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The Financial Situation

Among the fallacies imbedded in current talk about "holding the line" as regards wages, the "inflationary gap," prices and the like none is more important or less frequently recognized than the apparent supposition that the danger of inflation is primarily a war problem, that the "inflationary gap" will disappear as we turn our attention once more to the production of peacetime goods instead of instruments of war. Few misconceptions could be more dangerous.

The fact is, of course, that the enormous additions to our money supply will not simply evaporate once operations of the sort which brought them into existence are discontinued. It is furthermore clear enough that many of the plans which are now being made to insure prosperity after the war would without much doubt continue to add largely to the supply of money. As a matter of fact practically any of the conditions which are currently being predicted as our post-war diet would result in just such further increases in bank deposits or currency, or both.

Where Money Comes From?

Readers of the Chronicle hardly need to be told that bank deposits or claims on banks which make increases in currency in circulation possible do not simply spring spontaneously into existence. To all who have followed the course of bank statistics during the past decade it is a familiar fact that the purchases by the banks of government obligations are chiefly responsible for the enormous additions to money supply. In the earlier years of that period large inflow of gold was an important factor but taking the ten years as a whole, addition to the government portfolios

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Avoid Foreign Investments

Roger W. Babson Says Outright Relief O.K. But Beware Capital Requests

BABSON PARK, MASS.—With Lend-Lease commitments approaching in value $25,000,000,000, it would seem that our financial backing of our Allies in terms of war materials, food and probably in an undisclosed amount of gold is nearing a maximum. Reverse Lend-Lease will provide a small credit against the final sum. The export of armaments may decline from here on; but shipments of food, clothing, building materials and other items for civilian rehabilitation will increase as more territory comes under Allied Government.

Roger W. Babson

Already plans are being formulated for the disposition abroad, after the War, of surplus U. S. motor equipment. Similar plans will be devised for the gift or sale of other war equipment adapted to civilian use. As in the case of France after World War I, nations allied with the U.S.A. in World War II, as well as the smaller countries first to feel Hitler's blows, will profit greatly from our Government's generosity.

Extent of Foreign Relief

I believe we are safe in assuming that U. S. Foreign Relief after the War in terms of adaptable or reconverted war materials, in food, clothing, Red Cross Aid and Government grants, in cash plus loans and credits will reach additional astronomical billions. It may total as much as Lend-Lease does today. Furthermore, as the U. S. will perhaps be the only Allied Nation untouched by the physical damage and misery of the War, we will rightly be expected to bear the major part of the over-seas post-war repair bill.

The first stage of relief will be the feeding and sheltering of the homeless and starving people of Continental Europe. Both present friends and foes may be included in this group. This, however, is quite different from making capital investments abroad. Perhaps some years after the War, when the necessities of rebuilding the entire world's economic structure become more clearly defined, U. S. investors may have a part to play. However, in the immediate post-war period our help should constitute outright gifts or sales of materials at cost. The investment of capital should for the present be avoided.

What About Foreign Capital Investment?

In the course of a lifetime of supervising investing, I have, at

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Again Heads Welfare Council

Colonel Allan M. Pope, investment banker, was re-elected President of the Welfare Council of New York City, a federation of more than 600 social and health agencies in the five boroughs, at a meeting of the Council's Board of Directors on June 1. In accepting re-nomination, Colonel Pope said:

Allan M. Pope

"I need not stress my sense of privilege in being named once again to head the largest council of social agencies in the United States. Mine would be a hopeless task, however, were it not for the good will and active assistance which I have received in the past, and expect to have in the future, from the Board of Directors, the Executive Committee, and the many other units and committees of the Welfare Council."

Alluding to the recently completed reorganization of the Welfare Council, Colonel Pope declared: "The Welfare Council enters its 20th year of service to the community with a newly strengthened structure and with all of its machinery geared for action."

Elected to the newly created post of First Vice-President was Edward K. Warren of Greenwich, Conn., formerly one of the Council's regular Vice-Presidents. Mrs. Mary Childs Draper, President of the Brooklyn Bureau of Charities,

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GENERAL CONTENTS

Regulatory And Anti-Trust Statutes

By JOHN S. BURCHMORE*
Of Walter, Burchmore and Belnap, Chicago

After Analysing Anti-Trust Developments, Mr. Burchmore Concludes That Although Reliance Upon The Executive And Judicial Departments To Deal With Restraints Upon Commerce May Be Questioned, Yet The Regulatory Function "Would Be Impeded Or Defeated By Any 'Bull-In-The-China-Shop' Activities Of Prosecutors, Not Having Direct Responsibility In Matters Of Regulation"

Categorical answer to the question stated in the program "Should regulated transportation be removed from the restrictions of anti-trust laws where acts and policies are approved by regulatory authority?" may depend not only on the personal views or philosophy of the individual answering, if not his business interest. The correct answer of the disinterested student will involve consideration of the very real distinctions between the functions and the activities of the Government and of its servants. There is general interest always in discussions of principles of anti-trust or monopoly laws, as much as in discussions of regulatory problems affecting functions of transportation and there is a very considerable absence of understanding of some of the principal elements developed through the experience of the years.

John S. Burchmore

Rather than attempting to demonstrate the right answer to the question, it may be more enlightening and helpful if I undertake developing some of the main features to be considered. These relate to the administrative and regulatory processes affecting the carriers, to the principles, policies and interpretations of the anti-trust laws and the broad question of preserving the traditional system of "checks and balances" in these functions of our national government.

I.

Federal regulation of interstate transportation began with the enactment of the Act to Regulate Commerce, known as the Cullom Act, approved by Democratic

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*An address made by Mr. Burchmore before the Institute of Transportation at the Waldorf-Astoria Hotel, New York City, May 24, 1944.

From Washington Ahead Of The News

By CARLISLE BARGERON

Herbert Hoover, Senator Taft and other Republican leaders who have occasionally undertaken to answer the taunt: "Just what will the Republicans do if elected?" have stressed the need of creating the "proper atmosphere" in which the private enterprise system can provide the necessary post-war employment. This invariably brings loud hoots of derision from the left-wingers as being something vague and indefinite and quite in keeping with reactionary thinking. Those babies insist they want something definitely done, presumably such as creation of a lot of additional alphabetical agencies.

But if you really want to know just what this proper atmosphere means and how important it is, just contemplate a situation which is becoming more and more serious as the need for war production slackens. Because of a tie-up between the New Deal and the CIO it is virtually impossible to slow up on war production notwithstanding the slackening need. With our rulers shouting about a manpower shortage and demanding a national service act, and the manpower administrator now apparently attempting to establish something of the sort by decree, we have the amazing spectacle of made work. It is difficult to see the difference between it and the old WPA and PWA. Instead of raking leaves they are turning out unneeded war material.

Recently, we had the spectacle of the Navy's having no further use for the Brewster plant and the employees refusing to be dismissed. You can readily imagine that the Navy was glad to be rid of the plant because its experience had been anything but happy. Jobs were not wanting for those dismissed. Instead, we are told, hiring representatives of other employers stood around the plant beseeching the workers to take jobs offered them. The CIO's representative, one Frankenstein, came to Washington asking indignantly: "What do they think we are, pup tent workers?" and the orders went out to give Brewster further work to keep these employees from being inconvenienced.

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It Must Not Be!

"Despite the sad record of experimentation with the spending philosophy over the past two decades, a vociferous group in this country now is advocating that deficit financing be continued in the post-war period."

It holds that "savings accumulate with no adequate outlet, and this in turn leads to stagnation. To overcome this situation, it is contended that the government must absorb the savings of the people by means of taxation and borrowing, and distribute the funds through federal spending channels." . . .

"The program of deficit financing is being put forward as a new democratic capitalism. But its adoption would lead to creeping collectivism or to socialism through the back door. In brief, the American people are being asked to gamble their national security on a single throw of the dice.

"Once committed to this policy, on the heels of a staggering war debt, there would be no turning back and the people would be carried farther and farther away from their cherished ideals and traditions, and away from the things that millions of Americans are fighting for on many battlefronts."

—First National Bank of Boston.

Here is a warning which simply must not be ignored!

The State Of Trade

Important events appeared to move swiftly the past few days but in reality, were precipitated by plans laid well in advance and the culmination of which is now speedily unfolding. On Monday of this week following hard on Pope Pius XII plea that Rome be spared the devastating effects of war, the world witnessed the withdrawal of German forces from the Eternal City and after midnight of the same day, the United Nations' forces had embarked upon the long awaited invasion of the fortress of Europe. At what precise time victory will be attained, the present moment is too early to foretell, but this war has been a war of attrition for the German nation and signs are becoming increasingly evident of the inability of the German people to continue to bear up under the sacrifices and privations that total war involves.

Proof of the overwhelming industrial production of the United States for war could not help but seep thru the most rigid of censorships and the German people and the world must at this time be fully cognizant of our great striking power. It is our fervent hope that this knowledge will have a salutary effect upon the enemy and hasten the final peace. On the domestic front, added emphasis was placed on reconversion problems by the Brewster Aeronautical sit-in strike last week, resulting from a cancellation of contracts for Corsair type planes by the Navy Department and creating an unemployment problem for 4,500 war workers. By July 1, the number involved would total some 11,000 workers following completion of present orders. The suddenness with which this action was taken leaves no doubt that such a procedure must not become a fixed policy of we would soften the impact of this country's transition from war to peace.

The manpower situation, one of our major concerns, cropped up again in the news on Friday of last week. Notwithstanding the increasing supply induced by plant closings and cutbacks and the like, Commissioner McNutt of the WMC concerned over an exodus of workers from war industry to peacetime pursuits, announced new regulations governing manpower and embracing all males above 16½ years. His plan, called a priority referral plan, would place all job changes in the hands of the USES and is expected to accomplish the task of keeping labor where it is most needed. The powers assumed are great and the efficacy of the plan remains to be seen.

Turning to activity in the heavy industries for the past week, it is noted that the changes were slight with electric light output, steel, coal and paper production higher, while modest recessions were the rule for freight car loadings and paperboard output. In the retail trade, vacation buying of seasonal apparel and accessories lifted sales by approximately 10 to 15% above the same week, a year ago. House and garden furnishings, too, enjoyed a fair share of the week's business.

As for electric production, results reveal that output of electricity advanced to approximately 4,291,750 kwh. in the week ended May 27 from 4,245,678,000 kwh. in the preceding week, as reported by the Edison Electric Institute. The latest figures represent a gain of 7.6% over one year ago, when output reached 3,990,040 kwh. Consolidated Edison Co. of New York reports system output of 188,700,000 in the week ended May 28, and compares with 176,800,000 kwh. for the corresponding week of 1943, or an increase of 6.7%.

Demands for steel in the coming months should show a heavy increase, with the invasion of Europe already a reality, making more vigorous production of certain kinds of war equipment necessary. The situation poses a real problem for the industry, according to "Steel" magazine this week, since the mills are now overloaded as a consequence of curtailed working forces and approaching hot weather, which will make all but impossible the long working hours of recent months. Orders for plates, bars and shapes have jumped ahead of output, while committments for hot and cold-rolled sheets are running close to production. Heavy requirements for fourth quarter and succeeding months are being placed for shipbuilding and pontoons. At present orders for plates, shapes, floor plates and fittings totaling 300,000 tons of steel are on the books for pontoons, with an additional 100,000 tons, largely of plates, for the construction of 24 tankers distributed among several eastern mills, the magazine reports. Schedules for freight car production have been set up by WPB for 1944, which will be the equivalent of 85,500 full-sized railroad type cars, including military-type cars and the carryover from 1943. Applying the same standards of measurement the above total compares with 1943 figures of 68,700 units.

To meet essential civilian needs carbon steel allotments have been increased in the third quarter by WPB from 217,000 tons to 240,000 tons. In this connection it was stated that "supply and demand position of basic metals for all military programs are more nearly in balance than at any time since the war started."

With respect to alloy steel production, the market summary noted a decline, April output of 889,051 net tons comprising only 12% of total steel production. For the same month of 1943 alloy steel ran to 1,214,965 tons and was 16.5% of the total. As for pig iron production, the month of April fell short of the all-time March record because of one less working day and a slight drop in average daily output, the summary disclosed. The total for April was 5,243,410 net tons, compared with 5,434,240 tons in March and 5,035,178 tons in April of 1943. The four months cumulative tonnage stood at 21,082,127 tons, compared with 20,326,130 tons in the same period last year.

As for the rate of steel production, the American Iron and Steel Institute places scheduled output for the week beginning June 5, at 97.8% of rated capacity, equivalent to 1,751,900 tons of steel ingots and castings. Scheduled output for the current week compares with operations at the rate of 97.5%, and output of 1,746,500 tons a week ago. For the week beginning June 7, last year, steel output totaled 1,688,400 tons, and the rate was 97.5% of capacity.

With respect to freight carried by the railroads carloadings of revenue freight for the week ended May 27 totaled 869,860 cars, the Association of American Railroads announced. This was a decrease of 1,245 cars, or 0.1% below the preceding week this year, and an increase of 16,077 cars, or 1.9% above the corresponding week of 1943. Compared with a similar period in 1942, an increase of 74,239 cars, or 9.3%, is shown.

A pre-invasion summary of airplane production was reported last week by the Aircraft Production Board which disclosed that the United States has produced 171,257 planes since Pearl Harbor, with the prevailing rate running at two and one-half times the Axis output. Total United States production for 1944 as estimated by Charles E. Wilson, chairman of the Aicraft Board and T. P. Wright, director of the Aircraft Control office was placed at 100,000 planes costing approximately $21,300,000,000, or 31% of total expenditures for munitions this year.

Bituminous coal output for the week ended May 27 reflected an increase of 220,000 net tons from the preceding week at 12,530,000 tons, and a rise of 774,000 tons from a year ago, when production for the comparable week was 11,756,000 tons, as reported by the National Coal Association. Output to date—Jan. 1 through May 27, 1944—aggregated 260,442,000 tons, as against 247,843,000 tons for a like period in 1943. The report of the Solid Fuels Administration placed production for the week ended May 20 at 12,300,000 net tons, against 12,560,000 tons in the preceding week.

As for production in the anthracite coal fields the U. S. Bureau of Mines reports estimated output of Pennsylvania anthracite at 1,369,000 tons for the week ended May 27, 1944, an increase of 64,000 tons, or 4.9% from the preceding week. An increase of 23,000 tons, or 1.7%, is noted when compared with output in the corresponding week of 1943. For the calendar year to date, however, an increase of 4.3% is shown over the similar period of 1943.

Paper output for the week ended May 27 was equal to 91.7% of capacity, against 91.6% in the preceding week and 91.8% for the week ended May 29, 1943, the American Paper & Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 96% of capacity, against 97% in the preceding week.

Retail trade in New York continued active the past week with demand strong for seasonal apparel and accessories. Estimated department store sales ranged from 15 to 18% above the same week of 1943. The remaining supplies of summer goods were steadily being depleted, while in the wholesale trade, fall buying continued in evidence. With the opening of the fall dress line this week, many buyers are expected to be attracted to the local markets. According to the Federal Reserve Bank's index, sales in New York City for the weekly period to May 27 advanced by 9% over the same period of last year. For the four weeks ending May 27 sales rose by 16%, and for the year to May 27 they improved by 7%, the same percentage of increase as in the previous week.

With the advent of the vacation period, buying of seasonal apparel and accessories lifted retail sales the past week approximately 10 to 15% above the corresponding week last year, Dun & Bradstreet, Inc. reported. The generally higher average selling prices in women's ready-to-wear contributed to an increased dollar volume, the research firm pointed out. A heavy demand was noted for light dresses, blouses, cotton pinafores, summer coats and suits of gabardine, rayon and light weight wool, while retail shoe stores reported an increase in business of about 15 to 20% above last year. Men's clothing and furnishing establishments did well despite shortages of light weight summer suits and some furnishings, with scarcities of merchandise more prevalent among small stores. House and garden items enjoyed a strong demand, but a limited selection hampered sales in some cases. Regional percentage increases as reported by the trade review were; New England, 5 to 10%; East, 8 to 12%; Middle-west, 3 to 7%; Northwest, 7 to 11%; South, 10 to 14%; Southwest, 15 to 18%, and the Pacific Coast, 9 to 13%.

Department stores sales on a country-wide basis, as taken from the Federal Reserve Board's index, moved upward by 11% for the week ended May 27, compared with the same week a year ago, while sales for the four weeks' period ended May 27 advanced by 16% over a similar period a year ago. For the year to May 27 an increase of 7% was noted over a like period in 1943.

Supreme Court Upholds Power Of OPA To Penalize Violators Of Rationing Rules

The Presidential power to issue through the Office of Price Administration suspension orders against business concerns which have violated rationing regulations was upheld by the United States Supreme Court on May 22.

In war times "the national interest cannot wait on individual claims to preference," Justice William O. Douglas stated for a majority of eight, said special advices from Washington, May 22, to the New York "Times," which added:

Justice Owen J. Roberts was the only dissenter.

"The ruling sustained an OPA order requiring L. P. Steuart & Brother, Inc., fuel oil dealers here, to confine fuel oil sales and deliveries to cutomers to whom it sold between Oct. 21, 1941, and Oct. 21, 1942.

"The sole question Justice Douglas explained, was whether the Presidential authority under the Second War Powers Act, to allocate materials, included the right to issue suspension order and withhold rationed materials where violation had occurred.

"Evidence in the Steuart case showed that the concern had obtained large quantities of fuel oil without surrendering ration coupons, and had delivered many thousands of gallon to consumers without receiving coupons. Accordingly the firm was shut off from fuel oil for the year 1944, except to customers between October, 1941, and October, 1942.

In discussing the case Justice Douglas said that middlemen—wholealers and retailers—such as the Steuart firm, could "raise havoc" with the rationing scheme by their violations.

"From the viewpoint of a rationing system a middleman who distributes the product in violation and disregard of the prescribed quotas is an inefficient and wasteful conduit," the Justice asserted. "If the needs of consumers are to be met and the consumer allocations are to be filled, prudence might well dictate the avoidance or discard of such inefficient and unreliable means or distribution of a scarce and vital commodity.

"Certainly we could not say that the President would lack the power under this act to take away from a wasteful factory and route to an efficient one a precious supply of material needed for the manufacture of articles of war. Yet if the President has the power to channel raw materials into the most efficient industrial units and thus save scarce material from wastage it is difficult to see why the same principle is not applicable to the distribution of fuel oil."

"Unconditional Surrender" Opposed By Maynard C. Krueger, Socialist Party Head

Maynard C. Krueger, National Chairman of the Socialist Party, in a keynote speech at the Socialist National Convention in Reading, Pa., on June 2, demanded, according to the Associated Press, a new leftist political alignment in the United States dedicated to an early and lasting "peoples peace" as opposed to "unconditional surrender" or "total victory."

In an account of Mr. Krueger's remarks from Reading, Pa., the same day to the New York "Times" by Clayton Knowles, it was also stated in part:

Mr. Krueger assailed "prolongation of the war in its present terms as leading away from rather than toward lasting peace." He advanced the Socialist demand for "the earliest possible peace that will last."

"Hunger and hate are growing rapidly throughout Europe," he asserted. "Post-war tensions between the United Nations, united only by military aims, show already through the transparent veil of official courtesy and propaganda.

"No endless repetition of a slogan like 'unconditional surrender' or 'total victory' can hide the well-founded expectation that absolute power of total victory will corrupt the victors.

"We do not want our country to use its armed forces in an impossible attempt to restore Europe as a capitalist system which will not work even here where it has the best chance in the world. We do not want an American Navy used to restore the white man's empires in the Pacific or in Africa. We do not want American soldiers used to keep decrepit monarchs on the tottering thrones of peoples who are entitled to the democratic control of their affairs."

Johnston Tells Russians American Communists Have Been "Wasting Their Time"

Urges Co-operation Between Both Countries Through Visits and Trade

Telling Russian trade leaders that "American Communists have been wasting their time," Eric Johnston, President of the United States Chamber of Commerce, in an address at Moscow on June 4 told the gathering (numbering about 100) that "in economic ideology and practice, my country is different from yours. You are State-minded and collective-minded. We are most private-minded and most individual-minded and, gentlemen, make no mistake—we are determined to remain so and even become more so."

Mr. Johnston while stating that a gulf separated the economies of the United States and Russia, added that bridges of practical cooperation could be thrown across that gulf. It was noted in United Press accounts from Moscow that Mr. Johnston advocated extensive post-war trade and visits between American business and "Soviet capitalists" as one bridge, but said that "each of our countries should be allowed to pursue its own unique economic experiment unimpeded by the other."

On May 15, when Mr. Johnston was about to leave for Russia it was indicated that he planned to inspect Soviet industrial plants and that he was making the trip at the invitation of Premier Stalin. Mr. Johnston was reported as saying that he would seek to determine how Russian post-war trade will affect American business. En route to Russia Mr. Johnston arrived at Cairo, Egypt on May 29, and on June 1 he reached Moscow with W. Averell Harriman, American Ambassador to Russia. On that date the Associated Press Moscow advices said:

"A large delegation of Soviet officials representing the Commissariat of Foreign Trade, the Soviet Chamber of Commerce, the Machine Import Organization and the petroleum industry met Mr. Johnston. It was headed by Vice-Commissar of Foreign Trade Vassily A. Sergeiev, who was a delegate to the United Nations Relief and Rehabilitation Conference last winter in the United States.

Mr. Johnston had joined Mr. Harriman at Teheran and flew to Moscow in the Ambassador's plane."

On the occasion of his address to the Russian trade leaders on June 4, Mr. Johnston was luncheon guest of A. I. Mikoyan, Soviet Foreign Trade Commissar, at Spiridonovka House. At the table sat Soviet trade experts, member of the Soviet Foreign Office, Ambasador Harriman and Soviet military men. Regarding Mr. Johnston's remarks we quote from the Moscow Associated Press accounts, as follows:

"At first the Russian appeared nonplussed by Mr. Johnston's bluntness, but later they burst into gales of mirth at his sallies at American Communists and Marxians.

"I shall try to show you my admiration for your heroic deeds and my gratitude for your hospitable invitation by talking to you from the bottom of my heart, non-politically, and even with frankness," he said.

"You cannot have solid friendship until you have solid understanding. We have a familiar American proverb which says your only true friend is the man who knows all of the worst about you and still likes you. So now I am going to tell you a direct, harsh, tough business fact.

"Gentlemen," Mr. Johnston continued, "there is a point that must be totally clear between us before we can be really cooperative friends. I employ some 2,000 people. They have unions. I have contracts with those unions. I believe in the right of my employes to have unions. Some 13,000,000 Americans now belong to unions. Some 200 of these unions are large enough to be nationally known.

"Not one of them in our current national election is asking voters to favor the primary Socialist principle: 'Common ownership and operation of the means of production and distribution.'

"Gentlemen," he said, "I ask you please to realize how completely our American Communists have been wasting their time. Not long ago an American research institution addressed a question to a large number of people all over the United States. That question was: 'To what social class do you think you belong?'

"Most of the organized wage-earners who were interviewed replied that in their opinion they belong to the middle class.

"So perhaps in a way you cannot blame our American Communists for their failure. If I may put it frankly, how can they make a proletarian revolution among workers who do not even know that they are proletarians?

"Our American Communists have not caught on to this fact; they lack originality and realism. They still follow and imitate what they think is your current policy. If you take pepper, they sneeze. If you have indigestion, they belch. They annoy our trade unions more than they annoy our employers."

"I think," Mr. Johnston said, "that each of our two countries should be allowed to pursue its own unique economic experiment unimpeded by the other.

"Here we stand, we Americans. There you stand, your peoples of the Soviet Union on the other side of the gulf. Let us admit and tolerate the gulf.

"Now let us see what bridges of practical cooperation can be thrown across it.

"The first has to do with fascism. We American business men, since we believe in capitalistic competition, are against fascism. Don't be misled on this point by our American left-wing press. Writers in that press have a way of calling any business man a Fascist if he is stubborn in his dealings with a union. They have a way of calling almost anybody a Fascist if he does not agree with our present National Administration. Flatly, they use the word Fascist wildly."

Mr. Johnston said that American business men were inherently anti-Fascist because they opposed monopolistic cartels, which were the essence of fascism.

"The second bridge," Mr. Johnston said, "has to do with industry. It is our common passion for production.

"At first we American business-men misunderstood your new Soviet Socialism," he said. "We thought it was merely to distribute whatever wealth was already existing. Now we know that one of your main aims is to increase the total wealth and every year to distribute more."

Reviewing the Soviet Union's great investments in capital goods last year, Mr. Johnston said: "In your own way you have become great capitalists. If you keep on at your present pace you will soon have a larger capital investment in industrial plants than any other country in the Old World.

"Western Europe at one time stood in fear of you Soviet proletarians. Presently, it will stand in awe of you Soviet capitalists.

"Don't call me an exploiter. When I look at you and your insured profit system I feel like a hero."

