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The Financial Situation

Critics of the Administration are quite correct when they assert, as they have been doing frequently of late, that the Roosevelt regime, despite all it has had to say about preparing for peace, is in fact by no means ready for the end of the war. Should peace come, as we all must hope, at some not distant date, it would find the powers that be confused, uncertain, and unprepared. In a short time they would in all probability be at work improvising.

Governor Dewey was no less right the other day when he remarked that the task of getting this country back on a peace basis, economically speaking, with full employment will require a degree of competence which this Administration has not yet shown in anything—unless it be, as the Governor did not add, in getting votes. The "opposition" is also on strong ground when it insists that Government cannot give or guarantee "full" employment; that only private industry is capable of full and effective utilization of the labor force.

Panaceas of No Avail

It is well that the public be told again and again that talking glibly and acting wisely about post-war procedures, plans and programs are two quite different things. Likewise wholesome should be a constant and effective reiteration of the truth that a high state of real prosperity and a healthy state of business are not conditions which a government, no matter how well intentioned, or even how capable, can produce. Certainly it would be helpful if the rank and file can be fully and finally convinced during the months to come that the more abundant life they have been told so much about and promised so often is not at all likely to be realized as a result of any panacea or whole systems of panaceas, but that

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National City Bank Points To Large Foreign Balances Available For Post-War Reconstruction

Holds A Substantial Part Of Funds Needed For This Purpose Is In Accumulated Dollar And Sterling Balances

The August issue of the National City Bank's monthly Letter contains an interesting and instructive discussion of the need for credit and capital for world reconstruction. In view of the agreement to establish a Bank for Reconstruction and Development, recently adopted by the 44 United and Associated Nations at Bretton Woods this discussion is exceedingly timely, particularly as it presents a viewpoint of the situation which is generally ignored or overlooked. We therefore give space below to the Bank's full comments on the subject.

That the repairing of a war-shattered world will require the nations to work together in the supplying of relief, the rebuilding of disordered economies, and the stabilization of currencies is everywhere recognized. That this will involve international credits, both short- and long-term, and—in the case of relief in devastated areas—outright gifts, is likewise not seriously questioned. Nor is there much argument over the proposition that the United States, because of its strong monetary position and great productive resources, must play a leading role in world reconstruction if recovery is to succeed and bring the peace and prosperity to which people aspire.

The differences of opinion are not over the principle of providing relief and credit for reconstruction, but over the question of how much help is needed and how it should be supplied. Much of the discussion of post-war in-

ternational lending has seemed to imply a world outside the United States impoverished and without purchasing power, and chiefly dependent upon credits from this country to get going again.

In the natural preoccupation with ways and means of expanding international credit facilities in order to speed reconstruction and avert the chaos that many fear after the war, it would be easy to overlook the large and rapidly growing volume of gold and foreign exchange held outside the United States, or to the possibilities of internal generation of capital in financing rehabilitation and expansion in war-torn countries. Yet both considerations bear directly upon the size of the post-war international credit problem.

Growth of Foreign Gold and Dollar Resources

In weighing these factors, gold and dollar resources should come first. Most countries will be in need of materials and equipment from abroad, and gold and dollars

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Republican Governors' Conference Under Dewey Enunciates 14 Post-War Policies

The subject of reconversion and post-war jobs heads the list of statements of policy (14 in all) adopted by the Conference of 26 Republican Governors at St. Louis, held under the leadership of Thomas E. Dewey, Republican nominee for President. The Conference opened on Aug. 2, and adoption of nine principles portraying the Governors' views were adopted on Aug. 3; the other five having been adopted on Aug. 4.



Thomas E. Dewey

With respect to reconversion the Conference declared that "industry must be enabled to convert to peace time production immediately when war needs permit. Employers must be enabled promptly to know the policies of the Federal Government so they may prepare now for reconversion." The Conference further asserted that "the national Administration is now standing squarely in the path of the future employment of our returning veterans and millions of displaced war workers. Comprehensive and immediate action by the national Government is imperative to provide for prompt contract termination and plant clearance."

Other statements of policy adopted at the Conference on Aug. 3 bore on war veterans and their future; Federal aid in building and maintaining highways; public works planning; Federal acquisition of public and private lands, which it is noted, "has been increasing at an alarming rate"; the National Guard and organized reserves, as to which the statement of policy said:

"In the post-war period we shall need substantial armed forces, including the National Guard and organized reserves, together with the Reserve Officers' Training Corps, to afford an adequate national defense at all times." The statement further says "the New Deal is now seeking to undermine and abandon our traditional State National Guard system. Such action would ignore past experience; it would amass under centralized Federal control our entire military force in peacetime; it would deprive the various States of the military forces essential to the safety of their people."

As to agriculture the Conference set out its views on Aug. 3, in part as follows: "Agriculture must be free of the unreliable controls and restrictions and the impractical and whimsical restraints that now hamper production and create confusion."

Under the head "Unemployment Compensation Insurance and Employment Service" the Conference, in enunciating its policy, said:

"The public employment service which the States made available to the Federal Government for the purpose of mobilizing labor has been used by the present Administration to extend its political control over labor. These facilities should be returned to the States as soon as is consistent with the best interests of those seeking employment and the conclusion of the war effort."

On the subject of insurance the Governors recorded their stand in part as follows: "The several States . . . over a period of 75 years have developed

an extensive and efficient system of regulation. This system is flexible, and it is designed to meet the varying needs of individual States. . . . There should be preserved in the States, where it belongs, the exclusive power to regulate and control the insurance business.

The further five points in the statement of policy adopted Aug. 4 had to do with "Labor," "Public Expenditures," "State, Federal Tax Co-ordination," "Social Welfare, Education and Public Health" and "Water Resources."

In the matter of taxation it is contended that "proper co-ordination of State-Federal taxation requires elimination of much double taxation and relief from the intolerable burden on our people of making innumerable reports." The Conference recommends that there "be set up a permanent organization of responsible representatives of the executive and legislative branches of the national Government and the States, which will work on the problem of tax co-ordination until a proper solution is found."

The Conference of Republican Governors was referred to in our Aug. 3 issue, page 521. The statements of policy adopted at the Conference follow:

Reconversion and Post-War Jobs

The great problem of permanent peace-time jobs can be adequately met only by private business under an enterprise system. This system depends upon the individual initiative and organizing genius and energy of all our people. Only through this system and ever-increasing production can there be steady and lasting

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From Washington Ahead Of The News

By CARLISLE BARGERON

Back in the 1936 Presidential campaign, Mr. Roosevelt, who prides himself on being the "slickest" politician the American people have ever been up against, wanted to make Governor Landon look small and provincial, not the "big," worldly wise man that he is, a man whose mother took him to Europe when he was a boy and who speaks French. It was the same sort of campaign the New Dealers are making on Governor Dewey.



Carlisle Bargeron

Anyway, a very slick stunt was worked out on Governor Landon. All of a sudden, the New Dealers set up a hue and cry about its being amazing that the campaign had been in progress for a month or so and there had been no discussion of foreign affairs. Come to think of it, they said, ability to conduct the nation's foreign af-

fairs was the prime requisite of being President. In this sort of background, Mr. Roosevelt went up to Chautauqua, N. Y., to tell of his broad knowledge of foreign affairs. He tossed around the names of foreign countries and foreign leaders like nobody's business. Then he said profoundly that the real trick of a successful foreign policy (and a successful foreign policy is one that keeps a country out of wars) is to watch the little day by day events, little events that would go unnoticed by the people as a whole. That was something which Mr. Roosevelt alone was prepared to do. Cordell Hull, our Secretary of State, sorrowfully wagged his head and told friends that he would give anything if he could really get the President interested in these little

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Russo-American Ideas

"Special meaning must be given to the 'Declaration on the Question of All-World Safety,' as worked out at the Moscow Conference, expressing the readiness of the great democratic powers to take practical actions toward the establishment of an International Organization of Safety (IOS).

"The conclusion from all that written above (about the League of Nations) is that the IOS must be built on the basis of firm, active leadership of the great powers. These powers must organize the directive organ of the new organization. They must take upon themselves the obligation to counter any aggression and, if necessary, with their own armed forces independently from other members of the organization.

"The responsibility for the peace must not be divided among 60 or more Governments. It must not be put upon some impersonal organization. It must be put upon large Governments, which possess real strength for it. Taking this into consideration, we would suggest that the great powers should also sign agreements among themselves to prevent counter-aggression.

"What about the international police force? Only those who think of a new world organization the same as the League of Nations think in terms of an international police force.

"Plans for an international police force are utopian. To counter an aggressor today it is necessary to have hundreds of all kinds of weapons and technical equipment. It is quite clear that such an army cannot be built up in some single neutral country where the IOS is established. In a neutral country this army would be isolated from its source of supplies."—N. Malinin.

Since Mr. Malinin is said to expound the Soviet view with authority, we evidently have here a sort of counterpart of certain recent unofficial official expositions of President Roosevelt's ideas on these subjects.

The difference between the Russian and the President's ideas are apparently not great. They both seem to envisage a world which must sneeze when three "great powers" take snuff.

Changes In Bank Loans To Farmers 1934-43— Study Released By Cleveland Reserve Bank

Country banks which have adjusted their lending methods to changed conditions during the last 10 years have been rewarded with a greater share of agricultural loans than have banks which have hesitated to modernize their lending policies, according to the conclusion of a comprehensive study released on Aug. 2 by President M. J. Fleming of the Federal Reserve Bank of Cleveland on changes in commercial bank lending to

farmers during the decade, 1934-1943. The study, made by Phil S. Eckert, Agricultural Economist for the Reserve Bank, is based on a detailed examination of the lending methods and policies followed by a representative group of 113 country banks in the major agricultural areas of the Fourth Federal Reserve District. It is the first of a series of studies in the fields of finance, industry and agriculture which will be published by the Research Department of the bank, headed by Vice-President Kenneth H. MacKenzie. Asserting that "there appears to be a direct relationship between the adoption of new practices in the farm lending field and changes in loan volume," the study declares:

"Banks which lengthened the time of their loans, which adopted or increased the use of amortization and chattel mortgages, and which lowered interest rates, showed increases in loan volume, both in real estate and short-term farm credit fields.

"By contrast, those banks whose policies remained unchanged, or moved counter to these new lending practices, experienced loan volume reductions."

The study makes it clear, however, that further improvement in bank lending services to farmers is possible and necessary. It said: "The character of the changes disclosed, however, that rural banks might give careful consid-

eration to the further adaption of their lending practices in order to be of greatest service in financing Fourth District agriculture."

In addition to pointing to the relationship between changed methods and loan volume, the study aimed to measure the degree of change in specific practices throughout the district.

It was found, for example, that there was a marked change in favor of amortization rather than lump-sum payment as a method of repaying farm real estate loans. In 1934 only 24% of such loans were amortized, the report showed, but by 1943 this had risen to 55%.

The study cites that about two-thirds of the reporting banks had reduced their interest rates on farm real estate loans during the decade covered, that about one-third had made no change and that none had increased interest rates.

"Of every \$100 which the reporting banks had outstanding in farm real estate loans in 1934," the study found, "about \$88 had been lent at a 6% interest rate. Ten years later, the 6% rate applied only to about \$46 out of every \$100 outstanding.

"In 1943, 54% of the total real estate loans were at rates of less than 6%, whereas, 10 years earlier, less than 2% were at rates of less than 6%."

Similar reductions in interest rates were apparent on non-real

Wiley Memorial Symposium At Chemical Soc. Meeting

Science and industry will unite in a Harvey W. Wiley Memorial Symposium at the 108th meeting of the American Chemical Society which is to be held in New York City September 11-15; it is announced by Dr. Thomas Midgley, President of the Society. The symposium will commemorate the 100th anniversary of the birth of Harvey W. Wiley, "Father of American Food Chemistry," who was born on Oct. 18, 1844. The event will be sponsored by the Society's Division of Agricultural and Food Chemistry. Dr. N. B. Guerrant of Pennsylvania State College, Chairman of the Division, will preside. Food quality, to attain which Wiley finally secured in 1906 the passage by Congress of the Food and Drugs Act, will be the major theme of a dozen addresses by food experts. T. M. Rector of New York, Vice-President of General Foods Corporation, will speak on "Quality in Fruits and Vegetables." E. C. Thompson of New York, director of the laboratories of the Borden Co., will discuss "Quality in Dairy Products." "Visual Aspects of Quality Control and Quality Research with Beverages and Foods," will be the topic of a paper by D. Foster, E. C. Ziegler, and E. H. Scofield, of Joseph E. Seagram & Sons, Inc., of Louisville, Ky.

A. L. Winton of Winton Laboratories, Wilton, Conn., a former associate of Wiley, will present a paper on "Harvey W. Wiley, the Father of American Food Chemistry." "Quality in Meat and Meat Products" will be the subject of O. G. Hankins, U. S. Department of Agriculture, Washington, D. C. A number of others are scheduled to speak at the convention, which is sponsored by the North Jersey section of the Society. The general chairman is Dr. Horace E. Riley of the Research Division of the Bakelite Corp., Bloomfield, N. J., and head of the North Jersey Section. Dr. August Merz, advisory executive of the Calco Chemical Division of American Cyanamid Co., Bound Brook, N. J., is Honorary Chairman.

City Of Brisbane Bonds Drawn For Redemption

The National City Bank of New York, as fiscal agent for the loan is notifying holders of City of Brisbane 30-Year Sinking Fund 5% Gold Bonds due March 1, 1957, that \$42,000 aggregate principal amount of bonds have been drawn by lot for redemption at 100% of the principal amount on Sept. 1, 1944. The bonds called for redemption should be presented with all unmatured interest coupons at the head office of the National City Bank, 55 Wall Street, N. Y. On and after the redemption date interest on the drawn bonds shall cease.

Guests Of N. Y. Stock Exch.

Charles J. Hardy, Chairman of the Board of ACF-Brill Motors Company; John E. Rovinsky, a director, and L. P. Philp, Assistant to the President, were guests on Aug. 3 at the Exchange of Emil Schram, President, upon the occasion of the company's shares being admitted to trading. The visitors witnessed the opening transaction in their stock, in company with Julius Bliss, specialist, and after visiting other parts of the building, were entertained at luncheon.

estate loans made to farmers. Other factors discussed in the study included: The uses, sizes and lengths of loans, loan placement charges, chattel mortgages and minimum charges.

The State Of Trade

With the advent of victory will come the relaxation of war controls on business and industry. In the early phases of the conflict these devices were applied and in some respects refined to accomplish a worthy purpose. In their application some were benefited by them and on others they worked a real hardship. Under the stress of war personal interests became secondary to the good of the nation as a whole and this holds true in our return to a peacetime basis.

In sounding a warning against too hasty an abandonment of war controls in the early stages of reconstruction, J. B. Condliffe, Professor of Economics at the University of California, in a study entitled "The International Economic Outlook," and released on Monday of this week by the Committee of International Economic Policy, of which Winthrop W. Aldrich, President of the Chase National Bank, is Chairman, advocated that, "decontrol is necessary if enterprise is to function." By this, Mr. Condliffe didn't mean that all controls be thrown to the four winds, but suggested an orderly process of what in his study, he called a "controlled decontrol."

Touching upon the high spots of the study, it stated "the principal task of post-war commercial policy will be to establish the principle and practice of equal trading opportunity. Healthy markets must be recreated and exchanges stabilized in order to secure a high level of employment and decent living standards."

The study stressed the point that government policy in the period of "controlled decontrol" should be definite, since there will have to be an adjustment of costs and prices in the reconversion from war to peacetime production.

Taking up the problem of restoring international trade, the study added that it "calls first for the unscrambling of property rights in the areas of enemy domination and then for measures to forestall inflation. In summing up, Mr. Condliffe observed that, "in the successive emergencies of recent years so much stress has necessarily been laid upon the regulation of all sorts of prices, including prices and exchange rates, that the more important necessity of maintaining active and healthy markets has come to be forgotten. The foundation of prosperity is abundant production and free interchange, not nicely regulated equity."

The purpose of the Committee on International Economic Policy, which was formed one month ago in cooperation with the Carnegie Endowment for International Peace is "to further the serious and competent study of the issues which confront all the free peoples of the world."

WLB Chairman's Prediction—The hope for industrial peace, "a consummation devoutly to be wished," was expressed by Chairman William H. Davis of the WLB this week. He predicted that labor and industry, having learned to make mutual sacrifices in the war years, will be willing in the large sense to do business together. Mr. Davis' formula for this attainment is a basic agreement between the working men and the employers, both defining their goals. Concluding, he stated that it was his belief that labor and industry feel they can ill afford a pitched battle any more in peacetime than they could afford one in wartime.

