, and in January, 1941, they amounted to 1,682,454 net tons.

For the 26 days in January the average daily shipments amounted to 66,558 net tons. This compares with an average of 66,139 net tons in December, and with 64,846 net tons per day in January, 1943.

In the table below we list the figures by months for various periods since January, 1929:

	1944	1943	1942	1941	1940	1939
January	1,730,787	1,685,993	1,738,893	1,682,454	1,145,592	870,866
February	1,691,592	1,616,587	1,780,938	1,548,451	1,009,256	747,427
March	1,772,397	1,780,938	1,720,366	931,905	845,108	845,108
April	1,630,828	1,758,894	1,687,674	907,904	771,752	771,752
May	1,705,543	1,834,127	1,745,295	1,084,057	795,689	795,689
June	1,552,663	1,774,038	1,688,637	1,209,684	607,562	607,562
July	1,660,762	1,765,749	1,686,667	1,296,887	745,364	745,364
August	1,704,289	1,788,650	1,753,665	1,455,604	885,636	885,636
September	1,684,577	1,703,570	1,664,227	1,392,838	1,086,683	1,086,683
October	1,794,968	1,787,501	1,851,279	1,572,408	1,345,855	1,345,855
November	1,660,594	1,665,545	1,624,186	1,425,352	1,406,205	1,406,205
December	1,719,624	1,849,635	1,846,036	1,544,623	1,443,969	1,443,969
Total by mos.	20,244,830	21,064,157	20,458,937	14,976,110	11,752,116	11,752,116
Yearly adjust.		*449,020	*42,333	37,639	*44,865	
Total		20,615,137	20,416,604	15,013,749	11,797,251	

*Decrease.
Note—The monthly shipments as currently reported during the year 1942, are subject to adjustment reflecting annual tonnage reconciliations. These will be comprehensive in the cumulative yearly shipments as stated in the annual report.

Civil Engineering Construction \$23,151,000 For Week

Civil engineering construction volume in continental U. S. totals \$23,151,000 for the week. This volume, not including construction by military engineers abroad, American contracts outside the country and shipbuilding, is 35% lower than in the preceding week, and 67% lower than the total reported for the corresponding 1943 week to "Engineering News-Record" and made public on Feb. 10. The report went on to say:

Private construction is 78% below a week ago, and 23% under a year ago. Public construction tops last week by 17%, but is 71% below the week in 1943.

The current week's construction brings 1944 volume to \$215,192,000 (r) for the six weeks of the year, a decrease of 43% from the \$379,561,000 reported for the period in 1943. Private construction, \$47,979,000, is 52% higher than in 1943, but public construction, \$167,213,000 (r), is down 52% as a result of the 23% decline in state and municipal construction, and the 53% drop in Federal volume.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Feb. 11, 1943	Feb. 3, 1944	Feb. 10, 1944
Total U. S. Construction	\$70,939,000	\$35,523,000	\$23,151,000
Private Construction	5,532,000	19,380,000	4,243,000
Public Construction	65,407,000	16,143,000	18,908,000
State and Municipal	1,225,000	1,786,000	1,869,000
Federal	64,182,000	14,357,000	16,939,000

In the classified construction groups, gains over last week are in sewerage, public buildings, and earthwork and drainage. Increases over the 1943 week are in industrial and commercial buildings, and streets and roads. Subtotals for the week in each class of construction are: waterworks, \$457,000; sewerage, \$652,000; bridges, (none); industrial buildings, \$1,058,000; commercial buildings, \$3,040,000; public buildings, \$10,799,000; earthwork and drainage, \$734,000; streets and roads, \$1,847,000; and unclassified construction, \$4,564,000.

New capital for construction purposes for the week totals \$3,486,000, and is made up entirely of state and municipal bond sales. The week's new financing brings 1944 volume to \$153,074,000, a figure that compares with \$5,447,000 reported for the opening six weeks of 1943.

(r) Revised.

Non-Ferrous Metals — Demand For Copper And Lead Improves — January Zinc Stocks Higher

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 10, stated:

"Demand for major non-ferrous metals was fairly active during the last week. In view of the fact that war requirements are larger than most consumers anticipated, reduced inventories are being enlarged, the trade believes. Demand for both copper and lead for delivery during March was above

the average of recent months. The zinc statistics for January were released on Feb. 9 by the American Zinc Institute. The figures were in line with expectations, for it was known that production in the first month of the year exceeded demand. Stocks of zinc increased from 173,666 tons at the end of December to 194,311 tons at the end of January. Quicksilver was unchanged." The publication further went on to say in part:

against 8,182 tons in the preceding week. A preliminary report by the Bureau of Mines estimates that 470,700 tons of refined lead and 60,700 tons of antimonial lead were produced in 1943 by primary refineries operating in this country, a decrease of 19% and an increase of 23%, respectively, compared with 1942 figures.

Zinc
Outlook for 1944 contemplates smelter output and imports of slab zinc essentially equal to those of 1943. M. L. Trilsch, Zinc Division, WPB, told members of the American Mining Congress recently. Domestic mine output for 1944 is expected to be somewhat lower, he said, but increased imports of concentrates should more than compensate for the drop. Mr. Trilsch estimated the 1943 supply of concentrates, in terms of recoverable zinc, at 1,193,200 tons, with stocks at end of the year of 352,000 tons.

Copper
Buying of copper for March shipment was in good volume during the last week. Trade authorities believe that consumption of new metal has moved upward since the turn of the year and again is approaching 130,000 tons a month. All nervousness about disposing of domestic output has disappeared.

Even though copper has been removed from Group I and placed under Group II in the materials substitutions and supply list, issued by the Conservation Division of WPB, the Copper Division last week informed the Advisory Committee that requirements are barely balanced by the supply. Group II covers materials essential to the war program but in sufficient supply to meet war demands plus essential industrial demands under existing administrative controls.

In the industry it was felt that the Copper Division's call for "all-out" production for this year was prompted by uncertainty over the labor situation. Michael Schwarz, Director of the Division, appealed to industry and labor for their utmost contribution toward greater production.

Lead
Demand for lead continues to improve, indicating in part that consumers have regained some of the confidence that appeared to be lacking in December and January. Sales of lead for the last week amounted to 1,522 tons,

against 8,182 tons in the preceding week. The zinc statistics for December and January, in tons, are summarized as follows:

	*Dec.	Jan.
Production	83,165	84,066
Shipments:		
Domestic	67,159	60,278
Export	1,073	3,148
Stock at end	68,232	63,421
Unfilled orders	173,666	194,311
	44,914	48,203

*Revised for inventory adjustments.

Tin
WPB stated last week that tin will not be available during 1944 except for essential uses. Production of tinplate is being maintained at a steady rate, and more cans for packing food are being turned out than ever before. The stockpile of tin is being maintained at a high level, and it was revealed that the reserve remains in excess of 100,000 tons, approximately the quantity on hand late in 1941.

According to trade reports,

Patino will ship some tin concentrates to this country this year. Back in 1942, an official of the Bolivian producer declared that shipments could be diverted to the United States if conditions demand that this step be taken.

The price of tin continued unchanged. Straits quality tin for shipment, cents a pound, was as follows:

	Feb.	March	April
Feb. 3	52.000	52.000	52.000
Feb. 4	52.000	52.000	52.000
Feb. 5	52.000	52.000	52.000
Feb. 7	52.000	52.000	52.000
Feb. 8	52.000	52.000	52.000
Feb. 9	52.000	52.000	52.000

Chinese, or 99% tin, was 51.125¢ all week.

Quicksilver

The fact that Conservation Order M-78 has been revoked caused little comment last week among sellers of quicksilver. Consumption will not rise appreciably because of this development until manufacturing for the civilian economy increases, observers say. The price in New York continued at \$130 to \$135 per flask. Demand moderate, San Francisco market nominal at \$125 a flask.

The Bureau of Mines estimates that December consumption was 3,200 flasks, against 3,900 flasks in November and 5,600 flasks in May, the peak for 1943. Production during December was 4,200 flasks, against 5,000 flasks in November and a peak of 5,200 flasks in October. Consumers' and dealers' stocks totaled 13,200 flasks at the end of December, with producers' stocks at 3,457 flasks.

Silver

The London market for silver was quiet and unchanged last week at 23½d. The New York official for foreign silver continued at 44½¢, with the Treasury's price at 35¢.

Daily Prices

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

Civilian Goods To Italy At \$21 Million

Major General J. H. Hilldring told the Senate Foreign Relations Committee on Feb. 10 that the Army has shipped \$21,000,000 worth of civilian relief supplies into Italy since July and that 95% of the shipments was sold through commercial channels. "In other words, we have sold them for lira credits to the United States," he said.

Advices to this effect from Washington were contained in an Associated Press dispatch, given in the New York "Herald Tribune," which also had the following to say:

General Hilldring, Director of the Civilian Affairs Division of the General Staff, testified before the committee in its consideration of House-approved legislation which would authorize up to \$1,350,000,000 as this country's share of the \$2,000,000,000 United Nations Relief and Rehabilitation Administration's program.