Mr. Johnston said that economists in the United States, after studying Soviet records, had told him that in the years from 1928 to 1940, Russia had increased her industrial output 650%. "Frankly, gentlemen, that is an unexampled achievement in the industrial history of the whole world. I congratulate you. . . ."

"The third of the bridge is the bridge of export and import trade," he continued. "I am happy to learn that you gentlemen do not regard trade with capitalistic countries as being 'counter-revolutionary.'

"Almost all Americans deeply regret today the difficulties that arose between you and us at the end of the last World War. Few of the old scores, gentlemen, are worth preserving. Let us do two things:

"One, let us resign ourselves to the fact that, certainly for a long time to come, you and we are going to live in two different economic ways. Two, let us visit and trade. Let there be more Soviet business men who know the Mississippi Valley. Let there be more American business men who know the valley of the Volga."

Ambassador Harriman, who has just returned to Russia, had been in the United States since May 6, his visit having been for the purpose of holding conversations with American officials.

Pope Pius Expresses Hope For Early Peace And Honorable Solutions "True And Durable"

Expressing the fervent wish that the grace of God "may cause to break soon over the Eternal City and over the whole world," the dawn of peace, Pope Pius XII on June 1 declared that the idea that the war must end in a complete victory or complete destruction acts as "a stimulant toward prolonging the war." "The conviction of a real or supposed will of the enemy to destroy national life to the very roots, smothers all other reflections and instills into many the courage of desperation," he said. "It is therefore of the greatest importance," continued the Pope, "that this fear should give way to a well-founded expectation of honorable solutions; solutions that are not ephemeral or carry the germs of fresh turmoil and dangers to peace, but are true and durable."

The Pope, whose remarks, in Italian, were addressed on his name day to the College of Cardinals, called on the victors of the war to give hope and faith to the vanquished, and declared that "whoever dared raise a hand against Rome would be guilty of matricide in the eyes of the civilized world and in the eternal judgments of God."

It was noted by the Associated Press that Pope Pius spoke as contending armies surged within sight of Rome.

From an official translation of the Pope's address as received by radio in New York by the Associated Press, we quote the following:

"Would that all those who are counted Christians could understand what an unsurpassed field of action would be open to Christianity at the present moment if, in full unity of faith and purpose, they were to dedicate their activity to saving the human family and preparing it for a better future. One thing that has contributed significantly towards making men open their hearts to the hope of this fair and more peaceful morrow is the fact that, while the instruments of destruction have reached a potency never before known, and while the world finds itself on the eve of still more dramatic and, according to some, decisive events, the discussion of the fundamental outlook and of the detailed guiding principles of the future peace attracts more and more participants; the numbers and the interest of those joining in that discussion grow from hour to hour.

"Yet beside the heralds of wisdom and moderation there are not wanting others who scarcely dissimulate their program of violence or who openly espouse vengeance. While the former follow the suggestion of that Greek leader, of whom we read that he reckoned that victory outstanding in which clemency prevailed over cruelty, the latter, on the contrary, recall vividly the saying of Cicero that victory is essentially insolent and overbearing. In many is thus born the impression or the fear that there may not be, even for the peoples and nations as such, any alternative but this: a complete victory or a complete destruction. When once this sharp dilemma has entered men's minds, its baneful influence is a stimulant toward prolonging the war, even among those who by natural impulse or for realistic considerations would be disposed to a reasonable peace. The specter of that alternative, and the conviction of a real or supposed will of the enemy to destroy national life to the very roots, smothers all other reflections and instills into many the courage of desperation. Those who are under the domination of such feelings go on, as in a hypnotic sleep, through abysses of unspeakable sacrifice and constrain others to a war of extermination that drains their lifeblood, a war whose economic, social and spiritual consequences threaten to become the scourge of the age to come.

"It is therefore of the greatest importance that this fear should give way to a well-founded expectation of honorable solutions; solutions that are not ephemeral or carry the germs of fresh turmoil and dangers to peace, but are true and durable; solutions that start from the principle that wars, today, no less than in the past, cannot easily be laid to the account of peoples, as such. You, venerable brethren, know well how, in fulfillment of the serious obligation imposed by our apostolic ministry, we have already on several occasions, in concrete form, outlined the essential fundamentals, according to Christian thought, not only with regard to peaceful relations and international collaboration among men, but also with regard to the internal order of state and peoples.

"Today we limit ourselves to observing that any right solution of the world conflict must take into consideration and treat as quite distinct, two grave and complex questions: the guilt of beginning and prolonging the war on the one hand, and on the other, the kind of peace and its maintenance; it is a distinction which naturally leaves untouched the demands for a just expiation of acts of violence, not really called for by the conduct of the war, committed against persons or things, as well as the guaranties necessary for the defense of right against possible attempts of violence. These two different aspects of the formidable problem have been widely echoed in the conscience of peoples; and in the public declaration of competent authorities has been expressed the resolution and decision to give to the world, at the end of the armed conflict, a peace that all nations can bear.

"We desire and hope that the prolongation of the war, together with the progressive harshening of the methods of warfare and the resulting heightening of tension and exasperation of spirit, do not end by lessening and extinguishing these healthy sentiments and along with them, the readiness to subordinate the instincts of vengeance and anger which is the enemy of counsel, to the majesty of justice and equanimity. In any war where one of the belligerents succeeded only through the power of the sword and other means of irresistible coercion, in reaching a clean and unquestioned victory, it would find itself in the position of being physically able to dictate an inequitable peace imposed by force. But it is certain that nobody, whose conscience is illumined by the principles of true justice, could recognize in such a precarious solution of character of assured and prudent widom.

"Although in the nature of things it may be that the period of transition that runs from the termination of hostilities and the formal conclusion of peace to the attainment of normal social stability is determined, in large part, by the power of the victor over the vanquished, nevertheless wise, and hence moderate, political skill never forgets or fails to give the losing side the hope—we should like to say confidence—that even to their people and its vital necessities a worthy place be prepared and juridically assigned. We should, therefore, wish that governments and peoples should keep before their minds, at least as an ideal at which to aim, the words spoken in compliment to Marcus Claudius Marcellus by the most distinguished orator of ancient Rome: 'To conquer one's self, to curb anger, to spare the vanquished, to raise the fallen enemy—a man who does this I shall not compare with the greatest of men, but will deem as most like to a god.'

"We nourish the hope that all our sons and daughters scattered over the earth may have a lively consciousness of their collective and individual share in the responsibility for the setting up and organization of a public order confirmable to the fundamental exigencies of the human and Christian conscience, being always mindful of the fact that for those who glory in the name of Christian, every peace proposal is always made under the unerring standard: 'To reject all that is hostile to that name, and to promote that which is consonant with it.'

"With the fervent wish that the grace of Almighty God may cause to break soon, over the hills of the Eternal City and over the whole world, the dawn of such a peace, we express to you, venerable brethren, our sincere gratiude for the good wishes so kindly offered us through your eminent vice-dean, while we impart from our heart on you and all those especially dear to you in the Lord, our apostolic benediction."

The Associated Press likewise observed:

"Speaking less than two months after the Patriarch of Russia and the Archbishop of York had repudiated the Pope in his role as Christ's vicar on earth, Pope Pius declared that those who so contended 'are ignoring and misinterpreting the profound meaning of Papal Primacy.'"

Increase In Death Benefit Payments Laid To War

Record life insurance death benefit payments of $115,183,000 in March brought total death benefits for the first quarter of the year to $317,718,000, an increase of 12% over the corresponding period of last year and of 25% as compared with 1942, the Institute of Life Insurance announced on June 2. The increase is attributed in part to the higher mortality of the war period; it also reflects the increase in insurance in force, which has amounted to 11% over the two years. Direct benefits paid living policyholders in the first quarter were 10% greater than a year ago and calls for surrender values were 25% smaller. Aggregate payments to policyholders and beneficiaries were $659,614,000, up $38,274,000 from last year.

The Financial Situation

(Continued from first page)

of the banks is the dominating factor in the situation. During all of the latter part of the decade they were about the only important factor.

Possible wholesale bank failures and destruction of deposits by default aside, it may be said that any reduction in the supply of money must be accomplished by a process which in essence reverses that through which they came into being. That is to say, major retirement of debt by the Treasury, or sale to the non-banking public by the banks of very substantial parts of their holdings of government obligations appears about the only practicable means by which what might be termed the accumulated inflationary gap can be eliminated at any time in the foreseeable future.

Furthermore, the fact is that the banks during the war years have been reducing their loans, particularly consumer loans, and more than likely will be called upon when the war is over to enlarge the volume of loan accommodation to their customers. This is but another way of saying that barring reduction in bond portfolios, the supply of money will increase instead of diminish with the close of hostilities. What would happen if, as is constantly suggested by many, some of whom ought to know much better, large sums are laid out by the Government to stimulate a return to prosperity scarcely needs to be indicated in light of what has already been said. Of course, the banks would be expected to furnish a very substantial part of these funds.

War Bonds

Then there is, of course, the billions of war savings bonds which millions of citizens will own when the war is over, and which are, in part at least at Government suggestion, regarded as funds laid aside for the purchase of houses, automobiles, and what not when the war is over. Who is to provide the Treasury with funds with which to take these bonds up at demand? It does not appear likely that conditions will be such as to encourage private investors into the field. It could be that the end of the war will mark no end of inflation, perhaps not even a marked reduction in the rate at which inflationary funds are being brought into being. But be that as it may, it is clear that the inflationary funds which have come into being during the past decade will still be with us, and that "holding the line" during the war is but a beginning, and quite possibly the easiest part of the longer process of preventing natural law from exerting itself in a normal way—a process, by the way, which is not likely to prove successful indefinitely in any event.

The Other Side

About equally a great a misunderstanding appears to exist concerning the post-war aspects of the other side of the price equation—the volume of goods and services likely to be produced. Concerning this side of the matter several fallacies keep cropping up often in quarters where one would not normally expect them. One of them seems to confuse the difficulties that lie in our path with material prosperity. One would suppose, to hear some of these commentators, that the harder the outlook, the more impediments which need to be removed, the larger the degree of prosperity which will be ours in the post-war era.

If this suggestion appears a little absurd to the reader, let him consider how often he has heard about backlogs of need for this and that cited as an indication of the certainty, or at least the hope, of general and great prosperity after the war. How many houses will be in disrepair, and in need of materials! How many automobiles will have left the road for the junk pile! How generally our roads and streets will need labor and materials! And much more of the same sort. It would appear that in the lack of good things of life, not in their abundance, economic welfare consisted. The extended and very distressing period of unemployment which immediately preceded the war, has without question distorted the economic thinking of a great many of our citizens. It may, of course, be that these deficiencies will insure substantial production for a substantial period after the war, but they as well argue for additional demand from a people who have an excess of money. As regards inflation, their message needs to be reconsidered very carefully.

Another misconception is that involved in supposing that a very large part of the capital equipment and facilities which have been added during the war will find peacetime usefulness at once. Some of it will without much question. Much of it will not—but, fully as much to the point, will afford a great temptation to many to convert many of them into something analogous to the TVA—that is, pour public funds into them until they can be used for peacetime purposes without regard to the economic wisdom of such expenditures, or the effect upon other large sections of the economy.

Still another matter which has not received the attention it deserves is the fact that by and large great sections of our labor forces has gotten out of touch with civilian production. Much of it is now scattered in industries alien to it only a few years ago. Much of it is in the armed forces. All of it has lost something of its productive efficiency. When civilian production is resumed it will almost certainly be found that output per man hour is far below what was considered normal when the war started. We simply cannot assume lightly that production will be exceptionally large when the fighting has ceased.

It would be a good thing if many of these subjects were very carefully reconsidered by many current commentators and public men.

Preservation Of Free Enterprise Essential After War, Poll Of Guaranty Trust Declares

With the winning of the war regarded as paramount to every other consideration; and that American business interests have demonstrated their whole-hearted support of that outstanding principle by a miracle of production and a great contribution to the financing of our war effort, the Guaranty Trust Company of New York at the same time finds that "there is an ever-increasing realization generally throughout the country that we need also give serious thought now to the solution of the tremendous problems that will confront us immediately hositilities cease." This is indicated in May 30 issue of "The Guaranty Survey," the trust company's monthly review of buiness and financial condition, which says that "foremost among them is the revitalization and preservation of the keystone of our economic structure—free enterprise—which has in the last few weeks been sharply emphaized in dramatic manner."

"To obtain a cross-section of opinion regarding this issue from executives in various businesses and sections of the country, the "Survey" asked a number of executives to give their views as to how free enterprise can best be safeguarded. The "Survey" reports:

"The replies to our inquiry indicate that many business men believe that they should become 'vocal,' and the Government policies they consider most dangerous to the future health and usefulness of industry are broad policies that affect business in general. The large majority of replies clearly reflect a desire on the part of the writers to be realistic and constructive, rather than to dwell upon grievances. Wartime restrictions and burdens are accepted as inevitable; and, while there is a unanimous desire to be free of these controls as soon as posible, it is recognized that the readjustment to peacetime conditions will not be easy and canot be achieved overnight.

"There is strong insistence, however, on the fact that revision of public policy must go beyond the mere abolition of war controls if free enterprise is to retain its vitality and make its full contribution to the general welfare in the years to come. Such revision must include reform of tax policy, with special emphasis on the restoration of the incentive to enterprise and risk. It must aim at clarification and rectification of the relations between labor and management. It must seek a reversal of the recent trend toward extension of political power, particularly in the business field. One of its objectives must be the preservation of the resourcefulness and self-reliance of the individual citizen. Underlying these aims, there must be a basic conception of government as the representative and servant of all the people, not the champion of special groups.

"The preponderance of business opinion supports the following views concerning the relaxation and abolition of wartime controls;

1, Some additional materials for civilian supply should be made available at once;

2, The excess profits tax should be abolished promptly at the end of the war;

3, Price control should continue through the reconversion period; and

4, None of the Government's wartime controls should be retained indefinitely."

Further indicating the responses to its inquiry the "Survey" says:

"Perhaps the most significant fact brought out by the answers to our first question, 'What particular Government policies are most dangerous to the future health and usefulness of your industry?', is that the large majority of business men are primarily concerned not with conditions peculiar to their own industries but with those affecting business as a whole. Foremost among these is the fiscal position of the Government, and particularly the outlook for taxes. Anxiety on this score arises partly from the tremendous burden of taxation that business has carried in recent years and will probably have to continue to carry after the war, and partly from the belief that tax policy as it has developed in the last decade or more rests with undue severity on business enterprise and threatens the productivity of our industrial system.

"The principal indictment of Federal tax policy is that it tends to dry up the sources of capital and deaden the incentive to enterprise. . . .

"The replies indicate considerable interest in the proposed Constitutional amendment to limit the taxing power of the Federal Government in time of peace to 25% of income. One says, 'I do not think the free enterprise system is safe unless Constitutional amendment can be passed limiting the power of the Federal Government to levy income and excess profits taxes, except in time of war, to a maximum of 25%. It has been said that the power to tax is the power to destroy, and we have certainly seen the results of this very thing in the last few years.'

"Second in importance to fiscal policy, in the opinion of business men, is labor policy. A considerable number, in fact, put labor policy first. Among these is an executive who says that "the decided prejudice of Government agencies in favor of labor, with apparent disregard of the effects of the policies followed on the economy as a whole, have already infringed materially upon the long-standing prerogatives of management and constitute a serious threat to the revitalization of free enterprise.'

"Almost as serious as the labor problem, in the opinion of business men, is the centralization of power in the Federal Government, and particularly in its administrative bureaus and agencies. 'The most dangerous present-day policy,' according to one executive, 'is that of extending administrative law and powers in the fields of regulation and placing the enforcement of those administrative powers outside the regular courts.' Another believes that 'our major problem lies in the manner in which controls are promulgated and administered. We have so far departed from our traditions that controls are being created and administered by scores of executive agencies having little accountability to the people whose lives and property are affected thereby.' A third heads his list of dangerous policies with 'governmental control of industry by bureaucratic authority rather than by public law.'

"Many correspondents lay primary emphasis on the tendency toward regimentation, or narrowing of the scope of individual initiative. . . .

"Closely related to the centralization of authority and the regimentation of economic life is the drift toward paternalism in the relation between the Government and the citizen, a trend that is vigorously criticized by a number of business men. . . .

"A number of replies indicate a belief that the principal threat to free enterprise lies not in any single policy but in a basically unwholesome and unsympathetic attitude toward business on the part of public administrators. Many executives recognize that responsibility for the revitalization of free enterprise after the war will not rest with government alone but must be shared by industry, labor, agriculture and other groups.

"Replies to the question regarding the timing of the relaxation or discontinuance of Government controls, show a preponderance of opinion to the effect that some materials for civilian supply should be made available at once, that the excess profits tax should be abolished immediately at the end of the war, that price control should be continued through the reconversion period, and that none of the Government's wartime regulations should be retained indefinitely. Among the materials that could be released in large amounts for civilian use, steel and aluminum are especially mentioned. There is no disagreement concerning the desirability and importance of prompt repeal of the excess profits tax after the war."

N. Y. Wool Associates Elect New Officers

The members of the Wool Associates of the New York Cotton Exchange, Inc., on June 5 elected Bernard J. Conlin as President, Albert W. Hilliard as First Vice-President, Lawrence P. Hills as Second Vice-President and Benedetto Lopinto as Treasurer. Mr. Conlin was First Vice-President of the Exchange during the past four years and succeeds Frank J. Knell. Messrs. Hilliard and Hills served as members of the Board of Governors last year. Mr. Lopinto succeeds William J. Jung. The following were elected to the Board of Governors: B. Harrison Cohan, Tinney C. Figgatt, Arthur N. Gorham, Joseph P. Henican, Jr., Marland C. Hobbs, Frank J. Knell, Stanley H. Lawton, Robert J. Murray, Max W. Stoehr, Philip B. Weld and Arthur O. Wellman. James B. Irwin, James C. Royce and William H. Spilger were elected inspectors to serve at the 1945 annual election.

Fiscal Issue Of Nation Of Deepest Concern To All Says First National Bank of Boston

Theory Would Lead to Collectivism or Socialism

"The fiscal issue before us is of no mere academic interest, but is of the deepest concern to all," says the First National Bank of Boston, which observes that "the program of deficit financing is being put forward as a 'new democratic capitalism.' But its adoption would lead to creeping collectivism or to socialism through the back door." In brief says the bank, "the American people are being asked to gamble their national security on a single throw of dice. Once committed to this policy, on the heels of a taggering war debt, there would be no turning back and the people would be carried farther and farther away from their cherished ideals and traditions, and away from the things that millions of Americans are fighting for on many battle fronts."

These assertions by the bank are contained in its "New England Letter," dated May 31, in which it also has the following to say:

"In order to survive, a nation through its leaders must have the capacity to think problems through and visualize the consequences of its policies. Otherwise, there is grave danger in times like these of embarking upon ventures that may lead a nation to ruin.

"The depression of the 1930's was an aftermath of the First World War and the speculative orgy of the 'New Era.' Under the 'New Era' philosophy of the 1920's we were told to spend in order to maintain prosperity. Not only was there a lavish outpouring of credit in this country, but billions of dollars in foreign securities were underwritten to finance reconstruction as well as public works and private industries abroad. A large part of the international loan made was for non-revenue producing purposes, with the result that there was inadequate return on investments to meet interest payments and to amortize principal. Many of these countries became habitual borrowers and adjusted their finances in anticipation of a continued flow of funds from the United States. Consequently, when the insatiable demand of the American stock market sharply curtailed lending abroad, the buying power of foreign countries declined, with a resultant slump in prices, and eventually the entire world was engulfed in a prolonged depression.

"The low point of the depression in world industrial production was reached in the summer of 1932, and somewhat later in the United States. By 1936, before armament program became general, production in most of the principal nations of the world had exceeded that of 1929. Great Britain and Sweden, with balanced budgets throughout most of the period, made the most satisfactory gains, while the United States and France, with huge deficits, trailed far in the rear.

"Why was it that recovery lagged so far behind in the United States? It has been alleged that the concentration of population in the cities and the growing rigidity of our economic system made our recovery from the depression more difficult than in earlier periods. These features, however, have been more characteristic of the older countries of Europe than of the United States. Nevertheless, we find that recovery abroad during the period in question was much more pronounced and sustained than in this country, despite the fact that the increase in our Federal debt during the 1930's exceeded the growth of the national debt of 25 leading foreign countries combined.

"The outstanding obstacles to recovery in this country were the artificially high costs established under the NRA and the fear engendered by the multitudinous unsound plans, including the manipulation of currency, the silver and greenback legislation, and the well-nigh confiscatory taxation, which put a serious brake on risk taking. About 25 billion dollars was expended on pump-priming projects, but the decade closed with about eight million persons unemployed.

"Despite the sad record of experimentation with the spending philosophy over the past two decades, a vociferous group in this country is now advocating that deficit financing be continued in the post-war period, as the nation has reached its industrial maturity. In consequence, it is held that savings accumulate with no adequate outlet, and this in turn leads to stagnation. To overcome this situation, it is contended that the Government must absorb the savings of the people by means of taxation and borrowing, and distribute the funds through Federal spending channels.

"A brief analysis will show that this theory rests upon false premises. In the first place, it is pointed out that the economy is stagnant as evidenced by the decline in the growth of population. The facts are that the peak in our population growth was reached during the decade ended in 1850 when the gain was 36%, while for the decade ended in 1930 it was only one half as much. If this theory were true, there would have been a gradual sagging in our per capita production and wealth. Instead of that, each succeeding decade witnessed a higher level of activity and well-being until the 1930's, when deficit financing was the established Federal policy that temporarily stunted America's growth. Should an increase in population be so essential to economic growth, then countries like Mexico, Puerto Rico and Italy would have been unusually prosperous, while the contrary is true. On the other hand, several of the smaller countries of Europe with practically no population growth have enjoyed remarkably high living standards. The facts are that any decrease in investment opportunities by reason of a declining population can be more than offset by the technological progress that requires an increasing amount of capital per worker.

"The second reason given as evidence of a mature economy is that there are no new frontiers to open up, and in consequence there is a dearth of opportunities for idle money. The historians, however, point out that the last geographical frontier vanished in the 1890's, but that period really marked the beginning of our great industrial advance as it ushered in the technique of mass production on an ever-growing scale. The subsequent decades witnessed the most remarkable progress in the world's history.

"From 1900 to 1929 the population of this country increased by somewhat over 60%, but during this period the nation's wealth increased more than 300%, the number of motor vehicle registrations increased from 8,000 to over 26,000,000, while the number of persons living in wired homes increased from 3,000,000 to 85,000,000. Our progress was so stupendous that by 1929 we accounted for about 40% of the world's wealth, around 60% of the world's telephones, and more than 75% of the world's automobiles. All of these advances took place more than a decade after the disappearance of the last frontier. And yet, because of an incident that occurred forty years previous, we are told that the great creative forces came to a sudden stop in the 1930's. This is clearly a figment of the imagination. The prophets of gloom remind one of the adage: First they create a Goblin and then they are terrified.

"Another bogy brought forward to cast doubt upon the virility of our economy is that there are no important new industries being developed to take the place of such industries as the railroads, electrical appliances, automobiles, and the like. In view of our magnificent technological facilities there is no longer need for dazzling new industries to provide channels for investment, although a number of spectacular developments apparently are in the offing. This is an age of great industrial research which makes progress cumulative. From the dawn of history to about the 17th century there were but few mechanical inventions. As a matter of fact, it required thousands of years to make improvement on some simple device, such as the cutting of flint. But, particularly during the last one hundred years, mechanical devices multiplied because of the cumulative heritage of the fundamental elements that serve as a basis for invention. The amount spent for research is now about twelve times as much as was expended two decades ago, and the bulk of expenditures for this purpose is confined to relatively few industries. The potentialities in this field are virtually limitless.

"Research has received a tremendous impetus under the pressure of wartime requirements, with the consequence that as much progress has taken place during the emergency as would ordinarily occur in a decade or two of peacetime.

"If this country should ever become feeble and decadent, it would be because the medicine men repeatedly told the patient that he had an incurable ailment, and then proceeded to keep him in an oxygen tent and continually provided him with artificial respiration."

Auto Use Tax Stamps On Sale In Post Offices

Commissioner of Internal Revenue Joseph D. Nunan, Jr., announced on May 29 that auto use tax stamps in the denomination of $5 will be placed on sale in all post offices and offices of Collectors of Internal Revenue on Saturday, June 10. The stamps will evidence payment of the tax for the fiscal year beginning July 1, 1944, and must be purchased on or before that date. The stamps will be serially numbered, will be gummed on the face, and will have provision on the back for entry of the make, model, serial number and State license number of the vehicle.