Annual Per Capita Tax—It is interesting to compare the per capita tax of President Roosevelt's administration with some of his predecessors, which reveal the following:

George Washington	\$1.02
Andrew Jackson	2.42
Abraham Lincoln	6.05
Theodore Roosevelt	7.70
Woodrow Wilson	28.58
Herbert Hoover	23.28
Franklin Roosevelt	101.44

The figures for Mr. Roosevelt's

administration cover the entire 12 years of his term. As the tax rates in the early years of his tenure were extremely low in comparison to the present rates, they do not give a correct picture of the situation as it exists today. The actual per capita tax collected last year amounted to \$335.73.

Per Capita Federal Debt—At the end of President Roosevelt's 12th year, it will require a payment of \$1,962 by every man, woman and child in this country to pay for our national indebtedness. The comparison with other administrations follows:

George Washington	\$20.95
Andrew Jackson	.03
Abraham Lincoln	85.01
Theodore Roosevelt	15.11
Woodrow Wilson	225.89
Herbert Hoover	183.24
Franklin Roosevelt	1962.00

The invisible mortgage of the average taxpayer is now increasing at the rate of \$377.14 annually. The public debt at the end of Herbert Hoover's administration was \$22,538,672,164, while the official estimate of the national debt at the end of the 1945 fiscal year is \$258,000,000,000. It is also interesting to note that the receipts during President Roosevelt's administration totaled \$160,073,270,777 against expenditures of \$369,791,966,466, the deficit amounting to \$209,718,695,689. These stupendous figures for the nearly 12 years of Mr. Roosevelt's administration dwarf into insignificance the receipts of \$91,586,076,130, the expenditures of \$112,203,367,065 and the deficit of \$20,617,290,935 representing the fiscal record for the 30 Presidents who served our country during the 144½ years previous to the Roosevelt administration.

Living Costs—For the month of June living costs pursued an irregular trend. From the National Industrial Conference Board we find that living costs rose in 33 out of 63 industrial cities during the month of June. These costs were lower in 23 of the cities surveyed and remained unchanged in seven. Indianapolis experienced the largest gain of 1.8%, while in three other cities the increase was 1.0% or more. The largest decline occurred in Newark and amounted to 1.0%.

June living costs exceeded the same month a year ago in 28 cities with Chattanooga and Indianapolis recording the largest increases during the period with an advance of 2.7%, while 33 cities showed declines.

For the nation as a whole, the cost of living stands 0.1% higher than a year ago, and 21.4% above January, 1941.

Business Failures—Business failures in the United States declined for the period ended July 27, to 19 from 29 in the previous week and 48 in the corresponding week of 1943, Dun & Bradstreet reports. A record low of 15 was set in the week ended July 13. Concerns failing with liabilities of \$5,000 or more numbered 10 compared to 21 in the previous week and 33 one year ago.

Farm Machinery—A ray of hope was afforded farm tool makers in the way of increased raw material allocations over the next 12 months, United Business Service reported the current week. Rapid reduction in the industry's output of war equipment has called for further liberalization of civilian quotas. In addition, a period of three months' grace has been provided so that deficiencies in quotas for the previous 12 months can be made up.

From the same source it is understood that because of the high level of farm income and the former drastic limitations on agricultural equipment output, producers were assured of a sizable demand for their regular products for some time. As for output, it will be stepped up to equal the 1940-1941 level, unless parts shortages or labor troubles interfere.

Weekly Summary of Trade and Industry—News from the war fronts continued to run in favor of the Allies, but notwithstanding this, the stock market displayed weakness on a reduced share volume. Industrial activity in some instances reflected a somewhat higher trend for the week with scheduled production of steel ingots and castings in the week beginning Aug. 7, placed at 97.0% of capacity, slightly higher than in the previous week when output attained 96.9% of capacity. Electric kilowatt output also revealed a slight advance, being 3.9% above the similar week one year ago. Carloadings of revenue freight were 7,499 cars above a week ago, or 0.8%, and 2.8% higher than the 1943 week.

As for net railway operating income, before interest and rentals, of the Class I railroads of the country for the first half of 1944, they declined from \$712,176,144 to \$551,424,141. In the coal industry, anthracite coal output was 30,000 tons above the previous week, but showed a decline of 132,000 tons, or 9.5% under the same week in 1943. Bituminous coal displayed a rise of 3% over the previous week, or an increase of 365,000 tons. Crude oil production slumped below the level of a week ago, while lumber shipments from the 505 reporting mills for a like period were better by 1.1%. New orders of these mills, however, dipped by 10.6% below output for the previous week. Paper and paperboard production also established gains for the week. In the retail trade, department store sales for the nation at large were unchanged from the previous week, but reflect an increase of 11% over the similar week in 1943, while in New York City, they exceeded the 1943 week by 8%, and by a like increase for the year to July 29, 1944. Retail food volume also ran ahead of the 1943 week by 10%.

Steel Production—The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 97.0% of capacity for week beginning Aug. 7 compared with 96.9% one week ago. This week's operating rate is equivalent to 1,735,500 tons of steel ingots and castings compared with 1,704,000 tons one year ago.

The highly favorable news currently coming to hand from the various war fronts would, one would suppose, have a tendency of relieving the pressure on many phases of our war production, but according to this week's "Iron Age," the steel industry found itself in the tightest delivery situation of any time since the war began. There was a slight advance in steel ingot output the past week, which was more than offset, the above source states,

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Schwoon Named Member Of Panel Of Arbitrators

John H. Schwoon, Assistant Secretary of the Guaranty Trust Company of New York in its foreign department, was elected on July 26 a member of the National Panel of Arbitrators of the American Arbitration Association. Thomas J. Watson, President of the International Business Machines Corporation, a director of the Guaranty, is a director of the Association and Chairman of the Inter-American Commercial Arbitration Commission. Other officers of the Guaranty Trust Com-

Report Of Home Owners' Loan Corp. For 1943

Accounting to Congress on the work of the Home Owners' Loan Corporation up to the end of 1943, John H. Fahey, commissioner of the Federal Home Loan Bank Administration, reported on Aug. 5 that the HOLC has liquidated its cumulative total of loans and property investments by nearly 60%—from \$3,486,000,000 to a balance of \$1,434,000,000. The statement also said that the Corporation has sold more than 93% of the houses it was obliged to take over in all parts of the country through foreclosure and other causes. The marketing of 183,862 of the 197,366 houses acquired by the Corporation represents the largest merchandising task of the kind in the nation's history. Other features of the report are: On Dec. 31, 1943, the Corporation owned 13,504 houses, equivalent to only 1.3% of the 1,017,821 loans it refinanced to aid home owners and financial institutions from 1933 to 1936; the loan accounts of the Corporation have been cut down to 692,000, or by 32%—chiefly through payments of borrowers' and purchasers' balance in full ahead of requirements.

A total of 102,895 loans were paid off in full during 1943. In addition, borrowers made advance payments amounting to \$63,025,000; during the last half of 1943 alone, total liquidation of HOLC accounts amounted to \$200,081,000; sales during the six months effected a reduction in the capital value of real estate owned by HOLC from \$191,289,828 to \$96,455,077. Of the million home owners refinanced by the Corporation—all of whom were facing loss of their properties when HOLC stepped in with its long-term loans at low interest rates—less than one out of five have gone to foreclosure; the number of employees of the Corporation on Dec. 31, 1943, was 3,241, as compared with 20,811 at the peak of its activity. The advices regarding the report also state:

"Extensive sales of real estate by the Corporation began in 1938. The HOLC policy was to sell the dwellings as rapidly as possible at fair market prices, meanwhile earning rental income on them. As sold, properties were replaced by cash and by purchase money mortgages, the interest income from which served to reduce losses.

"In recent years foreclosures by the HOLC have been few and its unsold real estate has been largely in certain middle Atlantic and New England States, where, until last year, there has been little recovery in property values from the low point of the depression. Suffering a 55% drop in wage payments and billions of losses in sayings and investments in the years from 1929 to 1933, these States have presented the nation's greatest urban mortgage problem. This condition was accentuated by a decline of more than 2,000,000 in population there from 1940 to 1943.

"In other parts of the country HOLC made rapid progress in disposing of its properties. From 1938 to 1941 sales averaged 3,400 a month. Not until 1942, however, did the market in the Northeastern States begin to permit the absorption of houses of the old type such as HOLC had taken over.

"The marked real estate demand in that section in 1943 enabled the Corporation to make sales far in advance of the schedules. Properties owned by the HOLC nationally on June 30, 1943, totalled 26,041. Over one-half of these, or 13,151, were sold by Dec. 31—nearly double the number it was possible to dispose of during the same months of 1942. More than 11,000 of these sales were made in the Northeastern States. Sales in this area have been helped by reductions in high tax assessments

pany active in the affairs of the Association are W. R. Strelow, Vice-President; P. F. Swart, Jr., Second Vice-President, and A. N. Gentes; Second Vice-President, all of the Foreign Department of the Bank.

which the Corporation has been able to secure by appeals to local authorities. In the four years, 1940-1943, it obtained such reductions in the four largest States there amounting to \$34,641,363 and representing tax savings of \$1,206,862. The increased sales activity is continuing in 1944.

"Nearly 171,000 of the houses marketed to date by the Corporation were sold on instalment contracts. Only 2% of these have had to be taken back.

"Prices secured by HOLC on its properties compare favorably with those obtained by private lending institutions, the report said. Recent recordings in an Eastern State disclosed that on a large group of houses HOLC recovered 89% of assessed valuations on sales as compared with a 55% recovery by 41 private financial institutions selling properties in the same localities at the same time.

"At the year-end, the Corporation reported book losses of \$293,538,781 on the capital value of properties it has sold, losses which largely stem from the Corporation's policy of leniency to borrowers who eventually had to be foreclosed. On the offsetting side, HOLC had accumulated a net income of \$201,193,143 from interest on its loans, plus rentals of properties while in its possession—leaving a net realized loss on that date amounting to \$92,345,638. This amounts to 2.6% of the total of loans made by the Corporation.

"The prices the Corporation received on the properties it sold totalled \$49,321,001 less than the amount it originally loaned on them. The balance of the book losses was due to taxes and insurance, \$84,642,795; repairs and reconditioning, \$77,542,422; foreclosure costs and other expenses, \$26,944,940; unpaid interest, \$10,493,692 and management and selling costs, \$44,035,868. Outside of these costs, which were chiefly incidental to the carrying and sale of foreclosed houses in a depressed market, the Corporation's book losses on these properties was but 6.8% of the original amount loaned on them.

"Although unexpectedly rapid sales in 1943 and 1944 have recently increased book losses, it was pointed out that such losses next year and thereafter should be correspondingly less than previously estimated because of the much smaller number of houses yet to be sold, and net operating income should increase."

Living Costs In June Up

The cost of living for wage-earners and lower-salaried clerical workers in June rose in 33 of 63 industrial cities surveyed by the National Industrial Conference Board. The Board's announcement of Aug. 7 further stated:

"Living costs were lower in 23 of the cities, and remained unchanged in 7 of them.

"The largest gain, 1.8%, occurred in Indianapolis. In three other cities the increase was 1.0% or more. The largest decline, 1.0%, occurred in Newark. For the United States as a whole, the cost of living remained unchanged.

"Living costs were higher this June than in June, 1943, in 28 cities. Chattanooga and Indianapolis recorded the largest increases during the twelve-month period with an advance of 2.7%. Thirty-three cities showed declines, while Lansing and Wausau, Wisconsin, showed no change for the year. The cost of living for the United States as a whole stands 0.1% higher than a year ago, and 21.4% above January, 1941."

Collection Of \$5,000,000 Fund By CIO Proposed By Group To Promote Reelection Of Roosevelt

The hope of the Political Action Committee of the Congress of Industrial Organizations to collect a dollar each from the 5,000,000 or more members of the CIO with the view to using the funds to "promote the reelection of President Roosevelt and the election of a sympathetic Congress," was made known by Sidney Hillman, Chairman of the committee, on July 22, it is learned from Chicago advices on that date to the New York "Herald Tribune," in which it was further stated:

Mr. Hillman said that the CIO-PAC would direct the expenditure of whatever fund is collected through these voluntary contributions, an announcement that caused some surprise, since it had been generally expected that such a fund would be turned over to the newly formed National Citizens' Political Action Committee to avoid a conflict with the Smith-Connally Act, which bars political contributions by labor organizations.

Mr. Hillman announced in Washington last week that what was left of the \$700,000 already raised by the CIO-PAC would be "frozen" until after Nov. 7, which led to the assumption that future fund raising would be left to the NCPAC.

Mr. Hillman said today, however, that the CIO-PAC itself would both collect and spend the

dollar contributions from CIO members, with half of it being used by the National organization and half by local and regional offices.

The NCPAC will have its own separate campaign fund and will function as a separate organization despite their identical aims, he said. Philip Murray, President of the CIO, said he and Mr. Hillman could not say how the funds for this group would be raised, pointing out such an announcement should not come from the CIO office since other groups are represented on this committee.

Messrs. Hillman and Murray indicated that some of the mystery regarding the relationship of the two committees might be cleared up at a national meeting of the NCPAC scheduled for New York Aug. 5 or 6. They said that an "outstanding liberal" would be named honorary chairman of the group at this meeting.

Prime Minister Clarifies Australian Position On Monetary Fund And World Bank Proposals

Following is text of a statement issued in Canberra on July 24 by Australian Prime Minister John Curtin:

"In view of conflicting reports regarding the Australian Government participation in the United Nations Monetary and Financial Conference, I wish to make our position quite clear. The Australian Government accepted the invitation for its officials to take part in the Conference in accordance with

the convenors' clear and specific intimation that neither the participating Governments nor their officials would enter into any commitment. The Conference was to be confined to the experts selected by each country, and was a preliminary to Governments considering the work the experts would do with a view to any agreement being ultimately made on the Ministerial level.

"When public announcements were made in a form which gave the impression that an agreement was being entered into by the parties to the Conference regarding the establishment of an International Monetary Fund and a Bank for Reconstruction and Development, we took steps to define our own position. We were assured that the signature of the final act of the Conference would be a certification that the record to which the signature was attached was an accurate record of proceedings. In the light of that assurance the leader of the Australian delegation (Mr. L. G. Melville) was instructed to sign the final act of the Conference, his signature being followed by the words, 'for purposes of certification.' No document other than the final act of the Conference has been signed.

"The position of the Australian Government, therefore, is that it has neither accepted nor rejected the results of the Bretton Woods Conference. It has maintained its view that on a matter of such importance decision can be made only after consideration by the Australian Government and Commonwealth Parliament.

"Statements implying that Australia had adopted an isolationist attitude in these monetary discussions, and that the Commonwealth Government's only utterances on the subject have been to dissociate itself from the decisions of the Conference are not warranted. As I stated in Parliament on July 19th, 1944, unless any proposed monetary agreement impinged grievously upon the interests of the country in some way, I would be quite prepared to give the most sympathetic consideration to it. Our representative, Mr. Melville, has been in constant communica-

tion with me, and his part in the proceedings was a valuable contribution to evolving a proposed agreement, notwithstanding that at times such a conclusion did not appear probable. The Commonwealth Government will give deep and sympathetic consideration to the proposals formulated at the Conference as soon as full details are received, and will refer them to Parliament at the earliest opportunity."

New Treasury Ctf. Offering In Exchange For Issue Maturing Aug. 1

The Secretary of the Treasury announced on July 20 an offering, through the Federal Reserve Banks, of 3/8% Treasury Certificates of Indebtedness of Series E-1945, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series D-1944, maturing Aug. 1, 1944. Cash subscriptions will not be received. The subscription books were closed at the close of business July 22.

The new certificates will be dated Aug. 1, 1944, and will bear interest from that date at the rate of 3/8% per annum, payable semi-annually on Feb. 1 and Aug. 1, 1945. They will mature Aug. 1, 1945. They will be issued in bearer form only, with two interest coupons attached, in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The Treasury announcement also said:

"Pursuant to the provisions of the Public Debt Act of 1941, interest upon the certificates now offered shall not have any exemption, as such, under Federal tax acts now or hereafter enacted. The full provisions relating to taxability are set forth in the official circular released today.

"Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington, and should be accompanied by a like face amount of the maturing certificates. Subject to the usual reservations, all subscriptions will be allotted in full.

"There are now outstanding \$2,545,392,000 of the Series D-1944 certificates."

The Financial Situation

(Continued from first page)

on the contrary the various tricks devised by the dreamers for the ostensible purpose of helping to bring such a state of affairs about are certain to have precisely the opposite effect.

Many of us need to learn, or at least to realize, that the economic conditions we have set as a sort of post-war goal for ourselves will be reached, if at all, through the energy, the initiative, and the "know how" of American industry. It has become quite common for some who ought to know better to say rather pontifically that American industry is "on trial," that it "must" give employment to virtually every one who wants it—or "they" will take matters in their own hands, and either through existing government or by some other means provide that which American industry has not provided. What utter nonsense! It may be that the majority of the American people may presently become so foolish as to try some such "experiment." It may be that some demagogue with the aid and support of the day dreamers and the communistic labor leaders will some day be able to convince enough of the voters of the country to launch upon horribly expensive programs for which all things are promised. If so, however, nothing could be more certain than that it will be found by painful experience that such schemes, such programs, the communistic state, or whatever is tried will fail much more miserably than American industry ever did to meet the demands of the discontented. It can, however, do no harm to do whatever appears feasible to make certain that the people understand the true inwardness of all this and thus escape much suffering which otherwise would be their lot.

Give Business a Chance!

It must furthermore be hammered home during the months immediately ahead that if American industry is to succeed in bringing into existence after the war economic conditions which we all want, it must be given a real opportunity to operate free from badgering and constant nagging by dozens of Government bureaus. During the past decade the rules under which the game of business is played in this country have been radically modified. These modifications make it the more difficult for American industry to perform the tasks demanded of it. Drastic alterations, usually in the direction of restoring the situation existing before the New Deal was instituted in Washington, are a sine qua non of full performance by industry when the war is

over. Here it is that the Administration is weakest of all. The Republicans have not as yet been particularly explicit about this aspect of the matter. Indeed one at times gains the definite impression that they believe in far fewer modifications and far less drastic change in all this than would be good for the country. We can only hope that such impressions derive from the fact that the party has not as yet taken the opportunity to make fully clear what its position is in regard to these matters. The thoughtful man would, it seems to us, turn with much more enthusiasm from the New Deal to the opposition if he were more certain that there was less of the New Deal in the present day Republican system.

Old Socialist Doctrines

There is, however, an aspect of all this neither Democrats nor Republicans have shown fondness for discussing. It is this: Whether or not the returning service man or war worker is able to find work or other opportunity to make a living will depend in very large measure upon himself. To hear most of the discussion these days one would suppose that the seeker after work is inevitably ensnared in such a way that he can do nothing to help himself—and nothing to injure his opportunity for work or profit. There is great danger that this false idea will gain wider and wider acceptance among the unthinking—with results little if any short of disaster. Some such doctrine generally applied has long been the stock in trade of the socialists, communists, and many other "ists" who would overthrow the system which has made America great.

Of course, those who have for years been arguing in this way have been able to point to the thousands who in the early days of the great depression walked the streets in vain effort to find work. It is quite natural that many of these men and women should be rather easy victims of the wholly unfounded idea that those who work for others are wholly helpless in our modern economic system, which must in some way be compelled to accept "responsibility" for providing work for all who want it—as if there were any "economic system" wholly apart from the very people who, according to these doctrines, must be supported by it. But natural or not, it is unfortunate for these individuals to obtain any such false impression.

Must Help Himself

Leaving all else out of consideration it is obviously a fact that the men who draw

wages or salaries in the ordinary business affairs of the country can, and do, come very nearly "making or breaking" their employers. If in the post-war period returning service men and war workers—and the others, of course—insist that the world owes them a living for a relatively few hours of work each week, and for work done carelessly or slowly, it will be that much more difficult for them all to find opportunities either to work for wages or salaries or to make a profit in business for themselves. If on the other hand, the near-miracle should happen, and what is known rather vaguely as "labor" should under its own leaders bestir themselves seriously, sincerely, and vigorously to earn their pay in full, and to perform in such a manner that their employers can afford to pay them even more—then the story will be quite a different one.

The economic status of the returning service man and war worker in the post-war years will in no small measure depend upon himself. Are there no politicians courageous enough to tell him so?

Norway Makes Final Payment On 1924 Loan

In an informal meeting in the Board of Directors' room of The National City Bank of New York, on July 31, Wm. Gage Brady, President of the bank, received the final payment on Norway's 20-year \$25,000,000 loan from Ambassador Wilhelm Morgenstjerne. Norway arranged two 6% loans in 1923 and 1924, both due in 20 years. The first, for \$20,000,000 was paid off a year ago. The total repaid on the two loans since the Nazi invasion of Norway in Apr. of 1940 is about \$16,000,000, in addition to interest payments. Noting that the repayment took place despite enemy occupation of Norway's homeland, the New York "Herald Tribune" of Aug. 1, said:

"Mr. Morgenstjerne was accompanied by members of the Norwegian delegation to the recent Bretton Woods conference, Wilhelm Keilhaus, Ole Colbjornsen and Arne Skaug. . .

"Both bonds have been quoted on the New York Stock Exchange since their inception."

Fox Heads Retail Dry Goods Ass'n Office

Irving C. Fox, General Counsel for the National Retail Dry Goods Association, and long associated with the late Harold R. Young who was head of the Association's Washington Bureau, will now be the executive head of that office "and will be reinforced by suitable additional personnel as promptly as the necessary arrangements can be made," it was announced on July 17 by Lew Hahn, general manager of the Association.

Kenneth Mages, CPA, attached to the Detroit office of Ernst & Ernst for the past four years, is joining the Controllers' Congress of the National Retail Dry Goods Association on Aug. 1, it was made known by Mr. Hahn. Mr. Mages was originally engaged as assistant to the general manager of the Congress, but inasmuch as H. I. Kleinhaus, who has held the general management post for several years, is leaving, Mr. Mages will assume, for the time being, the responsibilities of acting manager.

National City Bank Points To Large Foreign Balances Available For Post-War Reconstruction

(Continued from first page)

represent purchasing power available for use anywhere. While people are aware that we are spending huge sums of money abroad in the conduct of the war, it is not generally realized how these expenditures are building up the gold and dollar exchange reserves of countries outside of the United States.

When we entered the war at the end of 1941, the total revealed monetary gold stocks of the rest of the world came close to \$8¾ billion, of which about one-fourth was held under earmark in this country. It was estimated, probably conservatively, that some \$2 billion additional gold was held in various undisclosed government and central bank accounts. Including bank deposits and short-term investments in this country of about \$3.5 billion, total foreign-owned gold and dollar banking funds were probably in excess of \$14 billion. Besides these funds, foreigners were estimated to hold in 1941 some \$3 billion in our stocks and bonds, and some \$3.5 billion in direct and other investments in this country.

As our war effort advanced, payments to foreign countries rose rapidly. Imports of strategic materials, for which we paid cash, increased tremendously, while "cash" exports (as distinguished from lend-lease shipments) fell off as we converted to war production, thus turning the "cash" balance of trade against us. The building and securing of naval and air communication lines added to the flow of dollars abroad, as did funds lent to foreign countries, particularly Latin America, with a view to increasing the output of goods for war and to replace products lost to us by the Japanese conquest of Southeastern Asia.

More recently the growth of our armed forces has been an added factor in overseas expenditures, more than offsetting a tapering off in some of the earlier types of overseas payments. With several million American soldiers abroad,

the requirements for pounds sterling, Australian pounds, Chinese dollars, and Indian rupees have assumed large proportions. It was estimated some time ago that our troops in Australia were spending something like \$200 million a year for goods and services, over and above reciprocal lend-lease aid received from the Commonwealth. At the height of the North African campaign, the Allied forces are estimated to have spent in excess of \$400 million a year in Egypt alone. Though the expenditures of our troops have comprised but a minor share of the Egyptian total, they have figured large in French North Africa and have furnished foreign exchange for the Caisse Centrale de la France Libre, set up in 1941 to serve the liberated French territories. The heavy expenditures of our troops in India have been an important source of dollars for the sterling area exchange pool maintained in London.

The effect of all this was to pile up dollars in the hands of foreigners, which, in the absence of available goods, have either been allowed to accumulate in the form of bank deposits in this country or have been used for purchase of gold. As indicated by the table, foreign countries in 1942 acquired in this country some \$630 million of gold and banking funds, of which \$140 million represented gold and the balance of \$490 million an increase in bank deposits.

The next year, 1943, some \$840 million of U. S. gold, plus around \$1,160 million of U. S. banking funds—or roughly \$2 billion—was apparently added to foreign-held resources. During the first half of 1944 alone, the total added probably exceeded \$1.5 billion, or an annual rate of over \$3 billion. Practically all the new gold production outside the United States is being retained abroad, an amount for the past two and a half years totaling well over \$2 billion, exclusive of the Russian output not reported.

INCREASE IN GOLD AND SHORT-TERM DOLLAR RESOURCES OUTSIDE OF THE UNITED STATES SINCE 1941

	(In Millions of Dollars)		
	Full Year 1942	Full Year 1943	Half Year 1944
Decline in U. S. gold stocks.....	\$10	\$790	\$770
Loss of U. S. newly-mined gold.....	130	50	20
Increase in foreign banking funds in U. S.	490	1,160	*780
†Newly-mined gold retained abroad.....	950	800	400
	\$1,580	\$2,800	\$1,970

APPROXIMATE STATUS OF FOREIGN GOLD AND SHORT-TERM DOLLAR RESOURCES

	End of 1941	End of 1942	End of 1943	June 1944
Gold held outside of U. S.	\$10,750	\$11,840	\$13,480	\$14,670
†Foreign banking funds in U. S.	3,500	3,990	5,150	*5,930
Total	\$14,250	\$15,830	\$18,630	\$20,600

*Estimated on basis of first quarter figures. †Estimated newly-produced gold outside of the United States and Russia, less adjustment for annual use of gold in arts and industries. ‡Includes short-term securities owned.

Thus, by the end of this year the total gold stocks owned outside this country may come to well over \$15 billion, or around a third larger than the total world gold stocks as late as 1934, valued in old dollars. Counting in also foreign-owned banking funds in this country, the aggregate foreign-owned gold and dollar balances may reach \$22 billion, with likelihood of further increase in 1945. These figures do not include foreign-owned American securities and direct investments. In 1919, after World War I, total foreign-owned gold and short-term dollar balances amounted to only about \$5 billion.

Growth of Foreign Holdings of Sterling

A second source of international purchasing power for post-war lies in the large and rapidly growing volume of sterling balances in London. The story of the rise of these balances is similar to that of the growth of foreign-owned holdings of gold and dollars. Great Britain, like the United States, has been pouring

out huge sums of money overseas in prosecuting the war. At the same time her exports have been curtailed, so that the balance of payments has turned heavily against her—to the extent currently of about \$2¾ billion a year, notwithstanding lend-lease aid from the United States and the contributions by Canada. While in the beginning Great Britain was enabled to meet these trade deficits by shipments of gold and repatriation of British-owned foreign securities, more recently the depletion of these resources has limited such means of payment. Funds accruing to foreign countries have been allowed to accumulate in the form of sterling balances in London.

The size of these sterling accumulations has been a matter of much speculation. Two months ago we published estimates, based on incomplete reports, that the total would reach at least \$8 billion at the end of this year, and subsequently Lord Keynes has placed the probable total at \$12 billion—owed largely to sterling area countries, particularly India.

Unlike gold and dollar assets—which are usable anywhere—the free convertibility of these huge sterling balances is currently limited to the pound sterling area. Their use elsewhere is subject to foreign exchange control by London. The ultimate disposition of these balances is one of the major post-war problems. Only to the extent that Great Britain is able to build up a surplus in her international accounts will she be able, in the normal course, to release these funds for use by their owners in current operations. Their repayment by Britain from the proceeds of her international transactions may be a lengthy affair, but should not be disregarded as an element in the post-war international trade situation. Undoubtedly the British will make strenuous efforts to increase their exports, and the very fact of so much money being tied up in sterling should help towards this objective by inducing purchase of British goods.

A large part of the post-war credit problem boils down to these sterling balances. Counting these along with the gold and dollars owned outside the United States, the potential purchasing power represented is truly enormous. Anything that could be done to unlock the buying power contained in these sterling funds would not only eliminate a troublesome source of international friction, but might contribute more towards world recovery than any other financial step that could be taken.

Distribution of Gold and Exchange Assets

In appraising the significance of world gold, dollar and sterling holdings, a great deal depends upon how they are distributed.

The fact is that outside the area of Continental Europe there are few countries that have not been beneficiaries from the flood of U. S. and British spending. U. S. spending has been particularly heavy in Latin America, resulting in approximately a three-fold expansion of Latin American gold and dollar resources between 1939 and the end of 1943. Revealed Latin American gold and foreign exchange, chiefly dollars, increased from about \$900 million to some \$3 billion over the period, and probably reached around \$3.5 billion by the middle of 1944.

Reference has been made already to the heavy spending by the U. S. in North Africa, which has supplied dollars for Free French use, and to expenditures in India and Australia from which dollars have flowed into the sterling area exchange fund in London where they constitute a partial offset to the volume of sterling liabilities. In the case of India, a portion of the dollars accruing from U. S. expenditures is now being set aside in a special fund for use by that country for post-war development. U. S. money is also being spent in the Near East, though the major influx of foreign funds into that region has been in sterling. Egypt's sterling holdings are estimated at the equivalent of about \$1 billion. The gold and foreign exchange reserves of Turkey and Iran have risen several fold since 1939 due to favorable trade balances, and in the case of Iran particularly, due to heavy expenditures of United Nations forces in that country.

Even on the Continent of Europe a number of countries have been able to add substantially to their monetary reserves, as shown by the table below. This is true of the gold holdings of the neutrals, Switzerland, Sweden, Portugal and Spain. Portugal in addition has accumulated a further reserve equivalent to almost \$500 million, consisting of gold abroad, pound sterling and unspecified other foreign exchange. Switzerland's gold reserve approached by the end of 1943 almost \$1 billion, doubtless reflecting in part inflow

of refugee funds from other parts of Europe.

Discovered Gold and Foreign Exchange Reserves of Certain Continental European Countries (In Millions of Dollars)				
	End of Year			
	1939	1941	1942	1943
Switzerland	\$549	\$668	\$824	\$964
Sweden	308	223	334	384
Portugal	29	92	114	161
Spain	—	42	42	91
France	2,709	2,000	2,000	2,000
Netherlands	692	575	506	500
Belgium	609	734	735	734
Roumania	152	182	241	313
Czechoslovakia	56	61	61	61
Denmark	53	44	44	44
Hungary	24	24	24	24
Bulgaria	24	24	25	25
Total	\$5,205	\$4,669	\$4,950	\$5,304
Foreign Exchange Reserves				
Switzerland	\$82	\$158	\$14	\$19
Sweden	77	199	131	145
Portugal	31	189	368	483
Total	\$190	\$546	\$513	\$647

Nor are the occupied countries devoid of monetary resources. Some of them, including France, the Netherlands, and Belgium have been able to conserve very substantial gold holdings abroad which, together with considerable dollar balances, were impounded at the time of the invasion. Roumania, one of the few countries able to cash its reichsmarks claims for gold, more than doubled its gold reserves up to the end of 1943. Altogether the 12 Continental countries covered by the table held at the end of 1943 over \$5 billion of gold alone, of which French and Swiss gold accounted for about three-fifths.

Who Needs the Money?

The net of this showing is that the "poor" countries are relatively few. Most countries have enough gold and realizable foreign exchange to take care of their immediate needs after the war; and many countries have far more than enough. What has been happening on a world-wide scale is in many ways analogous to what has been happening in this country. Just as our enormous war expenditures at home are putting money into the hands of the people which they can't spend because of lack of goods, so the tremendous outpouring of American and British money abroad at a time of goods scarcity is building up huge dollar and sterling claims against future production. With many countries the problem after the war is not going to be the supplying of more purchasing power through additional credit, but rather the supplying of goods to stem the inflationary movements already under way in those areas. It is well to recall the serious inflation that broke out immediately following World War I all over the world for similar but even less powerful causes.