Herbert H. Lehman, Director of the UNRRA, was another witness. The former New York Governor emphasized that the UNRRA is designed as a temporary relief organization only, and certainly does not "envisage the creation of a vast international bureaucracy which will take over and perform at great administrative expense functions which can and should be performed by others."

Senator Arthur H. Vandenberg, Republican, of Michigan, said he was glad to hear that because he didn't want any friendly nations to get an erroneous impression "that Santa Claus has arrived."

Selected Income And Balance Sheet Items Class I Railways For November

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for class I steam railways in the United States for the month of November, 1943 and 1942, and for the 11 months ending with November, 1943 and 1942.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of November 1943	For the Month of November 1942	For the 11 Months of 1943	For the 11 Months of 1942
Income Items—				
Net ry. operat. income	\$96,374,723	\$149,008,987	\$1,284,784,725	\$1,310,089,775
Other income	20,051,157	17,698,760	161,304,997	143,233,651
Total income	116,425,880	166,707,747	1,446,089,722	1,453,323,426
Miscellaneous deductions from income	2,872,590	5,236,067	28,170,200	33,950,515
Income available for fixed charges	113,553,290	161,471,680	1,417,919,522	1,419,372,911
Fixed charges:				
Rent for leased roads and equipment	12,754,856	10,708,579	156,323,692	163,790,629
Interest deductions	34,738,048	36,927,032	395,240,576	406,405,653
Other deductions	125,490	118,538	1,361,774	1,301,204
Total fixed charges	47,618,394	47,755,149	552,926,042	571,497,486
Inc. after fixed charges	65,884,496	113,717,531	864,993,480	847,875,415
Contingent charges	2,536,503	2,241,608	26,115,938	24,949,408
Net income	63,347,988	111,475,923	838,877,492	822,926,007
Depreciation (way and structures and equip.)	26,444,566	20,957,715	289,876,143	227,325,150
Amortization of defense projects	14,340,507	11,020,840	128,685,840	76,731,762
Federal income taxes	105,013,461	78,811,969	1,285,044,674	712,784,279
Dividend appropriations:				
On common stock	56,865,623	57,471,758	154,765,384	145,101,360
On preferred stock	6,212,029	3,493,575	31,400,582	29,267,319
Ratio of income to fixed charges	2.38	3.38	2.56	2.48

	All Class I Railways		Class I Railways Not in Receivership or Trusteeship	
	Balance at end of November 1943	Balance at end of November 1942	Balance at end of November 1943	Balance at end of November 1942
Selected Asset Items—				
Investments in stocks, bonds, etc., other than those of affiliated companies	\$589,042,509	\$527,192,370	\$546,502,011	\$499,567,846
Cash	1,297,326,353	1,120,469,559	985,350,839	852,233,814
Temporary cash investments	1,670,410,255	688,535,906	1,271,893,355	598,121,309
Special deposits	178,871,163	151,702,571	138,323,701	111,424,665
Loans and bills receivable	227,656	989,142	223,356	934,707
Traffic and car-service balances (Dr.)	38,164,312	39,736,605	28,808,103	34,170,265
Net balance receivable from agents and conductors	170,712,805	158,171,562	137,025,694	130,175,443
Miscellaneous accounts receivable	630,812,502	412,679,174	500,211,710	327,014,096
Materials and supplies	526,252,322	508,775,912	419,619,612	408,558,261
Interest and dividends receivable	33,457,898	30,691,004	29,995,856	29,398,868
Rents receivable	1,824,274	1,623,507	1,192,313	1,119,549
Other current assets	58,821,571	15,615,833	46,464,270	10,610,694
Total current assets	4,606,881,111	3,128,990,775	3,559,108,809	2,503,761,671
Selected Liability Items—				
Funded debt maturing within six months	78,051,655	153,007,807	56,535,969	129,927,750
Loans and bills payable	14,461,511	16,249,652	1,000,000	1,104,750
Traffic and car-service balances (Cr.)	154,454,338	130,740,312	114,088,660	90,276,678
Audited accounts and wages payable	457,808,663	387,518,659	373,970,851	317,156,699
Miscellaneous accounts payable	116,538,757	71,893,897	91,267,617	52,799,201
Interest matured unpaid	48,254,921	44,061,234	34,974,905	33,550,143
Dividends matured unpaid	7,644,009	9,618,595	7,301,337	9,266,335
Unmatured interest accrued	74,407,502	84,587,635	69,104,139	71,909,216
Unmatured dividends declared	65,688,257	70,223,496	65,688,257	70,223,496
Unmatured rents accrued	31,348,902	31,126,545	28,001,918	28,529,996
Accrued tax liability	1,773,616,444	942,874,307	1,519,432,938	854,277,231
Other current liabilities	78,142,941	62,901,932	51,705,091	48,435,075
Total current liabilities	2,822,366,245	1,851,796,265	2,356,536,313	1,577,528,820
Analysis of accrued tax liability:				
U. S. Government taxes	1,631,314,951	816,495,485	1,403,389,753	751,080,331
Other than U. S. Government taxes	142,301,493	126,378,822	116,043,185	103,196,900

Retail Prices Gain For Second Consecutive Month According To Fairchild Retail Price Index

For the first time since the General Maximum Price Regulation was put into effect in 1942, the Fairchild Retail Price Index gained for two consecutive months, it was announced on Feb. 15. In January, says the publication, the index rose 0.1%, the same gain as recorded in December. The index also shows a gain of 0.2% compared with Feb. 1 a year ago. After July 1, 1943, the index remained unchanged for eight consecutive months before any adjustments in ceiling prices took effect. The advices from the Fairchild Publications also state:

"The changes during the month were due to gains in women's apparel and infants' wear, with a fractional loss in men's apparel. The gain in women's apparel compared with a year ago was 0.9%. Compared with the pre-war low the composite index has gained 27.4%, with the greatest increase recorded in piece goods, 33.6%, and the smallest in infants' wear, 12.8%.

"Analysis of the individual items for the month shows that

the modest gains resulting in the advance in the composite index were due to the advance in furs, women's hosiery, infants' socks and women's underwear. In women's hosiery as well as infants' socks, adjustments in price ceilings were responsible. Fur prices have gained steadily with very little interruption since April, 1943. During the month there were also some fractional declines in men's clothing.

"While the index is not expected to show any marked fluctuations, a further slight gain is nevertheless likely, due to OPA action in granting higher prices for sheets and possibly one or two other items, according to A. W. Zelomek, economist under whose supervision the index is compiled."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX JAN. 3, 1931=100 Copyright 1943 Fairchild News Service

	May 1, 1933	Feb. 1, 1943	Nov. 1, 1943	Dec. 1, 1943	Jan. 1, 1944	Feb. 1, 1944
Composite Index	69.4	113.1	113.1	113.1	113.2	113.3
Piece Goods	65.1	112.2	112.2	112.2	112.2	112.2
Men's Apparel	70.7	105.3	105.3	105.3	105.4	105.3
Women's Apparel	71.8	112.6	113.1	113.2	113.3	113.6
Infants' Wear	76.4	108.1	108.1	108.1	108.1	108.2
Home Furnishings	70.2	115.5	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	84.7	84.7	84.7	84.7	84.7
Woolens	69.2	108.0	108.0	108.0	108.0	108.0
Cotton Wash Goods	68.6	143.8	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	126.8	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	135.0	135.0	135.0	134.9	134.9
Women's Apparel						
Hosiery	59.2	94.1	89.2	89.2	89.2	90.1
Aprons & House Dresses	75.5	140.5	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	111.2	111.2	111.2	111.2	111.2
Furs	66.8	134.6	142.7	143.0	144.2	144.3
Underwear	69.2	102.7	102.7	102.7	102.7	102.9
Shoes	76.5	92.4	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	108.0	108.1	108.1	108.1	108.1
Underwear	69.6	114.8	114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	99.1	99.1	99.1	99.3	99.3
Hats & Caps	69.7	94.3	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	106.0	106.0	106.0	106.0	105.9
Shoes	76.3	109.6	109.6	109.6	109.6	109.6
Infant's Wear						
Socks	74.0	114.5	114.6	114.6	114.6	114.9
Underwear	74.3	103.7	103.7	103.7	103.7	103.7
Shoes	80.9	106.0	106.0	106.0	106.0	106.0
Furniture	69.4	129.2	129.2	129.2	129.2	129.2
Floor Coverings	79.9	146.8	146.9	146.9	146.9	146.9
Radio	50.6	66.8	66.8	66.8	66.8	66.8
Luggage	60.1	94.7	94.7	94.7	94.7	94.9
Electrical Household Appliances	72.5	93.5	93.5	93.5	93.5	93.5
China	81.5	110.6	110.6	110.6	110.6	110.6

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups. *Revised.