Mr. Nunan said that, to guard against loss or theft, it has been suggested that, when affixing the stamps, the vehicle owner should dampen the windshield rather than the adhesive side of the stamp. This method has been recommended to keep the stamp intact upon the windshield. As an additional precaution, it has also been suggested that each motor vehicle owner should make a record of the serial number which appears on the use tax stamp in the event the stamp should become lost. The advices from the Internal Revenue Bureau also said:

"Every owner of a motor vehicle which is used upon the highways should call at his local post office or at the office of the Internal Revenue Collector and secure a $5.00 use tax stamp and affix it to his vehicle on or before July 1, 1944, the Commissioner said. The various post offices will sell the stamps over the counter for cash only and no mail order business with respect thereto will be conducted by the post offices. Collectors of Internal Revenue are authorized to accept cash, post office money orders, and certified checks in payment of the use tax stamp. However, as revenue stamps have an intrinsic value, uncertified checks will not be acceptable in payment therefor.

"Sale of the less than $5 denomination use tax stamps in post offices has been discontinued. Such offices will stock the $5 denomination stamps only and motor vehicle owners liable for payment of the use tax for periods of less than a full year must obtain their stamps in lesser denominations from the Collector of Internal Revenue.

"It is the desire of the Bureau of Internal Revenue that the use tax stamp shall be placed on the windshield in a location that will not be in conflict with State requirements." Mr. Nunan cautions motor vehicle owners that failure to purchase and display the new use tax stamps on vehicles using the public highways after July 1, 1944, will subject the violators to severe penalties imposed by law.

Decline In Life Insurance Earning Rate Attributed To Drop In Interest Rate On Securities

The net rate earned on invested policyholder funds by all the United States life insurance companies last year was 3.29%, compared with 3.40% in 1942 and 3.70% five years ago, it was reported on June 2 by the Institute of Life Insurance. This was a new low for the life insurance earning rate, which has tended downward with slight halts for the last 20 years, according to the Institute, which attributed the 1943 decline in net yield to the continued decline in interest rates on securities and mortgages and to the readjustment of life insurance investment portfolios in line with the needs of the war economy.

"During the past year life insurance company holdings of U. S. Government securities, which carry low interest rates, increased from 27% of total assets to 34% of assets as the companies put most of their available dollars into war bonds," the Institute said. "Government securities as a class, including State, county, municipal and Canadian bonds, increased from 35% of assets to 41%. At the same time holdings of railroad, public utility and industrial securities decreased from 29% of assets to 27%; real estate mortgage holdings decreased from 18% to 17%; real estate from 5% to 4%, and policy loans from 8% to 6%," the Institute added:

"While the proportion of total assets in these investments showed declines, dollar aggregates were not materially changed, and in the case of business securities actually showed an increase. Average cash balances, which, of course, do not contribute to earnings, were somewhat increased during the year as the companies accumulated funds periodically in preparation for the subscriptions entered in the War Loan drives.

"These portfolio changes, largely in keeping with the necessities of the nation's war economy, have had a material effect on the earning rate of aggregate invested funds. This is shown by the fact that if in 1943 it had been possible for the companies to maintain the same distribution of assets as in 1942, their investment earnings would have been approximately $55,000,000 greater."

The downward trend of earning rates, the Institute points out, has a special interest for policyholders because investment earnings constitute one of the major factors in determining policy costs. As earnings drop, policy costs tend to increase unless the other cost factors offset the loss. Currently, the Institute says the mortality rate, one of the other major cost factors, is showing a tendency to rise moderately under the stress of war. The operating expense rate, another factor in costs, has not changed materially, although some increase in expenses has been occasioned by war conditions. The Institute further said:

"This past year the downward trend of earnings due to lower interest rates and portfolio readjustments was partly offset by the payment of interest in arrears and by increased earnings on real estate held by the companies. Since past due interest has now largely been collected, and since the companies are making rapid progress in disposing of their real estate, the contribution to earnings from these sources is not apt to be recurrent on any important scale. There was also in many companies an appreciable gain from profit realized on the sale or maturity of investment. This gain, however, is not taken into the earnings rate, but rather carried directly to reserves.

"As for the future, most companies indicate that they anticipate possible future declines in the net earnings rate, and the practice of setting up or increasing special reserves to cover this contingency and also to provide for possible mortality increases from war causes has been quite general."

Pope Re-Elected Head Of Welfare Council V.-P. & Ex. Com. Chosen

(Continued from first page)

was newly elected as a Vice-President, and two former Vice-Presidents were re-elected. They are Mrs. Richard J. Bernhard, a member of the New York State Board of Social Welfare, and David T. Leahy, President of the Brooklyn Juvenile Protective Association. Winthrop W. Aldrich, Chairman of the board of Chase National Bank, was re-named Treasurer and George J. Hecht, President of Parents Institute, Secretary. Named as honorary Vice-Presidents were: Charles C. Burlingham, Herbert H. Lehman, George MacDonald and Mrs. Felix M. Warburg.

Election of a new Executive Committee also took place at the meeting. Those chosen were: Mrs. Sidney C. Borg, Bailey B. Burritt, Reverend John J. Donovan, Homer Folks, Walter S. Gifford, Maurice B. Hexter, Arthur Huck, Thomas Keogh, David T. Leahy, George Z. Medalie, Albert G. Milbank, Walter A. Miller, Reverend Edward E. Swanstrom and Mrs. Juan T. Trippe. Colonel Pope and Mr. Warren are ex-officio members.

The newly-chosen Executive Committee, approved appointments by Colonel Pope of two subcommittees to carry on with the process of reorganizing the Council's structure.

Col. Pope, who is President of the First Boston Corp., earned his military commission in 20 years of Army Service. In 1903, he was commissioned a Second Lieutenant in the cavalry after graduation from the United States Military Academy. Col. Pope is Vice-President of the Council of New York University, and Chairman of the University's Planning Committee and Committee on Commerce Divisions. He is a member of the Executive Committee and board of directors of the National War Fund, a member of the Advisory Committee of the Commerce and Industry Division of the War Finance Committee; a trustee of the Silver Hill Foundation; a member of the board of directors and the Post-War Planning Committee of the Commerce and Industry Association of New York City; a member of the board of directors and chairman of the Finance Committee of the Pan-American Society.

Regulatory And Anti-Trust Statutes

(Continued from first page)

President Cleveland, Feb. 4, 1887. This created the first important administrative agency, a 5-man Interstate Commerce Commission. A fairly simple statute in the beginning, undertaking only regulation of interstate transportation by railroads or partly by railroad and partly by water under common arrangement, and which through progressive amendments through the years has become the present Interstate Commerce Act comprehensively regulating railroads, waterlines and highway carriers, even forwarders and brokers.

The passage of the Cullom Bill was responsive to widespread dissatisfaction and protest of evils of discrimination, rebates and unfair practices of the railroads under which favored interests were thriving and the railroads themselves were threatened with self-destruction.

At that time, the railroads of the United States, while of extensive mileage, were not closely knit into a smoothly functioning national system with universal through routes, widespread joint rates, and reasonable uniformity of practices and equality of rates. These benefits developed in the years of progress under Federal regulation.

There were many expressed doubts of the constitutionality of the law and of the powers of the Federal Government to set up an administrative agency for the exercise of legislative functions in determining the freight rates for the future. And there were very grave doubts as to how far Government should interfere with private managements in conducting the railroad business, even though transportation is a semi-public function.

Before this law was passed in this country, there had been successive statutes in England and there was extensive regulation or management of railroad and canal transportation in other European countries as well as legislation in Canada. Other nations regarded transportation as a monopoly of the state; they also took measures to encourage competition and to ensure freedom of commerce by railway and by water.

The experiment of Federal regulation of railroads was undertaken by the Congress prior to enactment of any anti-trust statutes and on the whole independently of Congressional consideration of the question of restraints and monopolies. Indeed the evils which produced the act to regulate commerce were the antithesis of monopolies, representing competition run wild, unbridled rivalries, prolific rebates and unrestrained excesses of unregulated competition.

II.

The Sherman Anti-Trust Act came three years later and was approved by Republican President Harrison, July 2, 1890. This in the beginning also was a very simple statute. Unlike the railroad law it has remained unchanged through the years, although it has been supplemented by later legislation, including two especially important laws, the Clayton Act and the Federal Trade Commission Act of 1914.

The meat of the Sherman Act is contained in the opening language of Section 1, which states the entire substantive effect of the Act as a whole, and reads as follows:

"Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal:"

There is nothing in the text of the Sherman Act to indicate that it was or was not intended to apply to railroads and other transport companies, the same as to any other branch of commerce or trade. Certainly it was not really *designed* to apply to railroads, for there was nothing of monopoly or restraints in the railroad picture of the late 80's!

It seems clear that the Sherman Act was mainly intended to give formal expression in the Federal statutes to the fundamental principles imbedded in the common law and recognized throughout the States against restraints of commerce such as artificially raise the prices the public pay or are coercive in destroying or impeding free commerce.

"To preserve from undue restraint the free action of competition in interstate commerce was the purpose which controlled Congress in enacting the Sherman Act, and the courts should construe the law with a view to effecting the object of its enactment.—United States v. Union Pac. R. Co., 226 U. S. 61."

The Sherman Act was purposely broad, general, lacking in details of definitions or procedural or other refinements.

III.

Examination into laws (not simply statutes) against restraints and affecting monopolies obviously is interesting in and of itself and takes one back through the long years to earliest recorded history of commerce, "The Phoenician Merchant, the first pioneer in the monopoly movement." There is a wealth of material and an immense amount of confusion or misunderstanding on the whole question of this phase of freedom of human action and endeavor.

Whether one approaches the study of these questions as one of economics, or social philosophy, of law, there must be recognition that throughout the years enlightened opinion of the common people has been against and is today opposed to any conspirings or manipulations among men or groups of men whereby freedom of commerce is unduly impeded. Cooperation has been recognized as a virtue; monopoly and restraints have not been sanctioned by public opinion.

When listening to discussions of cartels, of questions of regulated competition vs. regulated monopoly, one should be aware of the development of these questions literally through the centuries and of the failures of experiments and the breakdown of laws which have not dealt wisely and effectively with these questions.

For an historical study of these matters and for better understanding of the whole subject, a good authority is "CARTELS AND TRUSTS, Their Origin and Historical Development from the Economic and Legal Aspects," written by Dr. Roman Piotrowski, a Warsaw engineer and social scientist, first published in translation in London, in 1933. In the introductory chapter of some 90 pages, the erudite Doctor traces the recurrent economic crises resulting from periods of overproduction and the various devices tried out as solutions, including *cartels*, picturesquely described as "parachutes used by production to reach terra firma after too lofty a flight." He refers to trusts and cartels as "a common phenomenon encountered in all countries having a developed industry and commerce," and quotes an earlier authority that "organizations essentially the same as modern trusts and cartels have existed for centuries, being, in fact, among the oldest institutions of which history speaks."

We are quoting from a learned writer who is nonetheless quite human, for he concludes a part of his discussion with the observation:

"This whole hopeless controversy about the essence of the cartels has a depressing effect on the reader."

The laws and workings of monopolies and restraints is a very old subject, of very great differences of opinion among analysts and students searching solution for economic problems.

IV.

Time does not serve to review the decisions of our Supreme Court under the Sherman Act or supplemental anti-trust laws or to undertake to describe the interpretations and enforcements of these laws as generally applied in other than transportation cases.

It is remarkable that most of the decisions have been by a divided court, all too frequently 5 to 4. As illustrative of the Court's broader definitions of the spirit of the Sherman Act, reference may suffice to the opinion of Mr. Chief Justice Hughes (March 1933) in *Appalachian Coals* v. *United States*, 288 U. S. 344.

"The purpose of the Sherman Anti-Trust Act is to prevent undue restraints of interstate commerce, to maintain its appropriate freedom in the public interest, to afford protection from the subversive or coercive influences of monopolistic endeavor. As a charter of freedom, the Act has a generality and adaptability comparable to that found to be desirable in constitutional provisions. It does not go into detailed definitions which might either work injury to legitimate enterprise or through particularization defeat its purposes by providing loopholes for escape. The restrictions the Act imposes are not mechanical or artificial. Its general phrases, interpreted to attain its fundamental objects, set up the essential standard of reasonableness. They call for vigilance in the detection and frustration of all efforts unduly to restrain the free course of interstate commerce, but they do not seek to establish a mere delusive liberty either by making impossible the normal and fair expansion of that commerce or the adoption of reasonable measures to protect it from injurious and destructive practices and to promote competition upon a sound basis."

It would seem that such doctrines for commerce should be applicable in particular to transportation companies, whether or not this statute itself continues to govern them.

More recently the Court by 5 to 4 vote, the majority speaking through Mr. Justice Douglas, in *United States* v. *Socony-Vacuum Oil Co.*, 310 U. S. 150, seems to have laid down some new law, and at any rate goes to elaborate pains to distinguish the prior decisions in the seven or eight prior leading cases, including the *Standard Oil, America Tobacco, Sugar Institute* and *Appalachian Coals* cases.

For a better fundamental understanding of the original Sherman Act and the more detailed supplemental legislation, we have the work of the then ex-President William Howard Taft, published in 1914, entitled THE SHERMAN ANTI-TRUST LAW AND THE SUPREME COURT, which emphasizes the importance of legislative adherence to the method of the Sherman Act in confining the law to a broad general platform of principles. On the other hand Gerard C. Henderson in THE FEDERAL TRADE COMMISSION, a Study in Administrative Law and Procedure (1924) speaks for elaboration in the statute, a full complement of definitions and detailed procedures.

V.

When the Act to Regulate Commerce was passed there was no Sherman Anti-Trust law and there was considerable difference of opinion later as to whether Congress did or did not intend that the Sherman Act governing commerce generally should be particularly applicable to regulated railroads, to the extent they were subject to regulation.

The Courts have held squarely that the Sherman Act and the Interstate Commerce Act are separate and independent acts, not germane in character and purpose. Yet there are included in the former many provisions reflecting the basic philosophy of anti-trust laws and nothing in derogation of their broad spirit.

Among the rather numerous decisions in which the Sherman Act has been considered, enforced or applied, there are several important cases dealing with railroads, and from which two conclusions stand out clearly and indisputably:

One is that the railroads are subject to the Sherman Act, or that the terms of the Sherman Act apply to the railroads (and of course to other transport agencies); the other is that for all wrongs for which private parties are afforded a remedy by terms of the Interstate Commerce Act, to that extent the latter Act supersedes the anti-trust laws. Indeed this second proposition, gleaned from Court decisions, is to be supplemented by the observation that both under express terms of the Interstate Commerce Act as it reads today and in supplemental anti-trust laws are express recognitions that in certain particulars the anti-trust laws give way to the Interstate Commerce Act. This is so as to pooling provisions, certain provisions as to consolidations, etc.

VI.

The cases decided under anti-trust laws that have involved transport companies have related to two (among others) important aspects or actions in restraints of commerce:

First, matters of acquisitions, consolidations, controls or amalgamations whereby competition has been lessened by combining competing operations into single units of ownership or control. The famous *Northern Securities Company case*, decided March 14, 1904, 193 U. S. 197; the almost equally famous decision of Dec. 2, 1912, in the *Union Pacific case*, 226 U. S. 61; also the subsequent decision concerning ownership of the Central Pacific Railroad, entitled *United States* v. *Southern Pacific Co.*, 259 U. S. 214, are illustrative. To them may be added reference to the quite recent decision concerning the merger of eight large motor carriers under Associated Transport, Inc., entitled *McLean Trucking Co.* v. *United States*, Vol. 88, Law. ed. Adv. Ops., p. 358, —— U. S. ——.

Second, arrangements, sometimes amounting legally to conspiracies, by which those engaged in transportation have restricted themselves or have endeavored to restrain others by coercive means or pressure, against practices regarded as inimical to the industry as a whole. Decisions of over 40 years ago, in *United States* v. *Trans-Missouri Freight Association*, 166 U. S. 290, and *United States* v. *Joint-Traffic Association*, 171 U. S. 505, will be discussed presently, both relating to railroads. In addition, is the incident of the recent prosecution terminating in acquittal at Denver of a group of motor carriers comprising (I believe) the Middlewest Motor Rate Bureau.

Again, time will not serve for any discussion of the holdings in cases involving mergers and combinations save to point out that the court has flatly condemned railroad mergers as unlawful under the Sherman Act. But these cases were prior to the passage in Transportation Act, 1920, of the specific provisions in Section 5 providing that "it shall be lawful, with the approval and authorization of the Commission" for two or more carriers to consolidate or merge, or for acquisition of control as there defined. This seemingly is full relief from the anti-trust Acts, to the extent specified.

Taking up the second broad category of cases dealing with railroad rate agreements; the first and leading case holding that regulated railroads are subject to the Sherman Act is *United States* v. *Trans-Missouri Freight Association*, 166 U. S. 290, decided March 22, 1897, in a five-to-four opinion.

This case discloses that on March 15, 1889, which was shortly prior to enactment of the Sherman law and somewhat subsequent to the Interstate Commerce Act, the railroads had formed the Trans-Missouri Freight Association ostensibly for their mutual protection by dealing with rates cooperatively and under a form of committee method not now necessary to describe. This decision was long ahead of other decisions wherein the court defined more closely the meaning of the Sherman Act as applied generally, and it was entered at a time when the Commission had very limited jurisdiction as to prescribing freight rates.

The court held in substance:

"A contract between competing railroads relating to traffic rates for the transportation of articles of commerce between the States, the direct effect of which is to produce a restraint of trade or commerce, is within the provision of the Act of Congress of July 2, 1890, declaring that every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States or with foreign nations, is illegal.

"An agreement between railroad companies 'for the purpose of mutual protection by establishing and maintaining reasonable rates, rules and regulations on all freight traffic, both through and local,' is by its necessary effect an agreement to restrain trade or commerce within the meaning of the Act of Congress of July 2, 1890, no matter what the intent was on the part of those who signed it."

In the following year the Supreme Court decided the second case in this category, *United States* v. *Joint-Traffic Association*, 171 U. S. 505, five Justices joining, three dissenting and one not participating. This decision condemned as unreasonable a rate agreement and association of all the principal railroads in what is now Official Territory. Two paragraphs from the headnotes will suffice to show the effect of the opinion.

"The right of a railroad company in a joint-traffic association to deviate from the rates prescribed, provided it acts on a resolution of its board of directors and serves a copy thereof on the managers of the association, who, upon its receipt, are required to 'act promptly for the protection of the parties hereto,' does not relieve the association from condemnation as an illegal restraint of competition, as the privilege of deviating from the rates would be exercised upon pain of a war of competition against it by the whole association.

"An agreement of railroad companies which directly and effectually prevents competition is, under the statute, in restraint of trade, notwithstanding the possibility that a restraint of trade might also follow unrestricted competition, which might destroy weaker roads and give the survivor power to raise rates."

Six years later Mr. Justice Brewer, who was one of the majority joining in the foregoing decisions (and without whose vote presumably the cases would have gone the other way) wrote a concurring opinion in the *Northern Securities case*, 193 U. S. 197, at p. 361, which is rather enlightening.

"First, let me say that while I was with the majority of the court in the decision in *United States* v. *Trans-Missouri Freight Association*, 166 U. S. 290, followed by the cases of *United States* v. *Joint Traffic Association*, 171 U. S. 505; *Addyston Pipe & Steel Co.* v. *United States*, 175 U. S. 211, and *W. W. Montague & Co.* v. *Lowry*, 193 U. S. 38, and while a further examination (which has been induced by the able and exhaustive arguments of counsel in the present case) has not disturbed the conviction that those cases were rightly decided, I think that in some respects the reasons given for the judgments cannot be sustained. Instead of holding that the Anti-Trust Act included all contracts, reasonable or unreasonable, in restraint of interstate trade, the ruling should have been that the contracts there presented were unreasonable restraints of interstate trade, and as such within the scope of the Act. That Act, as appears from its title, was leveled at only 'unlawful restraints and monopolies.' Congress did not intend to reach and destroy those minor contracts in partial restraint of trade which the long course of decisions at common law had affirmed were reasonable and ought to be upheld. The purpose rather was to place a statutory prohibition, with prescribed penalties and remedies, upon those contracts which were in direct restraint of trade, unreasonable, and against public policy. Whenever a departure from common-law rules and definitions is claimed, the purpose to make the departure should be clearly shown. Such a purpose does not appear, and such a departure was not intended."

In the Annual Reports of the Interstate Commerce Commission are two rather significant references to the foregoing court decisions and the matters involved therein:

In its Ninth Annual Report, dated Dec. 1, 1895, the Commission, commenting on the lower court decision in *United States* v. *Trans-Missouri Freight Association*, mentioned that the provisions of the Interstate Commerce Act were in no way involved except as the defendants alleged that in the discharge of their duties under this Act they had found it necessary to associate together and make rules and regulations covering rates and other traffic arrangements. The report proceeds:

"We have said, in substance, that conformity with the interstate commerce law, whether attained by carriers through individual or concerted action, would prevent disastrous rate wars between carriers, which always injure public interests; would abolish secret discriminations in rates, which invariably result in serious injury to individuals, and would relieve localities from unjust prejudices. We have also said, in substance, that the traffic association which is so formed or conducted as to prevent its members from taking individual action with a view of conforming to the law without the consent of other members in the association and without any penalty or hardship being visited upon it by the other members in consequence of such individual action, might be directly against the public interest."

In its Fifteenth Annual Report to Congress, Jan. 17, 1902, the Commission described certain secret rates, "agreed rates" they were called because adopted by concert of action of carriers; reference was made to the Ceneral Freight Association and others; and the Commission said:

"It is not the business of this Commission to enforce the Anti-Trust Act, and we express no opinion as to the legality of the means adopted by these associations. We simply call attention to the fact that the decision of the United States Supreme Court in the Trans-Missouri case and the Joint Traffic Association case has produced no practical effect upon the railway operations of the country. Such associations, in fact, exist now as they did before those decisions, and with the same general effect. In justice to all parties, we ought probably to add that it is difficult to see how our interstate railways could be operated, with due regard to the interest of the shipper and the railway, without concerted action of the kind afforded through these associations."

Twenty years later, pursuant to Senate Resolution 194, the Commission conducted an extensive investigation into the organization, functions and activities of the Trans-Continental Freight Bureau and rendered its report under date of Feb. 3, 1923, *In re Trans-Continental Freight Bureau*, 77, I.C.C. 252. At page 279 the Commission said:

"It is manifest that the Trans-Continental Freight Bureau as at present organized and operated serves many useful purposes, promotes economy and efficiency, and is of advantage to shippers as well as to carriers. The need for some organization of this character in the transcontinental traffic field is demonstrated upon the record. The mitigation or cure of such defects and imperfections in the operation of the bureau, as experience has disclosed, or as may develop in the future, should be the object of constant solicitude on the part of those who best know them through their intimate acquaintance with and responsibility for the conduct of its affairs. It is abundantly shown that operation of the bureau tends to obviate or remove the discriminations as between persons and localities which the law condemns."

VII.

In the parallel histories of the development and enforcement of the Interstate Commerce Act and the Sherman Anti-Trust Act are embodied distinctions and limitations which are really of very great importance although not generally recognized by the public.

Railroads and other transport agencies are subject to the general terms of the anti-trust Acts; but this is with certain exemptions and limitations in particular features found in the Federal Trade Commission, Clayton and Robinson-Patman Acts. For example, the provisions of the Clayton Act relating to interlocking directorates of corporations are limited as regards common carriers subject to the Commerce Act; on the other hand, the Clayton Act expressly forbids purchases by common carriers in case of interlocking directorates, excepting under conditions stated. Authority for administration of certain sections of the anti-trust Acts are expressly vested in the Interstate Commerce Commission, to the exclusion of the Federal Trade Commission (U. S. Code, Title 15, Ch. 1, Section 21).

The anti-trust Acts are enforced by the courts through processes of civil and criminal prosecutions under the Department of Justice; and with these matters, even as regards railroads and transport agencies, the Interstate Commerce Commission, Civil Aeronautics Board and Maritime Commission have no connection.

VIII.

We come now to a peculiar limitation in the Interstate Commerce Act, in providing the powers and duties of the Interstate Commerce Commission.

Under Section 13 of that Act, any person suffering injury for carrier violations of this Act may make complaint to the Commission, and after appropriate procedural steps the Commission applies the appropriate remedy (Section 15) by an enforceable order dealing with the rates and practices for the future, extending also to administrative determination of right to reparation for past wrongs.

There is in the Interstate Commerce Act, however, no provision for any complaint to the Commission by any person regarding violations of the anti-trust laws. If, therefore, a group of transportation companies should by conspiracy and coercion violative of the Anti-Trust Act adopt a practice or accomplish a result which is unlawful under the anti-trust law, the Interstate Commerce Commission could do nothing at all in the matter other than by bringing it to the attention of the Department of Justice for appropriate prosecution—criminal or civil.

The Commission has recognized that the railroads are subject to the anti-trust laws, and that it has something to do with their enforcement, but the Commission does not give consideration to the substantive provisions of the Anti-Trust Act in determining any proceedings, its practical activities being limited to violations of the Interstate Commerce Act.