In short, the answer to the question, who needs the money? comes down mainly to Great Britain, whose special problems in connection with sterling liabilities is, however, outside the province of either the International Monetary Fund or the Bank for Reconstruction as now proposed, and to the liberated territories on the Continent. As to the latter, the real "problem cases" are likely to be such countries as Italy and others in central and eastern Europe whose capacity for capital absorption and repayment of amounts borrowed is limited at the best and after the war will be intimately bound up with what happens to Germany. Russia, China, and some others, of course, will be wanting capital both for repair of war damage and for development, but spread over a period and to a certain extent available through normal channels if the prospects of repayment are promising. This prospect depends on the two-way flow of trade as well as on domestic policies.

So far as western Continental Europe is concerned, the facts as to gold holdings and foreign exchange assets cited above speak for themselves. Herbert H. Leh-

man, director general of UNRRA, in a recent address, recognized the significance of these assets when he listed France, Belgium, Holland and Norway as among countries having foreign exchange resources that "will levy but lightly on the international fund for goods" provided by UNRRA. Nor is this the whole story. "The United States War Department appropriation alone for 1945 sets aside over a half billion dollars to be used in bringing supplies and services to the freed people whose territories are temporarily under the military government of the United States forces," he said. "The supply arrangements of the other armies of the United Nations—those of England, of the British Dominions, of Russia—similarly provide for the relief of people of the liberated areas that are under their military government."

Capital Is Made at Home

Yet another point in the discussion of international credit, in danger of being overlooked, is that in the final analysis the stabilization of currencies and the providing of capital for reconstruction are things that have to be done, for the most part, at home. This is the main point of a timely article entitled "Capital Is Made at Home," by Dr. L. Albert Hahn, former German banker and economist, that appeared in the May 1944 issue of "Social Research," a quarterly published by the Graduate Faculty of Political and Social Science of the New School for Social Research, in cooperation with the Institute of World Affairs.

In this article Dr. Hahn challenges the thesis that Europe will need large capital imports after the war, and reviews the conditions of the recovery after World War I in Germany, with which he was most familiar. Speaking of the stabilization of the reichsmark in 1923 he says:

Nor was it through foreign loans that the budget and currency were stabilized in the fall of 1923. The stabilization was achieved through the rentenmark credit granted to the Reich and to industry and agriculture in the amount of 2,070 million marks, and raised by the issuance of new mark bills. The latter were really nothing but the old mark bills. That they were covered by a mortgage on industry and agriculture was pure fiction. Nevertheless, the mere idea that they were covered was enough to reduce the velocity of the money in circulation, and therefore had the effect of an internal loan granted by the holders of the bills. Suddenly billions of marks in savings were available, and thereby billions of marks of capital. Capital had again been produced by a mere shift in consumption habits.

As to the part played in German reconstruction by the heavy inflow of foreign credits after 1924, Dr. Hahn comments as follows:

From 1924 to 1931 foreign loans poured into Germany in the huge amounts mentioned above. But whether they actually augmented Germany's productive capacity is open to question. Her balance of payments raises some doubts. Of the net capital import of 17.3 billion marks from 1924 to 1930, only 2.4 billion was used to buy merchandise; the remainder was spent on the transfer of interest payments (2.7 billion marks), on reparations (10.1 billion) and for the import of gold and foreign currency (2.1 billion).

Thus only a relatively small part of the gigantic capital inflow was used for really productive purposes, and we may therefore conclude that only a

* 66 West Twelfth St., New York 11, N. Y.

From Washington Ahead Of The News

(Continued from first page) day by day events of which there were a plenty.

The utter irresponsibility of the New Dealers in the matter of European affairs, is being dramatically portrayed today in the spectacle of Sumner Welles' continued feuding with Hull. Hull finally succeeded in getting him out of the State Department several months ago after their feud had kept the department in turmoil for some ten tragic years. Welles is an old friend of Roosevelt's; their families have been life long friends; Roosevelt and Welles went to Groton together.

In the tragic years leading up to this war, Hull was trying laboriously to do something about those "day to day events." In the New Deal he was all alone. When he said anything to a European government, that government's ambassador in Washington rightfully informed his head office that the old man was not to be taken seriously, that Sumner Welles really spoke the President's policy.

And Welles' policy was that of the New Deal, widely advertised to all the world. Bluntly, it was a belief of the New Dealers that "wily" European politicians had diverted that "other great Progressive," Woodrow Wilson, from his domestic program, but these "wily" politicians would never be able to divert FD, do whatever they might in Europe. The favorite New Deal expression was that

small part was needed for such purposes.

In other words, according to this testimony, it was mainly by the hard work and saving of the German people themselves that Germany accomplished her recovery during the '20s.

The lesson is worth pondering now when there is so much emphasis being placed upon international credits. As Dr. Hahn pointed out, currency stabilization is very largely a matter of sound internal financial and credit policies. Likewise, the production of food for the people and rebuilding of factories and cities must, from the very nature of the case, be mainly a home job. Some imports of food, raw materials, and special equipment into the liberated areas will certainly be needed, but on the whole the burdens of reconstruction during the first critical years of peace have to be carried by the people themselves in the regions concerned. This is true for two reasons—first, because it will be good policy to do as much at home as possible to keep the industries busy and the people employed; and, second, because of the prospect that for a considerable time to come there won't be enough outside goods of the kind wanted to go around.

Apart from any question of credit, countries are going to be forced, willy-nilly, to work out a large share of their own salvation or be a long while restoring their economies and getting their people back to work.

To sum it all up, the post-war needs for funds, for relief, for reconstruction, for development, and for currency stabilization cover, it is true, a wide range geographically and in type of funds needed. We should do well, however, to recognize that a substantial part of the funds needed for this process is already in the hands of most countries in the form of gold and dollar and sterling balances and, furthermore, much of the capital needed for reconstruction and development is available inside the borders of these countries through the process of self generation. It is against these facts that various plans for additional credit instrumentalities need to be weighed.

the European politicians "can stew in their own juice."

This was our foreign policy on which Hitler, coming to power coincident with Roosevelt, thrived, on which he built Germany from an utterly impoverished, harmless nation to the one that again broke loose.

Oh yes, Mr. Roosevelt became very much concerned in Europe after Munich. And it so happens that this was coincident with the complete collapse of the so-called domestic program. Twenty-five billion dollars had been spent in priming a pump that wouldn't be primed because of the accompanying agitation against business, industry and management generally. One last effort at pump priming was made in the fall of 1939 when the President sought passage of a \$4 billion spend-lead bill. Congress and the people were fed up on pump priming which after seven years left 10 million persons unemployed. The request was denied.

In view of these facts it really gets our goat to hear Mr. Roosevelt speak of "ostriches," those people who were blind to what was going on while he was so farseeing. The foreign correspondents were screaming about the "day to day events" and all the while Mr. Roosevelt had a feuding State Department. He insisted upon keeping his friend Welles there.

The Europeans knew what was going on and the French and British governments knew nothing better to do than to let them go on because they were told that we are really going places at home and that they could "stew in their own juice."

If the American mothers of sons now scattered all over the globe do not know that this capriciousness has a pronounced bearing on their sons' plight they are seriously misinformed. But they are being propagandized to the effect that it is really all their fault, theirs and the Republicans, because they repudiated the other "progressive" some 20 years ago. We mustn't make that mistake again, we've got to hold onto these "world minded" fellows who know the European leaders and our own generals and admirals, and who will give us some "world machinery." We had ambassadors in all of those countries. They were appointed by FD. If they didn't constitute "world machinery" we would like to know what we paid them for. There were some cards in this "world machinery," too—adventurous Bill Bullitt and Socialite, Tony Biddle and Joe Davies.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on Aug. 8 that the tenders for \$1,200,000,000, or thereabouts, of 91-day Treasury bills to be dated Aug. 10 and to mature Nov. 9, 1944, which were offered on Aug. 4, were opened at the Federal Reserve Banks on Aug. 7.

The details of this issue are as follows: Total applied for, \$2,001,061,000. Total accepted, \$1,210,910,000 (includes \$60,643,000 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, 99.910, equivalent rate of discount approximately 0.356% per annum.

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

(54% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Aug. 10 in the amount of \$1,206,949,000.

Revised Report Of January Budget Estimates Issued By Budget Director At President's Order

At the direction of President Roosevelt, Budget Director Harold D. Smith issued on Aug. 2 the following statement revising last January's budget estimates in the light of developments:

REVIEW OF THE 1945 BUDGET For the fiscal year ending June 30, 1945

The Program for the Fiscal Year 1945:

THE WAR PROGRAM

For the last four critical years and the one ahead the Congress has appropriated and authorized a defense and war program of 393 billion dollars. Of this amount, 294 billion dollars, or about three-fourths, had been translated into war contracts and other obligations and commitments by June 30, the end of the fiscal year 1944. Actual cash expenditures through June 30, 1944, amounted to 200 billion dollars for pay and subsistence of the armed forces, for building and equipping hundreds of war plants and shipyards, for acquisition of 200,000 planes, for construction of hundreds of warships and thousands of transports and other water craft, and for the manufacture of the many other weapons needed in total and global war.

For the fiscal year 1945 the Congress has made available for war obligations in general and special accounts 94.3 billion dollars. Some contract authorizations included in this amount are intended for obligation in subsequent years. The Congressional actions which determine this amount can be summarized as follows:

	Fiscal year 1945 (Billions)
Reappropriation of prior year unobligated balance	\$37.5
Other unobligated balances of prior year appropriations and contract authorizations brought forward	9.0
New appropriations	54.2
New contract authorizations	10.8
Total appropriations and contract authorizations	\$111.5
*Deduct: Appropriations to liquidate contract authorizations	17.2
Total authority to incur obligations in the fiscal year 1945	\$94.3
Available for obligation but not planned for use in the fiscal year 1945	11.0
Estimated obligations in the fiscal year 1945	\$83.3

*Contract authorizations permit the placement of orders, but require appropriations before payment can be made. To avoid double counting it is necessary to deduct appropriations to liquidate contract authorizations.

New war appropriations of 54.2 billion dollars enacted for the fiscal year 1945 by the Congress are about 2 billion dollars less than the President had recommended. Most of this difference is explained by the fact that the Congress granted a contract authorization in connection with the Navy aviation program, instead of a recommended appropriation. In some cases changes in strategic plans adopted after transmission of the Presidential recommendations permitted reductions. Whether all appropriations and authorizations made available by the Congress will be actually needed for obligation during this fiscal year depends, of course, on the development of the war.

Estimated Expenditures for the Fiscal Year 1945

During the fiscal year that ended June 30, 1944, actual cash expenditures for war, including net outlays of government corporations, were 89.7 billion dollars, or 2.5% below the 92-billion dollar estimate in the President's budget message of January, 1944. For the fiscal year 1945 cash expenditures were estimated last January at 90 billion dollars, and the total of that estimate is not changed at the present time. Adjustments within the total have been made, however, by increasing slightly the War Department figure, reducing the estimated net war outlays of government corporations and adding an estimated

expenditure for the United Nations Relief and Rehabilitation Administration.

War expenditure estimates of previous years have been based on the assumption that practically all available resources were to be used for meeting war needs, giving second call to civilian requirements. This year's estimates are influenced by the hope that the liberation of Europe may be accomplished before the end of the fiscal year 1945, while the Japanese phase of the war is assumed to continue all through the fiscal year and beyond. The end of hostilities in Europe should enable us to cut back many war contracts, but cash payments will decline only with a considerable time lag. Particularly, expenditures for pay and subsistence, including mustering-out pay, will remain at a high level all through the fiscal year.

War expenditures in recent months have been running at an annual rate of about \$93,000,000,000; thus a \$90,000,000,000 estimate for the whole fiscal year implies a decline in war expenditures during the latter part of the fiscal year. These estimates are, of course, of a highly tentative character and depend entirely on the assumptions made with respect to the course of the war. If victory in Europe should be delayed, the production of munitions will be stepped up to whatever may be needed. If German resistance should collapse earlier than assumed, expenditures for the current fiscal year may be somewhat below the \$90,000,000,000 estimate.

Adjustments in the Program

Behind these huge budget figures is the story of a planning job of great scope. Many of the munitions used in present fighting have been produced in factories and yards constructed and equipped as long as three years ago. Essential in military planning, as in all planning, is long-run foresight and also constant adjustment to changing requirements. Both are expressed in our budgetary operations. There is a very considerable time lag between formulation of war supply programs, legislative authorization and appropriation, placement of orders with contractors, completion, delivery and shipment of munitions, and final payment in cash.

The vicissitudes of war make necessary frequent revision in each of these stages in the budgetary process. When new or improved weapons are required, or when the rate of destruction is higher than anticipated, additional appropriations may become necessary. When the rate of destruction is lower than anticipated, appropriations may remain unused and can be placed in reserve which the Congress can repeal, permit to expire at the end of the fiscal year, or make available for future obligation. In accordance with a provision in the second deficiency appropriation act of 1944, the President will transmit to the Congress a list of appropriation balances which are no longer required and can be repealed if the development of the war permits.

Adjustments often become necessary even after contracts have been placed. This leads to cancellation of contracts on the one hand: to rushing new contracts, on the other hand, as a result of experience on the battle fronts. Thus, in recent weeks we have had to resume operations in a number of war plants which had been temporarily shut down. In general we have overestimated rather than underestimated the rate of destruction in order to be on the safe side. Through continuous ad-

justments waste is held to the unavoidable minimum.

Cash expenditures in the form of advance payments sometimes precede completion and delivery of the goods. They lag considerably, however, behind obligations. On June 30, 1944, obligations and commitments outstanding amounted to \$94,000,000,000, for which cash must be paid unless contracts are canceled or obligations reduced by renegotiation.

In calling for estimates for the fiscal year 1946, the Bureau of the Budget has requested the agencies to submit estimates of their needs under various assumptions, namely, continuation of the war on all fronts, the end of hostilities in one of the theatres of war, or the end of hostilities on all fronts during the next fiscal year. In our planning we must be prepared for war as well as for partial or total demobilization.

APPROPRIATIONS AND EXPENDITURES FOR OTHER THAN DIRECT WAR PURPOSES

Appropriations for the Fiscal Year 1945

Total 1945 appropriations for all except direct war purposes are 9,847 million dollars in general and special accounts. The largest single item in this category is 3,750 million dollars of interest on the public debt. The total includes also 589 million dollars in a permanent appropriation for statutory debt retirement.

For all other activities of the government in the general and special accounts, 5,508 million dollars have been appropriated. This is 8 million dollars below the President's recommendation. The Congress allowed 45 million dollars more than was recommended for aids to agriculture but reduced a great many other items by 53 million dollars.

Within the program of aids to agriculture, the Congress made several changes. The largest were an increase of 40 million dollars in the direct appropriation for "conservation and use of agricultural land resources," and an addition of 12 million dollars for payments to farmers harvesting certain seeds of grasses and legumes. The Congress decided to liquidate operations under the Federal crop insurance act and reduced the rural rehabilitation program of the Farm Security Administration.

The major reduction below budget recommendation was elimination of 20 million dollars for loans by the Rural Electrification Administration; instead the Congress authorized the agency to borrow 25 million dollars from the Reconstruction Finance Corporation. Appropriations for the Treasury Department were 10 million dollars below recommendations. These and other changes spread among many items, reduced the total for "civil departments and agencies" by 47 million dollars.

Estimated Expenditures for the Fiscal Year 1945

Cash expenditures for other than direct war purposes for the fiscal year 1945 are estimated at 9,504 million dollars or 250 million dollars below the original budget estimate of January, 1944. The difference is due mainly to a revision in the estimate of tax refunds. This revised estimate of expenditures is 2,799 million dollars above the actual expenditures for the fiscal year 1944. The explanation is found wholly in items which the President has called the "aftermath-of-war" expenditures, namely, interest on the public debt, veterans' pensions and benefits, and refunds of war taxes. A separate table shows the substantial increase in each of these items in this fiscal year.

In contrast, all other expenditures show a net decline of 3.5%. This decline is small compared with the decline in previous years because of the heavy cuts which have already been made in this

category over the last six years by the Congress and the executive branch. The cumulative results of these efforts are indicated by the last column of the following table:

EXPENDITURES FOR OTHER THAN DIRECT WAR PURPOSES

Year	General and Special Accounts Exclusive of Statutory Debt Retirement (Millions)		
	Total	Interest, Veterans, & Tax Refunds	All Other
1939	\$7,456	\$1,559	\$5,897
1940	7,288	1,683	5,605
1941	6,410	1,760	4,650
1942	6,385	1,906	4,479
1943	6,070	2,487	3,583
1944	6,705	3,600	3,105
*1945	9,504	6,509	2,995

*Revised estimates.