Statutory Debt Limitation As Of Jan. 31, 1944

The Treasury Department made public on Feb. 7 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended), outstanding on Jan. 31, 1944, totaled \$176,310,938,523, thus leaving the face amount of obligations which may be issued, subject to the \$210,000,000,000 statutory debt limitation at \$33,689,061,477. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations (\$176,310,938,523) should be deducted \$6,814,777,588 (the unearned discount on savings bonds), reducing the total to \$169,496,160,935, but to this figure should be added \$1,162,590,660 (the other public debt obligations outstanding but not subject to the statutory limitation). Thus, the total gross debt outstanding as of Jan. 31, 1944, was \$170,658,751,595.

The following is the Treasury's report for Jan. 31:

Statutory Debt Limitation as of Jan. 31, 1944

Section 21 of the Second Liberty Bond Act, as amended, provided that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate \$210,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time	\$210,000,000,000
Outstanding as of Jan. 31, 1944:	
Inter-bearing:	
Bonds—	
Treasury	\$67,944,417,000
*Savings (maturity value)	35,715,805,550
Depository	407,253,250
Adjusted service	718,952,657
	\$104,786,428,457
Treasury notes	\$27,857,170,950
Certificates of indebtedness	27,917,372,000
Treasury bills (maturity value)	13,100,859,000
	68,875,401,950
	\$173,661,830,407
Prepayments:	
Treasury bonds	1,103,756,400
Certificates of indebtedness	1,089,617,000
	2,193,373,400
Matured obligations on which interest has ceased	250,401,725
Bearing no interest:	
U. S. savings stamps	204,906,044
Excess profits tax refund bonds	426,947
	205,332,991
	\$176,310,938,523
Face amount of obligations issuable under above authority	\$33,689,061,477

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY JAN. 31, 1944

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act	\$176,310,938,523
Deduct, unearned discount on Savings Bonds (difference between current redemption value and maturity value)	6,814,777,588
	\$169,496,160,935
Add other public debt obligations outstanding but not subject to the statutory limitation:	
Interest-bearing (pre-war, etc.)	\$195,926,860
Matured obligations on which interest has ceased	7,000,125
Bearing no interest	958,763,675
	1,162,590,660
Total gross debt outstanding as for Jan. 31, 1944	\$170,658,751,595

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement \$28,901,027,962.

Baruch Will Advise Post-War Planning Committee Of House

Chairman Colmer (Dem., Miss.) announced on Feb. 7 that Bernard M. Baruch, Presidential adviser, has accepted an invitation to act as an adviser to the new House Postwar Planning Committee. The Associated Press in reporting this from Washington, added:

Colmer made the announcement at the conclusion of the committee's first meeting.

Mr. Baruch, Chairman of the Reconversion Unit of the Office of War Mobilization, probably "will advise and consult with us whenever we call upon him," Colmer said.

The Chairman appointed Representatives Cooper (Dem., Tenn.), Thomason (Dem., Tex.), Fish (Rep., N. Y.) and Reece (Rep., Tenn.) to help organize a staff and determine the amount of money the committee will need.

Earlier advises, Jan. 27 (Associated Press) said:

The new House committee will take over many of the activities envisaged for President Roosevelt's National Resources and Planning Board, which was abolished by Congress last year. Representative Colmer told the House that a paramount aim would be to bring about a cessation of "war-time regimentation of the people" and to guarantee "the continuation of free enterprise."

1943 Wood Pulp Industry Reviewed— Output Lower— Imports Exceed Exports

Present paper shortage is caused by three other shortages: shortage of wood pulp for making paper, shortage of logs for making pulp, and shortage of labor to produce logs. This point was emphasized by Fred G. Stevenot, President of the Puget Sound Pulp & Timber Co., in his review of the wood pulp industry for 1943.

United States pulp production approximated 9,050,000 tons in 1943, Mr. Stevenot said, which was 1,077,000 tons less than in 1942. The total consisted of 7,370,000 tons of chemical grades, 967,000 tons less than in 1942, and 1,680,000 tons of mechanical pulp, or 210,000 tons below 1942 output.

Imports exceeded exports sufficiently to add 965,000 tons to our total new supply in 1943, consisting of 213,000 tons of mechanical and 752,000 tons of chemical pulps.

Consumption of wood pulp in 1943 exceeded available new supply, Mr. Stevenot stated, and that inventories were depleted between 47% and 73% in various grades, reducing stocks to about one-sixth of normal at the year-end.

Production of sulphate pulp in 1943 was fairly well stabilized in relation to capacity, but sulphite production lost ground. In December sulphite output was down to 69.7% of capacity, in comparison with 78.5% at the end of 1942; sulphate operating rate of 76.8% was exactly the same as at the previous year-end. These figures were in contrast with 100% capacity operations in April, 1942, before the impact of the woods labor and log shortages were felt.

"Shortage of woods labor is the key factor," Stevenot declared. "Given more logs and pulpwood, the industry can substantially increase its last year's output of pulp. Until the manpower problem has been solved and pulp inventories have been rebuilt to safe levels, civilian consumption must continue to be limited to that portion of new supply which remains after military needs have been met."

Daily Average Crude Oil Production For Week Ended Feb. 5, 1944 Fell Off 9,300 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Feb. 5, 1944 was 4,400,150 barrels, a decline of 9,300 barrels per day when compared with the preceding week and 18,650 barrels less than the daily average recommended by the Petroleum Administration for War for the month of February, 1944. The current figure, however, is 546,800 barrels per day more than recorded for the week ended Feb. 6, 1943. Daily output for the four weeks ended Feb. 5, 1944 averaged 4,392,850 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,324,000 barrels of crude oil daily and produced 13,292,000 barrels of gasoline; 1,648,000 barrels of kerosine; 4,138,000 barrels of distillate fuel oil, and 9,087,000 barrels of residual fuel oil during the week ended Feb. 5, 1944; and had in storage at the end of that week 81,784,000 barrels of gasoline; 8,130,000 barrels of kerosine; 36,153,000 barrels of distillate fuel, and 52,734,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

State	P. A. W. Recommendations	*State Allowables	Actual Production		4 Weeks Ended Feb. 5, 1944	Week Ended Feb. 6, 1943
			Week Ended Feb. 5, 1944	Change from Previous Week		
Oklahoma	328,000	328,000	328,500	+ 300	326,500	349,500
Kansas	235,000	269,400	266,900	-19,800	277,050	305,700
Nebraska	1,200		11,100	+ 50	1,250	2,350
Panhandle Texas			102,000	+ 4,100	98,900	88,900
North Texas			139,950	+ 250	140,150	135,350
West Texas			362,000	+ 2,600	363,950	201,100
East Central Texas			110,250	+ 6,150	114,850	100,000
East Texas			390,600	+ 24,400	372,300	325,100
Southwest Texas			288,250	+ 5,300	292,250	166,800
Coastal Texas			516,600	+ 4,200	519,750	320,000
Total Texas	1,886,000	1,916,693	1,909,650	+ 10,000	1,902,150	1,337,250
North Louisiana			78,750	+ 1,900	77,600	91,500
Coastal Louisiana			263,100	+ 2,200	281,450	246,550
Total Louisiana	348,700	370,200	361,850	+ 4,100	359,050	338,050
Arkansas	76,600	78,591	78,750	+ 450	78,800	75,850
Mississippi	46,000		45,800	+ 1,400	45,650	54,350
Illinois	215,000		218,400	+ 1,200	211,750	238,500
Indiana	14,000		13,300	- 700	13,050	18,350
Eastern (Not incl. Ill., Ind., Ky.)			71,550	- 2,050	71,400	69,450
Kentucky	25,200		21,750	- 750	22,550	19,650
Michigan	50,000		51,600	+ 1,300	53,300	56,700
Wyoming	93,000		98,350	+ 1,300	93,450	86,500
Montana	23,700		20,950	- 2,750	21,000	21,400
Colorado	7,000		8,500	+ 2,200	7,550	7,050
New Mexico	110,700	110,700	113,000	+ 2,300	113,000	98,300
Total East of Calif.	3,582,300		3,609,950	+ 4,300	3,597,500	3,078,950
California	836,500	836,500	790,200	- 5,000	795,350	774,400
Total United States	4,418,800		4,400,150	- 9,300	4,392,850	3,853,350

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

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Feb. 3, 1944.