In one of the leading cases, *John W. Keogh* v. *C. & N. W. Ry. Co.*, 260 U. S. 156, the opinion was written by Mr. Justice Brandeis in 1922. And while it was flatly held that a combination of carriers to fix reasonable and non-discriminatory rates may be illegal under the Anti-Trust Act, and that a shipper may suffer damage as a result, nevertheless he may not recover such damages if the rate so fixed has been approved by the Interstate Commerce Commission; that the approval of rates by the Commission establishes that they are reasonable and not discriminatory.

IX

Arising out of these previous decisions, and in current proposals for new legislation, are perhaps two main phases of the answer to the question propounded, at least two phases which are to have most earnest consideration of the Congress and the country in months to come.

First, the matter of integrated transportation, whether the undoubted national policy to date of distinct cleavage between carriers of different types, between surface carriers and the air, between rail lines and water lines and motor lines, etc., etc., shall be preserved, and whether as a matter of principle there shall be substituted, as being in the public interest, cooperation and cohesion of surface and air carriers, for example. This is a question having great consideration also in Great Britain.

The settled national policy, amounting to a tradition, calls for strict separation in ownership and operation of various forms of transport. There are four basic statutory expressions of this policy, found in the Panama Canal Act of 1912, now Section 5(14) of the Interstate Commerce Act: Motor Carrier Act of 1935: Civil Aeronautics Act of 1938 (52 Stat. 1020); and Transportation Act of 1940.

Second, is the very practical matter of rate administration, the functioning of the rate bureaus of railroads, of motor carriers and water and air carriers along the lines with which we are familiar that is to say, whether carrier rate bureaus shall function under express statutory recognition and regulations promulgated by the Commission and whether in so functioning they shall be subject to or free from any inhibitions of the anti-trust laws. There are great differences of opinion and a vast amount of source material on each of these questions, neither of which can be discussed adequately in the limited time.

Extensive hearings were conducted by the Senate Committee on Interstate Commerce in May and June of last year on the Bill S. 942 for regulation of rate bureaus. These hearings have not concluded and the reported proceedings, 1,199 pages of print, contain a vast amount of information bearing on the particular question of exempting carriers from the Anti-Trust Act as regards the procedure of their rate committees and associations.

X.

The student of government knows that the secret of the success of this Republic, a Government of the people for the people and by the people, lies in large measure in the fact that it was set up and has functioned as a *system of checks and balances*. Three branches, the executives the legislative and the judicial, each with its functions, duties, authorities and limitations.

The Interstate Commerce Commission as the first of the administrative agencies, for a short time reported to the Secretary of the Interior, as though it were a bureau of the executive, but unsatisfactory developments shortly resulted in its recognition as purely and truly an agency of the legislative branch and so reporting directly to the Congress, although appointed by the executive.

On frequent occasions through the years, perhaps not frequently enough we sometimes think, the Commission has been checked by the Supreme Court construing the limits on Commission authority or the true interpretation of the law, or legal error, not of its administrative discretion. When deficiencies in the law have developed or the Commission's administration has not been sufficient, Congress has administered the check or stimulus in the form of an amendatory Act. In this system of checks and balances, I venture to say that no one directly interested in transportation, either as a carrier or as a patron, would desire that the functions of considering rates and practices or regulating the detail set-up and activities of the carriers should be transferred in slightest degree from the Commission to the courts, or to executive departments, that is from the legislative to the executive or judicial branches. Nor would anyone want the Congress itself to take over the details of the work of the Commission and perform statutory rate making. This last for the very good reasons that Congress has neither the time nor qualifications for investigation or study, nor independence for action. But the best minds of the Commission itself repeatedly have remarked the wholesomeness of an occasional spanking of the Commission by its parent, the Congress, or admonition by its teachers, the courts. This is a demonstration that checks, restraints and balances are essential and that concentration of power and indeed of functions may be against public interest and indeed against success of the national treatment of transportation.

So it will be seen there is a definite demarcation between the activities under and enforcements of the anti-trust laws and the carrier regulatory statutes. One aspect of the question before us may be whether such distinctions shall be abolished and the whole matter put in one basket by leaving it solely to the judgment, discretion, diligence and general policy of the Commission without check or balance, whether the anti-trust laws shall be invoked or policies applied independently of requirements of the Interstate Commerce Act.

One may seriously question the benefit of such concentration and the loss of basic advantage of reliance upon the executive and judicial departments to deal forcibly with any such conspiracies or connivings or manipulations of men or groups of men as may unreasonably or unduly limit competition or restrain commerce.

Through the years the Commission is not so infallible; it is not so industrious, it is not so equipped to handle the tremendous volume of complex matters affecting all branches of transportation throughout the area of the 48 States that it may be entrusted with *exclusive* treatment of every phase of national law as applied to carriers.

On the other hand, one must concede that in the difficult duty of so administering the regulatory statute that all branches of the national transportation machine shall function smoothly, be well nourished and perform to the public satisfaction, it will not do for proper cooperation to be impeded or defeated by any "bull in the china shop" activities of prosecutors or other branches of government not having any direct responsibility in the matters of regulation.

XI

In past discussion of these general questions will be found a curious and amusing conflict of expressions by two rather militant gentlemen.

In the past four or five years no one has been more prominent than Mr. Thurman Arnold in proposing and initiating prosecutions of carriers—rail and water—under anti-trust laws. In a formal MEMORANDUM FOR THE STAFF OUTLINING OUR TRANSPORTATION PLANS, dated Sept. 28, 1942, as Assistant Attorney General, Mr. Arnold sounded a war cry for vigorous enforcement of the anti-trust laws against carriers. Since becoming a Justice on the Federal Bench he has appeared before the Senate Committee—at its invitation—regarding S. 942 to regulate rate bureaus.

Several years ago, while a Professor at Yale, Mr. Arnold wrote a book, THE FOLKLORE OF CAPITALISM (Yale University Press, 1937). The preface explains that by the title is meant those ideas about social organizations which are not regarded as folklore but accepted as fundamental principles of law and economics.

Author Arnold takes a witty fling at former President Theodore Roosevelt, as a crusader who rode to fame on slogans and adventures in trust busting.

In Chapter IX, entitled "The Effect of the Anti-Trust Laws in Encouraging Large Combinations," Mr. Arnold said:

"We have seen that the growth of great organizations in America occurred in the face of a religion which officially was dedicated to the preservation of the economic independence of individuals. In such a situation it was inevitable that a ceremony should be evolved which reconciled current mental pictures of what men thought society ought to be with the reality."

And on a later page of the same chapter Mr. Arnold paid his further respects to the anti-trust laws under which he later became the crusader against the carriers:

"The anti-trust laws became the great myth to prove by an occasional legal ceremony that great industrial organizations should be treated like individuals, and guided by principle and precept back to the old ways of competition and fair practices, as individuals were. This was then and is

(Continued on page 2401)

WLB Orders Ruled Not Subject To Court Review According To District Of Columbia Court

The United States Court of Appeals in the District of Columbia, on June 2, ruled that orders of the War Labor Board are not subject to review by the courts. The unanimous decision was made by Associate Justices Justin Miller, Henry W. Edgerton, who wrote the opinion, and Thurman W. Arnold, according to Associated Press dispatches from Washington on June 2, which also had the following regarding the decision:

In its major decision the Appeals Court held that the President's power to take property to help the war effort did not depend on any action by the Board, and any Board action in notifying the Chief Executive of non-compliance with its orders was "informatory and, at most, advisory."

The tribunal decided therefore that a demand that it annul a Board order amounted "to a demand that we prevent the Board from giving the President advice which appellants (those who made the demand) contend would be erroneous."

"The correctness of administrative advice cannot be reviewed by the courts," the opinion added. "They have neither the necessary authority nor the necessary qualifications for such work."

The court's findings were on an appeal by the Employers Group of Motor Freight Carriers, Inc., and others representing some 300 trucking companies in Boston and throughout New England. The Board had ordered that they give their employees a pay increase of $2.75 per week and pay time-and-one-half for work of more than eight hours daily.

"It is clear and undisputed," the court said, "that no statute authorizes review of the Board's orders.

"The legislative history of the War Labor Disputes Act implies a positive intention that these orders should not be reviewed. Aside from that important and probably conclusive fact, the question is whether general equitable principles authorized review. We think they do not.

"Appellants say in effect that if they do not comply with the order the Board may notify the President of their noncompliance and the President may take possession of their plants and facilities.

"We have no occasion to decide whether in our opinion this is true. In some instances concerns which have failed to comply with Board orders have ultimately been taken over by Presidential orders. In other instances concerns which have not been the subject of any Board order have been taken over by Presidential orders.

"If it be true, as appellants suggest, that the President may ultimately take possession of their plants and facilities, that possibility is irrelevant not only because it is speculative, but also because it is independent of the Board's order.

"Neither the broad constitutional power nor the broad statutory power of the President to take and use property in furtherance of the war effort depends upon any action of the War Board Board. Any action of the Board would be informatory and, 'at most, advisory.'

"Appellants' demand that we annul and enjoin the Board's order therefore amounts to a demand that we prevent the Board from giving the President advice which appellants contend would be erroneous. A court might as well be asked to prevent the Secretary of State or the Attorney General from giving alleged erroneous advice."

As indicated above, the ruling was on an appeal by the employers' group of Motor Freight Carriers, Inc., representing about 300 trucking companies. It is stated that the truckers' group contended that the Board's findings were unlawful and violated executive orders of the President and also asserted that "the industry is confronted with outright failure and dissolution." As to this we quote further from the Associated Press:

Attorney General Biddle's statement stressed the opinion of the Appeals Court that "orders of the War Labor Board are not reviewable," attacked the McCarran Committee's report on the Montgomery Ward dispute and discussed the court's denial of the Government's petition for special appeal in the Ward suit. He said:

"The opinion by Judge Edgerton points out 'it is clear and undisputed that no statute authorizes review of the War Labor Board's order,' that 'the legislative history of the War Labor Disputes Act implies a positive intention that these orders should not be reviewed.'

"The court examines the course of this legislation through the Congress, notes that proposed amendments to authorize court enforcement or review of the Board's orders were rejected and concludes that it was the obvious intention of the Congress that the legislation did not authorize such applications to the courts. The opinion says, 'No one could maintain either judicial or administrative proceedings against the appellants upon the authority of the Board's orders.'

"The decision has peculiar interest in the light of the fact that the McCarran report expressed the view that the Attorney General of the United States was in error in stating that all peaceful and orderly processes for the settlement of the Ward dispute had been exhausted at the time he advised the President of his right to take possession of Montgomery Ward & Co. According to the McCarran report, a lower court decision, clearly overruled by the Circuit Court of Appeals in this case, resolved 'all question of doubt as to whether the War Labor Board had the right to go into a Federal court and ask for a mandatory injunction to compel compliance with an order of the Board.'

"In the light of present decision this assertion of the McCarran report that all doubts have been resolved by one lower court decision in conflict with two other lower court decisions, while an appeal was pending in the Circuit Court of Appeals, now appears a somewhat hazardous judgment to have been made without benefit of hearing the Attorney General.

"The Supreme Court may of course review the issue, but the fact of the matter is that the legislative history leaves little doubt that it was Congress itself which had rejected any suggestion of court review or mandatory enforcement of War Labor Board orders. Congress rejected it because, as the court points out in its opinion, Congress was persuaded that 'for the duration of the war it would be in the best interests of the country to permit the War Labor Board to function as it has in the past 16 months without the right to apply to the court for legal sanctions and without being subject to court review of its decisions.'

"One final point of interest in the decision is the court's answer to the argument that the President might take over the facilities involved in this case if the War Labor Board's order was not complied with. The court said: 'Neither the broad constitutional power nor the broad statutory power of the President to take and use property in furtherance of the war effort depends upon any action of the War Labor Board.' "

A Governmental attorney interpreted the decision as putting the Government in a position to ask dismissal of every action brought against the Board, among them five suits in the Federal District Court here by Montgomery Ward & Co. for injunctions against enforcement of WLB orders.

Iceland Votes To Be Republic Severing Tie With Denmark

Referendum Severs Last Tie With Denmark

According to United Press advices from Washington May 23, the people of Iceland completed on that day a referendum on severance of the last remaining tie which has bound that tiny North Atlantic island to Denmark for 563 years. The advices, as given in the New York "Herald Tribune" of May 24, also had the following to say:

"Iceland, which celebrated the 1,000 anniversary of its Parliament in 1930, has been a sovereign State since 1918, but united with Denmark through a common King, Christian X. The referendum will formally dissolve that union and, on June 17, Iceland plans to proclaim itself a free and independent republic.

"Iceland was an independent republic from 930 to 1263, when it recognized the rule of the King of Norway. In 1381 it came under the rule of the Danish kings, and was acknowledged a sovereign State, united only through the King, on Dec. Dec. 1, 1918. American soldiers have occupied Iceland since July, 1941.

"Americans can be proud of the generous and friendly treatment offered to Iceland," Thor Thors, Icelandic Minister to the United States, said in an interview. "It is interesting that we can acquire our complete independence while enjoying the friendly presence of American soldiers. It couldn't have happened if the soldiers had been German." Mr. Thors said the new Republic of Iceland already has been assured recognition by the United States.

Second Truckloadings Decrease Since 1940

Volume of freight transported by motor carriers in April dropped 6.1% from the corresponding month last year, marking the second consecutive year-to-year decrease since September, 1940, according to figures released on June 5, by American Trucking Association, Inc., which made note that the decrease represented a widening of decline from an 0.3% dip as between March of this year and the like month of 1943.

The Association, basing its report on data received from 346 motor carriers in 47 States and the District of Columbia, also said the April tonnage was 7% smaller than in March of this year. The carriers told ATA they handled an aggregate of 2,699,451 tons in April, compared with 2,900,790 in March and 2,875,748 in April, 1943.

As a result of the decreased volume, the ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for 1938-40 as representing 100, slid down to 172.12 from a March level of 187.50.

A portion of the decline may have been attributable to unusually sharp recession in New England tonnage. Volume of freight transported in the New England states slumped 15.8% from March and 26.4% from April, 1943. The region was beset with a number of trucking strikes during the month.

Volume of traffic handled by carriers of general freight throughout the country in April fell 7.8% from March and 8.2% from April of last year. Such carriers transported 81% of the total tonnage.

Transportation of petroleum products, accounting for about 10% of the total tonnage reported, showed a decrease of 4.1% in comparison with March but scored a gain of 11.1% over April, 1943.

Carriers of iron and steel products hauled about 4% of the total tonnage and their traffic volume was 0.2% greater than in the preceding month but 7.1% less than in the like month a year previous.

About 4% of the total tonnage consisted of miscellaneous commodities such as tobacco, silk, textile products, coke, bricks, building materials, cement and household goods. Carriers of such traffic experienced a tonnage decrease of 4.2% from March and 1.5% from April, 1943.

Dividend Declared At Annual Meeting Of Bank For Inter-National Settlements

The formal procedure of conducting the annual meeting on May 22 at Basle, Switzerland, of the Bank for International Settlements rested mainly upon Ernst Weber, Chairman of the Board of the Bank, and President of the Swiss National Bank. It was stated in Associated Press advices from Basle, May 22, that while none of the directors was present, Mr. Weber had for company the Executive Officers of the Bank, including Thomas H. McKittrick, an American who is President of the institution, and one of his assistants, a German named Hechler. Mr. McKittrick's other assistants are a Frenchman, an Italian, a Belgian and a Swede. The same advices stated:

"In addition to Mr. Weber, a Swiss, the Board of Directors is composed of three Germans, including Walter Funk, of the Reichbank; two Japanese, two Romans, one Dutchman, three Frenchmen, one Englishman and one Swede.

"Allied governments thus far have accepted the Bank's avowed policy of neutrality. None of the bank's officials will discuss its future hopes in post-war financing. A number of private bankers, while approving the institution, believe its post-war chances are diminishing because of Allied plans for a huge post-war international exchange financing program.

"Twenty-five nations in all are represented through their respective Federal banks. The United States is the sole unofficial participant. American stock is held by private banks.

"Most notable absentees from today's meeting held in the Savoy Hall, opposite Basle's railway station, were the Belgian director Dr. Alexandre Galopin, whom the Germans recently executed, and Dr. L. J. A. Trip, aged Dutch banker, now living in retirement outside of The Hague."

Noting that Mr. Weber at the meeting on May 22, gravely called himself to order in the austere board room and recorded a dividend of 24.95 gold francs ($5.82) per share, in the presence of the executive officers of the Bank for International Settlements, the Associated Press on that date also had the following to say:

"A March 31 statement ending the fiscal year, on which the dividend was paid, showed bar gold assets of 25.3%, or a total gold holding of 118,272,065 Swiss gold francs, as against 75,136,419 in 1943.

"Deducting gold liabilities, the Bank's own gold holdings jumped from 35,424,889 to 88,720,901 Swiss gold francs. There was a corresponding reduction in bills of acceptances as part of a policy of increasing the liquidity of assets, which now total 467,255,697 gold francs."

On the previous day (May 21) it was stated by the Associated Press, that:

"All members of the bank—the United States, Great Britain, Germany, France, Belgium, Holland, Sweden, Italy and Japan—will be represented, but by proxy, as they have been since the outbreak of the war in 1939.

"Probably the only Bank in the world which has no vaults, no cash board, and no intricate system of safes and alarms, the B. I. S. was founded in May, 1930, to handle World War I reparations payments, international financial dealings between nations, and to help stabilize the currency of world nations requiring such aid.

"The chairman of the board, Ernst Weber, of Switzerland, will preside over the meeting, formally calling it to order and caring for the business at hand according to parliamentary rules, despite the fact that he will be the only person present.

"About a month ago Mr. Weber mailed or cabled a questionnaire to such international financial powers as the Governor of the Bank of England; the Chairman of the United States Federal Reserve Bank, and the Chairman of Germany's Reichsbank.

"The questionnaire contained points to be voted on at the meeting, such as dividends, future policy and other such questions which continue between nations despite the war.

"Since the beginning of the war, when the various member nations ceased sending personal representatives to the annual meeting, Mr. Weber has held power of attorney covering the national banks of the numerous Allied and Axis nations.

Scatterly Named Pres. Of Cotton Exchange

Next year's officers of the New York Cotton Exchange were announced on June 5 after the annual election of the Exchange, with John H. Scatterty, of the firm of Scatterty & Jones, succeeding Eric Alliott as President. William H. Koar, Vice-President and Manager of the New York office of Anderson, Clayton & Co., and President of the Export Insurance Co. of New York, was elected Vice-President, with Benedetto Lopinto, a partner in the firm of Bond, McEnany & Co., voted Treasurer by the Exchange members.

The following were elected to the Board of Managers of the Exchange: Eric Alliot, New York Cotton Exchange; Frank G. Brown, Ernst Cohn & Co.; Milton S. Erlanger, B. V. D. Co.; J. Henry Fellers, Merrill, Lynch, Pierce, Fenner & Beane; Tinney C. Figgatt, Edward A. Hillmuth, Robert Moore & Co.; James A. Kiernan, Thomson & McKinnon; Frank J. Knell, New York Cotton Exchange; Jerome Lewine, H. Hentz & Co.; Robert J. Murray, Weil Brothers; Arthur J. Pertsch, New York Cotton Exchange, and Chas. B. Vose, Harriss & Vose.

Three out-of-town members of the Exchange were elected to the Board of Managers, including: J. Robert Lindsay, J. Robert Lindsay & Co., Greenville, S. C.; William F. Neale, Wm. F. Neale & Co., Dallas, Texas, and Thomas J. White, T. J. White & Co., Memphis, Tenn.

Mr. Scatterty, formerly a resident of Columbus, Miss., started in the cotton business in 1920 as office boy and sample room clerk with the firm of H. & C. Newman, Inc., New Orleans, La. He entered the cotton futures business in 1922 with the firm of E. B. Norman Co., advancing to the position of Manager of their New York office at the age of 21. Last year he was Vice-President of the Exchange and previous to that was a member of the Board of Managers.

Regulatory And Anti-Trust Statutes

(Continued from page 2399)

today, the principal utility of that massive moral philosophy known as anti-trust legislation."

Needless to say, in his day, Col. Theodore Roosevelt while President is regarded as entitled to credit for passage of the Hepburn Act of 1906 reviving the somewhat moribund Interstate Commerce Commission and for waiving the Big Stick against trusts. Somewhat surprising is the testimony of his annual message to Congress, in December, 1908, when he said:

"I believe that it is worse than folly to attempt to prohibit all combinations, as is done by the Sherman anti-trust law, because such a law can be enforced only imperfectly and unequally, and its enforcement works almost as much hardship as good. . . .

"The railways of the country should be put completely under the Interstate Commerce Commission and removed from the domain of the anti-trust law. The power of the Commission should be made thoroughgoing, so that it could exercise complete supervision and control over the issue of securities as well as over the raising and lowering of rates. As regards rates, at least, this power should be summary. The power to investigate the financial operations and accounts of the railways has been one of the most valuable features in recent legislation. Power to make combinations and traffic agreements should be explicitly conferred upon the railroads, the permission of the Commission being first gained and the combination or agreement being published in all its details. In the interest of the public the representatives of the public should have complete power to see that the railroads do their duty by the public, and as a matter of course this power should also be exercised so as to see that no injustice is done to the railroads."

Without paying too great heed to these general expressions of two men of brilliance and forceful dispositions, a testimonial by the late Commissioner Joseph B. Eastman should be noticed. In a letter dated May 3, 1939, addressed to Mr. Thurman Arnold, Mr. Eastman wrote:

"As I understand your informal inquiry, the only question remaining is: Should the railroads by statutory enactment be relieved from the commission of those wrongs that might be construed to violate the Sherman Act, but for which, under the terms of the Interstate Commerce Act, those injured are left without remedy.

"This raises a question of broad public policy. Upon consideration the Commission was of the opinion that the railroads should not in such situations be relieved from the application of the Sherman Act, or any other similar statute, unless and until a remedy for wrongs that might ensue is afforded under the terms of the Interstate Commerce Act. Take, as an illustration, the matter which I understand has been brought to your attention, namely, the edict of the Association of American Railroads practically forbidding its members from participating in joint rates with motor carriers. The Commission now has no authority to require joint rates to be established by railroads and motor carriers. If the edict in question is a violation of the Sherman Act, the Commission does not believe that the railroads should be relieved from the penalties for such a violation, unless and until it is given authority to require such joint rates to be established to the extent that the public interest may demand.

"As a further illustration, the Commission has consistently advocated cooperation between the various railroads in such matters as the improvement of their services, the elimination of duplication, waste, etc. The Interstate Commerce Act now provides that when the Commission authorizes the pooling by railroads of traffic or revenue or the unification of their properties, to the extent permitted by the Act, such action shall bar the application of the anti-trust Acts or other Federal or State prohibitory statutes. The Commission is now urging legislation which would extend its powers to authorize, and even to require, pooling or coordination of facilities. In the event of such legislation, action by the Commission should also bar the application of the anti-trust statutes. We believe, however, that the railroads should not be so relieved until the Commission is given jurisdiction over such matters."

XII.

Speaking from many years of personal experience in connection with regulation of transportation, and after some research into these questions, I offer personal testimony that there have been occasional incidents (not habitual) of coercive actions and agreements among railroads, among motor carriers and among water lines, which have certainly transgressed the principles of the common law and of the Sherman Act. The considerable volume of matters developed by the representatives of the Department of Justice in the recent hearings before the Senate Committee on S. 942 show certain occurrences highly suggestive of unlawful restraints, against the fair interest of shippers.

Insofar as the Interstate Commerce Act, or other regulatory statutes, may provide definite rules or specific procedures, with appropriate remedies, manifestly carriers acting in good faith within the terms and scope of such provisions and of orders and regulations of the Commission thereunder should be relieved from prosecutions or penalties under the anti-trust Acts. But the safeguards of such exceptions should be set up specifically in the regulatory Act rather than by any amendment of the anti-trust laws.

All things considered, public interest requires that regulated carriers shall be regarded as fully subject to the fundamental doctrines of the anti-trust laws which have been evolved through the centures, meaning the application of principles of common fairness against conspiracies and coercions amounting to or are productive of unreasonable restraints on freedom of commerce as broadly defined by the Supreme Court, and as very broadly reflected in the Sherman Act.

The enforcement of such fundamentals involves no matter of administrative discretion or legislative judgment and should be left to the orderly processes of the courts upon informations and complaints of the Department of Justice. Thus will be afforded a check against inactivity or mistakes of the regulatory agencies, which in the practical sense could not possibly police all of the practices throughout the country.

Traffic associations, rate bureaus, and the established rate procedures of carriers should be encouraged and sanctioned. In any legislation providing for them, the interest of their patrons and of the public demands that there shall not be stated any exemption from the basic principles of anti-trust laws; and language simply stating exemption from the Sherman Act might be misconstrued as expressive of approval of the legality of agreements operating in restraint of fair competition.