It should not be forgotten that even expenditures which are classified neither as "war" expenditures nor as "aftermath-of-war" expenditures include a great number of activities related to the war. Examples are the cost for collecting increased war revenues, for administration and management of the increasing debt, and for the greatly expanded auditing and accounting function. The National Advisory Committee for Aeronautics, the Federal Bureau of Investigation, the State Department, the Weather Bureau, the Treasury Department, the General Accounting Office, the Civil Service Commission, and many other so-called "non-war" agencies carry increased work loads of clearly war-related activities. The figures show the over-all reduction in these "other" expenditures; they do not show, however, the thorough reorientation of practically all government operations to conditions of total war.

RECEIPTS, BORROWING, AND THE PUBLIC DEBT

Estimated Receipts for the Year 1945

Net receipts in the fiscal year 1944 amounted to 44.1 billion dollars in general and special accounts, almost double the receipts of the previous fiscal year. They are expected to rise still higher, to 45.7 billion dollars in the fiscal year 1945. The increased yield reflects higher war-time tax rates and an increase and broadening of the tax base by revenue legislation of recent years, as well as the unprecedented levels of national production and income.

The great productivity of the revenue system has increased the portion of expenditures covered by current receipts since the fiscal year 1943. The following tabulation shows this development:

NET RECEIPTS (Billions)

Year	Net Receipts	Percent of Expenditures*
1941	\$ 7.6	55
1942	12.8	37
1943	22.3	28
1944	44.1	46
1945 Est.	45.7	46

*Excluding debt retirement but including net outlays of government corporations (excluding redemption of market obligations.)

Nearly all types of receipts are expected to be somewhat higher in the fiscal year 1945 than in the preceding year. Direct taxes on individuals are estimated below the fiscal year 1944 receipts because of unusual collections in the last fiscal year associated with adoption of the pay-as-you-go plan.

Last January net receipts for the fiscal year 1945 were estimated at 40.8 billion dollars, 4.9 billion dollars below the present estimate. The revised figure is the result mainly of additional revenue legislation enacted this year, an expected increase in disposal of surplus property, more experience with contract renegotiation, and the fact that individual and corporate incomes are running at rates somewhat above those previously estimated.

Since the budget was issued last January the Revenue Act of 1943 and the individual income tax act of 1944 have become law. The first of these two acts increases the yield of direct taxes

on individuals and direct taxes on corporations, as well as excise taxes, but postpones the effective date of the previously scheduled increase in the contribution rates under the Federal Old-Age and Survivors Insurance System. The individual income tax act of 1944, the simplification measure, affects revenues only to a minor extent.

The increase in the present estimate above the January budget estimate is divided among all the major categories of receipts except customs and employment taxes. The figure for customs is moderately lower. Employment taxes are now expected to be more than a billion dollars less than was anticipated before the rate freeze. This reduction does not affect net receipts, because the additional contributions would have been appropriated to the Federal Old-Age and Survivors Insurance trust fund.

Current receipts from corporate taxes are subject to certain claims for refunds. In the present budget estimates some expected refunds appear as expenditures; others are offset against revenues. Ten percent of the excess profits tax liabilities are post-war credits and to the extent not used currently by the taxpayer will be treated as expenditures when refund bonds are issued to the corporation. If profits decline substantially in future years, additional refunds will be required on the basis of existing tax law.

Some part of the expected increase in excise tax collections is from goods and services purchased by the Federal Government which under the revenue act of 1943 are no longer tax-exempt. This change simplifies administrative procedures but does not directly improve the budgetary position of the government because it brings about an equivalent increase in expenditures.

The largest part of the substantial increase in the estimate of miscellaneous receipts is attributable to a revised estimate of excessive profits recaptured by renegotiation of war contracts. Also, an upward revision of the estimate of proceeds from the disposal of government surplus property is included in miscellaneous receipts.

Borrowing and the Public Debt

As a result of the sharp rise in revenues, the excess of expenditures (including government corporations) declined from 57.4 billion dollars in the fiscal year 1943 to 51.1 billion dollars in 1944. The net increase in the gross public debt is larger than this amount primarily because the fifth war loan drive resulted in a substantial increase in the cash balance at the end of the fiscal year 1944.

On the basis of the revised revenue and expenditure estimates for the fiscal year 1945, the excess of expenditures will be 53 billion dollars, substantially below the January estimate. The revised estimates of the excess of expenditures in the fiscal year 1945 are about 2 billion dollars higher than in the fiscal year 1944, as shown in the following table:

EXPENDITURES, RECEIPTS, AND INCREASE IN PUBLIC DEBT

Expenditures:	Estimated Expenditures, Receipts, and Increase in Public Debt (Millions)		
	Revised January Fiscal 1945 Estimates	Fiscal 1944 Actual	Fiscal 1944 Actual
General and special accounts	\$98,404	\$97,954	\$93,743
*Corporations	695	1,815	1,540
Total expenditures	99,029	99,769	95,273
Net receipts, gen'l. & special accounts	-45,663	40,769	44,149
Excess of expenditures	53,366	59,000	51,124
Other borrowing requirements	1,417	1,299	2,521
Change in cash balance (dec.)	4,500	101	10,662
Increase in public debt	50,283	60,400	64,307

*Expenditures less receipts, excluding redemption of market obligations.

The direct public debt, excluding 1.6 billion dollars of guaranteed obligations of government corporations, amounted to 210 billion dollars on June 30, 1944. The general fund balance on the same date stood at the record level of

20.2 billion dollars. Assuming a reduction of 4.5 billion dollars in this balance, as of next June 30, the net increase in the public debt in the fiscal year 1945 will be 50.3 billion dollars, and the outstanding debt will be 251.3 billion dollars on June 30, 1945, considerably below the January estimate. Any further decline in either the general fund balance or expenditures will produce a corresponding reduction in new borrowing.

The total new borrowing requirements of sixty-four billion dollars in the fiscal year 1944 included net redemption of nearly three billion dollars in obligations of government corporations. More than four billion dollars were borrowed from trust funds and government agencies. The remaining 57 billion dollars represents the net volume of borrowing by the Treasury and government corporations from institutions and individuals.

Of this increase in public holdings during the fiscal year 1944, net sales of war savings bonds, largely to individuals, partnerships and personal trust accounts, amounted to more than 13 billion dollars, or 23%. Sales of marketable issues and savings notes, chiefly to corporations, insurance companies and other institutions accounted for about half of the remainder. Commercial banks and Federal Reserve Banks directly and indirectly absorbed the other half.

THE ECONOMIC IMPACT OF THE WAR EFFORT

In recent months total Federal expenditure (including net outlays of government corporations) has been running at an annual rate above \$100,000,000,000. Included in this amount are certain items which do not represent payments for goods produced or services rendered. Nevertheless, the total of goods produced and services rendered for the Federal government is not far short of the rate of total production of the American economy for all purposes in the pre-war period.

Of our labor force of 63,000,000, about 28,000,000 are now either in the armed forces, producing munitions, food and clothing for war purposes, or engaged in transportation directly connected with the war.

About three-fifths of our industrial plant is now being used for war work. This includes the new munitions factories constructed and equipped at a cost of \$20,000,000,000 largely borne by the Federal government. In addition to the war-built plants, roughly one-half of the pre-war manufacturing capacity has been converted or diverted to war production.

Two facts illustrate in a nutshell the economic impact of our war effort: First, the total of goods produced and services rendered by the American economy for both military and civilian purposes is almost double the total produced in 1939; second, nearly one-half of this total production is devoted to the war effort. These facts are basic to the present problems of the war economy as well as the future problems of the transformation of the war economy into full employment peace economy.

Inflationary Pressure and the Economic Stabilization Program

With minor exceptions, all of the 100 billion dollars of Federal expenditures becomes income of individuals or business — of war contractors, war workers, farmers, soldiers and their dependents, government security holders and government employees. The income derived from activities — mostly war activities — of the Federal government is about equal to the income derived from services and production for civilian use.

The sum total of all income available to individuals and business for the purchase of consumers' or producers' goods and services, for the payment of taxes, or

FINANCIAL OPERATIONS OF THE GOVERNMENT SUMMARIZED

Following are summarizations by the Budget Director of the financial operations of the Government for three fiscal years, as reported from Washington Aug. 2 by the New York "Times":

APPROPRIATIONS, REAPPROPRIATIONS AND CONTRACT AUTHORIZATIONS

Classification	1945			
	Enacted	*Recom- mended	1944 Enacted	1943 Enacted
APPROPRIATIONS:				
War activities:				
War Department	\$15,436	\$15,680	\$59,038	\$42,879
Navy Department	26,489	28,070	28,527	23,809
U. S. Maritime Commission	6,766	6,776	1,290	4,985
War Shipping Administration	530	550	2,272	1,148
Lend-Lease	3,458	3,458	226	6,287
Other	1,536	1,657	1,628	2,191
Total war activities	\$54,215	\$56,191	\$92,981	\$81,299
Interest on the public debt	\$3,750	\$3,750	\$2,609	\$1,813
Other activities:				
Legislative establishment	\$47	\$47	\$48	\$32
The Judiciary	13	15	14	13
Executive Office of the President	3	3	3	3
Civil departments and agencies	1,198	1,245	1,277	1,493
Postoffice Dept. (General Fund)				27
Dist. of Columbia (Federal contrib'n)	6	6	6	6
Veterans' pensions and benefits	1,252	1,252	900	604
Aids to agriculture	505	460	819	716
Aids to youth				
Social security program	480	484	494	545
Work relief			7	285
Refunds	\$1,498	\$1,498	\$270	78
Retirement funds	506	506	440	322
Total other activities	\$5,508	\$5,516	\$4,278	\$4,124
Total general and special accounts, excluding statutory public debt retirement	\$63,473	\$65,457	\$99,868	\$87,236
Statutory public debt retirement	589	589	592	619
Total appropriations	\$64,062	\$66,046	\$100,460	\$87,855
REAPPROPRIATIONS:				
War activities:				
War Department	\$33,673	\$33,673	\$15,177	\$33,730
Navy Department	5	13	471	2,254
Lend-Lease	3,650	3,650	3,664	
Other	165	155	317	348
Total war activities	\$37,493	\$37,491	\$19,629	\$36,332
Other activities	50	49	146	182
Total reappropriations	\$37,543	\$37,540	\$19,775	\$36,514
NEW CONTRACT AUTHORIZATIONS:				
War activities:				
Navy Department	\$5,075	\$4,300	\$13,673	\$10,940
U. S. Maritime Commission	5,700	5,700		5,340
Other	2	2	48	110
Total war activities	\$10,777	\$10,002	\$13,721	\$16,390
Other activities	6	6		170
Total new contract authorizations	\$10,783	\$10,008	\$13,721	\$16,560
APPROPRIATIONS TO LIQUIDATE CONTRACT AUTHORIZATIONS:				
War activities:				
War Department				\$730
Navy Department	\$10,446	\$10,501	\$10,234	\$4,224
U. S. Maritime Commission	6,738	6,746	1,260	5,234
Other	58	79	88	68
Total war activities	\$17,242	\$17,326	\$11,582	\$14,456
Other activities	43	43	206	99
Total appropriations to liquidate contract authorizations	\$17,285	\$17,369	\$11,788	\$14,555
Accounts of Government Corporations and Credit Agencies—Limitations on Certain Loans and Expenses				
Executive Office of the President	\$10	\$11	\$12	\$8
Independent establishments	4	4	4	4
National Housing Agency	29	30	31	40
Department of Agriculture	123	126	111	153
Department of Commerce	12	12	11	11
Total accounts of Government corporations and credit agencies	\$178	\$183	\$169	\$216
Postal Accounts				
Postoffice Department, Washington	\$6	\$6	\$6	\$5
Postal Service, field operations	1,105	1,113	1,083	988
Total postal accounts	\$1,111	\$1,119	\$1,089	\$993
Trust Accounts				
Unemployment trust fund	\$1,528	\$1,528	\$1,567	\$1,399
General old-age and survivors insur. fund	1,711	1,711	1,362	1,190
Federal employees' retirement funds	570	570	501	220
Railroad retirement fund	324	324	273	374
Commodity stamp trust fund				133
Other trust accounts	1,490	1,490	1,350	581
Total trust accounts	\$5,623	\$5,623	\$5,053	\$3,897

*Includes recommendations in the January budget and subsequent recommendations.
 †Includes appropriations to liquidate contract authorizations as shown below.
 ‡Includes general public works program.
 §Includes transfer to public debt accounts for excess-profits tax refund bonds issued.

for savings and the accumulation of business reserves, the so-called gross national income, is running at an annual rate of above \$200,000,000,000. Of this truly gigantic sum the Federal government is recovering tax receipts at an annual rate of about \$45,000,000,000, State and local governments at an annual rate of \$9,000,000,000, leaving more than \$145,000,000,000 in the hands of individuals or business for their use. While a small portion of this amount is spent abroad, chiefly by soldiers out of their pay, the bulk of this income is available for purchase of goods and services in this country. Goods and services for use of civilian consumers and for business equipment are, however, being supplied only at a rate of less than \$100,000,000,000 a year. There is thus a difference of \$45,000,000,000 or \$50,000,000,000 between current receipts available for spending and the value of goods

and services in the market. If individuals and business decided to spend a higher proportion of their income, they would force prices up.

Nevertheless, prices have been held relatively stable because individuals and business have been willing to save the difference between the amount of income at their disposal and the value of the goods available. The experience of the last few months indicates that the American economy has reached a state of balance. This balance, however, is of a very delicate nature and might still be destroyed; it would be destroyed if we should relax war-time controls too early.

The success of the stabilization program to date is due first of all to the fact that the American people have retained their confidence that a dollar saved today will still buy a dollar's worth after the war. They have, therefore, been pre-

RECEIPTS AND EXPENDITURES

Classification	1945			
	Revised Estimates July, 1944	Budget Estimates Jan., 1944	1944 Actual	1943 Actual
RECEIPTS:				
General and Special Accounts				
Direct taxes on individuals	\$18,935	\$18,113	\$20,290	\$6,952
*Direct taxes on corporations	16,588	15,404	15,194	9,916
Excise taxes	5,637	4,251	4,462	3,777
Employment taxes	2,081	3,182	1,751	1,508
Customs	362	438	431	324
Miscellaneous receipts	3,643	2,037	3,280	907
*Total receipts	\$47,246	\$43,425	\$45,408	\$23,384
Deduct:				
Net appropriations for Federal old-age and survivors insurance trust fund	1,583	2,656	1,259	1,103
*Net receipts	\$45,663	\$40,769	\$44,149	\$22,281
EXPENDITURES:				
War activities:				
War Department	\$47,900	\$47,600	\$49,249	\$42,294
Navy Department	28,500	28,500	26,537	20,888
U. S. Maritime Commission	4,700	4,700	3,812	2,777
War Shipping Administration	1,900	1,893	1,922	1,117
Other	5,900	5,507	5,518	5,033
Total war activities	\$88,900	\$88,200	\$87,038	\$72,109
Interest on the public debt	\$3,750	\$3,750	\$2,609	\$1,808
Other activities:				
Legislative establishment	29	30	29	27
The Judiciary	13	14	13	12
Executive Office of the President	3	3	2	2
Civil departments and agencies	1,441	1,473	1,338	1,355
Postoffice Dept. (General Fund)			\$—	9
District of Columbia (Federal contrib.)	6	6	6	6
Veterans' pensions and benefits	1,252	1,252	724	600
Aids to agriculture	499	468	765	1,037
Aids to youth				18
Social-security program	481	485	511	498
Work relief	17	2	23	317
Refunds	\$1,507	\$1,799	\$267	79
Retirement funds	506	472	440	322
Total other activities	\$5,754	\$6,004	\$4,096	\$4,262
Total expenditures, general and special accounts, excluding statutory public debt retirement	\$98,404	\$97,954	\$93,743	\$78,179
Statutory public debt retirement				3
Total expenditures	\$98,404	\$97,954	\$93,743	\$78,182
Government Corporations and Credit Agencies				
NET EXPENDITURES (from checking accounts):				
War activities	\$1,100	\$1,800	\$2,682	\$2,976
Redemption of obligations in the market	1,450	1,346	2,873	694
Other activities	\$475	15	\$1,152	\$1,476
Net expenditures	\$2,075	\$3,161	\$4,403	\$2,194
Trust Accounts				
RECEIPTS:				
Transfers from general & special accounts	\$1,021	\$987	\$556	\$435
Net appropriation from general account receipts	1,583	2,656	1,260	1,103
Other receipts	3,012	3,104	3,237	2,388
Total receipts	\$5,616	\$6,747	\$5,053	\$3,926
EXPENDITURES:				
Investments in U. S. obligations	\$4,634	\$5,778	\$4,129	\$3,016
Other expenditures	949	922	572	577
Total expenditures	\$5,583	\$6,700	\$4,701	\$3,593
Excess of receipts over expenditures	\$33	\$47	\$352	\$333
The Public Debt				
Public debt at beginning of year	\$201,003	\$197,600	\$136,696	\$72,422
Net increase in public debt during year:				
General and special accounts, excess of expenditures over receipts	\$52,741	\$57,185	\$49,594	\$55,901
Government corporations and agencies, net expenditures, excess of receipts over expenditures	2,075	3,161	4,403	2,194
Trust accounts, excess of receipts over expenditures	—33	—47	—352	—333
Statutory public debt retirement			—3	—3
Change in Treasury balance	—4,500	101	10,662	6,515
Net increase in public debt	\$50,283	\$60,400	\$64,307	\$64,274
Public debt at end of year	\$251,286	\$258,000	\$201,003	\$136,696

a Excess of receipts over expenditures.
 *Includes the following estimated amounts for excess-profits taxes refundable in the post-war period: 1945 revised estimates, \$810 million; 1944 budget estimates, \$624 million; 1944, \$682 million; 1943, \$220 million.
 †Expenditures from Lend-Lease (Defense Aid) appropriations are included under the various agencies.
 ‡Includes general public works program.
 §A minus item due to return \$29 million of excess advances in prior years to meet anticipated deficiencies.
 ¶Includes transfers to public debt accounts for excess-profits tax refund bonds issued.