‡This is the net basic allowable as of Jan. 1, calculated on a 29-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 14 days, the entire state was ordered shut down for 8 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 8 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILL: PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED FEB. 5, 1944 (Figures in Thousands of Barrels of 42 Gallons Each)

District	Daily Refining Capacity	Potential % Re-Porting	Crude Runs to Stills Daily Average	Crude Oil Produced	Stocks at Refineries	Stocks at Bulk Terminals	Stocks at Unfinished	Stocks of Gasoline	Stocks of Gas Oil	Stocks of Distillate Fuel	Stocks of Residual Fuel	Total	
												Gasoline	Gas Oil
Combin'd: East Coast	2,448	90.0	2,182	89.1	6,498	36,598	18,221	14,847				14,847	
Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and Inland Texas													
Appalachian													
District No. 1	130	83.9	93	71.5	285	1,969	748	161				161	
District No. 2	47	87.2	54	114.9	152	1,197	104	227				227	
Ind., Ill., Ky.	824	85.2	752	91.3	2,778	17,296	5,472	3,129				3,129	
Okla., Kans., Mo.	416	80.1	342	82.2	1,277	7,661	1,591	1,235				1,235	
Rocky Mountain													
District No. 3	8	26.9	10	125.0	29	70	20	29				29	
District No. 4	141	58.3	95	67.4	322	1,729	360	583				583	
California	817	89.9	796	97.4	1,951	15,264	9,567	32,523				32,523	
Total U. S. B. of M. basis Feb. 5, 1944	4,831	87.1	4,324	89.5	13,292	81,784	36,153	52,734				52,734	
Total U. S. B. of M. basis Jan. 29, 1944	4,831	86.8	4,359	90.2	13,427	81,085	37,266	52,857				52,857	
U. S. Bur. of Mines basis Feb. 6, 1943			3,649		10,375	89,696	37,900	71,680				71,680	

At the request of the Petroleum Administration for War. †Finished, 70,843,000 barrels; unfinished, 10,941,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,648,000 barrels of kerosine, 4,138,000 barrels of gas oil and distillate fuel oil and 9,087,000 barrels of residual fuel oil produced during the week ended Feb. 5, 1944, which compares with 1,630,000 barrels, 4,054,000 barrels and 8,889,000 barrels, respectively, in the preceding week and 1,406,000 barrels, 4,122,000 barrels and 7,764,000 barrels, respectively, in the week ended Feb. 6, 1943.

Note—Stocks of kerosine at Feb. 5, 1944 amounted to 8,130,000 barrels, as against 8,293,000 barrels a week earlier and 6,993,000 barrels a year before.

District No. 1 inventory indices are: Gasoline, 44.5%; kerosine, 51.6%; gas oil and distillate, 92.2%; and residual fuel, 64.1% of normal.

Wholesale Commodity Index Unchanged During Week Ended Feb. 5 Says Labor Dept.

The Bureau of Labor Statistics' comprehensive index number of commodity prices in primary markets remained steady during the first week of February at 103.1% of the 1926 average, the U. S. Department of Labor reported on Feb. 10. According to the advices, "average prices for farm products and foods dropped about one-half of 1% as a result of weakening markets for steers, hay, potatoes, and seasonally lower prices for eggs. In the past four weeks, the all-

commodity index has risen 0.2% and is slightly more than 1% higher than at this time last year."

The Department further reported:

"Farm Products and Foods: A seasonal decline of almost 10% for eggs, together with lower prices for steers, hay, alfalfa seed, and potatoes brought average prices for farm products in primary markets down 0.4% during the week. Quotations were higher for rye, wheat, cotton, and wool, for hogs, sheep, and poultry, and for apples, lemons, and onions. The farm products group index is 0.2% higher than at this time last month and 3.3% above the level of a year ago.

"Average wholesale prices for foods dropped 0.5% as a result of lower prices for eggs and potatoes. Rye flour advanced fractionally. Vinegar increased sharply as a result of OPA action in raising the ceiling price to cover higher production costs. Average prices for foods in primary markets are 0.4% below their early January levels and almost 1% lower than for the corresponding week of last year.

"Industrial Commodities: There were relatively few changes in industrial commodity markets during the week. Goatskins declined, while prices for anthracite, quicksilver, rosin, turpentine, synthetic camphor, and cottonseed meal advanced."

The following notation is contained in the Department's advices:

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

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Jan. 8, 1944 and Feb. 6, 1943, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from Jan. 29 to Feb. 5, 1944.

WHOLESALE PRICES FOR WEEK ENDED FEB. 5, 1944

Commodity Groups	1944					1943					Percentage changes to Feb. 5, from		
	2-5	1-29	1-22	1-8	2-6	1-29	1-8	1-6	1-6	1-6	1-6	1-6	
All commodities	103.1	103.1	103.0	102.9	102.0	0	+0.2	+1.1					
Farm products	122.1	122.6	121.9	121.9	118.2	-0.4	+0.2	+3.3					
Foods	104.2	104.7	104.6	104.6	105.1	-0.5	-0.4	-0.9					
Hides and leather products	117.7	117.8	117.9	117.9	118.4	-0.1	-0.2	-0.6					
Textile products	97.2	97.2	97.2	97.2	96.8	0	0	+0.4					
Fuel and lighting materials	83.2	83.1	82.8	82.6	80.4	+0.1	+0.7	+3.5					
Metals and metal products	103.8	103.8	103.8	103.9	103.9	0	-0.1	-0.1					
Building materials	113.5	113.5	113.4	113.4	110.1	0	+0.1	+3.1					
Chemicals and allied products	100.4	100.4	100.4	100.3	99.5	0	+0.1	+0.9					
Housefurnishing goods	104.4	104.4	104.4	104.4	104.1	0	0	+0.3					
Miscellaneous commodities	93.0	93.0	93.0	93.0	90.5	0	0	+2.8					
Raw materials	112.4	112.7	112.3	112.1	108.6	-0.3	+0.3	+3.5					
Semimanufactured articles	93.2	93.1	93.1	93.1	92.5	+0.1	+0.1	+0.8					
Manufactured products	100.5	100.4	100.4	100.4	100.4	+0.1	+0.1	+0.1					
All commodities other than farm products	99.0	99.0	98.9	98.9	98.5	0	+0.1	+0.5					
All commodities other than farm products and foods	98.0	98.0	97.9	97.8	96.4	0	+0.2	+1.7					

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JAN. 29, 1944 TO FEB. 5, 1944

Commodity Groups	Increases		Decreases
	1-29	1-22	
Anthracite	1.1	Nonferrous metals	0.1
Grains	0.4	Paint and paint materials	0.1
Fertilizer materials			0.1
Other foods	2.0	Fruits and vegetables	0.3
Other farm products	1.0	Hides and skins	0.2

National Fertilizer Association Commodity Price Index Declines

The weekly wholesale commodity price index, compiled by the National Fertilizer Association and made public on Feb. 14, declined to 137.0 in the week ending February 12 from 137.2 in the preceding week. A month ago this index stood at 136.7 and a year ago at 134.6, based on the 1935-1939 average as 100. The Association's report continued as follows:

The all-commodity index receded slightly, due principally to lower quotations for some farm products and foods. Although there were advancing prices for light hogs, lambs, and sheep, lower quotations for heavy hogs and live fowls were more than sufficient to offset these. The foods group declined fractionally as lower prices were given for white potatoes and Chicago green pork bellies. The textiles group advanced fractionally as raw cotton continued its upward trend for the fifth consecutive week. The fuels group again moved into higher ground as the result of advancing prices for anthracite coal. Lower quotations for rye were not sufficient to cause a change in the grains group. All other group indexes remained at the previous week's level.

During the week price changes in the index were evenly balanced with five price series advancing and five declining; in the preceding week there were five advances and four declines; and in the second preceding week there were six advances and three declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

% Searched to Total Index	Group	1935-1939=100*			
		Latest Preceding Week	Month Ago	Year Ago	Year Ago
25.3	Foods	139.0	139.7	139.7	137.8
	Fats and Oils	146.1	146.1	145.1	148.5
	Cottonseed Oil	159.6	159.6	159.6	159.0
23.0	Farm Products	155.9	156.5	154.2	151.6
	Cotton	197.5	196.5	190.1	194.7
	Grains	164.8	164.8	165.1	134.1
	Livestock	146.3	147.5	145.0	149.0
17.3	Fuels	131.4	129.5	129.5	121.7
10.8	Miscellaneous commodities	131.4	131.4	131.4	129.2
8.2	Textiles	151.5	151.4	150.4	150.5
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	151.7
1.3	Chemicals and drugs	127.7	127.7	127.7	127.6
.3	Fertilizer materials	117.7	117.7	117.7	117.6
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	137.0	137.2	136.7	134.6

*Indexes on 1926-1928 base were: Feb. 12, 1944, 106.7; Feb. 5, 106.9, and Feb. 13, 1943, 104.9.

\$16,781,334 Supplies Sent To Russia In 1943

Officers of Russian War Relief reported to the agency's board of directors at a meeting on Feb. 14 in the Bankers' Club of America, New York City, that \$16,781,334 worth of relief supplies were consigned to the Soviet Union during 1943. A total of \$15,596,601 worth was shipped and an additional \$1,182,733 worth was in transit at the year's end. The advices in the matter also state:

"The American people contributed \$7,742,430 worth of clothing, seeds, medical supplies and miscellaneous gifts in addition to cash contributions through war chests and the National War Fund, the report stated. A total of \$16,273,393 in cash and contributions in kind was received during the year.

"Total administrative, promotion and operating costs, including expenses of more than 400 Russian War Relief committees throughout the country, totalled only 4.43% of income, according to an audited financial report submitted to the board of directors. Edward C. Carter, President of Russian War Relief, said that overhead costs were believed to be the lowest ever achieved by any comparable agency and that Homer S. Fox, Executive Secretary of the President's War Relief Control Board, with which Russian War Relief is registered, had commended its officers for achieving such a low percentage of costs.