Sproul Of Reserve Bank Discusses Goal Of Fifth War Loan Drive

Allan Sproul, President of the Federal Reserve Bank of New York, in a circular under date of May 19 to the banking institutions in the New York Reserve District, points out that "the objective of the Fifth War Loan Drive is to raise $16,000,000,000 through the sale of Government securities to investors other than banking institutions accepting demand deposits." "Of this amount," he says, "the quota for sale to individuals is $6,000,000,000. The drive will run from June 12, through July 8, 1944, but all subscriptions for Savings Bonds and Savings Notes processed by the Federal Reserve Banks or the Treasury Department from June 1, through July 31, 1944, will be credited to the drive." Mr. Sproul further says:

"The goals for sales to all classes of investors and for sales to individuals have been increased substantially over those set for the Fourth War Loan Drive; the national quota for sales to individuals in the Fifth War Loan exceeds by $700,000,000 the actual amount of sales to such investors in the previous drive. The establishment of higher goals and the increased emphasis on sales to individuals call for greater efforts on the part of everyone connected with the drive. The banking system, which has been responsible in large measure for the success of earlier war loan drives, will be in a position to continue its effective assistance in soliciting and facilitating the entry of subscriptions for customers."

General information for banking institutions respecting the drive is also presented in a circular by Mr. Sproul, who says in part:

"As in the case of the Fourth War Loan Drive, dealers and brokers in securities are requested to limit the amount of their subscriptions, in the drive, to the amount of securities which they will be able to retail to customers, other than commercial banks, for investment after the drive has closed, plus the amount required for the investment of their own funds to the extent these are, and are expected to continue to be, idle. Generally speaking, the volume of purchases for subsequent resale to customers should be small regardless of the size of the investment firm, as most customers will have ample opportunity to subscribe during the drive.

Purchase of Securities for Resale

"It is the Treasury's aim to obtain during the drive the maximum investment of funds of individuals and other nonbank investors, and to avoid unnecessary redistribution of securities in the Government security market following the close of the drive. Persons other than security dealers and brokers are advised, therefore, that the practice of entering subscriptions for such securities with the intention of selling them during the period immediately following the close of the drive is not consistent with the Treasury's objectives."

Wiggins Says Banks To Enlarge Credit Service

"Never before have the bankers been confronted with a responsibility and an opportunity so challenging as is the use to which they will put the vast deposit structure of this nation," according to A. L. M. Wiggins, President of the American Bankers Association, in addressing the war-time conference of the bankers of the State of Washington at Spokane on June 2, he asked "shall these great resources lie largely dormant or will they become energized through constructive credit to multiply production, provide employment, and lift the standards of living of the American people?"

"Of course," said Mr. Wiggins, "the primary responsibility for the use of these deposits lies with the individual owners. This money belongs to them and it is theirs to invest in the equities which represent faith in the future of America." He went on to say:

"There exists today the largest sum of money available in our history for venture capital, for the risk taking that is characteristic of our enterprise system. Only the fear of the future will retard them — the fear of centralized Government, the fear of the continuation of an uneconomic tax system, the fear of the disappearance of opportunities for the successful employment of capital. We must banish these fears by means of a wholesome change in Government policy that will release the springs of action, that will multiply incentive, that will guarantee a fair distribution of the fruits of capital and management and labor.

"The banks of the country not only are willing and able but are anxious to supplement the venture capital of individuals through supplying all credit requirements of soundly conducted business. This they have always done. In the year immediately preceding the war they handled more than 27 million loan transactions aggregating more than $42 billion, and they will have greater lending power when the war is over. The banks are preparing further to supplement the credit stream through the provisions of term loans to industry in whatever amount may be needed and to make such funds available in every town and hamlet of the nation, regardless of local credit resources. They are ready in mind and purpose as well as in resources to meet the credit needs of small business and large business as well. All credit has as its base a faith in the future. The bankers of America believe in America and its future and are ready to play their part in expanding a peace-time economy that will be needed to answer the demands for enlarged production and full employment."

Non-Farm Mortgages Up In First Quarter

Despite wartime restrictions on new construction, the upward trend in non-farm residential financing which began a year ago continued through the first three months of 1944, the Federal Home Loan Bank Administration reported on May 6. The announcement stated:

"Recordings of non-farm mortgages for that period totaled $980,000,000, a rise of 37% over the first quarter of 1943, the report said. The increase is largely attributed to loans to finance the purchase of existing homes.

"March recordings, amounting to $368,000,000, exceeded all figures for that month since such data were first compiled in 1939. All types of lenders were represented in the seasonal increase of 19% for March over February. Individuals led with a gain of 23%, followed by mutual savings banks of 21%.

"Comparing the first quarter of 1944 with the corresponding period of last year, individuals also showed the greatest gain, 46%. Increases for other lenders ranged from 44% for savings and loan associations to 3% for insurance companies.

"The estimates are based on recordings of mortgages of $20,000 or less. The number and amount of recordings for the first quarter of 1944, by type of lender, are as follows:

	Number	Amount	Per Cent
Savings and loan associations	102,041	$312,802,000	32%
Insurance companies	12,424	61,998,000	6
Banks and trust companies	55,046	193,096,000	20
Mutual savings banks	7,524	30,280,000	3
Individuals	95,060	233,982,000	24
Other mortgagees	38,048	147,675,000	15
Totals	310,143	$979,833,000	100%

"During the first quarter of this year the volume of non-farm foreclosures in the United States maintained the decline which began a decade ago, according to figures released May 6 by the Federal Home Loan Bank Administration. Foreclosures for the period are estimated at 4,766, a drop of 34% from the first three months of 1943. The foreclosure index for March was 12.7% (1935-1939 average equals 100)."

Almost Complete Withdrawal From War Risk Insurance By War Shipping Administration

Pursuant to a policy inaugurated last November, the War Shipping Administration announced on May 25 almost complete withdrawal from the cargo war risk insurance field. Under latest revision of its insurance activities more than 96% of cargo war risk insurance will return to commercial underwriters, WSA estimated. The WSA announcement added:

The WSA open cargo policy, which has been available since August 1, 1942, in the future will cover only a few designated commodities and in certain instances named commodities on designated voyages only. These are imported coffee, raw or green; cocoa or cacao beans shipped by water from South American ports; cresylic acid, chrome ore, and manganese ore, shipped by water from ports in India or Ceylon.

WSA said its program of further withdrawal from the war risk insurance field has been brought about by changed international conditions and is in accordance with the intent of Congress that WSA insure cargoes only when coverage cannot be obtained on reasonable terms and conditions from private companies. Rates of private underwriters now are identical with those of WSA except in a few instances.

Accordingly, the open cargo policy now will be restricted to those commodities considered of strategic importance both to the war effort and the domestic economy.

The WSA points out that restrictions imposed by the new "clause paramount" incorporated in its new Supplement 5 to General Order 6, do not otherwise change the terms of or enlarge the geographical scope of policies as now written which cover any one or several of the the six commodities named.

It is further stated that on its facultative risks, the WSA will follow the principle laid down in its open cargo policies and, accordingly, will cease covering risks other than those falling within the scope of the open cargo policy at the end of a 30-day period, regardless of other factors such as letter of credit requirements.

Steel Production Slightly Higher—Invasion Expected To Increase War Steel Deliveries

"The start of the long expected invasion of Western Europe this week is expected to increase the pressure for early deliveries of strategic steel to a tempo not seen since the war began," the "Iron Age" says in its issue of today (June 8), further adding: "The psychological effect of the actual beginning of the new fronts will probably be strong enough to furnish impetus to surmount, to some extent, production difficulties caused by manpower shortages, strikes, equipment wear and bad product mix.

"However, the invasion has come at a time when the steel industry is in its best position productionwise and capacitywise to insure the most rapid output possible of ship steel, shell steel, and all other types needed to support the new as well as old battle theaters.

"The steel industry this week is on the verge of entering a period which will see an unusual output of shell steel, increases in lend-lease steel shipments, jammed-up schedules of wide strip and plate mills to take care of ship plates, car plates, sheets for shell containers and other packaging, more tubes for increased bomb programs, and a host of other needs which will be needed to support the new fronts in Europe. That there will be no let-up in the effort to see that all these items get the right of way is a foregone conclusion and any talk of civilian needs being filled to any extent will have disappeared, if any had been in the picture.

"The unusual number of 'quickie' or outlaw strikes which have spread to various parts of the steel and allied industries may subside now that it is clear that even a small strike may tie up the urgent material needed for the second front.

"Reports from some centers this past week indicated a continuation in the reduction in the volume of steel order cancellations. In some instances, the cancellations are running as much as 75% below those encountered in the first quarter. Coincident with this situation has been a fairly steady flow of new bookings. While orders are off slightly in some areas during the past week, declines were not significant. The manpower pinch is being felt at some steel company plants to an extent which tends to cut into production. Consequently, the combination of a stable order flow and such factors as manpower shortage have tended to keep steel backlogs substantially unchanged."

The American Iron and Steel Institute on June 5 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 97.8% of capacity for the week beginning June 5, compared with 97.5% one week ago, 99.4% one month ago and 97.5% one year ago. The operating rate for the week beginning June 5 is equivalent to 1,751,900 tons of steel ingots and castings, compared to 1,746,500 tons one week ago, 1,780,500 tons one month ago, and 1,688,400 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on June 5 stated in part as follows: "Far from easing, requirements for steel to go into war material are due to increase heavily in the next six months, according to plans by the War Production Board, about 10% greater production being needed.

"This addition to already heavy schedules poses a problem for mills, which already are overloaded in the face of limited working forces and approach of the heated term, when the long working hours of recent months will be all but impossible.

"Orders for plates, bars and shapes are in excess of production, with buying of hot and cold-rolled sheets about keeping pace with output. Following the period during which the 10% increase is scheduled, further heavy requirements are being place for fourth quarter and succeeding months, for shipbuilding and pontoons.

"Schedules have been formulated by WPB for freight car production, which for 1944 will be the equivalent of 85,500 full-size railroad type cars, including military-type cars and the carryover from 1943. This compares with the 1943 total of 68,700 units on the same basis of measurement. Plans for 1945 production are for a somewhat smaller number. The board has widened the gap from schedule approval to delivery to seven months, to assure shops complete supply of components.

"Carbon steel allotments for essential civilian goods in third quarter have been increased by WPB to 240,000 tons, from 217,000 tons. Accompanying the announcement was a statement that supply and demand position of basic metals for all military programs are more nearly in balance than at any time since the war started.

"Proportion of alloy steel production is declining, April output of 889,051 net tons being less than 12% of total steel production, while in April last year alloy steel accounted for 1,214,965 tons, 16.5% of the total. About two-thirds of the April tonnage was from open-hearth and the remainder from electric furnaces.

"Pig iron production in April failed to reach the all-time record of March, because of one less working day and a slight dip in average daily output. April output totaled 5,243,410 net tons, compared with 5,434,240 tons in March and 5,035,178 tons in April, 1943. For four months cumulative tonnage was 21,082,127 tons, compared with 20,326,130 tons in the comparable period last year."

Avoid Foreign Investment: Babson

(Continued from First Page)

one time or another, seen my clients own all kinds of foreign securities. These have consisted principally of governments, municipal and utility bonds. I have also seen them own foreign railroad and mining stocks. They have ranged far afield to Germany, Russia, Japan, Mexico, and the Latin-American countries. As I look back over these experiences, I doubt if they ever netted a dime out of their foreign holdings. Hence, I have concluded it is far better to have readers' funds invested in this country where at least the investor can visit the physical properties and get acquainted with the management and—in case of trouble—have the benefit of U. S. Courts.

Air transportation, the acquaintance of millions of service men and women with foreign customs and places, inter-marriages and the handing out of millions of U. S. consumer products will tend to break down the barriers of race, language and religion. But for many years I am afraid that Uncle Sam may be looked upon as a Santa Claus or as a senile old man who foolishly risks his money abroad but who will be too proud or too feeble to insist upon an adequate return for his support.

Some Suggested Steps

Our Government and our people should not become hipped on the idea that we should become the outstanding leaders in world affairs. Destiny has called us to play a deciive part in World War II, but we should not consider it as a permanent job. Washington has had a lot of New Deal experience with out-and-out relief; but Washington knows nothing about the investment of capital. Such foreign investments should now be resisted as we would resist the plague.

It further is entirely possible that after 1949 we may have some years of severe depression which will require all of our resources to overcome. As Congress is now fast draining our own industries of working capital, they will soon require all of our accumulated savings. U. S. unemployment and the fulfillment of civilian requirements will also require vast amounts of money. Hence, I trust that a little Yankee common sense may prevail and that we may not entirely expend our heritage! One thing more: **Example is much more potent than precept. In the long run we can do the world the most good by putting our own accounts in order. This will not be a selfish thing for us to do, but it will be for the good of the entire world to see one nation run honestly, intelligently and efficiently with justice for all and favoritism to none.**

NAM Reviews & Analyzes Tax Simplification Law

The "NAM News" of May 25, weekly news organ of the National Association of Manufacturers, carries as a special supplement a comprehensive review and analysis of the tax simplification law. This informative section was intended mainly to aid the more than 11,000 members of the Association in setting up new tax-withholding machinery. Floyd E. Williamson, Director of Association's Public Relation's, may be approached with regard to the Tax Supplement.

The Supplement calls attention to some of the principal features of the law as follows:

1. New withholding provisions to go into effect Jan. 1, 1945.
2. Other changes in law apply to 1944 income tax.
3. Most employee's tax to be withheld at source.
4. An estimated 30,000,000 taxpayers will file by new simplified procedure.
5. Family exemptions eliminated—exemptions now $500 per capita.
6. Taxpayer automatically allowed deduction of 10% of gross income if filing under simplified plan.
7. Medical expense allowance slightly reduced.
8. Victory tax is repealed.
9. Normal tax decreased from 6% to 3%.
10. Surtax rates increased to offset Victory Tax repeal and lowered normal rate.
11. Requirements on estimated tax declarations liberalized.
12. Treasury states overall total tax slightly reduced.

Syndicate Of Security Dealers And Brokers Formed To Sell War Bonds In 5th War Loan

The largest syndicate of security dealers and brokers ever formed in New York was organized on June 2 to sell the record sum of $600,000,000 or more of United States Government securities to be offered in the Fifth War Loan Drive, June 12 to July 8, 1944, which has as its goal for the entire country the sale of $16,000,000,000 of such securities.

Some 466 security dealers and brokers will form the selling group, it was announced by Sumner B. Emerson of Morgan Stanley & Co., Harry H. Egly of Dillon, Read & Co., W. Fenton Johnston of Smith, Barney & Co. and Lee M. Linbert of Blyth & Co., Inc., who form the syndicate committee managing the offering.

In forming the syndicate, a participation both in dollars of total sales and in number of subscriptions to be obtained has been allotted to each of the dealers. In fact, the syndicate letter received by members of the group on June 2 states that if the Committee has underestimated a member's distributing ability, "he may have the novel experience of asking for a larger participation and getting it." Total efforts of the members of the syndicate are expected to exceed the figure of $600,000,000.

The syndicate letter further pointed out that the Committee was acting at the request of the Banking and Investment Division of the War Finance Committee for New York, of which William R. White is Director, in order to stimulate the sale of war bonds by making the greatest use of the abilities of the dealers, all of whom are members of the bank-dealer teams of the division.

Continued Rise In Assets And Deposits Of National Banks

The total assets of national banks on April 13 of this year amounted to more than $66,000,000,000, it was announced on May 29 by Comptroller of the Currency Preston Delano. Returns from the call covered the 5,048 active national banks in the United States and possessions. The assets reported, says the announcement, were greater by nearly $2,000,000,000 than those reported by the 5,046 national banks on Dec. 31, 1943, the date of the previous call, and an increase of more than $7,000,000,000 over the amount reported by the 5,036 active banks on June 30, 1943. The Comptroller's announcement further states:

The deposits of the national banks on April 13, 1944, were $61,800,000,000, an increase since Dec. 31, 1943, of $1,600,000,000, and an increase since June 30, 1943, of $7,000,000,000. Included in the current deposit figures are demand and time deposits of individuals, partnerships and corporations of $33,500,000,000 and $10,500,000,000, respectively, U. S. Government deposits, including War Loan and Series E Bond accounts, of $7,200,000,000, deposits of States and political subdivisions of $3,000,000,000, postal savings of $6,000,000, deposits of banks of $7,000,000,000, and certified and cashiers' checks, cash letters of credit and travelers' checks outstanding of $600,000,000.

Loans and discounts were $10,000,000,000, a decrease of nearly $200,000,000 since Dec., 1943, but an increase of more than $700,000,000 since June, 1943.

Investments in U. S. Government securities, direct and guaranteed, of $36,700,000,000 showed an increase of $2,500,000,000, or over 7%, since December, 1943, and an increase of $6,500,000,000, or nearly 22%, since June, 1943. Other bonds, stocks and securities held of $3,400,000,000, which included obligations of States and political subdivisions of $2,000,000,000, increased $100,000,000 since December, but decreased approximately the same amount since June last year.

Cash of $900,000,000, balances with other banks, excluding reciprocal balances, of $6,300,000,000, and reserves with Federal Reserve banks of $8,200,000,000, a total of $15,400,000,000, decreased $700,000,000 since December, but showed an increase of $200,000,000 over the amount reported in June last year.

The unimpaired capital stock of the banks on April 13, 1944, was $1,548,000,000, including $119,000,000 of preferred stock. Surplus of $1,629,000,000, undivided profits of $613,000,000, and reserves of $276,000,000, a total of $2,518,000,000, increased $90,000,000 since December and $191,000,000 since last June.

The percentage of loans and discounts to total deposits on April 13, 1944, was 16.10, in comparison with 16.85 on Dec. 31, 1943, and 16.78 on June 30, 1943.

Peru, Ecuador Accept Boundary Settlement

An agreement by Peru and Ecuador to accept in full the recommendations of the United States, Brazil and Argentina for the settlement of their border disputes was revealed on May 20, according to wireless advices from Rio de Janeiro that day to the New York "Times," which also had the following to say:

"The recommendations were contained in a protocol signed during the conference of American Foreign Ministers here two years ago.

"In messages today to Presidents Carlos Arroyo del Rio of Ecuador and Manuel Prado y Urarteche of Peru, President Getulio Vargas of Brazil suggested that the two Governments exchange notes to confirm the agreement as soon as possible, thereby 'giving a formal and definite character to the accord.'

"The Associated Press said an authoritative source declared the two countries had accepted boundary for four frontier sections as proposed by Brazilian Foreign Minister Dr. Oswaldo Aranha and had agreed to accept demarcation of the two remaining disputed sections as designated by a neutral to be named by the two countries.

"President Vargas suggested that the two Governments name the Brazilian technician, Braz Dias de Aguiar, as the final arbiter."

Messages of congratulation from President Roosevelt were addressed to Presidents Prado of Peru and Arroyo of Ecuador, on May 20, incident to the prospect of early settlement of their border disputes. In Washington advices May 20 to the New York "Times" it was noted:

"In 1941 the United States joined with Brazil and Argentina in offers for mediation of the disputed boundary line. Ecuador and Peru accepted the mediation offers and the protocol for settlement was finally drawn up at the Rio de Janeiro conference two years ago."

The identical messages addressed by President Roosevelt to the Chief Executives of the two nations on May 20 read as follows:

"I have learned with deep satisfaction that Your Excellency's Government, through the good offices of the eminent Foreign Minister of Brazil, Dr. Oswaldo Aranha, has reached agreement on interpretation of the Protocol of Peace, Friendship and Boundaries, signed by Ecuador and Peru on Jan. 29, 1942, at Rio de Janeiro.

"I hope that confirmation of this agreement may be speedily effected by exchange of notes in order to permit the distinguished Brazilian technical expert, Capt. Braz de Aguiar, to complete his inspection of the eastern sector of the boundary on the ground, and thus facilitate completion of the demarcation of all sectors of the boundary as soon as possible.

"I heartily congratulate Your Excellency on reaching this agreement, which I regard as an outstanding contribution to inter-American solidarity and good-will."

Moody's Bond Prices And Bond Yield Averages

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

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

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
June 6	119.90	112.19	118.40	116.80	111.81	102.46	105.86	113.70	117.20
5	119.92	112.19	118.40	116.80	111.81	102.63	106.04	113.70	117.00
3	120.02	112.19	118.40	116.61	111.81	102.63	105.86	113.70	117.00
2	119.99	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.00
1	119.75	112.19	118.40	116.80	111.81	102.46	105.86	113.70	117.00
May 31	119.69	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.00
30	Exchange Closed								
29	119.67	112.19	118.40	116.80	111.81	102.46	105.86	113.89	117.00
27	119.66	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.20
26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
25	119.63	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.20
24	119.63	112.19	118.40	116.80	112.00	102.30	105.86	113.89	117.00
23	119.60	112.19	118.60	116.80	111.81	102.30	105.86	113.89	117.00
22	119.60	112.00	118.60	116.80	111.81	102.13	105.86	113.89	117.00
20	119.59	112.19	118.60	116.80	111.81	102.30	105.86	113.89	117.00
19	119.59	112.00	118.60	116.80	111.81	102.13	105.86	113.89	116.80
18	119.57	112.00	118.60	116.80	111.81	101.97	105.69	113.89	116.80
17	119.51	112.00	118.60	116.80	111.81	101.80	105.86	113.70	116.80
16	119.48	112.00	118.40	116.80	111.81	101.80	105.69	113.89	116.61
15	119.48	112.00	118.40	116.80	111.81	101.80	105.69	113.89	116.61
13	119.48	111.81	118.40	116.80	111.62	101.80	105.52	113.89	116.80
12	119.48	112.00	118.60	116.80	111.81	101.64	105.52	113.89	116.80
11	119.51	111.81	118.60	116.61	111.81	101.64	105.69	113.70	117.00
10	119.51	111.81	118.40	116.61	111.81	101.64	105.69	113.70	116.80
9	119.58	111.81	118.60	116.61	111.62	101.80	105.69	113.70	116.61
8	119.52	111.81	118.40	116.80	111.62	101.64	105.52	113.70	116.61
6	119.48	111.81	119.40	116.80	111.62	101.47	105.52	113.70	116.41
5	119.48	111.81	118.40	116.61	111.62	101.47	105.52	113.70	116.41
4	119.48	111.81	118.40	116.61	111.62	101.47	105.52	113.70	116.41
3	119.51	111.62	118.20	116.61	111.62	101.47	105.34	113.70	116.22
2	119.47	111.62	118.20	116.61	111.62	101.47	105.34	113.70	116.22
1	119.34	111.62	118.40	116.41	111.62	101.31	105.34	113.70	116.41
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
21	119.75	111.62	118.40	116.41	111.62	101.31	105.17	113.70	116.41
14	119.86	111.62	118.20	116.61	111.44	101.14	105.17	113.70	116.41
6	119.81	111.44	118.20	116.61	111.44	100.98	104.83	113.89	116.22
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
24	119.86	111.44	118.20	116.61	111.44	100.81	104.66	113.89	116.41
17	120.14	111.44	118.20	116.61	111.25	100.65	104.66	113.70	116.41
10	120.26	111.44	118.20	116.41	111.25	100.81	104.48	113.70	116.41
3	120.44	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
18	119.96	111.25	118.40	116.41	111.07	100.49	104.31	113.50	116.41
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	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	120.44	112.19	118.80	116.80	112.00	102.46	106.04	113.89	117.20
Low 1944	119.34	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
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 June 5, 1943	119.93	110.34	118.40	116.02	111.07	97.78	102.30	113.50	116.02
2 Years Ago June 6, 1942	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31

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

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
June 6	1.82	3.05	2.73	2.81	3.07	3.60	3.40	2.97	2.79
5	1.82	3.05	2.73	2.81	3.07	3.59	3.39	2.97	2.80
3	1.81	3.05	2.73	2.82	3.07	3.59	3.40	2.97	2.80
2	1.81	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.80
1	1.83	3.05	2.73	2.81	3.07	3.60	3.40	2.97	2.80
May 31	1.83	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.80
30	Exchange Closed								
29	1.83	3.05	2.73	2.81	3.07	3.60	3.40	2.96	2.80
27	1.84	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.79
26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
25	1.84	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.79
24	1.84	3.05	2.73	2.81	3.06	3.61	3.40	2.96	2.80
23	1.84	3.05	2.72	2.81	3.07	3.61	3.40	2.96	2.80
22	1.84	3.06	2.72	2.81	3.07	3.62	3.40	2.96	2.80
20	1.84	3.05	2.72	2.81	3.07	3.61	3.40	2.96	2.80
19	1.84	3.06	2.72	2.81	3.07	3.62	3.40	2.96	2.81
18	1.84	3.06	2.72	2.81	3.07	3.63	3.41	2.96	2.81
17	1.85	3.06	2.72	2.81	3.07	3.64	3.40	2.97	2.81
16	1.85	3.06	2.73	2.81	3.07	3.64	3.41	2.96	2.82
15	1.85	3.06	2.73	2.81	3.07	3.64	3.41	2.96	2.82
13	1.85	3.07	2.73	2.81	3.08	3.64	3.42	2.96	2.81
12	1.85	3.06	2.72	2.81	3.07	3.65	3.42	2.96	2.81
11	1.85	3.07	2.72	2.82	3.07	3.65	3.41	2.97	2.80
10	1.85	3.07	2.73	2.82	3.07	3.65	3.41	2.97	2.81
9	1.84	3.07	2.72	2.82	3.08	3.64	3.41	2.97	2.82
8	1.85	3.07	2.73	2.81	3.08	3.65	3.42	2.97	2.82
6	1.85	3.07	2.73	2.81	3.08	3.66	3.42	2.97	2.83
5	1.85	3.07	2.73	2.82	3.08	3.66	3.42	2.97	2.83
4	1.85	3.07	2.73	2.82	3.08	3.66	3.42	2.97	2.83
3	1.85	3.08	2.74	2.82	3.08	3.66	3.43	2.97	2.84
2	1.85	3.08	2.74	2.82	3.08	3.66	3.43	2.97	2.84
1	1.86	3.08	2.73	2.83	3.08	3.67	3.43	2.97	2.83
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
21	1.83	3.08	2.73	2.83	3.08	3.67	3.44	2.97	2.83
14	1.82	3.08	2.74	2.82	3.09	3.68	3.44	2.97	2.83
6	1.83	3.09	2.74	2.82	3.09	3.69	3.46	2.96	2.84
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
24	1.82	3.09	2.74	2.82	3.09	3.70	3.47	2.96	2.83
17	1.80	3.09	2.74	2.82	3.10	3.71	3.47	2.97	2.83
10	1.81	3.09	2.74	2.83	3.10	3.70	3.48	2.97	2.83
3	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
18	1.83	3.10	2.73	2.83	3.11	3.72	3.49	2.98	2.83
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
Jan. 28	1.87	3.11	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	1.79	3.05	2.71	2.81	3.06	3.60	3.39	2.96	2.79
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago June 5, 1943	1.87	3.15	2.73	2.85	3.11	3.89	3.61	2.98	2.85
2 Years Ago June 6, 1942	1.94	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99

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

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

From Washington Ahead Of The News

(Continued from first page)

It occurred to us at the time that we had heard of several other cases of this kind, other instances in which there was no further need for war production in a particular plant and the union leaders set up such a howl that it was kept in war production nevertheless. So we went around making some inquiries in quarters having to deal with the situation and learned that indignation is at a fever heat. There are all sorts of instances in which high cost producers are being kept at war work when the military and other war production officials have sought to get rid of them. Invariably these producers employ CIO unionists. The indications are quite plain that in these instances the employers and the CIO are in cahoots. There are instances where high cost producers employ A. F. of L. unionists but in every one of which we are aware the production is needed. In every single instance of a plant continuing to receive war orders after the Military has ruled no more were needed, the union involved is the CIO; that is, so far as the plants listed to us.