pared to save extraordinarily large sums while goods are scarce, in the expectation of getting full value for their savings when goods are again plentiful. This confidence on the part of the American public must be attributed largely to the government's stabilization policy. This policy has consisted of, first, increase of war-time taxes which have limited the increase in disposable income of individuals and business; second, the war bond program, which has increased incentives to saving; third, price ceilings, which have prevented consumers from dissipating their incomes by paying higher prices, and fourth, wage stabilization, which has limited increases in cost of production and thereby checked the in-

crease in purchasing power. The Congress has recognized the need to continue price and wage controls as long as there are still scarcities of goods and labor. The Government is determined to hold the line until war production is converted into full peacetime production. This requires, however, that the people continue to save as much as possible, particularly to buy and to hold war bonds until goods for civilian use are plentiful again. An effective economic and fiscal policy during the war and the demobilization period will be an important prerequisite for success in the next great task of our national policy—the transformation of an all-out war economy into a full-employment peace economy.

Republican Governors' Conference Under Dewey Enunciates 14 Post-War Policies

(Continued from first page)

improvement of the standards of living for all.

To this end it is all important, not only to the people at home but to the millions of men and women in the service of our country, that a proper and friendly relationship be created between Government, labor and industry.

Industry must be enabled to convert to peace-time production immediately when war needs permit. Employers must be enabled promptly to know the policies of the Federal Government so they may prepare now for reconversion.

To allow continuance of the present listlessness, negligence and lack of leadership in Washington is to invite national disaster at the conclusion of either of our two major conflicts. The national Administration is now standing squarely in the path of the future employment of our returning veterans and millions of displaced war workers.

Comprehensive and immediate action by the national Government is imperative to provide for prompt contract termination and plant clearance. Facilities for the resumption of peace-time production must be released and the way cleared instantly as war demands come to an end.

Every care must be used to avoid discrimination between different sections of the country and between similar industries in the several States and to encourage the continuation in private hands of newly developed plants. In this evolution from war to peace-time production small business must be fully and adequately encouraged and protected.

In all this the States must share leadership to encourage commerce, industry and agriculture in order to stimulate full employment at good wages and the profitable use of all our production facilities.

Our tremendous surplus war materials should be so distributed through normal, established channels of trade as to prevent profiteering, monopoly or serious injury to the resumption of peace-time production and distribution. All distribution of such materials to State and local Governments should be through State agencies and under priority for all materials which can properly be utilized by them.

Veterans

We commend the veterans and their organizations for initiating and the Congress for enacting the "G. I. Bill of Rights." This is sound legislation.

The benefits and services thus made available to the veterans are a national responsibility and should be recognized as a part of the cost of the war.

It is the duty of everyone to make this a program of action and not one solely on paper. Each State and local community has its particular responsibility to the veterans which must be met. Complete cooperation is required of all national, State and local units of Government and the fullest use of facilities best suited to the veterans' needs.

Every veteran who wishes should be able to sit down and talk over his plans with some one "at home" who can tell him where to find all the benefits and services available to him and to which he is entitled from Federal, State and local Governments or through private endeavors. These matters can be handled more efficiently by the States and local communities which have a more intimate understanding of the veteran's personal needs.

Highways

Federal aid in building and maintaining highways, as carried out under Republican Administra-

tions and since continued, is a sound and comparatively harmonious program.

In principle, taxes collected by the Federal Government from gasoline and from motor vehicles should be wholly devoted to highway purposes and distributed equitably among the States.

Actual construction by the State Governments has demonstrated how eminently successful such cooperative enterprises can be when State responsibility is recognized by the Federal Government and accepted by the States. This practice should be continued.

Public Works

Immediate planning of public works is a necessary part of the Administration of the Federal, State and local Governments. Such planning serves two purposes:

1. To build needed public works when the materials and manpower are available.

2. To be ready to build desirable public works to assist during possible periods of unemployment.

It should be clearly recognized that the building of public works does not fill the place of permanent jobs but is only a material aid to the over-all employment program in which labor, industry, agriculture and Government cooperate.

When, and if, in case of national necessity, there are public works which may properly be the province of both Federal and State or local governments, then grants in aid should be made by the Federal Government to States or, through them, to their local governments, without conditions which invade the authority of the State or local government.

The huge cost of the war and the waste of the New Deal have created an enormous national debt. State governments have generally been able to conserve resources during this war period. The States should recognize their responsibilities and use their reserves before asking Federal aid on State public works.

Public Lands

Federal acquisition of public and private lands has been increasing at an alarming rate, particularly in the western part of the United States. From 50% to 80% of the area of some of our Western States is now in Federal ownership.

These lands include forests, parks, grazing, reserves, camps and mineral lands. Under the present expanding program many political subdivisions of local government are being completely destroyed. Federal-State cooperation is fundamental under our system of Government; but cooperation does not, and must not, mean absorption of local government.

If, under the guise of conservation as advocated by the exponents of bureaucracy and Federal control, this acquisition and encroachment program continues, we shall soon find ownership of our lands lodged in the Federal Government sufficient to threaten seriously the very existence of many of our States and the loss of local self-government to millions of free American citizens.

The Republican national platform points the way toward a solution of this critical problem and its translation into action is imperative.

National Guard and Organized Reserves

The union of the several States in support of the Federal Government has been strengthened by our historic system of raising and maintaining military forces. In the post-war period we shall need substantial armed forces, including the National Guard and

organized reserves, together with the Reserve Officers Training Corps, to afford an adequate national defense at all times.

The New Deal is now seeking to undermine and abandon our traditional State National Guard system. Such action would ignore past experience; it would amass under centralized Federal control our entire military force in peacetime; it would deprive the various States of the military forces essential to the safety of their people.

In the future military establishment of the nation, the National Guard should retain its essential place, both as a State force and as a reserve component of the Army of the United States as part of our first line of defense. It should participate in such training system as may be adopted, and be organized and equipped as are Federal forces, all in accordance with the provisions of the National Defense Act of 1920, as amended.

Agriculture

Agriculture is a basic part of our national economy. Its prosperity is essential to national prosperity. Our program and objectives for agriculture are stated in the national platform.

Because of the universal extent, the basic necessity, the hazards and the nature of agriculture, there is a Federal responsibility to assure its economic stability and equality with labor and business.

Federal responsibility should be directed to such economic stability through disposition of surpluses, assurance of fair market prices, research and broad general services to agriculture as a whole.

Agriculture must be free of the unreliable controls and restrictions and the impractical, whimsical restraints that now hamper production and create confusion.

Necessary administration of agricultural programs must be placed in the hands of experienced and practical people and agencies in the States and localities where the particular problems involved are understood, and administered under a theory of aid to a self-supporting agriculture rather than under a theory of regimentation and destructive control.

Abundant production, necessary to national prosperity, can only be attained under a free agriculture.

Unemployment Compensation Insurance and Employment Service

We believe that the present State systems for administration of unemployment compensation insurance must be retained, improved and extended. These systems are now an integral part of our economic and industrial life and have served a highly important social purpose.

In this highly personalized branch of activity, governmental responsibility for policy and the performance of the administrative duties should be kept close to the people. The States have made consistent progress and improvement in their laws and there is no demonstrated need for Federal usurpation of the system. It would be inadvisable for the Federal Government to replace the present State-by-State systems with national administration of benefits.

The imminence of reconversion to peace-time industry and the hardships attendant upon it clearly indicate that changes are desirable at this time in the Federal Social Security Act to insure protection for more people.

The public employment service which the States made available to the Federal Government for the purpose of mobilizing labor, has been used by the present Administration to extend its political control over labor. These facilities should be returned to the States as soon as is consistent with the best interests of those seeking employment at the con-

clusion of the war effort. Operation of our public employment offices by the States will prevent the regimentation of labor, which is now a major objective of the New Deal.

The States have accumulated more than five billion dollars in unemployment reserves and are looking to these funds to protect their citizens against temporary unemployment in the transition from war to peace. To discharge this responsibility successfully the employment service should be thoroughly integrated with the unemployment insurance system as administered by the States.

Insurance

People buy life insurance to protect their families; they buy fire insurance to protect their homes and businesses. The purchase of all forms of insurance is motivated by thrift and a sense of personal responsibility and security. The several States have long recognized these considerations and over a period of 75 years have developed an extensive and efficient system of regulation. This system is flexible and it is designed to meet the varying needs of individual States.

Preservation of the financial integrity of the companies and the policy holders' money has been the cornerstone of this regulatory structure. This system provides, wherever it has been found necessary, controlled competition so that rate cutting and other unfair, highly competitive practices are not tolerated and therefore cannot weaken the financial soundness of the companies or impair their service to the policyholders.

The progressive development of this system should be continued. There should be preserved, in the States where it belongs, the exclusive power to regulate and control the insurance business. Whenever necessary, State and Federal legislation appropriate to accomplish these results should be universally supported by all who believe in the protection of the families, homes and businesses of our people.

Labor

The healthy functioning of our nation requires a body of laws protecting the rights of labor, of collective bargaining and insuring fair standards of employment, the facilitation of cooperation between management and labor, and providing for conciliation and mediation of industrial disputes. It requires a competent and equitable administration of such laws.

The broad base of our progressive labor laws was begun and carried far by our States. Guarantees to labor are recognized as nationwide in importance and distinctly in the national interest. America does not turn backward but will go forward to improve and strengthen these Federal and State programs.

In many phases of labor regulation both Federal and State action is appropriate. The extension of Federal labor legislation, however, must not be carried to a point where it would displace State labor regulations and result in a shift of responsibility for the administration of the larger body of labor laws from the State capitols to Washington where it will be far from the people.

With regard to wages, hours, and child labor, the establishment by the Federal authority within its powers of certain broad or minimum standards is proper and desirable. It promotes fair competition among employers and among employees in the national market. The States should provide regulations which go beyond such Federal minimum standards, and are more elaborate and detailed in character to reflect local conditions and needs.

Public Expenditures

The administration by the New Deal of existing labor statutes has been inefficient and arbitrary and

has tended to promote, rather than allay industrial strife. An immediate drastic change in the spirit and methods of administration of these laws is required. It is the duty of both the national and State Governments to create clear-cut labor and industrial policies—administered with equal justice to all.

There are many functions Government must perform and services it must render. One of the great problems always facing taxpayers and public officials is to keep the cost of these functions and services from becoming excessive. Economy in Government means the wise and efficient expenditure of public funds collected from all the people as taxes. It does not mean the indiscriminate slashing and cutting of governmental budgets.

All experience has shown that the closer the Government is kept to the people, the more economically and efficiently it is operated.

Federal, State and local executives must be constantly on the alert to see that public funds are not wasted and that the number of public employees is no larger than is absolutely necessary. At the present time there is great duplication of effort on the part of Federal and State Governments. This must be ended. Today there are too many cases where several Federal employees do work that one could do better. This likewise must be ended. The taxpayers' interest must be considered and protected. The cost of Government must be made to fit the American pocketbook.

State-Federal Tax Coordination

The vast requirements of total war justify Federal use of all available fields of taxation. Reconversion and employment will require immediate reconstruction of the entire tax structure and should be accompanied by that prompt revision of State-Federal tax relations which is so urgently needed.

Proper coordination of State-Federal taxation requires elimination of much double taxation and relief from the intolerable burden on our people of making innumerable reports. The fiscal independence of both national and local Government makes necessary an increasing degree of segregation of revenue sources.

Federal collection and State sharing of taxes generally would destroy the financial independence of States and local communities.

There should be set up a permanent organization of responsible representatives of the executive and legislative branches of the national Government and the States, which will work on the problem of tax coordination until a proper solution is found.

Energetic and prompt action by the appropriate legislative bodies should be demanded to enact that solution into the law. There have been too many studies with too little action on this most fundamental and vital problem confronting both our Federal and State governments. Taxes must be simplified and reduced after the war is won.

Social Welfare, Education and Public Health

The administration of public welfare belongs primarily to the States and the localities because welfare problems are so intimately a problem of the community. Financial responsibility, on the other hand, may need to be spread more widely because welfare burdens often are unduly severe where a State or locality has unusual burdens or is itself in financial difficulty.

The period of post-war demobilization will mean that many families and individuals who have moved to industrial areas to aid the war effort by their labors will find themselves stranded in communities which are hard pressed by the termination of war indus-

try, or will be returning home or seeking employment in other areas. There will obviously be problems of social and economic adjustment for many of these persons. This is an interstate problem created by the war effort—the solution of which calls for Federal leadership and help.

In thinking of the mutual welfare responsibilities of Federal and State governments, we need to bear in mind the increasing significance of the social insurances. Unemployment compensation will in the days ahead provide assistance during limited periods of unemployment. Increasingly over the years, especially if its coverage is extended as it should be, old age and survivors' insurance will gradually assume a greater burden of the care for the aged, widows with dependent children and the disabled.

Reorganization of the Federal administration of welfare services looking toward consolidation of agencies and simplification of procedure is called for to avoid the present warfare among Federal agencies and the resulting chaos in administration throughout the country.

Our efforts in the States to develop coordinated social services to our people are frequently thwarted by the competitive demands of Federal bureaus operating grant-in-aid programs in these related fields. The will to serve the needs of people rather than the perpetuation of a bureau must permeate national participation in the public social services. Not only should the Federal welfare bureaus be brought together, but in addition their administration should be tied in closely with related programs in the fields of public health, education and vocational rehabilitation.

A republic more than any other form of government depends upon trained and intelligent citizens. The founders of our republic knew that the basic safeguard of our liberties and constitutional Government is the universal education of our people. The opportunity for an education is, therefore, the birthright of every American, irrespective of race, economic status or place of residence.

An education that will guarantee every child a decent start in life and that will prepare him for the unprecedented responsibilities that will follow this war, is the joint obligation of the local community, the State and the nation. In the fulfillment of this obligation the control and administration of our free public schools should remain with the States and local communities.

Great efforts have been made by our local communities, the States and the Federal Government to protect and improve the public health. The recent medical examination by our draft boards and military authorities of men and women applying for admission to the military and auxiliary forces or subject to the draft, however, have revealed deficiencies in the health of our nation. In the face of these findings, as soon as the war is over, measures should be taken for a more effective improvement of the people's health.

In achieving these objectives the following principles should be observed:

1. The States and the local communities should improve their existing hospitalization, clinical treatment, visiting nursing and other public health programs, as far as their resources permit.
2. There should be no political control of the profession of medicine.
3. The existing scattered Federal agencies concerned with various aspects of the public health, should be more closely integrated.

Water Resources

A policy of cooperation, coordination, and understanding among the various Federal agencies and

the States in connection with the development of our water resources should be established. Such development should recognize and fully protect the rights and interest of the people of the several States in the use and control of water for present and future irrigation, waterways, power, flood control and other beneficial uses.