"Mr. Carter, in submitting the annual operations report of the agency, pointed out that contributions in 1943 were nearly two and a quarter times greater than in the previous year and attributed the increase to a deepening appreciation by the American people of their Soviet allies.

"A \$21,000,000 goal for 1944 recently announced by the Russian War Relief board of directors will be reached by a continued goods in kind campaign and the purchases of clothing and medical supplies with a \$9,000,000 allocation from the National War Fund, Mr. Carter said. He reported that a campaign for 3,000,000 household utility kits recently launched by the agency is already receiving the wholehearted support of Americans and that he was confident the agency would again exceed its own goal for the year."

New York Trust Company's Display Of Statue Of Liberty

A display of all of the postage stamps of the world showing the Statue of Liberty was placed on view on Feb. 11 in the windows of the Fortieth Street office of the New York Trust Co., at 40th Street and Madison Ave. The exhibition will continue three weeks. These stamps are a part of the bank's Statue of Liberty collection which includes pictures, first World War posters and other items showing the Statue of Liberty. A large part of this additional material is also on display. The bank in its announcement also had the following to say:

Trading On New York Exchanges

The Securities and Exchange Commission made public on Feb. 5 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 22, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 22 (in round-lot transactions) totaled 1,653,579 shares, which amount was 17.83% of the total transactions on the Exchange of 4,634,140 shares. This compares with member trading during the week ended Jan. 15 of 1,847,053 shares, or 18.55% of total trading of 4,977,890 shares. On the New York Curb Exchange, member trading during the week ended Jan. 22 amounted to 359,950 shares, or 14.69% of the total volume on that exchange of 1,224,920 shares; during the Jan. 15 week trading for the account of Curb members of 368,750 shares was 14.87% of total trading of 1,239,985 shares.

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

WEEK ENDED JANUARY 22, 1944		Total for Week	%
A. Total Round-Lot Sales:			
Short sales	140,370		
Other sales	4,493,770		
Total sales	4,634,140		
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:			
1. Transactions of specialists in stocks in which they are registered—			
Total purchases	415,490		
Short sales	54,990		
Other sales	364,120		
Total sales	419,110		9.00
2. Other transactions initiated on the floor—			
Total purchases	278,500		
Short sales	22,210		
Other sales	258,420		
Total sales	280,630		6.04
3. Other transactions initiated off the floor—			
Total purchases	127,058		
Short sales	12,900		
Other sales	118,891		
Total sales	131,791		2.79
4. Total—			
Total purchases	822,048		
Short sales	90,100		
Other sales	741,431		
Total sales	831,531		17.83

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

WEEK ENDED JANUARY 22, 1944		Total for Week	%
A. Total Round-Lot Sales:			
Short sales	11,710		
Other sales	1,213,210		
Total sales	1,224,920		
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:			
1. Transactions of specialists in stocks in which they are registered—			
Total purchases	96,460		
Short sales	6,335		
Other sales	103,845		
Total sales	110,180		8.43
2. Other transactions initiated on the floor—			
Total purchases	33,720		
Short sales	1,800		
Other sales	31,825		
Total sales	33,625		2.75
3. Other transactions initiated off the floor—			
Total purchases	39,415		
Short sales	500		
Other sales	46,050		
Total sales	46,550		3.51
4. Total—			
Total purchases	169,595		
Short sales	8,635		
Other sales	181,720		
Total sales	190,355		14.69
C. Odd-Lot Transactions for the Account of Specialists—			
Customers' short sales	0		
Customers' other sales	49,993		
Total purchases	49,993		
Total sales	37,005		

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

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

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

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

Bank Debits For Month Of January

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

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

Federal Reserve District—	—3 Months Ended—			
	Jan. 1944	Jan. 1943	Jan. 1944	Jan. 1943
Boston	3,689	2,908	10,629	9,556
New York	29,470	23,412	86,545	72,139
Philadelphia	3,337	2,737	9,860	8,491
Cleveland	4,827	3,896	14,340	12,511
Richmond	2,572	2,209	7,924	7,146
Atlanta	2,467	2,063	7,476	6,323
Chicago	11,183	9,051	33,505	28,011
St. Louis	2,113	1,758	6,372	5,605
Minneapolis	1,455	1,101	4,376	3,516
Kansas City	2,443	1,992	7,249	6,254
Dallas	2,020	1,669	6,187	5,321
San Francisco	6,312	5,177	18,950	15,692
Total, 334 centers	71,888	57,972	213,413	180,567
New York City*	27,031	21,437	79,293	65,846
140 other centers*	37,950	30,723	113,220	98,288
193 other centers	6,908	5,812	20,799	18,433

*Included in the national series covering 141 centers, available beginning in 1919.

Market Value Of Bonds On N. Y. Stock Exchange

As of the close of business January 31, there were 1,091 bond issues aggregating \$90,741,549,801 par value listed on the New York Stock Exchange with a total market value of \$90,544,387,232, the Stock Exchange announced on Feb. 8. This compares with 1,096 bond issues, aggregating \$90,840,915,406 par value, with a total market value of \$90,274,071,634 on Dec. 31.

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

Group—	—Jan. 31, 1944—		—Dec. 31, 1943—	
	Market Value \$	Average Price	Market Value \$	Average Price
U. S. Government (incl. N. Y. State, Cities, etc.)	73,949,486,971	103.32	73,952,811,196	103.32
U. S. companies:				
Automobile	7,790,000	102.50	9,206,516	101.70
Building	13,248,000	101.13	13,293,750	101.48
Business and office equipment	15,787,500	105.25	15,637,500	104.25
Chemical	47,029,750	102.45	47,087,000	102.59
Electrical equipment	35,856,250	102.45	36,325,000	103.79
Financial	53,832,643	102.97	54,655,020	103.05
Food	267,277,754	106.03	267,510,530	105.75
Land and realty	11,411,051	86.72	11,250,518	85.50
Machinery and metals	36,133,571	101.98	36,075,683	101.82
Mining (excluding iron)	85,367,384	63.45	89,833,297	62.97
Paper and publishing	33,570,668	103.36	38,487,664	102.84
Petroleum	587,843,030	103.88	590,347,354	104.01
Railroad	7,729,873,814	78.59	7,435,733,259	75.27
Retail merchandising	12,348,824	89.43	11,996,015	86.87
Rubber	70,864,131	103.20	71,060,830	103.48
Ship building and operating			11,805,405	102.91
Shipping services	21,111,593	81.93	21,680,199	80.74
Steel, iron and coke	483,520,587	102.20	481,957,980	101.80
Textiles	37,869,188	104.51	38,180,069	105.37
Tobacco	173,608,349	105.88	173,245,145	105.66
Utilities:				
Gas and electric (operating)	3,267,737,595	108.42	3,266,375,073	108.35
Gas and electric (holding)	60,330,000	107.73	59,760,000	106.71
Communications	1,182,372,174	110.82	1,188,897,215	110.77
Miscellaneous utilities	105,239,361	72.85	103,364,376	71.25
U. S. companies oper. abroad	140,928,823	78.77	137,976,333	76.73
Miscellaneous businesses	31,298,530	105.99	31,088,240	105.28
Total U. S. companies	14,512,250,570	88.98	14,242,829,971	86.89
Foreign government	1,334,429,352	65.66	1,340,401,129	65.44
Foreign companies	748,220,339	90.63	738,029,338	89.32
All listed bonds	90,544,387,232	99.78	90,274,071,634	99.38

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

1942—		1943—			
Market Value \$	Average Price	Market Value \$	Average Price		
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,563,616	95.63	May 29	81,048,543,830	99.47
May 29	59,257,509,674	95.64	June 30	80,704,321,646	99.64
June 30	59,112,072,945	95.50	July 31	80,352,221,151	99.35
July 31	61,277,620,583	95.76	Aug. 31	80,109,269,964	99.23
Aug. 31	62,720,371,752	96.08	Sept. 30	80,149,558,292	99.37
Sept. 30	62,765,776,218	96.18	Oct. 30	80,501,768,934	99.45
Oct. 31	64,843,877,284	96.48	Nov. 30	80,076,888,558	99.02
Nov. 30	64,543,971,299	96.11	Dec. 31	80,274,071,634	99.38
Dec. 31	70,583,644,622	96.70			
1943—		1944—			
Jan. 30	71,038,674,932	97.47	Jan. 31	90,544,387,232	99.78