This is a rotten enough situation to exist in war, of course, but perhaps more important is its bearing on the "proper atmosphere" of the post-war period. It is quite apparent that the CIO policy is going to be to keep its workers right where they are, not have them shift to other pursuits or move to other places in the general readjustment that must follow. If that sort of "proper atmosphere" is to prevail it is utterly nonsense to think we can recover any sort of balance. It should be kept in mind that every one of the Brewster workers and those of the other plants being kept at war work when their war work is not needed, is being assessed to reelect Mr. Roosevelt to a Fourth Term. They have no say-so in the matter. The money is taken out of their pay envelopes, upon orders of the WLB, by the employer. For the purposes of the Fourth Term campaign you can readily see how important it is that they be kept at their present employment. Changing plants they might fall into the A. F. of L. Also, the CIO has been turning heaven and earth to register them in their present communities to vote.

As further bearing upon this crowd's conception of the post-war "proper atmosphere" and the one that will likely prevail if they aren't headed off, is their steady propaganda about the disposal of the Government's huge plant and surplus materials holdings. You have only to take a glance at it to realize that under their agitation it would be utterly impossible to dispose of this property in a way that private enterprise could remain afloat. They would make it utterly impossible for private enterprise to acquire the property, either by demanding impossible prices or by imposing impossible restrictions for the protection of the so-called common man. In the exactions they demand the Government would hold onto its huge plant structure, operate it, and, of necessity, gradually add to its investment.

Just now, the crowd is expressing indignation in its literature against W. L. Clayton's being the surplus goods administrator. An example of it is the lament of Aubrey Williams, former NYA administrator. Now he is with the Farmers' Union, a skeleton Fourth Term organization, financed by CIO funds. Writing a column in its official paper, he says:

"They (the reactionaries) have apparently been able to sell the President (God forbid!) the Baruch-Hancock Demobilization scheme, which in the hands of Will Clayton, one of the most notorious 'cotton buyers' of the South, will mean that the billions of dollars now invested in war production, and owned by the Government, will go for two cents on the dollar, and none of it to any friend of the people."

His apprehensions about Clayton's administering any program if Mr. Roosevelt is reelected are unwarranted. Nobody knows better than Clayton that he was put in as a political stop-gap. Furthermore, the President has never yet embraced the Baruch report. He considered it at the time as a good political document, presumably because it is being publicly accepted as the official Administration plan.

National Fertilizer Association Commodity Price Index Advances

As a result of substantial increases in the prices of farm products, the weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on June 5, advanced to 137.0 in the week ending June 3 from 136.8 in the preceding week. A month ago this index registered 137.1 and a year ago 135.9, based on the 1935-1939 average as 100. The Association's report continued as follows:

Pronounced price increases in the farm products group was the primary cause of a fractional advance in the all-commodity price index. After declining for three consecutive weeks, the price of rye took a slight turn upward which caused a slight increase in the grains index number. There was quite a marked rise in the livestock group as higher prices were quoted for cattle, calves, hogs, and lambs while live fowls was the only item to decline in this group. The foods group also advanced fractionally as higher prices for flour were more than sufficient to offset lower prices for oranges. The farm machinery index number registered a fractional advance. The textiles group was the only other index number to change. This increased fractionally as slightly higher prices were quoted for raw cotton.

During the week 11 price series advanced while only 2 declined; in the preceding week there were 2 advances and 7 declines; and in the second preceding week there were 7 advances and 5 declines.

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

% Each Group Bears to the Total Index	Group	Latest Week Jun. 3, 1944	Preceding Week May 27, 1944	Month Ago May 6, 1944	Year Ago Jun. 5, 1943
25.3	Foods	137.5	137.4	138.8	141.1
	Fats and Oils	143.0	143.0	146.1	147.9
	Cottonseed Oil	156.7	156.7	159.6	159.0
23.0	Farm Products	155.1	154.4	155.8	153.3
	Cotton	202.0	201.0	198.9	201.8
	Grains	164.7	164.6	164.9	142.3
	Livestock	144.0	143.1	145.8	147.4
17.3	Fuels	130.1	130.1	130.1	122.8
10.8	Miscellaneous commodities	132.2	132.2	132.2	130.1
8.2	Textiles	152.4	152.3	152.0	151.4
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	153.4	153.4	152.4	152.6
1.3	Chemicals and drugs	127.7	127.7	127.7	126.6
.3	Fertilizer materials	117.7	117.7	117.7	117.7
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.4	104.3	104.3	104.1
100.0	All groups combined	137.0	136.8	137.1	135.9

*Indexes on 1926-1928 base were: June 3, 1944, 106.7; May 27, 106.6, and June 5, 1943, 105.9.

Electric Output For Week Ended June 3, 1944 Shows 5.6% 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 June 3, 1944, was approximately 4,144,490,000 kwh., compared with 3,925,893,000 kwh. in the corresponding week a year ago, an increase of 5.6%. The output for the week ended May 27, 1944, was 7.6% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— June 3	May 27	May 20	May 13
New England	*1.2	2.7	*0.8	0.7
Middle Atlantic	*0.2	5.1	3.6	4.0
Central Industrial	4.4	7.2	4.9	5.5
West Central	5.7	8.2	7.4	4.4
Southern States	10.4	9.4	9.3	7.4
Rocky Mountain	*11.2	**8.2	*9.7	*9.4
Pacific Coast	16.0	14.5	15.2	19.8
Total United States	5.6	7.6	6.3	6.8

*Decrease under similar week in 1943.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
March 4	4,464,686	3,946,630	+13.1	3,392,121	1,538,452	1,702,570
March 11	4,425,630	3,944,679	+12.2	3,357,444	1,537,747	1,687,229
March 18	4,400,246	3,946,836	+11.5	3,357,032	1,514,553	1,683,262
March 25	4,409,159	3,928,170	+12.2	3,345,502	1,480,208	1,679,589
April 1	4,408,703	3,889,858	+13.3	3,348,608	1,465,076	1,633,291
April 8	4,361,094	3,882,467	+12.3	3,320,858	1,480,738	1,696,543
April 15	4,307,498	3,916,794	+10.0	3,307,700	1,469,810	1,709,331
April 22	4,344,188	3,925,175	+10.7	3,273,190	1,454,505	1,699,822
April 29	4,336,247	3,866,721	+12.1	3,304,602	1,429,032	1,688,434
May 6	4,233,756	3,903,723	+ 8.5	3,365,208	1,436,928	1,698,942
May 13	4,238,375	3,969,161	+ 6.8	3,356,921	1,435,731	1,704,426
May 20	4,245,678	3,992,250	+ 6.3	3,379,985	1,425,151	1,705,460
May 27	4,291,750	3,990,040	+ 7.6	3,322,651	1,381,452	1,615,085
June 3	4,144,490	3,925,893	+ 5.6	3,372,374	1,435,471	1,689,925
June 10		4,040,376		3,463,528	1,441,532	1,699,227
June 17		4,098,401		3,433,711	1,440,541	1,702,501
June 24		4,120,038		3,457,024	1,456,961	1,723,428

Moody's Daily Commodity Index

Tuesday, May 30, 1944	*
Wednesday, May 31	251.0
Thursday, June 1	250.9
Friday, June 2	250.8
Saturday, June 3	250.7
Monday, June 5	251.1
Tuesday, June 6	251.0
Two weeks ago, May 23	250.4
Month ago, May 6	249.6
Year ago, June 5	245 7
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

*Holiday.

Wholesale Commodity Index Rose 0.1% In Week Ended May 27 Labor Dept. Reports

Largely as a result of higher prices for agricultural commodities, particularly fruits, vegetables and livestock, the Bureau of Labor Statistics' index of commodity prices at the primary market level rose 0.1% during the week ended May 27 to 103.9% of the 1926 average, the United States Department of Labor announced on June 1. "The all-commodity index is slightly lower than at the same time last year," said the Department, which likewise reported:

"**Farm Products and Foods**—Average prices for farm products rose 0.3% during the week, led by an increase of 0.7% for livestock. Cows and steers advanced more than 2% and hogs were up slightly. Lambs and live poultry declined in the Chicago market. The grain markets continued unsettled with rye down 10%, although wheat was somewhat stronger. White potatoes in most markets were substantially higher and lemons advanced seasonally. Cotton declined nearly one-half of 1%, eggs were seasonally lower and oranges and onions also declined. Average prices for farm products are 0.5% higher than at this time last month but 2.4% lower than at the end of May, 1943.

"With an increase of 1.3% in average prices for fruits and vegetables, the index for the foods group rose 0.2%. Sweet potatoes were up nearly 17%, white potatoes at New York advanced 6.5%, at Chicago and Boston about 2% and in the Portland (Oregon) market 0.7. Rye flour declined 8% and eggs were down 1.4%. While average prices for foods have risen 0.2% in the past four weeks, they are more than 5% lower than at this time last year.

"**Industrial Commodities**—The industrial commodity markets remained relatively steady. An earlier rise in market prices for sheepskins accounted for the increase of 0.1% in the hides and leather products group index. A further decline of 5.6% occurred in prices for quicksilver, and turpentine and rosin continued to rise. Minor fluctuations were reported in prices for Western pine lumber. Boards increased slightly while shop lumber declined." The Departments announcement also contains the following notation:

Note—During the period of rapid changes caused by price controls, materials allocation and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revisions 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 April 29, 1944 and May 29, 1943, and the percentage changes from a week ago, a month ago and a year ago, and (2) percentage changes in subgroup indexes from May 20 to 27, 1944.

WHOLESALE PRICES FOR WEEK ENDED MAY 27, 1944
(1926=100)

Commodity Groups—	5-27 1944	5-20 1944	5-13 1944	4-29 1944	5-29 1943	Percentage change to May 27, 1944 from— 5-20 1944	4-29 1944	5-29 1943
All commodities	*103.9	*103.8	*103.6	*103.7	104.0	+0.1	+0.2	—0.1
Farm products	*123.7	*123.3	*122.4	*123.1	126.7	+0.3	+0.5	—2.4
Foods	104.9	104.7	104.6	104.7	110.7	+0.2	+0.2	—5.2
Hides and leather products	117.7	117.6	117.6	117.6	118.4	+0.1	+0.1	—0.6
Textile products	97.3	97.3	97.3	97.3	96.9	0	0	+0.4
Fuel and lighting materials	83.9	83.9	83.7	83.7	81.3	0	+0.2	+3.2
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	—0.1
Building materials	115.6	115.6	115.0	114.7	110.3	0	+0.8	+4.8
Chemicals and allied products	105.4	105.4	105.4	105.4	100.2	0	0	+5.2
Housefurnishing goods	106.0	106.0	106.0	106.0	104.2	0	0	+1.7
Miscellaneous commodities	93.3	93.3	93.3	93.3	91.7	0	0	+1.7
Raw materials	*113.6	*113.3	*112.8	*113.2	114.3	+0.3	+0.4	—0.6
Semimanufactured articles	93.6	93.6	93.5	93.5	92.9	0	+0.1	+0.8
Manufactured products	*101.1	*101.1	*101.0	*101.0	100.9	0	+0.1	+0.2
All commodities other than farm products	*99.6	*99.6	*99.5	*99.5	99.1	0	+0.1	+0.5
All commodities other than farm products and foods	*98.7	*98.7	*98,6	*98.5	96.9	0	+0.2	+1.9

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM MAY 20, 1944 TO MAY 27, 1944

Increases

Fruits and vegetables	1.3	Anthracite	0.4
Livestock and poultry	0.7	Other farm products	0.2
Hides and skins	0.6	Bituminous coal	0.1
Paint and paint materials	0.1		

Decreases

Other foods	0.3	Cereal products	0.1
Grains	0.1		

Civil Engineering Construction $138,857,000 in May—Private Work Tops Last Month & Year Ago

Civil engineering construction volume in continental U. S. totals $138,857,000 for the four weeks of May. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 4% below last month, and 49% below the volume reported to "Engineering News-Record" for the corresponding month last year. The report made public on June 1, added in part:

Private construction is 55% above the preceding month and 95% above the 1943 month due to the increased volume of industrial buildings. Public work is 18 and 62% lower, respectively, than a month ago and a year ago as a result of the lower federal volume. State and municipal construction tops last month by 25% and is 8% above the May, 1943 total.

Civil engineering construction volumes for May, 1943, April, 1944 and May, 1944, are:

	May, 1943 (4 weeks)	April, 1944 (4 weeks)	May, 1944 (4 weeks)
Total U. S. Construction	$273,650,000	$145,040,000	$138,857,000
Private Construction	22,014,000	27,649,000	42,923,000
Public Construction	251,636,000	117,391,000	95,934,000
State and Municipal	22,649,000	19,638,000	24,476,000
Federal	228,987,000	97,753,000	71,458,000

The May volume brings 1944 civil engineering construction volume to $734,019,000 for the five months, a total 51% below the $1,491,759,000 reported for the corresponding 1943 period. Private work for the year to date, $168,912,000, is 13% higher than a year ago, but public construction, $565,107,000, is 58% lower due to the 1% decrease in state and municipal work, and the 61% drop in federal volume.

New Capital

New capital for construction purposes for May, 1944 totals $60,914,000, an increase of 363% over the $13,143,000 for the corresponding 1943 month. The May new construction financing total is made up of $21,480,000 in private investment, and $39,434,000 in federal appropriations for federal construction.

New construction financing for 1944 to date, $426,549,000, is 13% below the $492,422,000 reported for the five-month period in 1943. Private investment for the period, $127,503,000, is 60% above last year, and federal funds for non-federal work, $53.780.000, are 343% higher. Federal appropriations for military and departmental construction, however, are 39% below a year ago.

Civil Engineering Construction $23,214,000 For Holiday Week

Civil engineering construction volume for the short week due to the Memorial Day holiday totals $23,214,000. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 78% below the corresponding 1943 week, below the $27,885,000 reported to "Engineering News-Record" for the preceding week, and 23% below the previous four-week moving average. The report made public on June 1, is as follows:

Public construction is 61% under the week last year due to the 22% decrease in state and municipal work and the 65% decline in federal volume. Private work is 95% lower than in the 1943 week.

The current week's construction brings 1944 volume to $757,233,000 for the 22 weeks, a decrease of 53% from the $1,598,632,000 reported for the corresponding 1943 period. Private construction, $171,823,000, is 16% under a year ago, and public construction, $585,410,000, is 58% lower due to the 2% decrease in state and municipal and the 62% drop in federal.

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

	June 3, '43 (4 days)	May 25, '44 (5 days)	June 1, '44 (4 days)
Total U. S. Construction	$106,873,000	$27,885,000	$23,214,000
Private Construction	54,323,000	5,865,000	2,911,000
Public Construction	52,550,000	22,020,000	20,303,000
State and Municipal	4,296,000	6,278,000	3,344,000
Federal	48,254,000	15,742,000	16,959,000

In the classified construction groups, gains over last week are in sewerage, and earthwork and drainage. Gains over the 1943 week are in sewerage, bridges, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $192,000; sewerage, $998,000; bridges, $283,000; industrial buildings, $1,040,000; commercial building and large-scale private housing, $480,000; public buildings, $5,772,000; earthwork and drainage, $6,144,000; streets and roads, $4,016,000; and unclassified construction, $4,289,000.

New capital for construction purposes for the week totals $948,000, and is made up entirely of state and municipal bond sales. The week's new financing brings 1944 volume to $427,497,000, 13% under the $492,713,000 reported for the 22-week 1943 period.

Changes In Rules Of N. Y. Stock Exchange Relative To Margin And Cash Accounts

Attention to changes in the rules of the New York Stock Exchange affecting margin and cash accounts in "when issued" and "when distributed" securities, has been called in notices issued by the Exchange to members on May 9. Regarding the amendments the announcement of the Exchange says:

The Board of Governors at a meeting on May 4, 1944, amended paragraphs (g), (j) and (q) of Rule 550 to read as follows:

(g) Time Within Which Margin, Deposit or "Mark to Market" Must Be Obtained. The amount of margin, deposit or "mark to market" required by any provision of this rule shall be obtained as promptly as possible and in any event within a reasonable time.

(j) Cash Accounts. No margin or deposit need be required upon bona fide cash transactions either for the purchase or for the sale of securities, other than "when issued" or "when distributed" securities.

(q) "When Issued" and "When Distributed" Securities.

(1) Margin Accounts

The minimum amount of margin on any position in a "when issued" security shall be the same as if such security were issued.

A net position in each "when issued" security shall be established for the purpose of computing margin.

Each position in a "when issued" security shall be margined separately and any unrealized profit shall be of value only in providing the amount of margin required on that particular position.

When an account has a "short" position in a "when issued" security and there are held in the account securities in respect of which the "when issued" security may be issued, such "short" position shall be marked to the market and the balance in the account shall for the purpose of this rule be adjusted for any unrealized loss in such "short" "when issued" position.

(2) Cash Accounts

In connection with any net position resulting from contracts for a "when issued" security in an account other than that of a member-firm, non-member broker or dealer, bank, trust company, insurance company, charitable or non-profit educational institution. Deposits shall be required equal to the margin required were such position in a margin account.

In connection with any net position resulting from contracts for a "when issued" security made for or with a non-member broker or dealer, no deposit or margin need be required, but such net position must be marked to the market.

In connection with any net position resulting from contracts for a "when issued" security made for or with a non-member broker or dealer, no deposit or margin need be required, but such net position must be marked to the market.

In connection with any net position resulting from contracts for a "when issued" security made for or with a bank, trust company, insurance company, charitable or non-profit educational institution, or for a member firm. No deposit or margin need be required and such net position need not be marked to the market. However, where such net position is not marked to the market, an amount equal to the loss at the market in such position shall be considered as cash required to provide margin in the computation of the Net Capital of the member firm under Rule 415.

The provisions of sub-paragraph (2) shall not apply to any position resulting from contracts on a "when issued" basis of a security

(a) which is the subject of a primary distribution in connection with a bona fide offering by the issuer to the general public for "cash", or

(b) which is exempt by the Exchange as involving a primary distribution.

The term "when issued" as used in paragraph (q) of this rule also means "when distributed."

The effective dates of these changes shall be May 15, 1944, with respect to transactions effected on or after that date, and July 1, 1944 in the case of positions established prior to May 15, 1944 in cash accounts.

The advices of the Exchange also stated:

The rule remains substantially unchanged as to transactions effected in margin accounts.

With respect to transactions in cash accounts for persons who are not member firms, non-member brokers and dealers, banks, trust companies, insurance companies and charitable or non-profit educational institutions, deposits must be obtained in an amount equal to the margin required in a margin account.

Principal transactions are to be treated for the purpose of the rule the same as agency transactions.

Non-member brokers and dealers, are only required to "mark to the market" any transactions made either on a principal basis or on an agency basis.

In connection with transactions made on an agency or principal basis for or with any bank, trust company, insurance company, charitable or non-profit educational institution, or on an agency basis for a member firm in a cash account, no deposit need be obtained, and any net position in the "when issued" security need not be marked to the market. However, where the net position is not marked to the market the firm's capital is to be charged with an amount sufficient to mark the net position to the market.

"When issued" and "when distributed" securities positions are to be treated the same for the purposes of this rule, and any margin or deposit required on "when issued" securities positions shall be obtained on similar positions in "when distributed" securities.

Members are reminded that the changes in the margin requirements of the Exchange and the rules governing cash accounts do not effect the provisions of Regulation T of the Board of Governors of the Federal Reserve System.

While provision is made for the use of a cash account for the purchase of "when issued" or "when distributed" securities pursuant to the customer's agreement that he will pay in full for the security and that he does not contemplate selling it prior to making such payment, such purchases should be effected in margin accounts wherever possible, reserving the cash account for transactions by customers who do not customarily purchase or sell securities on a margin basis."

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 May 27, 1944 is estimated at 12,550,000 net tons, an increase of 250,000 tons, or 2%, over the preceding week. Output in the corresponding week of 1943 amounted to 11,756,000 tons. Cumulative production of soft coal from Jan. 1 to May 27, 1944 totaled 260,462,000 net tons, as against 247,843,000 tons in the same period last year, a gain of 5.1%.

Production of Pennsylvania anthracite for the week ended May 27, 1944, according to the U. S. Bureau of Mines, was estimated at 1,369,000 tons, an increase of 64,000 tons (4.9%) over the preceding week. When compared with the output in the corresponding week of 1943, there was an increase of 23,000 tons, or 1.7%. The calendar year to date shows an increase of 4.3% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended May 27, 1944 showed an increase of 2,400 tons when compared with the output for the week ended May 20, 1944; but was 21,800 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

Bituminous coal and lignite—	Week Ended May 27, 1944	May 20, 1944	May 29, 1943	January 1 to Date *May 27, 1944	May 29, 1943	May 29, 1937
Total, incl. mine fuel	12,550,000	12,300,000	11,756,000	260,462,000	247,843,000	192,053,000
Daily average	2,092,000	2,050,000	1,959,000	2,062,000	1,959,000	1,523,000

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

Penn. anthracite—	Week Ended ‡May 27, 1944	§May 20, 1944	May 29, 1943	Calendar Year to Date May 27, 1944	May 29, 1943	June 1, 1929
*Total incl. coll. fuel	1,369,000	1,305,000	1,346,000	26,963,000	25,855,000	30,791,000
†Commercial produc.	1,314,000	1,253,000	1,292,000	25,886,000	24,821,000	28,574,000
Beehive coke—						
United States total	145,000	142,600	166,800	3,182,500	3,384,600	3,497,300

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

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 May 20, 1944	May 13, 1944	May 22, 1943	May 22, 1937
Alabama	383,000	397,000	411,000	267,000
Alaska	5,000	5,000	6,000	2,000
Arkansas and Oklahoma	91,000	92,000	51,000	13,000
Colorado	119,000	154,000	165,000	82,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,478,000	1,484,000	1,322,000	562,000
Indiana	543,000	536,000	412,000	243,000
Iowa	38,000	45,000	43,000	24,000
Kansas and Missouri	188,000	191,000	76,000	72,000
Kentucky—Eastern	927,000	980,000	977,000	796,000
Kentucky—Western	383,000	395,000	268,000	106,000
Maryland	40,000	38,000	41,000	18,000
Michigan	4,000	6,000	2,000	1,000
Montana (bitum. & lignite)	76,000	79,000	80,000	32,000
New Mexico	36,000	39,000	33,000	27,000
North & South Dakota (lignite)	32,000	28,000	22,000	16,000
Ohio	705,000	718,000	665,000	458,000
Pennsylvania (bituminous)	3,164,000	3,257,000	2,806,000	2,002,000
Tennessee	139,000	140,000	140,000	108,000
Texas (bituminous & lignite)	3,000	3,000	4,000	16,000
Utah	116,000	124,000	125,000	24,000
Virginia	383,000	392,000	393,000	242,000
Washington	29,000	25,000	29,000	29,000
†West Virginia—Southern	2,180,000	2,162,000	2,277,000	1,679,000
‡West Virginia—Northern	1,080,000	1,100,000	912,000	531,000
Wyoming	156,000	168,000	167,000	72,000
§Other Western States	1,000	1,000	1,000	*
Total bituminous & lignite	12,300,000	12,560,000	11,429,000	7,422,000
Pennsylvania anthracite	1,305,000	1,326,000	1,282,000	1,085,000
Total, all coal	13,605,000	13,886,000	12,711,000	8,507,000

†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. *Less than 1,000 tons.