Conclusion

The great objectives we have here sought for America cannot be accomplished, either by a constant grasping for power on the part of the Federal Government, or through a stubborn resistance by the States to the participation of the Federal Government in a developing and increasingly complicated society. They can be reached only through cooperation based upon a complete and sympathetic understanding between the two and a determination to make our system work in the spirit as well as the letter of the Constitution. This can best be accomplished when all parts of the country are represented in the councils of the Federal Government, and when by personal contact, the President of the United States and the Governors of the States achieve that unity of national purpose which transcends partisanship and strives unselfishly for the solution of their common problems. It is to further such an understanding that this Conference has been held.

For the past ten years entire regions of our country have been without representation in the cabinet or administrative agencies of the Federal Government. During that period, the Governors of the States have never once been invited to exchange views with the President of the United States. Both of these conditions have produced costly misunderstandings and can and must be remedied.

We have here achieved unity of thought between the Republican Governors and the next Republican Administration on matters which will deeply affect the future safety of our country and the well-being of our people. It is in this spirit that we are facing the future, confident that translation of the principles we have stated is essential to the liberty and happiness of the American people.

Advances Of Ill.-Wis. Bldg. And Loan Ass'ns

The first \$10,000,000 loan month in its history was reported July 28 by the Federal Home Loan Bank of Chicago in making its summary of June activities to the Federal Home Loan Bank Administration at Washington. A. R. Gardner, President of the Bank, which serves the savings, building and loan associations in Illinois and Wisconsin, said that last month new advances soared to \$10,247,895. This was more than a full year's lending volume in either 1935, 1938 or 1939, he indicated, and surpassed by 8.2% the next highest month on record, January, 1944. June is seasonally one of the large months for local thrift and home financing institutions to turn to their regional reserve system for additional funds, Mr. Gardner pointed out, but loan volume was three times greater in June of this year than twelve months ago. The previous June high was in 1941, when it was about half as great as in the month just past.

It is noted, however, that there has been a 12% decrease in the number of local institutions using the bank's facilities at the mid-year period as compared with 1943. Mr. Gardner said that the Chicago bank has 454 member associations in as many communities in Illinois and Wisconsin, and that 134 of them are now using its loan facilities. Loans outstanding as of June 30 were \$19,214,130.

The State Of Trade

(Continued from page 603)

"by a heavy volume of steel business which has been increasing in the past few weeks. Practically no steel producer this week was able to show a decline in total backlogs."

Steel order cancellations, the magazine says, have reached an extremely low point and those which have appeared recently have been more than offset by new orders. Shell steel production and the placement of orders for this type of steel continued to enjoy the center of attention in the industry the past week. So engrossed is the industry in this type of output that production programs involving rails and structural steels have already been pushed back on order books so as to expedite shell steel work which is taking vast quantities of semi-finished material.

The magazine states, that "as far as steel deliveries are concerned certain types of plates are not obtainable until February, 1945, while others may be had in December."

The picture for alloy steel, states "Iron Age," "is apparently staging a temporary comeback in view of the tank program as well as replacement parts needed for guns, landing craft and other war materials." Tinplate demand, the magazine reports, was stronger the past week than ever. Bookings run well through to the end of the year and reports disclose that deliveries to the West have been held up by a temporary scarcity of railroad cars.

Electric Production—The Edison Electric Institute reports that the output of electricity increased to approximately 4,390,762,000 kwh. in the week ended July 29 from 4,380,930,000 kwh. in the preceding week. The latest figures represent a gain of 3.9% over one year ago, when output reached 4,226,705,000 kwh.

Consolidated Edison Company of New York reports system output of 167,600,000 kilowatt hours in the week ended July 30, 1944, and compares with 208,500,000 kilowatt hours for the corresponding week of 1943, or a decrease of 19.6%.

Local distribution of electricity amounted to 158,800,000 kilowatt hours, compared with 191,800,000 kilowatt hours for the corresponding week of last year, a decrease of 17.2%.

R. R. Freight Loadings—Carloadings of revenue freight for the week ended July 29 totaled 910,533 cars, the Association of American Railroads announced. This was an increase of 7,499 cars, or 0.8% above the preceding week this year, and an increase of 25,008 cars, or 2.8% above the corresponding week of 1943. Compared with a similar period in 1942, an increase of 46,957 cars, or 5.4%, is shown.

Railroad Earnings—Class I railroads in the first six months of this year had a net railway operating income, before interest and rentals, of \$551,424,141 compared with \$712,176,144 in the same period of 1943, according to the Association of American Railroads.

Estimated net income, after interest and rentals, for the first six months amounted to \$320,000,000 compared with \$448,709,268 in the corresponding period of 1943.

In the 12 months ended June 30, 1944, the rate of return on property investment averaged 4.37% compared with a rate of return of 6.09% for the similar period in 1943.

Total operating revenue based on reports from all Class I railroads, representing a total of 228,723 miles, in the first six months of 1944 totaled \$4,636,071,620 compared with \$4,346,334,591 in the same period in 1943, or an increase of 6.7%. Operating expenses for the half year amounted to \$3,077,777,848 compared

with \$2,630,384,684 in the corresponding period of 1943, or an increase of 17%.

Taxes paid in the first six months of 1944 totaled \$909,958,509 compared with \$908,452,071 in the same period of 1943. For the month of June alone, the tax bill of the Class I railroads amounted to \$165,018,206, a decrease of \$4,385,978, or 2.6% under June, 1943.

Fourteen Class I railroads failed to earn interest and rentals in the first six months of 1944, of which nine were in the Eastern District, one in the Southern Region, and four in the Western District.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ending July 29, 1944, at 1,252,000 tons, an increase of 30,000 tons (2.5%) over the preceding week, and a decrease of 132,000 tons (9.5%) from the corresponding week of 1943. The 1944 calendar year to date shows an increase of 8.4% when compared with the corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended July 29 at 12,350,000 net tons, against 11,985,000 tons in the preceding week and 12,113,000 tons in the corresponding week of last year, while output for Jan. 1 to July 29 totaled 365,380,000 tons, as against 336,278,000 tons in the same 1943 period, or a gain of 8.7%.

Stocks of bituminous coal in the hands of industrial consumers and retail dealers increased 4,388,000 tons during June, the second consecutive month of stockpile increases following more than a year and a half of almost uninterrupted decline, Harold L. Ickes, Coal Administrator, reported on Monday of this week.

Lest the public reflect undue optimism over the favorable aspects of the situation, he emphasized that soft coal stockpiles still are not sufficiently large to protect the nation against emergencies next winter, despite the June 1-July 1 increase from 55,293,000 tons to 59,681,000 tons.

Silver—The London market remained quiet and the price of silver unchanged at 23½d. The New York Official for foreign silver continued at 44¼c., with domestic silver at 70½c.

Crude Oil Production—Daily average gross crude oil production for the week ended July 29 was 4,608,450 barrels, a decline of 7,000 barrels from the record level attained in the previous week. Notwithstanding the lower output for the July 29 week, production in that week exceeded the daily average figure recommended by the Petroleum Administration for War for the month of July, 1944, by 2,350 barrels. The current figure was also in excess of the like week in 1943 by 475,150 barrels per day. For the four weeks ended July 29, daily output averaged 4,601,300 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,627,000 barrels of crude oil daily and produced 14,115,000 barrels of gasoline. Kerosene output totaled 1,314,000 barrels with distillate fuel oil placed at 4,883,000 barrels and residual fuel oil at 8,900,000 barrels during the week ending July 29, 1944. Storage supplies at the week-end totaled 82,665,000 barrels of gasoline; 11,137,000 barrels of kerosene; 38,135,000 barrels of distillate fuel and 56,280,000 barrels of residual fuel oil.

Lumber Shipments—The National Lumber Manufacturers Association reports that lumber shipments of 505 reporting mills were 1.1% above production for the week ended July 29, but new

orders of these mills dropped 10.6% below production for the same period, while unfilled order files amounted to 114.3% of stocks. For 1944 to date, shipments of reporting mills exceeded production by 5.4% and orders ran 7.5% above output.

Paper Production—Paper production for the week ended July 29 was at 92.7% of capacity as against 91.3% the preceding week, and for the week ended July 31, last year, 90.8%, 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 94% in the preceding week.

Department and Retail Store Sales—Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index were 11% ahead of a year ago for the week ending July 29 and unchanged from the previous week. For the four weeks ending July 29, 1944, sales increased by 10%. A 7% increase in department store sales for the year to July 29, 1944, over 1943 was noted.

For the country at large retail trade the past week was slightly better than in the preceding period and for the corresponding week a year ago, according to Dun & Bradstreet's current weekly survey. Despite seasonal dullness, wholesale dollar volume continued at a high level. The extremely hot weather instead of curtailing retail purchases, stimulated demand for summer wear, although depleted stocks of many items worked to a degree to hold down sales volume. Quality merchandise continued to rule demand and helped to maintain a high dollar volume, the survey indicated. Fall styles attracted much interest the past week.

In the houseware section, demand was strong, but many inquiries went unsatisfied, says the report. Scatter rugs were said to be plentiful, while sales volume of sporting goods continued well over last year and interest in vacation equipment remained heavy. Main floor departments reported doing a moderate business.

A slight gain was noted in the number of buyers attending marts over the previous week, this gain exceeding the comparable week of last year, the survey pointed out. Most of them, according to the survey, were there to place scattered fill-in orders and to check on delivery dates. Some mail reordering was noted, especially in men's and boys' wear. Routine activity was the order in the textile markets with demand high and supplies inadequate. Better quality woolen and rayons were wanted with a persistent demand for cotton wash goods evident, according to the above authority.

According to Federal Reserve Bank's index, sales in New York City for the weekly period to July 29 increased by 8% over the same period of last year. For the four weeks ending July 29 sales rose by 10%, and for the year to July 29 they improved by 8%.

Activity characterized the New York retail trade market here the past week with consumer response to both clearances and offerings of early fall merchandise good, states the New York "Times." Furs enjoyed better sales than in preceding weeks, while main floor trade was brisk. The wholesale markets reflected more inactivity, the past week. Reorders on some fall merchandise were noted. Buyers, the same source states, "are tending to operate more cautiously."

Retail Food Volume—According to Dun's survey of business conditions, retail food volume was about 10% above last year. Supplies of meat, poultry and fresh produce were up, while buying of dry groceries was described as slow, due partly to shortages of some canned foods.

WMC Acts To Place Employment Ceilings In Plants Not Producing War Goods

More Effective Control Designed To Provide Adequate Manpower For War Needs

In a directive calling for "closer and more effective control" to provide adequate manpower for essential war production, issued on Aug. 4 by James F. Byrnes, Director of War Mobilization, he stated that "we are still critically short of manpower in the neighborhood of plants" making "particular war materials" and he indicated that "instructions have been issued covering the necessary technical procedure to insure that these war plants will have the labor they require to make the goods required for war."

Pointing out that "we have placed ceilings on employment in war plants," Mr. Byrnes added, "we are now going to proceed vigorously wherever it is necessary to place ceilings on employment in plants not producing war goods."

Making the statement that "we have the enemy on the ropes; he is dazed and his knees are buckling," Mr. Byrnes went on to say, "this is no time to take a holiday and give him time to recover. It is time to finish the job. We cannot let down our men in the armed services."

From Mr. Byrnes' statement and directive we also quote:

"The responsibility for manning our war plants is clear and unmistakable and it rests with the communities. The communities must meet the responsibility if we are to be able to finish the war without enacting a universal service law. . . .

"In order to enforce these employment ceilings until the war requirements are met, I have authorized all governmental agencies to use every available power of government for the purpose of enforcing labor ceilings. . . .

"There is a public psychology in this country that the end of the war is near at hand. No man knows when the war will end. We must produce until the last shot is fired.

"People want to leave their jobs in war plants in order to get back to civilian business. If the present exodus from war plants continues, it is going to interfere seriously with the possibility of an early end of the war."

While we are giving further below Mr. Byrnes' statement and directive in full, we make room here for the following statement on Aug. 4 by Charles M. Hay, Deputy Chairman and Executive Director of the War Manpower Commission, with respect to Mr. Byrnes' directive on "closer and more effective control" to provide adequate manpower for war production:

"The directive of Justice Byrnes undoubtedly will be of great aid to us in making the manpower program now operating even more effective. The directive gives full recognition to the fact that the success of the manpower program depends in the last analysis upon community cooperation. It also recognizes the obligation of communities with surplus labor to furnish aid to the critically short areas.

"It undoubtedly should focus public attention upon the imperative importance of full cooperation with WMC's efforts to place workers where they are most urgently needed. This is the major purpose of our program.

"The directive should assure us of full teamwork on the part of all Government agencies in doing this job.

"The supplemental actions necessary to give full effect to Justice Byrnes' directive are being taken now and will be followed up vigorously.

"The ceiling program of the War Manpower Commission has been in effect in all Group I and II labor areas since July 1. In some areas the program does not give sufficient emphasis to reducing the employment levels in less essential activities. Justice Byrnes' order is designed to secure

greater application of ceilings to such activities in order to make available the necessary manpower for the most essential war jobs. WMC intends to proceed aggressively and immediately to see that all the labor, particularly male labor that can be released in activities which are of relatively lesser importance, is made available.

"This program outlined by Justice Byrnes also is designed to be of assistance in WMC's efforts to recruit workers in labor surplus areas. Such recruitment efforts have been aggressively carried out, but the requirements of the most critical war programs located in tight labor areas call for even greater numbers than so far have been available.

"In regard to civilian production, Justice Byrnes' order, while recognizing the need for getting ready for such resumption of civilian production as may be possible, is designed specifically to make certain that under no circumstances do such programs interfere with manpower requirements for war production.

"WMC will provide its field organization with specific instructions as to how to proceed in dealing with situations where the Commission's ceilings are not complied with. Justice Byrnes' order assures the Chairman of WMC of the complete cooperation of the War Production Board and the procurement agencies so that their powers of contractual relations be brought to bear whenever noncompliance arises."

Mr. Byrnes' statement and directive follows:

"Several days ago I was advised by the procurement agencies that a shortage was developing in the production of certain vital war materials. There are certain essential facts to which public attention must be directed in order that the needs of the armed services may be met. So many changes have taken place in the methods of waging modern war that changes in the war needs are inevitable.

"At Cassino and the Normandy beachheads we learned that when we use enough artillery and bombs we can save the lives of many of our men. Our officers in the field are demanding, and they have every right to demand, increased quantities of heavy artillery, bombs and ammunition.

"For the same reason they are demanding increased production of explosives. That requires increased production in our shell and bomb loading plants.

"When we use heavy artillery to blast a beachhead we destroy all transportation facilities in the area bombed or attacked. We send our far-ranging bomber fleets to attack all transportation facilities behind the enemy so as to prevent the enemy from getting materials up to support its army near our point of attack. When the enemy retreats out of a territory he applies the scorched-earth policy and the result is that no railroads or highways are left available.

"That means we have to repair roads and move our supplies by trucks. That requires increased production of trucks and increased production of tires for them.

"These situations will be obvious to every American citizen. For the few programs in which production is now critically short

and urgently needed, the facts warrant courageous action quickly to get for the Army and Navy these heavy guns and ammunition, trucks, tanks, construction equipment, tires and tentage fabric for housing the troops making the rapid advances which our services are making all over the world.

"These are some of the items which are required by an expanding army on a vigorous offensive. These shortages do not tell the whole story, but they are the critical ones which demand the immediate attention of government and people.

"I have spent several days in conference with the governmental agencies working on the program, and am sure they will carry through their assignments aggressively and efficiently. All are in accord that the needs of the war must come first—ahead of any thought of increased civilian production or increased employment for producing civilian goods. We have the enemy on the ropes; he is dazed and his knees are buckling. This is no time to take a holiday and give him time to recover. It is time to finish the job. We cannot let down our men in the armed services.

"Some time ago our difficulties lay primarily in the field of materials. Happily, on the whole, these shortages have been met. We are still critically short of manpower in the neighborhood of plants making these particular war materials which I have mentioned (heavy guns and ammunition, bombs, radar equipment, trucks, tanks, construction equipment, tires and tentage fabric).

"Today instructions have been issued covering the necessary technical procedure to insure that these war plants will have the labor they require to make the goods required for war.

"In the past we have been mainly concerned about the hoarding of excessive labor forces in war plants and the failure of some of our war plants to utilize available manpower to the fullest extent. We have placed ceilings on employment in war plants. We are now going to proceed vigorously whenever it is necessary to place ceilings on employment in plants not producing war goods.