Cottonseed Receipts To January 31

On Feb. 14, 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 five months ended Jan. 31, 1944 and 1943.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills		Crushed		On hand at mills	
	Aug. 1 to Jan. 31 1944	1943	Aug. 1 to Jan. 31 1944	1943	Jan. 31 1944	1943
United States	3,744,196	4,228,998	2,906,253	3,255,731	926,719	1,050,530
Alabama	254,101	243,046	204,878	198,789	51,408	47,590
Arizona	49,268	62,353	34,461	44,394	14,810	18,350
Arkansas	365,786	457,134	259,469	310,563	115,900	158,392
California	111,195	125,818	64,181	76,903	53,910	50,090
Georgia	334,115	318,555	270,241	286,073	66,112	36,539
Louisiana	190,228	155,260	163,477	146,745	27,294	9,259
Mississippi	691,708	728,738	463,201	490,716	240,047	244,263
North Carolina	213,979	250,666	168,212	202,748	46,832	49,575
Oklahoma	106,535	210,648	96,184	176,451	15,143	9,612
South Carolina	183,524	188,060	163,927	178,395	22,190	9,612
Tennessee	287,388	368,436	208,965	249,434	61,689	128,189
Texas	877,343	980,936	742,392	809,122	179,620	204,769
All other states	99,026	139,348	66,665	85,398	34,764	55,241

*Does not include 90,336 and 81,928 tons on hand Aug. 1 nor 35,193 and 29,218 tons reshipped for 1944 and 1943 respectively. Does include 1,560 tons destroyed for 1944 and 4,665 for 1943.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	Produced		Shipped out		On hand
		On hand Aug. 1	Aug. 1 to Jan. 31	Aug. 1 to Jan. 31	Jan. 31	
Crude oil (thousand pounds)	1943-44	23,283	897,626	853,799	148,832	154,022
Refined oil (thousand pounds)	1943-44	34,460	1,006,735	960,154	154,022	338,312
Cake and meal (tons)	1943-44	310,191	804,051	1,288,960	71,463	75,613
Hulls (tons)	1943-44	190,100	1,440,182	1,554,669	24,833	38,016
Linters (running bales)	1943-44	135,927	865,221	691,610	309,538	273,917
Hull fiber (500-lb. bales)	1943-44	556	14,793	14,119	1,230	2,358
Grabots, notes, &c. (500-lb. bales)	1943-44	229	20,930	18,901	19,050	34,812

*Includes 13,826,000 and 82,493,000 pounds by refining and manufacturing establishments and 3,150,000 and 16,205,000 pounds in transit to refiners and consumers Aug. 1, 1943 and Jan. 31, 1944 respectively.

†Includes 3,196,000 and 9,056,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,734,000 and 2,069,000 pounds in transit to manufacturers of shortening (soap, etc. Aug. 1, 1943 and Jan. 31, 1944 respectively. Does not include winterized oil.

‡Produced from 763,231,000 pounds of crude oil.

§Total linters produced includes 204,473 bales first cut, 597,114 bales second cut and 63,634 bales mill run. Total held includes 74,798 bales first cut, 204,465 bales second cut and 30,275 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.

NYSE Short Interest Higher On Jan. 31

The New York Stock Exchange announced on Feb. 9 that the short interest existing as of the close of business on the January 31 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 847,335 shares, compared with 737,042 shares on December 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the January 31 settlement date, the total short interest in all odd-lot dealers' accounts was 38,139 shares, compared with 33,027 shares on December 31.

The announcement of the Exchange added:

Revenue Freight Car Loadings During Week Ended Feb. 5, 1944 Decreased 4,987 Cars

Loading of revenue freight for the week ended Feb. 5, 1944, totaled 806,075 cars, the Association of American Railroads announced on Feb. 10. This was an increase above the corresponding week of 1943 of 50,561 cars, or 6.7%, and an increase above the same week in 1942 of 22,113 cars, or 2.8%.

Loading of revenue freight for the week of Feb. 5 decreased 4,987 cars, or 0.6% below the preceding week.

Miscellaneous freight loading totaled 373,629 cars, a decrease of 2,340 cars below the preceding week, but an increase of 15,934 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 102,475 cars, a decrease of 215 cars below the preceding week, but an increase of 10,977 cars above the corresponding week in 1943.

Car loading amounted to 183,142 cars, a decrease of 2,671 cars below the preceding week, but an increase of 8,988 cars above the corresponding week in 1943.

Grain and grain products loading totaled 55,270 cars, a decrease of 545 cars below the preceding week, but an increase of 3,252 cars above the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Feb. 5, totaled 38,838 cars, an increase of 103 cars above the previous week and an increase of 3,297 cars above the corresponding week in 1943.

Live stock loading amounted to 15,336 cars, an increase of 103 cars above the preceding week, and an increase of 2,644 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Feb. 5, totaled 11,042 cars, an increase of 304 cars above the preceding week, and an increase of 1,894 cars above the corresponding week in 1943.

Forest products loading totaled 46,271 cars, an increase of 1,753 cars above the preceding week and an increase of 9,011 cars above the corresponding week in 1943.

Ore loading amounted to 14,871 cars, a decrease of 283 cars below the preceding week and a decrease of 457 cars below the corresponding week in 1943.

Coke loading amounted to 15,081 cars, a decrease of 789 cars below the preceding week, but an increase of 212 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Southwestern. All districts reported increases compared with 1942 except the Eastern and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
Week of February 5	806,075	755,514	783,962
Total	4,602,552	4,287,325	4,642,441

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 5, 1944. During the period 92 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED FEB. 5					
Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	299	249	638	1,552	1,200
Bangor & Aroostook	2,463	2,321	2,005	235	162
Boston & Maine	6,708	5,754	7,970	15,364	15,343
Chicago, Indianapolis & Louisville	1,400	1,329	1,346	2,228	2,018
Central Indiana	37	53	33	33	70
Central Vermont	1,020	911	1,325	2,170	2,027
Delaware & Hudson	5,541	6,399	6,494	13,567	11,579
Delaware, Lackawanna & Western	7,392	7,797	9,193	11,108	11,513
Detroit & Mackinac	1,102	225	282	117	104
Detroit, Toledo & Ironton	2,102	1,246	2,352	1,855	1,948
Detroit & Toledo Shore Line	323	317	305	3,750	3,559
Erle	12,238	12,540	14,433	19,855	18,319
Grand Trunk Western	3,712	3,667	4,842	9,485	9,183
Lehigh & Hudson River	161	161	213	3,582	2,922
Lehigh & New England	1,914	1,922	1,686	1,503	1,623
Lehigh Valley	8,748	7,870	9,113	17,257	11,213
Maine Central	2,444	2,340	3,598	4,254	4,062
Monongahela	5,647	6,035	6,069	320	332
Montour	2,476	2,587	1,885	19	39
New York Central Lines	47,659	45,033	45,615	59,045	57,095
N. Y., N. H. & Hartford	9,868	9,040	12,427	20,133	18,355
New York, Ontario & Western	927	918	1,128	2,684	2,550
New York, Chicago & St. Louis	6,966	7,078	6,866	18,017	15,357
N. Y., Susquehanna & Western	549	392	540	2,678	1,525
Pittsburgh & Lake Erie	7,742	7,283	7,351	8,001	8,060
Pere Marquette	4,583	4,454	5,336	8,791	7,867
Pittsburgh & Shawmut	854	712	562	35	3
Pittsburgh, Shawmut & North	316	305	414	334	293
Pittsburgh & West Virginia	1,259	942	747	2,748	3,854
Rutland	393	285	516	948	1,070
Wabash	6,403	5,807	6,013	13,474	13,012
Wheeling & Lake Erie	5,001	4,626	4,388	5,030	6,190
Total	157,276	151,200	165,685	250,172	232,455
Allegheny District—					
Akron, Canton & Youngstown	705	745	705	1,462	1,233
Baltimore & Ohio	42,600	37,228	39,184	29,389	27,736
Bessemer & Lake Erie	3,302	3,322	3,303	1,489	1,849
Buffalo Creek & Gauley	361	252	320	5	4
Cambria & Indiana	1,848	1,919	1,856	2	5
Central R. R. of New Jersey	6,558	6,413	7,486	21,480	20,705
Cornwall	623	445	604	85	59
Cumberland & Pennsylvania	236	261	303	13	16
Ligonier Valley	139	128	125	42	56
Long Island	1,386	987	800	3,680	3,300
Penn.-Reading Seashore Lines	1,684	1,480	1,754	2,659	2,723
Pennsylvania System	78,637	72,656	77,366	68,648	58,954
Reading Co.	15,470	14,096	16,003	31,612	30,052
Union (Pittsburgh)	19,990	20,616	18,946	5,247	4,723
Western Maryland	4,135	3,702	4,010	14,963	13,960
Total	177,675	164,250	172,770	179,776	165,360
Poconos District—					
Chesapeake & Ohio	29,210	26,148	23,278	12,310	11,179
Norfolk & Western	22,471	20,911	20,073	7,575	7,430
Virginian	4,593	4,815	4,351	2,404	2,474
Total	56,274	51,874	47,702	22,289	21,083