Net Profits Of Insured Commercial Banks In 1943 Highest Ever Reported Says FDIC

Net profits after taxes of the 13,274 insured commercial banks in 1943 amounted to $638,000,000, the highest figure reported since the inauguration of deposit insurance, Chairman Leo T. Crowley of the Federal Deposit Insurance Corporation announced on May 30. The $638,000,000 represented an increase of $197,000,000, or 45%, over the figure for net profits reported in 1942. Net profits after taxes represented a return of 8.6% on total capital accounts, a new high in the history of the Federal Deposit Insurance Corporation. According to the announcement "the increase in net profits is attributed chiefly to substantial increases in current operating earnings, recoveries, and profits on securities sold, offset only in part by increased current operating expenses and taxes and by slightly heavier losses on assets."

Dividends, it is added, were $233,000,000, about the same as in 1942, and the amount added to capital accounts from profits in 1943 was $405,000,000, nearly double that added in 1942.

The tabulation of the 1943 statements of earnings, expenses, and dividends of the 13,274 insured commercial banks disclosed the following additional facts, it was noted in the advices from the Corporation:

1. The largest single item of income was interest on securities, chiefly U. S. Government obligations, which in 1943 amounted to $861,000,000, an increase of $251,000,000 or 41% over 1942. The average yield on securities was 1.33% in 1943, compared with 1.78% in 1942.

2. Interest and discount on loans declined from 1942 by $113,000,000 to $692,000,000, the smallest amount reported in 7 years. The average rate of income on loans was 3.75%, the lowest since inauguration of Federal insurance of deposits.

3. All other items of earnings showed increases over 1942.

4. Total current operating earnings in 1943 amounted to $1,959,000,000, an increase of $168,000,000, or 9% over the preceding year.

5. Total current operating expenses, exclusive of taxes, showed an increase of $31,000,000, or almost 3%. The increase in the current operating expense items was in salaries, wages, and fees and in other current operating expenses. The increase in these items was offset in part by a reduction of $11,000,000 in interest on time and savings deposits. The average rate of interest paid on time and savings deposits amounted to .86% compared to 1.1% in 1942.

6. Net current operating earnings before taxes amounted to $803,000,000, an increase over the preceding year of $137,000,000, or 20%.

7. Taxes paid by the banks increased by $51,000,000, or 29%, due chiefly to larges income taxes paid out of higher profits. Total taxes reported in 1943 were $228,000,000, the largest figure reported to the Corporation.

8. Profits on securities sold increased during the year by $37,000,000, or 56%. Net charge-offs on assets (losses less recoveries on assets, exclusive of profits on securities sold) declined by $74,000,000 during the year to a new low of $40,000,000.

9. Common and preferred cash dividends and interest paid on capital amounted to $233,000,000, a gain of $5,000,000 over amounts reported in 1942. The rate of dividends on capital stock, notes, and debentures was about 8%—the same as in the preceding year.

The following statistics are made available by the FDIC:

EARNINGS, EXPENSES AND DIVIDENDS OF INSURED COMMERCIAL BANKS CALENDAR YEAR 1943 COMPARED WITH CALENDAR YEAR 1942

(Amounts in millions of dollars)

	Amount 1943	1942	Change Amount	Percent
Current operating earnings—total	1,959	1,791	+168	+ 9.4
Interest and dividends on securities	861	610	+251	+ 41.1
Interest and discount on loans	692	805	—113	— 14.0
Service charges and other fees on bank's loans	14	12	+ 2	+ 16.7
Service charges on deposit accounts	95	84	+ 11	+ 13.1
Other service charges, commissions, fees, and collection and exchange charges	67	55	+ 12	+ 21.8
Trust department	105	101	+ 4	+ 4.0
Other current operating earnings	125	124	+ 1	+ 0.8
Current operating expenses—total	1,156	1,125	+ 31	+ 2.8
Salaries—officers	225	219	+ 6	+ 2.7
Salaries and wages—employees	357	333	+ 24	+ 7.2
Fees paid to directors and members of executive, discount and other committees	12	12	---	---
Interest on time deposits (including savings deposits)	164	175	— 11	— 6.3
Interest and discount on borrowed money	---	---	---	---
Recurring depreciation on banking house, furniture and fixtures	40	40	---	---
Other current operating expenses	358	346	+ 12	+ 3.5
Net current operating earnings, before taxes	803	666	+137	+ 20.6
Taxes, including income	228	177	+ 51	+ 28.8
Net current operating earnings, after taxes	575	489	+ 86	+ 17.6
Recoveries—total	250	157	+ 93	+ 59.2
On securities	92	56	+ 36	+ 64.3
On loans	86	69	+ 17	+ 24.6
All other	72	32	+ 40	+125.0
Profits on securities sold or redeemed	103	66	+ 37	+ 56.1
Losses and charge-offs—total	290	271	+ 19	+ 7.0
On securities	116	121	— 5	— 4.1
On loans	75	80	— 5	— 6.3
All other	99	70	+ 29	+ 41.4
Net profits before dividends	638	441	+197	+ 44.7
Cash dividends declared and interest paid on capital	233	228	+ 5	+ 2.2
Net profits after dividends	405	213	+192	+ 90.1
Number of banks	13,274	13,347	— 73	— 0.5

Non-Ferrous Metals—Copper Deliveries For June Expected to Exceed 150,000 Tons

"E. & M. J. Metal and Mineral Markets," in its issue of June 1, states "Domestic sales of copper, plus a substantial tonnage of foreign metal ear-marked for shipment to consumers, point to deliveries for June of more than 150,000 tons. Lead producers also booked a large tonnage for June shipment. The position of zinc remains satisfactory, though brass mills showed some reserve in taking on June metal. Inquiry for quicksilver improved in some quarters, and prices were maintained during the last week at $110 to $114 per flask. Metals Reserve Co. announced a revised selling schedule for manganese ore that simplifies the basis for both foreign and domestic material." The publication further went on to say in part:

Copper

With deliveries of copper to domestic consumers absorbing around 60,000 tons of foreign metal a month, the stockpile is being reduced at a higher rate than anticipated. Stockpile figures are not available for publication. Domestic deliveries of copper during the first half of 1944 will total around 843,500 tons, according to preliminary estimates, which compares with 841,857 tons in the Jan.-June period of 1943.

Domestic mines produced copper at the rate of 2,994 tons daily in April, against 3,037 tons daily in March, the Bureau of Mines reports.

Lead

Purchases of lead for June shipment, covering domestic and foreign metal, were unusually large, the sales record for May shows. The government's stockpile is being reduced, but not at a rate to cause any apprehension.

Sales in the domestic market for the last week involved 4,299 tons, against 1,948 tons in the week previous. June requirements of consumers are more than 90% covered.

Mine output of lead in this country averaged 1,240 tons daily in April, against 1,250 tons daily in March, according to the Bureau of Mines.

Consumption of purchased lead scrap and residues during March was 36,139 tons, containing 26,298 tons of lead, according to the Bureau of Mines. This compares with 35,053 tons, containing 25,818 tons of lead, in February. Stocks of lead-bearing scrap at the end of March totaled 70,763 tons (gross weight), against 70,671 tons a month previous.

Secondary lead recovery in March, according to kind, was in the following percentages: In antimonial lead, 55; soft lead, 21; in solder 10; in bearing metals, 8; in type metals, 6.

Zinc

Mine output of zinc, in terms of recoverable metal, amounted to 64,123 tons in March, the Bureau of Mines reports. The daily rate of production for April was 2,137 tons, which compares with 2,178 tons daily in March.

In view of the high level of activity at the brass mills, the trade is a little disappointed in the sales volume of June metal that has been placed so far by that industry. Inventories are being reduced, sellers believe.

Manganese Ore

The Metals Reserve Co., effective May 15, 1944, has established a selling basis for manganese ore of 85c. per long-ton unit of contained manganese, based on New York, Philadelphia, Baltimore, Norfolk, Mobile, and New Orleans. On foreign ore, the selling price includes the duty. Usual premiums, penalties, and freight differentials obtain. MRC stations in the West (Fontana, Provo, and Pueblo) will sell ore on the basis of 91c. per unit. The price schedule is subject to change without notice.

Tin

Third-quarter quota for tin-mill products is reported at 875,000 tons, which compares with 825,000 tons in the second quarter. These totals include some black plate.

Exports of tin concentrates from Bolivia during March contained 3,154 metric tons of fine tin, against 3,646 tons in March last year, according to the American Metal Market. Exports during the first three months of 1944 totaled 8,692 tons, which compares with 10,308 tons in the same period last year.

The price situation in tin remains unchanged. Straits quality tin for shipment, in cents per pound, was as follows:

	June	July	August
May 25	52.000	52.000	52.000
May 26	52.000	52.000	52.000
May 27	52.000	52.000	52.000
May 29	52.000	52.000	52.000
May 30		Holiday	
May 31	52.000	52.000	52.000

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

Quicksilver

Inquiry for quicksilver has improved, and some operators viewed the market as steady as the week ended. Cost of producing the metal has risen in the war period, and prevailing prices are forcing some low-cost mines to curtail. An expansion in demand might strengthen prices, dealers contend, even though the total supply, which includes the stockpile, is large. The government is not expected to dump any of its surplus metal on the market. Quotations continued at $110 to $114 per flask.

The Union of South Africa produced 1,158 flasks of quicksilver during 1943, according to Foreign Commerce Weekly, Department of Commerce.

Antimony

Supplies of antimony are ample, and producers look with favor on any moves to expand consumption. Demand for the metal in connection with battery production and the lead-antimony alloys has been good. The price situation remains unchanged, largely because most of the surplus metal is tied up in the stockpile.

The I.C.C. has equalized the freight tariff on antimony, which officially establishes the rate now in effect for the movement of the metal to various marketing centers.

Silver

The London market for silver was quiet and the price unchanged at 23½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70⅝c. The Treasury's price of foreign silver held at 35c. an ounce troy.

Lumber Movement—Week Ended May 27, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 503 mills reporting to the National Lumber Trade Barometer were 4.9% above production for the week ended May 27, 1944. In the same week new orders of these mills were 3.2% above production. Unfilled order files of the reporting mills amounted to 124.0% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 31 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 7.8%; orders by 12.1%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 12.2% greater; shipments were 20.0% greater; and orders were 22.7% greater.

Daily Average Crude Oil Production For Week Ended May 27, 1944 Up Only 650 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 27, 1944 was 4,514,050 barrels, an increase of 650 barrels over the previous week and 543,750 barrels per day more than produced during the corresponding week of 1943. The current figure, however, was 5,650 barrels less than the daily average figure recommended by the American Petroleum Institute for the month of May, 1944. Daily production for the four weeks ended May 27, 1944 averaged 4,512,000 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 4,532,000 barrels of crude oil daily and produced 13,502,000 barrels of gasoline; 1,582,000 barrels of kerosine; 4,702,000 barrels of distillate fuel oil, and 8,568,000 barrels of residual fuel oil during the week ended May 27, 1944; and had in storage at the end of that week 86,468,000 barrels of gasoline; 7,696,000 barrels of kerosine; 32,035,000 barrels of distillate fuel, and 49,812,000 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)

	*P. A. W. Recommendations May	*State Allowables begin May 1	Actual Production Week Ended May 27, 1944	Change from Previous Week	4 Weeks Ended May 27, 1944	Week Ended May 29, 1943
Oklahoma	330,000	328,000	†333,650	— 200	334,200	323,250
Kansas	285,000	269,600	†283,550	— 250	278,100	299,450
Nebraska	900		†950	— 50	1,000	2,050
Panhandle Texas			91,000	----	91,000	91,100
North Texas			147,200	----	147,200	131,750
West Texas			429,150	----	429,100	226,750
East Central Texas			137,150	----	137,100	124,300
East Texas			364,100	----	364,100	339,300
Southwest Texas			307,050	----	307,100	214,000
Coastal Texas			519,850	----	519,800	375,200
Total Texas	1,972,000	‡1,976,904	1,995,500	----	1,995,400	1,502,400
North Louisiana			73,550	— 300	74,300	87,050
Coastal Louisiana			283,100	----	283,100	261,050
Total Louisiana	350,000	390,500	356,650	— 300	357,400	348,100
Arkansas	76,700	77,991	80,650	+ 200	80,300	72,900
Mississippi	43,000		40,400	— 650	41,000	54,000
Alabama			100	----	100	----
Florida			50	----	50	----
Illinois	220,000		208,500	— 6,100	212,000	211,550
Indiana	14,000		13,450	+ 1,100	13,000	13,650
Eastern— (Not incl. Ill., Ind., Ky.)	73,800		71,900	+ 1,050	71,400	79,700
Kentucky	23,000		20,700	— 950	21,200	21,950
Michigan	54,000		51,600	+ 5,250	50,500	61,700
Wyoming	94,000		85,750	+ 4,600	84,900	92,100
Montana	24,400		21,300	— 100	21,400	20,900
Colorado	7,200		8,350	+ 150	8,300	6,650
New Mexico	111,700	111,700	108,200	----	110,100	96,850
Total East of Calif	3,679,700		3,681,250	+ 3,750	3,680,500	3,207,200
California	840,000	§840,000	832,800	— 3,100	831,500	763,100
Total United States	4,519,700		4,514,050	+ 650	4,512,000	3,970,300

*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. May 25, 1944.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 1 to 14 days, the entire state was ordered shut down for 7 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 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 27, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

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

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,410	95.7	6,663	37,468	16,857	14,520
Appalachian— District No. 1	130	83.9	102	78.5	306	2,015	884	250
District No. 2	47	87.2	59	125.5	154	1,153	393	182
Ind., Ill., Ky.	824	85.2	752	91.3	2,726	19,584	4,530	2,791
Okla., Kans., Mo.	418	80.2	363	86.8	1,279	8,294	1,310	1,303
Rocky Mountain— District No. 3	8	26.9	13	162.5	37	70	6	31
District No. 4	141	58.3	94	66.7	358	2,305	317	562
California	817	89.9	739	90.5	1,979	15,579	7,738	30,173
Total U. S. B. of M. basis May 27, 1944	4,903	87.3	4,532	92.4	13,502	†86,468	32,035	49,812
Total U. S. B. of M. basis May 20, 1944	4,903	87.3	4,483	91.4	13,536	87,962	31,088	49,977
U. S. Bur. of Mines basis May 29, 1943			3,671		10,736	84,477	30,657	67,608

*At the request of the Petroleum Administration for War. †Finished, 74,373,000 barrels; unfinished, 12,095,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,582,000 barrels of kerosine, 4,702,000 barrels of gas oil and distillate fuel oil and 8,568,000 barrels of residual fuel oil produced during the week ended May 27, 1944, which compares with 1,738,000 barrels, 4,675,000 barrels and 8,415,000 barrels, respectively, in the preceding week and 1,447,000 barrels, 3,721,000 barrels and 7,623,000 barrels, respectively, in the week ended May 29, 1943.

Note—Stocks of kerosine at May 27, 1944 amounted to 7,696,000 barrels, as against 7,600,000 barrels a week earlier and 6,218,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on May 27 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 May 13, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 13 (in round-lot transactions) totaled 1,126,728 shares, which amount was 15.41% of the total transactions on the Exchange of 3,658,310 shares. This compares with member trading during the week ended May 6 of 1,205,393 shares, or 16.65% of the total trading of 3,619,170 shares. On the New York Curb Exchange, member trading during the week ended May 13 amounted to 254,815 shares, or 15.07% of the total volume on that exchange of 845,295 shares; during the May 6 week trading for the account of Curb members of 226,550 shares was 14.40% of total trading of 786,505 shares.

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

WEEK ENDED MAY 13, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	89,340	
‡Other sales	3,568,970	
Total sales	3,658,310	
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	262,780	
Short sales	36,550	
‡Other sales	253,540	
Total sales	290,090	7.56
2. Other transactions initiated on the floor—		
Total purchases	161,770	
Short sales	8,700	
‡Other sales	184,800	
Total sales	193,500	4.86
3. Other transactions initiated off the floor—		
Total purchases	95,818	
Short sales	6,500	
‡Other sales	116,270	
Total sales	122,770	2.99
4. Total—		
Total purchases	520,368	
Short sales	51,750	
‡Other sales	554,610	
Total sales	606,360	15.41

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

WEEK ENDED MAY 13, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	5,610	
‡Other sales	839,685	
Total sales	845,295	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	57,115	
Short sales	1,535	
‡Other sales	74,525	
Total sales	76,060	7.88
2. Other transactions initiated on the floor—		
Total purchases	15,580	
Short sales	1,450	
‡Other sales	24,085	
Total sales	25,535	2.43
3. Other transactions initiated off the floor—		
Total purchases	42,800	
Short sales	400	
‡Other sales	37,325	
Total sales	37,725	4.76
4. Total—		
Total purchases	115,495	
Short sales	3,385	
‡Other sales	135,935	
Total sales	139,320	15.07
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	44,614	
Total purchases	44,614	
Total sales	30,949	

*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."

President Says Allied Offensive Is Made On Basis Of Liberation Rather Than Invasion

Remarks of President Roosevelt on May 26, regarding Allied operations against Hitler, which he pointed out might preferably be described as liberation rather than invasion, were noted as follows in Washington advices, by Bert Andrews, in the New York "Herald Tribune."

"The Allied offensive in Europe will come off some time this summer. President Roosevelt said this afternoon at a press conference at which he strongly urged adoption of a Washington newspaper's suggestion that the term 'invasion' be dropped once and for all and that the more accurate word 'liberation' be used for the impending operation on the Continent.

* * *

"President Roosevelt did not read from the editorial he had in mind. It was from 'The Washington Post' of May 13, and he had the following as its concluding paragraphs:

"'As a military operation the coming invasion will be so mammoth that the very earth is already atingle. But to the people in Hitler's clutches this victory is an explosive idea. On the pennons of the invaders there is inscribed food and freedom. The famished see sustenance, the enslaved see liberty. Both are magical with promise.

"'In a way, we who don't live in these lands are finding the same glittering significance in food and freedom because we have had to fight to insure them. So the victory is a crusade. It will, please God, banish the fear that for so long has been gnawing at the vitals of mankind and enable us all to see our stars again. Call this an invasion when our backs are turned to a dying world and we are fronting a world seeking to be born? It is liberation. That is a word of the heart. Let us, then, call this invasion the liberation—the end and not the means, the civilizing purpose and not the military mission, the war aim and not the battle operation.'

"Mr. Roosevelt, in discussing the editorial, said that all of the Allies' plans were made on the basis of liberation."

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on June 5 that the tenders for $1,200,000,000, or thereabouts, of 91-day Treasury bills to be dated June 8 and to mature Sept. 7, 1944, which were offered on June 2, were opened at the Federal Reserve Banks on June 5.

The details of this issue are as follows:

Total applied for, $1,989,776,000.

Total accepted, $1,202,315,000 (includes $52,343,000 entered on a fixed price basis at 99.905 and accepted in full).

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

Range of accepted competitive bids:

High, 99.908, equivalent rate of discount approximately 0.364% per annum.

Low, 99.905, equivalent rate of discount approximately 0.375% per annum.

(56% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 8 in the amount of $1,035,494,000.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 27 a summary for the week ended May 20 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended May 20, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	14,912
Number of shares	419,297
Dollar value	$17,660,101
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	193
*Customers' other sales	16,110
Customers' total sales	16,303
Number of Shares:	
Customers' short sales	6,510
*Customers' other sales	404,729
Customers' total sales	411,239
Dollar value	$13,988,478
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	90
†Other sales	119,800
Total sales	119,890
Round-Lot Purchases by Dealers:	
Number of shares	141,100

*Sales marked "short exempt" are reported with "other sales."

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

Revenue Freight Car Loadings During Week Ended May 27, 1944 Decreased 1,245 Cars

Loading of revenue freight for the week ended May 27, 1944, totaled 869,860 cars, the Association of American Railroads announced on June 2. This was an increase above the corresponding week of 1943 of 16,077 cars, or 1.9%, and an increase above the same week in 1942 of 74,239 cars or 9.3%.

Loading of revenue freight for the week of May 27, decreased 1,245 cars, or 0.1% below the preceding week.

Miscellaneous freight loading totaled 385,524 cars, a decrease of 740 cars below the preceding week, but an increase of 1,797 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 105,085 cars, an increase of 704 cars above the preceding week, and an increase of 6,695 cars above the corresponding week in 1943.

Coal loading amounted to 182,692 cars, an increase of 5,822 cars above the preceding week, and an increase of 10,082 cars above the corresponding week in 1943.

Grain and grain products loading totaled 41,125 cars, an increase of 485 cars above the preceding week but a decrease of 2,301 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of May 27, totaled 26,242 cars, an increase of 954 cars above the preceding week but a decrease of 2,768 cars below the corresponding week in 1943.

Live stock loading amounted to 14,110 cars, a decrease of 374 cars below the preceding week, but an increase of 546 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of May 27 totaled 10,602 cars, a decrease of 280 cars below the preceding week, but an increase of 945 cars above the corresponding week in 1943.

Forest products loadings totaled 43,626 cars, a decrease of 3,210 cars below the preceding week and a decrease of 539 cars below the corresponding week in 1943.

Ore loading amounted to 82,741 cars, a decrease of 4,038 cars below the preceding week and a decrease of 248 cars below the corresponding week in 1943.

Coke loading amounted to 14,957 cars, an increase of 106 cars above the preceding week, and an increase of 45 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Eastern and Pocahontas. All districts reported decreases compared with 1942, except the Eastern, Allegheny, Northwestern, Centralwestern and Southwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
Week of May 6	836,978	816,538	839,286
Week of May 13	868,309	849,032	839,054
Week of May 20	871,105	843,842	837,676
Week of May 27	869,860	853,783	795,621
Total	17,606,001	16,949,157	17,677,746

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 27, 1944. During the period 67 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED MAY 27

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	249	266	406	1,377	1,370
Bangor & Aroostook	1,065	842	1,669	587	290
Boston & Maine	7,140	6,280	5,943	14,866	13,614
Chicago, Indianapolis & Louisville	1,331	1,425	1,500	2,252	2,060
Central Indiana	30	42	35	41	33
Central Vermont	1,049	1,076	806	2,225	2,511
Delaware & Hudson	6,106	6,470	4,243	12,468	12,233
Delaware, Lackawanna & Western	7,913	8,117	7,304	11,284	11,566
Detroit & Mackinac	276	376	302	131	82
Detroit, Toledo & Ironton	1,798	1,762	1,652	1,183	1,538
Detroit & Toledo Shore Line	338	278	282	2,693	2,685
Erie	14,006	13,080	11,475	17,433	19,787
Grand Trunk Western	4,166	3,975	3,958	8,791	7,747
Lehigh & Hudson River	187	206	198	3,360	2,598
Lehigh & New England	1,810	2,240	1,330	1,708	1,695
Lehigh Valley	9,127	8,905	7,042	16,481	13,870
Maine Central	2,225	2,243	2,108	2,926	2,020
Monongahela	6,676	6,493	5,952	321	424
Montour	2,763	2,559	2,409	24	50
New York Central Lines	49,434	50,441	45,588	55,048	57,973
N. Y., N. H. & Hartford	9,949	10,228	9,028	19,110	18,173
New York, Ontario & Western	1,529	1,420	652	3,640	2,451
New York, Chicago & St. Louis	6,592	7,749	6,961	15,773	15,097
N. Y., Susquehanna & Western	462	536	435	2,143	2,668
Pittsburgh & Lake Erie	7,558	7,933	8,125	9,385	10,174
Pere Marquette	4,895	5,223	5,178	8,420	7,279
Pittsburg & Shawmut	881	1,059	712	58	9
Pittsburg, Shawmut & North	389	392	380	257	256
Pittsburgh & West Virginia	1,340	1,175	1,005	2,484	3,997
Rutland	406	352	335	1,103	1,016
Wabash	5,076	5,510	4,681	12,840	12,331
Wheeling & Lake Erie	5,370	6,425	5,406	4,190	4,891
Total	162,136	165,079	147,100	234,602	232,498
Allegheny District—					
Akron, Canton & Youngstown	718	760	654	1,258	1,098
Baltimore & Ohio	48,531	43,347	36,697	29,304	30,419
Bessemer & Lake Erie	6,589	6,587	7,789	2,119	2,019
Buffalo Creek & Gauley	284	288	322	6	2
Cambria & Indiana	1,664	1,884	2,022	9	7
Central R. R. of New Jersey	7,210	7,276	6,340	21,378	20,728
Cornwall	544	674	642	64	61
Cumberland & Pennsylvania	234	312	267	10	10
Ligonier Valley	170	162	125	24	40
Long Island	1,342	1,121	821	3,620	3,911
Penn-Reading Seashore Lines	1,706	1,817	1,443	2,891	3,052
Pennsylvania System	89,637	86,228	80,046	69,024	70,524
Reading Co.	15,916	15,596	12,171	28,126	28,476
Union (Pittsburgh)	20,680	21,302	21,609	7,698	7,403
Western Maryland	4,255	4,461	3,926	12,517	11,988
Total	199,480	191,815	174,874	178,048	179,738
Pocahontas District—					
Chesapeake & Ohio	29,860	30,366	29,295	14,370	15,166
Norfolk & Western	22,201	23,081	23,638	8,112	7,019
Virginian	4,857	4,986	4,661	2,276	2,104
Total	56,918	58,433	57,594	24,758	24,289

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Southern District—					
Alabama, Tennessee & Northern	269	268	387	427	314
Atl. & W. P.—W. R. R. of Ala.	790	622	722	3,142	2,824
Atlanta, Birmingham & Coast	711	733	852	1,514	1,135
Atlantic Coast Line	11,773	12,563	13,056	9,699	10,204
Central of Georgia	3,922	4,076	3,696	5,618	5,355
Charleston & Western Carolina	432	462	477	1,887	1,885
Clinchfield	1,693	1,608	1,673	3,199	2,847
Columbus & Greenville	228	333	341	279	163
Durham & Southern	137	99	186	653	723
Florida East Coast	1,515	2,201	1,214	1,269	1,888
Gainesville Midland	53	40	33	164	90
Georgia	1,265	1,235	1,335	2,962	3,146
Georgia & Florida	395	343	334	721	541
Gulf, Mobile & Ohio	4,252	3,758	4,222	4,329	4,847
Illinois Central System	28,824	27,112	28,609	16,022	22,826
Louisville & Nashville	26,305	26,692	27,483	12,341	13,131
Macon, Dublin & Savannah	184	170	128	958	792
Mississippi Central	265	219	145	640	457
Nashville, Chattanooga & St. L.	3,408	3,332	3,844	4,412	5,057
Norfolk Southern	1,005	1,181	1,123	1,650	1,784
Piedmont Northern	390	364	360	1,201	1,197
Richmond, Fred. & Potomac	430	413	473	11,068	12,401
Seaboard Air Line	10,406	10,574	9,146	9,062	8,150
Southern System	23,855	21,501	23,943	25,303	25,993
Tennessee Central	764	686	676	865	875
Winston-Salem Southbound	154	125	100	1,258	880
Total	123,425	120,710	124,558	120,643	129,504
Northwestern District—					
Chicago & North Western	20,844	19,303	19,418	13,583	13,032
Chicago Great Western	2,713	2,751	2,151	3,412	3,180
Chicago, Milw., St. P. & Pac.	20,689	21,491	17,580	10,686	11,540
Chicago, St. Paul, Minn. & Omaha	3,494	3,308	3,316	3,653	3,758
Duluth, Missabe & Iron Range	26,499	27,141	28,064	195	237
Duluth, South Shore & Atlantic	767	1,014	790	565	524
Elgin, Joliet & Eastern	9,193	8,577	10,571	11,990	10,821
Ft. Dodge, Des Moines & South	377	452	511	118	105
Great Northern	23,437	24,643	20,028	7,699	6,911
Green Bay & Western	495	432	529	990	847
Lake Superior & Ishpeming	2,707	2,514	2,923	47	108
Minneapolis & St. Louis	2,101	1,695	1,769	2,745	2,161
Minn., St. Paul & S. S. M.	6,836	6,413	6,057	4,188	2,923
Northern Pacific	10,599	10,452	8,858	6,511	5,643
Spokane International	178	175	138	800	597
Spokane, Portland & Seattle	2,366	2,689	1,984	3,005	3,495
Total	133,295	133,056	124,687	70,187	65,882
Central Western District—					
Atch., Top. & Santa Fe System	24,024	23,298	21,660	12,112	13,001
Alton	3,130	2,770	2,950	3,972	6,569
Bingham & Garfield	434	472	748	72	110
Chicago, Burlington & Quincy	18,416	17,404	13,495	12,556	11,798
Chicago & Illinois Midland	3,372	3,173	2,564	839	491
Chicago, Rock Island & Pacific	10,934	12,192	10,622	12,863	13,501
Chicago & Eastern Illinois	2,707	2,489	2,129	6,113	5,922
Colorado & Southern	574	731	675	2,518	2,002
Denver & Rio Grande Western	3,553	3,429	2,618	5,812	6,204
Denver & Salt Lake	622	649	566	17	14
Fort Worth & Denver City	765	768	1,205	1,631	2,586
Illinois Terminal	2,098	1,465	1,852	2,136	1,350
Missouri-Illinois	971	755	1,081	533	151
Nevada Northern	1,667	2,109	2,034	127	121
North Western Pacific	915	1,096	862	734	720
Peoria & Pekin Union	1	0	5	0	0
Southern Pacific (Pacific)	30,600	32,648	25,446	13,943	14,140
Toledo, Peoria & Western	287	326	249	1,977	1,990
Union Pacific System	14,172	13,050	11,083	18,624	16,602
Utah	505	554	483	5	5
Western Pacific	2,276	2,273	1,524	4,468	3,528
Total	122,023	121,651	103,851	101,052	100,805
Southwestern District—					
Burlington-Rock Island	267	867	151	460	723
Gulf Coast Lines	6,613	3,399	4,525	2,598	2,606
International-Great Northern	2,279	3,399	2,966	3,803	3,529
Kansas, Oklahoma & Gulf	299	208	378	1,020	210
Kansas City Southern	6,609	4,866	5,512	2,804	1,696
Louisiana & Arkansas	3,458	3,838	4,136	2,788	3,210
Litchfield & Madison	411	381	332	1,268	1,162
Midland Valley	641	243	756	556	229
Missouri & Arkansas	158	125	119	382	311
Missouri-Kansas-Texas Lines	6,284	4,927	4,352	5,051	3,208
Missouri Pacific	16,003	12,020	14,274	20,178	20,680
Quanah Acme & Pacific	81	58	101	366	17[illegible]
St. Louis-San Francisco	8,745	7,765	8,445	8,966	12,681
St. Louis Southwestern	3,056	3,040	2,715	7,509	6,135
Texas & New Orleans	12,836	12,939	9,830	5,009	4,510
Texas & Pacific	4,710	4,854	4,180	7,098	9,223
Weatherford M. W. & N. W.	112	85	155	103	44
Wichita Falls & Southern	21	25	30	23	8
Total	72,583	63,039	62,957	69,982	70,344

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
Feb. 5	185,069	151,102	628,048	97	93
Feb. 12	154,797	151,870	630,449	97	94
Feb. 19	130,252	148,533	609,429	96	94
Feb. 26	151,980	139,044	621,875	93	94
March 4	178,375	146,926	650,606	95	94
March 11	152,627	144,761	655,682	95	94
March 18	136,105	150,940	639,537	95	94
March 25	125,806	147,604	613,978	97	94
April 1	138,724	141,959	607,537	93	94
April 8	179,056	144,422	635,727	94	94
April 15	145,936	143,883	636,176	92	94
April 22	138,712	158,871	610,555	93	94
April 29	147,768	156,041	601,880	98	95
May 6	186,666	158,534	628,495	98	95
May 13	144,921	150,435	620,728	95	95
May 20	140,287	157,370	602,062	97	95
May 27	138,501	155,105	582,090	96	95

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

Mahan Nominated For President Of M. B. A.

L. E. Mahan, St. Louis mortgage bankers and President of L. E. Mahan & Co., has been selected as the official nominee for next President of the Mortgage Bankers Association of America, according to an announcement on June 2 by the organization's nominating committee headed by Charles A. Mullenix, Cleveland. Mr. Mahan's nomination was submitted to and approved by the Association's Board of Governors at their regular spring meeting at Chicago June 2 at the Drake Hotel. Nomination is tantamount to election, which will take place at the annual business meeting at the Edgewater Beach Hotel, Chicago, October 18, 19 and 20. He will succeed H. G. Woodruff, Detroit.

Mr. Mahan's association with the Mortgage Bankers Association as an active member covers more than two-thirds of the organization's history. He became a member in 1924 and was elected to its Board of Governors three years later. He has served in that capacity or as regional Vice-President or Vice-President since that time. During this period he has served on, or acted as Chairman of, more than 20 Association committees. Mr. Mahan has been in mortgage banking since 1915 when he became associated with the Mississippi Valley Trust Co., St. Louis, in the farm loan department. Since 1919 he has devoted his attention to the city loan field, having been an officer of the First National Co., and President of the Real Estate Mortgage Trust Co., both of St. Louis.

During World War I he was called to Washington to take charge of all real estate and mortgages in this country and possessions taken in connection with the Trading With the Enemy Act. He organized L. E. Mahan & Co. in 1931. He was one of the founders of the Mortgage Bankers Association of St. Louis and the Mortgage Bankers Legion, affiliate of the national Association. He is a director of the Paramount Fire Insurance Co., New York, and of St. Louis Fire & Marine Insurance Co. of St. Louis. He also serves on the boards of several other corporations.

ABA Booklet On Safekeeping

Responding to many requests received for information on ways in which safekeeping service for war bonds is being given to the public, the Bank Management Commission of the American Bankers Association has published a new booklet on safekeeping. The 20-page booklet contains articles published on this subject in several banking magazines, including "Banking," "Bankers Monthly," and "Burroughs Clearing House." It also contains short articles on what individual banks are doing, and carries reproductions of the forms that they are employing in this service. Examples are given of the methods used by banks in Hillsboro, Oregon; St. Joseph, Mo. Phoenix, Ariz; Rochester, N. Y.; Plainfield, N. J.; Manchester, Conn., and Hilton Village, Va. In addition it has a symposium of opinion on this subject contributed by many banks.

In a foreword to the booklet, the Bank Management Commission disclaims any intention of promoting the safekeeping practice. At the same time it recognizes the scarcity of safety deposit boxes and the necessity that banks have for providing some plan of safekeeping service to the public during the emergency. It has met this problem it says by publication of this booklet containing the experience of banks in this field.

Items About Banks, Trust Companies

Manufacturers Trust Co. of New York announces that William J. Cuddihy, Frederick G. Rudolph and Helmuth T. Swenson, all of whom have been associated with the bank's corporate trust department for a number of years, have been appointed Assistant Trust Officers. Mr. Cuddihy is located at the bank's stock transfer department at 80 Broad Street, New York. Messrs. Rudolph and Swenson are in the corporate trust department at 45 Beaver Street, New York.

Lieut. Richard Harold Sperry, a bomber pilot who was killed on Jan. 11, 1944, while on a mission over Europe, was awarded the postumous degree of Master of Business Administration at the 112th Commencement of New York University on June 7. In announcing this on June 2, Chancellor Harry Woodburn Chase stated that Lieut. Sperry, son of Mr. and Mrs. Harold Sperry of Norwalk, Conn., had completed all of the requirements for the degree with the exception of the final thesis before entering the Army Air Corps three years ago. A graduate of Yale University (1936), he had been affiliated with the Irving Trust Co. while attending classes at the New York University Graduate School of Business Administration at 90 Trinity Place.

William L. Schneider, Vice-President of Manufacturers Co. of New York, died suddenly on May 30 at his home in Brooklyn. He was 66 years old and had been with the bank for 50 years. Mr. Schneider was born in Brooklyn. He began his banking career in 1894 with the former Broadway Bank of Brooklyn. When that bank merged with the Citizens Trust Co. in 1912, Mr. Schneider was appointed an Assistant Secretary of the institution. In 1915 The Citizens Trust Co. merged with Manufacturers Trust Co. In 1919 Mr. Schneider was appointed Secretary of Manufacturers Trust Co. and in 1912 Vice-President. From 1929 until his death Mr. Schneider was in charge of the bank's legal and insurance department.

John P. Stevens, Jr. was elected a member of the Board of Trustees of Central Hanover Bank and Trust Company, New York, at a regular meeting of the Board held on June 6. Mr. Stevens is President of the J. P. Stevens Company, Inc., a textile commission house founded by his father in 1899. He is engaged in various civic and charitable activities, notably the Red Cross War Fund of which he was Vice-Chairman for the Greater N. Y. 1943 Drive and Chairman of the Greater N. Y. 1944 Drive. At present he is Director of the Payroll Savings Division of the War Savings Staff, Treasury Department. Mr. Stevens is a graduate of Yale University and Harvard Law School, and lives in Plainfield, New Jersey.

The New York State Banking Department announced on May 26 its approval of an increase in the capital stock of Pan American Trust Co., 70 Wall Street, New York. The increase will be from $700,000, consisting of 28,000 shares of par value $25, to $1,000,000, consisting of 40,000 shares of par value $25. Previous reference to the increase in the capital appeared in our issue of May 25, page 2182.

S. Sloan Colt, President of Bankers Trust Co. of New York announces that at a meeting of the Board of Directors held June 6, Robert C. Patterson was elected Assistant Vice-President. He will assume his duties with Bankers Trust Co. on Sept. 1. Mr. Patterson is at present Chief Administrative Officer and Chairman of the Review Committee of the RFC Price Adjustment Board, handling renegotiations of war contracts for the Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Company and the Rubber Reserve Company.

Mr. Patterson was born in Portland, Maine, in 1897. He graduated from the University of Michigan with the Class of 1918. He spent 10 years in South America for the National City Bank of New York and other companies. Later, for several years, he entered the field of auditing and accounting, and in this capacity was connected with the General Motors Corp. for five years. In 1935 he joined the Bureau of the Budget in Washington where his work was primarily with Government corporations.

Gilbert C. Barrett, a trustee of the Brooklyn Savings Bank of Brooklyn, N. Y., since 1941, has been elected Vice-President by the Board of Trustees. He has been with the bank 32 years. Warren E. Garretson has been elected Controller and Leslie G. Cheshire, Cashier. Howard C. Peck, Vice-President, has retired from the bank after 38 years of service, the announcement stated.

Adrian Van Sinderen, President of the bank, has also announced the election of Joseph W. Catharine and Meredith C. Laffey to the bank's Board of Trustees. Mr. Catharine is President of the Chauncey Real Estate Co. of Brooklyn and Mr. Laffey is Second Vice-President of the Equitable Life Assurance Society of the United States.

Shareholders of the Cumberland National Bank of Bridgeton, N. J., which, it is said is the oldest banking institution in south Jersey, will meet on June 8 for the purpose of taking action on a proposed plan, approved by the Comptroller of Currency, for an increase of the common stock of the bank from $200,000 to $300,000 by the declaration of a $100,000 stock dividend; for a further increase of the common stock of the bank from $300,000 to $400,000, to be accomplished by the sale at par, of 100 additional shares of such stock at the par value of $100 each; also for the retirement of all outstanding preferred stock "A" and preferred stock "B" of the bank, after the common stock has been increased to $400,000, as aforementioned. We quote the foregoing from the local Bridgeton newspaper, in which it was also stated:

"The shareholders will also act on a complete new set of articles of association for the bank in which there will be no reference to preferred stock of any class. The new articles of association, the approval of which, along with the other provisions referred to, seem assured, will become effective upon the retirement of the outstanding preferred stock, the articles providing for the indicated readjustment of capital and for a requisite affirmative vote of the holders of at least a majority of the stock of the bank to further amend the articles, subject to the provisions of the national banking laws."

George E. Diament, President of the bank, is quoted as saying:

"The common shareholders have not received a cash dividend since January, 1933, but we have accumulated reserves for the common shareholders in the amount of $100,000, which will now be paid to them as a stock dividend of one share for each two shares presently owned, at no cost to them. This is equal to about a 4% return on the par value of their stock since 1933.

"The Board of Directors has declared a cash dividend of 2% payable Aug. 1, 1944, on all common stock of record on June 15, 1944."

The directors of the Mellon National Bank of Pittsburgh, Pa., have added $2,500,000 to surplus, increasing that fund to $35,000,000. The capital is $7,500,000, which now gives the bank a capital and surplus of $42,500,000.

The Toledo "Blade" of May 27 reported the organization of the State Bank of Toledo, to replace the Financial Securities Corp., with a special plan bank. Announcement, it is said, was made by C. H. Speck, President of the Financial Securities Corp. The bank will have a capital of $200,000 and a paid-in surplus of $50,000, he said.

In the course of the reorganization most of the preferred stock of the Financial Securities Corp. will be paid off and redeemed, Mr. Speck said.

From the Toledo "Blade" we also quote:

The Financial Securities Corp. has been in business nearly 16 years. Mr. Speck said the new bank will specialize in making personal loans to individuals and in purchasing installment contracts from dealers. The new bank also will operate a savings department and offer commercial accounts.

Application of the new bank to become a member of the Federal Deposit Insurance Corp. was approved in Washington yesterday.

While the preferred stock of the finance company will be liquidated July 1, the new banking institution is expected to open at a later date.

Officers of the securities corporation are Mr. Speck, President; K. D. Keilholtz, Vice-President; W. L. Alexander, Jr., Secretary-Treasurer, and G. D. Lehmann, Assistant Secretary.

The Bank of Urich, Urich, Mo., became a member of the Federal Reserve Bank on May 31, according to an announcement by the Federal Reserve Bank of St. Louis, which also said:

"The new member started operations as a private bank in 1886, and was incorporated in 1888. It has a capital of $25,000, surplus of $6,000 and total resources of $692,622. Its officers are: A. H. Harvey, President; F. N. Erwin, Vice-President; W. H. Erwin, Cashier, and E. E. Erwin, Assistant Cashier. The addition of the Bank of Urich brings the total membership of the Federal Reserve Bank of St. Louis to 466. These member banks hold over 70% of the net deposits of all banking institutions in the Eighth District."

Beverly D. Harris has retired as President of the Second National Bank of Houston, Texas, a post he had held since 1932. According to Col. W. B. Bates, Chairman of the Board of Directors, Mr. Harris will continue to be connected with the bank in an advisory capacity. Lewis Randolph Bryan, Jr., Executive Vice-President, who has been with the bank for 25 years, has been elected to succeed Mr. Harris in the Presidency. The local newspaper reports that Mr. Bryan joined the Second National Bank then Lumbermen's National Bank as Assistant Cashier July 15, 1919. In 1942 he was elected Executive Vice-President. It is added:

"In addition to his banking duties, Mr. Bryan has served as director of the Fort Worth & Denver City Ry. Co. and is a past director and Treasurer of the Houston Chamber of Commerce and past director and Treasurer of the Houston Community Chest.

"He is now Vice-President and Chairman of the Finance Committee of the Sam Houston Area Council, Boy Scouts of America, and is directing the Camp Strake improvement drive which is nearing a successful conclusion. He is Chairman of the Civil Service Commission of the City of Houston; Treasurer of the Houston Council, Navy League of the United States; Vice-Chairman of the Military Affairs Committee of the Houston Chamber of Commerce; member of the Houston Club.

"For many years he served as Assistant Chief-of-Staff of the 36th Division, Texas National Guard, retiring in 1938 as Brevet Colonel.

"Mr. Bryan, who was born in 1892, joined the Army in 1917, was commissioned a Captain of Infantry; served overseas during World War I with the 36th Division and was promoted to Major at the front."

From the same newspaper account it is learned that Mr. Harris, in retiring, brings to a close what his associates at the Second National Bank say is one of the longest banking careers of any man in Texas. He served eight banks a total of 57 years. He tops by two years the record of Nathan Adams of Dallas, who retired a few years ago, after serving for 55 years in the same bank, in which both he and Mr. Harris started—the American National Bank, his friends report. The advices from which we quote also said:

"Mr. Harris began his career with the Dallas bank in 1887 when he was 15. He was with that bank for a number of years and moved to Houston in the early part of the present century. He was President of the South Texas National Bank at the time, shortly before World War I, that it merged with the Commercial National Bank to form the South Texas Commercial National Bank.

"He later went to the National City Bank of New York, and became ranking Vice-President of that institution, leaving about 1925 to become President of the Monsanto Chemical Co. Mr. Harris returned to Houston in 1927.

"At the invitation of the late Samuel Fain Carter, then President of the Second National, Mr. Harris joined the local bank that year as Active Vice-President. He was named Senior Vice-President the following year.

"In 1932, upon the retirement of Guy M. Bryan, he was elevated to the Presidency, having served in that capacity for the succeeding 12 years.

Mr. Harris was co-Chairman with George V. Rotan in the campaign for the Cruiser Houston war bond sales in December, 1942.

The Board of Governors of the Federal Reserve System reports that the Bank of Aberdeen, Aberdeen, Idaho, a State member bank, has been absorbed by First Security Bank of Idaho, National Association of Boise, Idaho, effective May 22.

Paul S. Dick, President of the United States National Bank of Portland, Ore., announced, following the regular monthly meeting of the Board of Directors on May 26, the following promotions from the position of Assistant Vice-Presidents to Vice-Presidents: Charles R. Harding, E. J. Kolar and A. L. Powers.

President Intimates He Will Run Again

An intimation that President Roosevelt plans to run again for President was contained in his remarks at his press conference on May 26 in indicating that he hoped to see Prime Minister Churchill some time this summer, or in the autumn, or in the late spring. According to advices to the New York "Herald Tribune" from its Washington bureau it was stated that the President dropped the remark that time will tell whether he will run again. As to what he had to say about seeing Mr. Churchill then, these advices said:

His reference obviously was to next autumn and to next spring. Not a single reporter present was fast enough on the trigger to ask Mr. Roosevelt whether he meant that he expected to be President whether the meeting was in the summer, the autumn, or the late spring.

Today's Democratic political story began when a reporter reminded Mr. Roosevelt that he had so far received more than enough delegates to assure his renomination; that is, unless he refused it.

Mr. Roosevelt began to laugh and the reporter went on the defensive.

"Now, I'm not asking you whether you have reached a decision," the reporter said, his voice rising. "I'm asking whether you can tell us when you will reach a decision."

President Roosevelt, still laughing, said that was a good question; that he was awfully interested in the variety of ways in which the question has been put; that he was making a list of them.

"You have only 54 days of time left," said a second reporter, referring to the time remaining before the Democratic National Convention.

President Roosevelt kept on laughing. He said it reminded him of a woman in 1940, and then he told about the slogan that turned out to have diminishing returns.

Another reporter tried another tack.

He wanted to know whether Mr. Roosevelt had been notified of his nomination for President by the Liberal party in New York.

President Roosevelt said he had been notified in very intimate terms by 90% of the press and that the notices were still coming in.

Later Washington advices (Associated Press) May 30 stated:

President Roosevelt dropped another hint today that he may be planning a conference with Prime Minister Churchill of Great Britain, but smilingly made it clear that his plans in that direction do not go beyond the end of his present term on Jan. 20.

His use last week of the phrase "late spring" in discussing a possible Churchill meeting, Mr. Roosevelt said, was a slip of the tongue. In referring to possible meeting times at last Friday's (May 26) news conference Mr. Roosevelt had mentioned three seasons: this summer, the fall or late spring. He told the conference today that he had not meant to be technical and that he had always regarded June, July and August as the summer time.

Drastic Tax Cut At End Of War Urged

The New York Chamber of Commerce at its monthly meeting June 2 adopted a report presented by Peter Grimm, Chairman of the Committee on Taxation, urging a drastic cut in taxes at the end of the war in order to insure the continuance of free enterprise. Mass employment through Government spending for public works would not solve the postwar employment problem, the Committee said in presenting three recommendations based on sufficient revenue being raised to meet a balanced peace-time budget:

"(1) That a substantial reduction be made in individual income taxes in all brackets so that encouragement may be given to individual initiative, and individual investment of risk capital in enterprises in order that these factors may be effective in increasing employment;

"(2) That the corporation income taxes be reduced;

"(3) That the excess profits tax on corporations be repealed in order to encourage expansion, initiative and more jobs in business enterprise.