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Southern District—					
Alabama, Tennessee & Northern	325	389	381	382	394
Atl. & W. P.—W. R. R. of Ala.	879	754	899	2,464	2,840
Atlanta, Birmingham & Coast	730	638	799	1,399	1,496
Atlantic Coast Line	13,672	14,948	12,927	12,218	11,316
Central of Georgia	4,120	4,060	4,520	5,622	4,395
Charleston & Western Carolina	411	433	444	1,856	1,685
Chickamauga	1,733	1,620	1,698	3,982	2,978
Columbus & Greenville	318	365	252	352	229
Durham & Southern	91	89	179	849	337
Florida East Coast	3,207	3,181	1,354	1,909	1,510
Gainesville Midland	55	37	39	142	106
Georgia & Florida	1,155	1,662	1,460	2,697	2,991
Gulf, Mobile & Ohio	443	400	449	968	529
Illinois Central System	4,231	3,621	4,441	4,234	5,307
Louisville & Nashville	29,677	25,604	28,768	18,274	15,746
Macon, Dublin & Savannah	25,831	25,053	24,582	12,366	11,289
Mississippi Central	132	179	190	967	948
Nashville, Chattanooga & St. L.	332	249	168	672	500
Norfolk Southern	3,331	3,301	3,234	5,171	5,110
Piedmont Northern	1,085	1,197	1,289	1,677	1,685
Richmond, Fred. & Potomac	430	352	531	1,662	1,200
Seaboard Air Line	11,110	10,546	10,686	11,902	9,848
Southern System	23,801	21,191	24,410	26,144	24,855
Tennessee Central	688	475	581	1,114	931
Winston-Salem Southbound	147	108	126	1,299	979
Total	128,366	120,715	124,865	130,400	117,991
Northwestern District—					
Chicago & North Western	16,264	14,397	18,364	14,430	13,044
Chicago Great Western	2,902	2,475	2,751	3,527	3,520
Chicago, Milw., St. P. & Pac.	22,001	19,399	22,414	11,052	10,957
Chicago, St. Paul, Minn. & Omaha	3,882	3,799	4,903	4,075	3,640
Duluth, Missabe & Iron Range	1,372	1,380	1,203	222	311
Duluth, South Shore & Atlantic	798	657	731	559	493
Egin, Joliet & Eastern	8,787	8,830	9,786	10,783	10,698
Ft. Dodge, Des Moines & South	452	329	509	88	114
Great Northern	12,475	10,224	11,848	5,763	4,323
Green Bay & Western	463	443	597	1,044	624
Lake Superior & Ishpeming	267	245	335	70	73
Minneapolis & St. Louis	2,259	1,935	2,410	2,662	2,259
Minn., St. Paul & S. S. M.	5,431	4,834	5,696	3,910	3,486
Northern Pacific	10,106	8,876	10,436	5,380	4,553
Spokane International	117	39	102	683	304
Spokane, Portland & Seattle	2,246	1,490	2,605	2,829	2,504
Total	89,822	79,342	94,690	67,077	60,903
Central Western District—					
Atch., Top. & Santa Fe System	21,538	20,834	22,225	14,425	12,067
Alton	3,078	3,039	3,349	4,301	4,428
Bingham & Garfield	536	480	472	95	104
Chicago, Burlington & Quincy	21,422	18,822	17,375	12,235	12,288
Chicago & Illinois Midland	2,962	2,773	2,993	848	957
Chicago, Rock Island & Pacific	12,385	11,605	12,031	13,195	13,677
Chicago & Eastern Illinois	2,836	2,291	2,794	5,709	5,440
Colorado & Southern	747	716	762	2,249	1,799
Denver & Rio Grande Western	3,811	3,812	2,916	5,433	5,876
Denver & Salt Lake	933	862	638	8	7
Port Worth & Denver City	901	995	1,187	1,597	1,057
Illinois Terminal	2,144	1,622	1,916	1,888	1,629
Missouri-Illinois	982	861	1,173	491	513
Nevada Northern	1,914	2,021	1,915	119	127
North Western Pacific	637	577	722	772	633
Peoria & Pekin Union	18	24	12	0	0
Southern Pacific (Pacific)	28,848	25,981	25,850	15,659	12,278
Toledo, Peoria & Western	486	297	213	2,186	1,659
Union Pacific System	16,279	13,866	15,261	16,783	14,028
Utah	713	593	562	4	1
Western Pacific	1,441	2,282	1,857	2,779	3,417
Total	124,611	114,363	116,223	100,776	91,579
Southwestern District—					
Burlington-Rock Island	267	888	175	431	141
Gulf Coast Lines	7,584	6,781	4,896	2,548	2,414
International-Great Northern	1,829	3,204	2,264	4,039	3,684
Kansas, Oklahoma & Gulf	158	350	344	1,242	910
Kansas City Southern	5,157	5,325	3,269	2,815	2,737
Louisiana & Arkansas	3,275	3,477	2,441	2,615	2,264
Litchfield & Madison	332	320	409	1,228	1,034
Midland Valley	809	653	540	483	270
Missouri & Arkansas	238	144	210	505	368
Missouri-Kansas-Texas Lines	5,308	6,435	5,041	5,580	6,738
Missouri Pacific	16,867	16,828	17,385	20,976	19,413
Quana Acme & Pacific	118	112	154	293	199
St. Louis-San Francisco	8,524	8,933	8,705	10,661	8,346
St. Louis Southwestern	3,161	3,051	3,660	6,634	6,059
Texas & New Orleans	13,410	12,860	8,183	5,581	5,310
Texas & Pacific	4,921	4,294	4,195	8,521	7,238
Wichita Falls & Southern	72	95	136	52	23
Weatherford M. W. & N. W.	21	20	20	27	59
Total	72,051	73,770	62,027	74,260	67,207

Note—Previous year's figures revised. *Previous week's figures.

Period	Orders Received	Production Tons	Unfilled Orders Remaining	Percent of Activity
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Items About Banks, Trust Companies

At a meeting of the board of directors of Federation Bank and Trust Company of New York on Feb. 8, Joseph Reilly was elected a member of the Board. Mr. Reilly is Chairman of the Board of Electrographic Corp., of New York City.

Arthur S. Kleeman, President of the Colonial Trust Company of New York, announces the promotion of George J. Meehan to Assistant Secretary and Treasurer from Assistant Manager. Mr. Meehan, who is located at the 57 William Street office, joined the Colonial in 1929.

Robert A. Barnet, President of the Irving Savings Bank of New York, announced on Feb. 8 that the board of trustees have elected Bernard F. Martin as Executive Vice-President of the savings bank. Mr. Martin recently resigned as Vice-President in the Trust Department of the Chase National Bank with which he had been associated for 14 years as head of the Real Estate and Mortgage Department. Mr. Martin's business background covers many years in the real estate business in New York. In 1919, he was a member of the firm, Foot & Martin, Inc., as buyers and investors of real estate, and took care of the extensive real estate interests of Jeremiah Milbank. Mr. Martin has been a member of the board of trustees of the Irving Savings Bank since 1936 and has served as Chairman of the Real Estate Committee of the bank for more than five years.

Milton T. Vander Veer, director and Vice-President of Home Title Guaranty Company, has been elected a director of Lafayette National Bank, of Brooklyn, George P. Kennedy, President, announced on Feb. 9.

The death in Florida of Wilson G. Wing, President of the Providence Institution for Savings, occurred on Feb. 3. Mr. Wing, who was 62 years of age, and was well known in banking circles, had been President of the National Association of Mutual Savings Banks in 1932-33. Other of his connections were indicated in advices from Hobe Sound, Fla., to the New York "Herald Tribune."

He was Chairman of the National Association of Savings Banks' committee on Federal legislation and was a director of the Providence National Bank, the Title Guaranty Co. of Rhode Island, the Merchants' Insurance Co., Rhode Island Insurance Company, the Old Colony RR. and the Albany & Susquehanna RR. In 1934 he was Chairman of the Providence Community Fund campaign and he was one of the supporters of the Rhode Island Hospital of Providence.

Leland C. Barry, Assistant Vice-President of the Union Trust Company of Pittsburgh, has been promoted to Vice-President, according to an announcement on Feb. 7 by Clarence Stanley, President. At the same time, according to the Pittsburgh "Post Gazette," Florence J. Hill, formerly Assistant Secretary, and Robert M. Repp, Jr., formerly trust officer, were made Assistant Vice-Presidents. Frank E. Strobach, E. Alexander Hill, Alan S. Christner, Jerome P. Corcoran and Richard G. Miller, Assistant Trust Officers, were made Trust Officers. J. Farley Walton was elected an investment officer and Percy A. Brown an Assistant Treasurer.

The Union Trust Co. of Maryland in Baltimore, announces the election of T. Leonard Reeder and D. C. W. Ward, Jr., as Vice-Presidents of the Company, according to the Baltimore "Sun." Mr. Reeder retains the office of Secretary. John E. Weyer was promoted from Assistant Vice-

President to Treasurer, the position formerly occupied by Mr. Ward.

Announcement that T. Earle Bourne has been elected First Vice-President of the East Washington Savings Bank, of Washington, D. C., succeeding the late James A. Donohoe, was made on Feb. 8, according to the Washington "Post." William N. Payne, Jr., was elected Second Vice-President, succeeding Mr. Bourne.

According to the San Francisco "Chronicle" of Feb. 5, Fred A. Ferroggiaro, Executive Vice-President of the Bank of America, National Trust & Savings Association, of San Francisco, has been advanced from Vice-Chairman to Chairman of the institution's general finance committee, President L. M. Giannini announced. Mr. Ferroggiaro succeeds W. E. Blauer, who has retired as an officer of the bank after 46 years of banking service in California. Mr. Blauer will continue, however, as a member of the board of directors and the general executive committee of the bank.

The net profits of the Westminster Bank, Ltd. (head office London) for the year ended Dec. 31, 1943, after providing for rebate and taxation, and after appropriations to the credit of contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, amount to £1,347,815. This sum, added to £524,487 brought forward from 1942, leaves available the sum of £1,872,302. The dividend of 9% paid last August on the £4 shares and 6 1/4% on the £1 shares, absorbs £388,481. A further dividend of 9% is now declared in respect of the £4 shares, making 18% for the year; and a further dividend of 6 1/4% on the £1 shares will be paid, making the maximum of 12 1/2% for the year. The dividends were payable (less income tax) on Feb. 1 to those shareholders whose names were registered in the books of the company on Dec. 31, 1943. Two hundred and fifty thousand pounds has been transferred to bank premises reinstatement and rebuilding account and £300,000 to officers pension fund, leaving a balance of £545,340 to be carried forward.

Total resources of Lloyd's Bank, Ltd., London, at the close of 1943 are reported at £775,739,715, compared with £695,385,809 at the end of 1942, according to figures appearing in the annual report. The bank's deposits are £728,378,634, against £646,172,783 at the close of 1942. Cash in hand and with Bank of England was listed at £76,816,595, compared with £69,203,956; bills discounted total £29,919,650, against £47,252,710; Treasury deposit receipts are £225,000,000, compared with £155,000,000; investments, £215,805,908, against £193,602,648, and loans and advances to customers £112,675,815, compared with £120,201,230. The bank's net profit for the year 1943 was reported at £1,515,002, as compared with £1,364,082 in 1942. The bank's representative in the United States is J. H. Fea, 34 Wall St., New York City.

January Rayon Shipments

Shipments of rayon filament yarn by American mills in January totaled 41,500,000 pounds, states the current issue of the Rayon Organon, published by the Textile Economics Bureau, Inc. The total compares with shipments of 43,200,000 pounds reported for December 1943 and 37,900,000 pounds shipped in January last year, said the Bureau under date of Feb. 9, which further stated:

"Rayon staple fiber shipments for January totaled 13,900,000 pounds against 14,500,000 pounds

Eccles Stresses Need Of Higher Taxes To Meet War Requirements And Combat Inflation

Contends Government Control Should Act As Stabilizing Influence In Helping To Maintain Production and Employment

Stressing the imperative need of higher tax rates to meet war time needs of the nation Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, warned on Feb. 8, that failure to adopt such a program would merely lead to inflation and result in difficulty during the transition to peace-time economics. Mr. Eccles, it was further noted in the New York "Times" maintained also that war-time taxes should

be carried over to the peace period with rationing, price controls and wage ceilings to encourage efficiency, economy and increased production. His remarks featured a luncheon session of the two day (Feb. 7-8) symposium of the Tax Institute held in New York at the Hotel Pennsylvania. In its account of Mr. Eccles' address, the "Times" reported him as saying:

"The drastic reduction of expenditures which will take place will not justify a premature reduction of 'taxes,' he asserted. 'On the contrary, every attempt should be made to bring about a balanced budget at the earliest possible date after the war.'

Mr. Eccles decried an attitude of thinking too much about dollars in the future and too little about war-time duties as doing "our country and ourselves a great disservice."

Our home front fight against inflation, he declared, will have to continue for some time after the peace comes. At the present time, however, he maintained that our tax effort had been inadequate in relationship to our huge war expenditures and had lagged far behind that of our allies.

He added that the people of this country must anticipate absorbing the costs of this war at a greater rate than they are doing. "We should strengthen in every possible way our stabilization program during the war period since it will be impossible to do so after the war, when the impulse of the people to return to normalcy will make it very difficult to even maintain established controls," he declared.

The huge purchasing power held by the public, Mr. Eccles said, will constitute another post-war difficulty and "this will largely be a result of our heavy reliance upon borrowing in the financing of our war expenditures and particularly upon borrowing from the banks."

Turning to the transition, the Federal Reserve Chairman recalled the difficulties that followed the last war and added that this time the problem would be more complex. In 1918 war expenditures amounted to only \$16,000,000,000, as against \$90,000,000,000 at the present time, he explained.

Preparations must be made now, he continued, for the most speedy return of industry to peacetime production whenever military requirements permit. Even then, he cautioned, heavy inflationary pressures will continue "due to the desire of the consumers to satisfy their deferred demands and requirements of business for supplies to take care of deferred maintenance and improvements and to restock inventories."

It is important therefore that prices be held down from the outset and that the public be confident in this policy, Mr.

in December and 12,700,000 pounds in January 1943.

"Stocks of rayon yarn held by producers on January 31, 1944 totaled 7,600,000 pounds as against 6,100,000 pounds held on December 31, 1943.

"Rayon staple fiber stocks held on January 31st totaled 2,100,000 pounds as against 1,800,000 pounds held on December 31st."

figure were to be maintained a sustained post-war demand also must be created.

But this will be unlikely, he insisted, unless "business distributes its income to the people and unless the people return their incomes to enterprise in the purchase of its goods and services."

On the other hand, Mr. Eccles said he felt that the Government control should be a balance wheel and a stabilizing influence in helping to maintain production and employment by adopting a wise policy.

He forecast a Federal post-war budget that would be over \$20,000,000,000 annually. In the light of this he indicated that wholesale tax reductions were out of the question if a balanced budget is to be maintained.

He suggested possible reductions of indirect levies and making the personal income tax the main source of revenue after the war. In addition he recommended the retention of the excess profits levy during the transition period, holding, however, that it might be desirable to reduce the present 95 per cent to about 75 per cent.

President Signs Mustering-Out Pay Bill For Discharged Veterans

The signing by President Roosevelt of the bill providing for mustering-out pay for members of the armed forces was made known on Feb. 4. Congressional action on the legislation, under which discharged veterans will receive from \$100 to \$300 when they leave the service, was completed on Jan. 26 when the Senate and House approved a conference report on a compromise measure and sent it to the President for his signature.

The bill provides that the maximum amount of \$300 would go to servicemen with overseas duty. The sum of \$200 would be paid to those who have served in the continental United States for more than 60 days, and a \$100 payment would be made to those on service 60 days or less. The mustering-out pay applies to all officers up to the rank of captain.

In a statement by the President with his approval of the bill he described the measure as "an important first step in program of demobilization" and stated that other measures recommended in the program should also be adopted. He urged that provision be made for social security credits for service men and women for the period of their military service, that members of the armed forces be permitted to resume their interrupted studies, and that plans be made to see that there will be jobs awaiting the return of those in the service.

The President in his statement said:

"The mustering-out payment bill which I have just signed is a step in the comprehensive program that I recommended on July 28, 1943, and again on Oct. 27, 1943, and Nov. 23, 1943, for the special protection of the members of the armed forces. It will ease the period of transition from military to civilian life by providing the funds immediately needed to enable our service men and women to look for jobs and resume their peacetime pursuits.

"It is an important first step in the program of demobilization. The other measures recommended in the program, however, should also be adopted.

"The Federal Government should make it financially possible, for example, for members of the armed forces to resume their interrupted studies and to educate and train themselves for peacetime jobs and responsibilities. The future welfare of this nation requires that we promptly make good the educational deficit created by this war.

"We must also provide our service men and women with social security credits for the period of their military service, so that they may fully enjoy the benefits of the social security laws upon their return to civilian life.

"We must make our plans now

and take all necessary steps to see to it that there will be good jobs awaiting our returning service men and women. But we must anticipate that there may be unemployment during the period of reconversion, and we must therefore establish now suitable machinery for the payment of reasonable unemployment allowances to those veterans who are unable to obtain jobs within a reasonable period after their discharge.

"Through the prompt enactment of this program of veteran benefits, we shall furnish those who have served their country in the armed services with the sense of security which they have richly earned and which is so necessary to a high fighting morale."

In Washington advices Feb. 4 to the New York "Times" it was stated:

"The President said after reading this statement to his news conference that he did not think the Mustering - Out Payment Act should be construed in any way as a step toward demobilization since during a war there is demobilization of one kind or another all the time that is not really the demobilization for which a better word would be transition from war to peace.

"Already, he observed, more than 1,000,000 service people have been demobilized while the total strength of the armed forces continues to rise.

"The War and Navy Departments said that their plan provided that no application for the benefits would have to be made by qualified service men and women now in the service as they became eligible, but for persons already discharged or relieved of active duty applications must be filed on an approved form.

"The law provides that only those mustered out after Dec. 6, 1941, from the services and their female branches, are eligible. Since that date, the War Department said, there have been about 1,300,000 discharges or releases from all the services."