"We are going to handle the problem in the area where the plants are located. We have placed responsibility on the area officials to take all necessary steps to free from civilian and less essential industries men possessing the skills required to produce war goods. The placing of these ceilings on employment may work hardships on particular individuals. We will depend upon local administration for the best possible handling of the problem. But we are going to insist that these local committees in charge of the problem meet the needs in their own areas. Wherever they have excess manpower they must accept a quota for recruitment in order to meet the needs of other critical areas where requisite manpower cannot be secured.

"The responsibility for manning our war plants is clear and unmistakable, and it rests with the communities. The communities must meet the responsibility if we are to be able to finish the war without enacting a universal service law. Those at home must work as hard as those abroad are fighting. I will arrange for instructions to the local committees to enlist the aid of all citizens and workers in not only these war industries, but in civilian industries as well, to meet their own local needs quickly.

"In order to enforce these employment ceilings until the war requirements are met, I have authorized all governmental agencies to use every available power of government for the purpose of enforcing labor ceilings. These powers include not only the con-

trol of the flow of material for use in manufacturing, but control of the use of fuel, power, transportation and every other lawful means of insuring that the ceilings are respected and the war supplies for the men at the front are promptly met.

"The War Department is rapidly gaining experience in the better utilization of war prisoners. The possibility of increased use and better use of these men in the war programs is being carefully developed. While war prisoners may not be used on war weapons and explosives, there are many parts of the program in which they can be used, and they are going to be used.

"Similarly, I am endeavoring to arrange a program for utilizing some unskilled foreign labor for a limited period where it is impossible to secure adequate local labor.

"There is a public psychology in this country that the end of the war is near at hand. No man knows when the war will end. We must produce until the last shot is fired.

"People want to leave their jobs in war plants in order to get back to civilian business. If the present exodus from war plants continues, it is going to interfere seriously with the possibility of an early end of the war.

"In order to be prepared for the end of the war the War Production Board has planned a procedure under which it will permit the manufacture of civilian goods when conditions permit. In general terms there will be no increase in civilian production permitted in any area where the labor required for it is needed in war production. Our war needs will come first, and civilian production must not interfere with it. The War Production Board has had no other intention.

"Workers and manufacturers undoubtedly realize that the promulgation of the plan covering reconversion and any resumption of production of civilian goods merely means that while the government is putting forth every effort to end the war, it is at the same time preparing to handle the problem of reconversion. It is planning for increased civilian production only when there are available supplies and man power of the kind not required for the essential war programs. And while the executive department of government is engaging itself in these plans and their perfection, Congress is similarly engaged in developing the legislative program.

"These plans by the executive and by Congress do not mean that we definitely expect an early end of the war. They do mean that whenever the war ends in any major phase, we intend to be ready to lessen the shock of the transition of war to peace.

Text of the Directive

"The following is the directive issued today regarding the administration of the plans for labor utilization, recruitment, labor ceilings in war and civilian plants and the decentralized procedure, so that local problems can be handled locally by those having intimate knowledge of local conditions.

"On Sept. 4, 1943, the Office of War Mobilization announced a program designed to meet war and essential civilian man-power needs which was applicable to the West Coast. Subsequently, the program was extended to all critical labor areas throughout the United States. In substance, it provided for the establishment of area-production urgency committees in each critical labor area, under the chairmanship of a representative of the War Production Board, with membership from the

interested procurement agencies: The committee was empowered to establish relative urgencies within the areas for man power in accord with directives from the production executive committee of the War Production Board. There was also established in each area a man-power priorities committee under the chairmanship of the War Man-Power Commission, which was empowered to establish ceilings, to control referrals, to meet the priorities established by the area-production urgency committees and to assure the proper utilization of man power within the area.

"Continued difficulties in meeting important parts of our war-production schedules and the increasing desirability of establishing a means for a more rapid allocation of man power to meet shifts from war to civilian production at the appropriate time now require a closer and more effective control. Therefore, it is directed:

"1. Based upon the requirements for essential production and services determined by the area-production urgency committees, the man-power priorities committees in all Groups 1 and 2 labor areas shall promptly establish employment ceilings in war industries to enforce better utilization of existing labor; it shall establish ceilings in less essential industries which will make labor available for essential war production; it shall set man-power priorities and it shall take such other measures as may be necessary to insure proper and full utilization of existing man power. In case of disagreement, the decision of the chairman of the man-power priorities committee shall be deemed as final, shall become immediately effective and shall not be suspended pending any appeal that may be taken.

"2. The determinations of the area man-power priorities committee made under 1 will be executed through the responsible government agencies. Upon application of the chairman of the War Man-Power Commission, all interested governmental agencies will apply any and all sanctions lawfully available to the government, including the allocation of materials, fuel, power and services to insure compliance with the determination of the committee.

"3. If an area-production urgency committee, established in a Group 1 or 2 labor area, certifies that the need for production is immediately established in Groups Commission will not delay or refuse to proceed with labor referrals in the area on the ground that proper utilization of labor is not being made.

"4. Area-production urgency committees and man-power priorities committees shall be immediately established in Groups 3 and 4 labor areas. The area-production urgency committees which will be established in such areas are charged with the responsibility of authorizing increased civilian production. No increased civilian production will be authorized in the area without the approval of this committee. It will not authorize such production until the representative of the War Man-Power Commission within the area has certified in writing to the committee that labor is available for such production without interference with local and inter-regional labor recruiting efforts therein.

"5. The general procedures established in the west coast man-power program, effective Sept. 15, 1943, will continue to be applicable except as herein modified.

"6. All responsible governmental agencies shall promptly issue any appropriate regulations to make effective the foregoing."

Daily Average Crude Oil Production For Week Ended July 29, 1944 Decreased 7,000 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 29, 1944 was 4,608,450 barrels, down 7,000 barrels from the record level reached in the preceding week. The current figure was, however, 2,350 barrels higher than the daily average figure recommended by the Petroleum Administration for War for the month of July, 1944, and exceeded the week ended July 31, 1943 by 475,150 barrels per day. Daily output for the four weeks ended July 29, 1944 averaged 4,601,300 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 4,627,000 barrels of crude oil daily and produced 14,115,000 barrels of gasoline; 1,314,000 barrels of kerosine; 4,883,000 barrels of distillate fuel oil, and 8,900,000 barrels of residual fuel oil during the week ended July 29, 1944; and had in storage at the end of that week 82,665,000 barrels of gasoline; 11,137,000 barrels of kerosine; 38,135,000 barrels of distillate fuel, and 56,280,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

State	*P. A. W. Recommendations July	*State Allowables begin July 1	Actual Production		4 Weeks Ended July 29, 1944	Week Ended July 31, 1943
			Week Ended July 29, 1944	Change from Previous Week		
Oklahoma	332,000	332,000	1,339,500	- 1,700	340,000	333,500
Kansas	274,000	269,400	1,279,250	- 6,050	277,400	306,150
Nebraska	1,000	-----	1950	+ 50	900	2,200
Panhandle Texas	-----	-----	89,150	-----	89,200	90,400
North Texas	-----	-----	151,550	-----	151,600	137,700
West Texas	-----	-----	463,550	-----	463,000	245,600
East Central Texas	-----	-----	148,350	-----	148,400	128,000
East Texas	-----	-----	363,550	-----	363,600	371,000
Southwest Texas	-----	-----	319,750	-----	319,800	230,000
Coastal Texas	-----	-----	531,400	-----	531,400	412,900
Total Texas	2,064,000	2,064,698	2,067,300	-----	2,067,200	1,615,600
North Louisiana	-----	-----	72,350	+ 300	72,000	84,500
Coastal Louisiana	-----	-----	284,400	-----	285,400	264,000
Total Louisiana	350,000	389,000	357,750	+ 300	357,400	348,500
Arkansas	78,000	77,991	80,500	-----	80,500	77,400
Mississippi	41,000	-----	45,050	+ 100	44,600	53,250
Alabama	-----	-----	200	-----	200	-----
Florida	-----	-----	50	-----	100	-----
Illinois	215,000	-----	207,600	- 650	205,300	218,850
Indiana	14,600	-----	13,400	+ 750	13,200	13,850
Eastern—						
(Not incl. Ill., Ind., Ky.)	71,200	-----	53,150	- 8,250	60,800	81,050
Kentucky	22,000	-----	24,950	+ 1,800	23,600	25,900
Michigan	51,000	-----	50,850	+ 1,250	50,500	57,900
Wyoming	94,000	-----	93,450	+ 5,700	87,300	100,000
Montana	24,400	-----	21,900	- 200	22,100	21,450
Colorado	7,400	-----	8,600	- 300	8,600	7,300
New Mexico	113,000	113,000	103,500	-----	108,300	103,950
Total East of Calif.	3,752,600	-----	3,752,950	- 7,200	3,747,700	3,366,000
California	853,500	853,500	855,500	+ 200	853,600	767,300
Total United States	4,606,100	-----	4,608,450	- 7,000	4,601,300	4,133,300

*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. July 27, 1944.

This is the net basic allowable as of July 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 1 to 15 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 STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL, AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JULY 29, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

District	Daily Refining Capacity	Crude Runs to Stills	Production of Gasoline	Stocks of Gasoline	Stocks of Unfinished Gasoline	Stocks of 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	2,432	96.6	7,088	37,473	20,481
Appalachian—							
District No. 1	130	83.9	109	83.8	277	2,246	466
District No. 2	47	87.2	41	87.2	99	1,532	175
Ind., Ill., Ky.	824	85.2	758	92.0	2,672	18,091	5,858
Okl., Kans., Mo.	418	80.2	362	86.6	1,355	6,799	1,779
Rocky Mountain—							
District No. 3	13	17.0	12	92.3	34	55	3
District No. 4	141	58.3	99	70.2	331	2,220	348
California	817	89.9	814	99.6	2,259	14,249	9,025
Total U. S. B. of M.							
basis July 29, 1944	4,908	87.7	4,627	94.3	14,115	182,665	38,135
Total U. S. B. of M.							
basis July 22, 1944	4,908	87.2	4,670	95.2	14,243	82,150	37,513
U. S. Bur. of Mines							
basis July 31, 1943	-----	-----	3,769	-----	11,102	73,409	34,328

*At the request of the Petroleum Administration for War, †Finished, 70,175,000 barrels; unfinished, 12,490,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,314,000 barrels of kerosine, 4,883,000 barrels of gas oil and distillate fuel oil and 8,900,000 barrels of residual fuel produced during the week ended July 29, 1944, which compares with 1,454,000 barrels, 5,073,000 barrels and 8,947,000 barrels, respectively, in the preceding week and 1,187,000 barrels, 3,579,000 barrels and 8,433,000 barrels, respectively, in the week ended July 31, 1943. †Revised in California due to error by reporting company.

Note—Stocks of kerosine at July 29, 1944 amounted to 11,137,000 barrels, as against 11,085,000 barrels a week earlier and 9,179,000 barrels a year before.

Electric Output For Week Ended Aug. 5, 1944 Shows 3.7% 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 Aug. 5, 1944, was approximately 4,399,433,000 kwh., compared with 4,240,638,000 kwh. in the corresponding week a year ago, an increase of 3.7%. The output for the week ended July 29, 1944, was 3.9% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended			
	Aug. 5	July 29	July 22	July 15
New England	1.3	1.4	0.3	*0.7
Middle Atlantic	*3.1	*3.7	*3.5	*2.5
Central Industrial	3.2	2.7	2.7	3.3
West Central	1.9	0.0	1.2	4.5
Southern States	8.1	9.0	9.7	9.2
Rocky Mountain	*4.5	*5.3	*3.2	*4.6
Pacific Coast	14.4	16.9	18.5	17.6
Total United States	3.7	3.9	4.4	4.6

*Decrease under similar week in 1943.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942			
				1942	1932	1929	1929
May 6	4,233,756	3,903,723	+ 8.5	3,365,208	1,436,928	1,698,942	1,704,426
May 13	4,238,375	3,969,161	+ 6.8	3,356,921	1,435,731	1,704,426	1,704,426
May 20	4,245,678	3,992,250	+ 6.3	3,379,985	1,425,151	1,705,460	1,705,460
May 27	4,291,750	3,990,040	+ 7.6	3,322,651	1,381,452	1,615,085	1,615,085
June 3	4,144,490	3,925,893	+ 5.6	3,372,374	1,435,471	1,689,925	1,689,925
June 10	4,264,600	4,040,376	+ 5.5	3,463,528	1,441,532	1,699,227	1,699,227
June 17	4,287,251	4,098,401	+ 4.6	3,433,711	1,440,541	1,702,501	1,702,501
June 24	4,325,417	4,120,038	+ 5.0	3,457,024	1,456,961	1,723,428	1,723,428
July 1	4,327,359	4,110,793	+ 5.3	3,424,188	1,341,730	1,592,075	1,592,075
July 8	3,940,854	3,919,398	+ 0.5	3,428,916	1,415,704	1,711,625	1,711,625
July 15	4,377,152	4,184,143	+ 4.6	3,565,367	1,433,903	1,727,225	1,727,225
July 22	4,380,930	4,196,357	+ 4.4	3,625,645	1,440,386	1,732,031	1,732,031
July 29	4,390,762	4,226,705	+ 3.9	3,649,146	1,429,986	1,724,728	1,724,728
Aug. 5	4,399,433	4,240,638	+ 3.7	3,637,070	1,415,122	1,729,667	1,729,667
Aug. 12	-----	4,287,827	-----	3,654,795	1,431,910	1,733,110	1,733,110
Aug. 19	-----	4,264,825	-----	3,673,717	1,436,440	1,750,054	1,750,054
Aug. 26	-----	4,322,195	-----	3,639,961	1,464,700	1,761,594	1,761,594

Steel Operations Up 0.1% — Volume Continues At High Levels — Orders Exceeding Shipments

"Steel order volume this past week continued at recent high levels with no signs of any decline," the "Iron Age" states in its issue of today (Aug. 10), further adding: "It was noted, however, that even though orders were pouring in to steel mills and were, in most cases, in excess of shipments, steel customers generally were putting their houses in order for sudden cancellations of war contracts. Closer inventory control was evident everywhere this week. Some manufacturers who are behind schedule are reported pressing for delivery of steel with an eye on cancellation, while those ahead of schedule are said to be eyeing the delivery status of steel closely for the same reason."

"In the face of the outstanding steel record in recent months comes the prediction this week by the WPB that steel output in the fourth quarter may run between 94% and 95% of capacity. The only time in recent months that the steel rate sagged to 95% was in the fourth of July week when some plants were shut down for the holiday. Since that time raw steel output has been maintained at or above 96% of capacity. Whether or not the rate will drop as low as that predicted by the WPB remains to be seen. The prediction is said to be predicated upon a steel manpower deficit of 50,000 workmen. Defeat of Germany by the fourth quarter of this year would in itself cause a temporary sharp drop in steel ingot production following drastic cutbacks, but this factor is not believed to have been present in the WPB forecast.

"Along the post-war controversy front reports from Washington this week were to the effect that Congressional and some war agency sources believe that all WPB reconversion plans have been scuttled by the Byrnes manpower directive of Aug. 4. The government men adhering to this view and who decline to be quoted say that the recent 'hullabaloo' raised by the War Department over lags in war production resulted in Mr. Byrnes granting to the War Manpower Commission what is practically a National Service Act. The directive gives WMC power to set employment ceilings on all industries wherever located. WMC under the directive can prohibit resumption of civilian production wherever it will interfere with war production."

"Heavy sheet demand is apparent. Bolted storage tanks for the war fronts have been placed in substantial quantity which will go far towards replacing tonnage

attention of Washington and industry representatives to this situation, holds some promise of relief. Additional shellmaking equipment is nearing completion and when this is installed shell production should rise sharply. One leading steel maker is expected to be able to get under way with a large shell contract early in September.

"To meet contingencies some cutbacks have been made in certain lines to provide capacity for more production in others. Recent easing in the submarine program to expedite construction of certain types of cruisers and other craft is a case in point. Recently several plate mills have received reductions in tonnage for submarines, the gaps being promptly filled by other requirements.

"Plates and sheet continue in principal demand, with relatively little diversity in the former and apart from Navy and Maritime Commission requirements there is little other plate demand at the moment. In a short time railroad equipment orders are expected to increase, although there should be little immediate pressure, because of greater importance of ship work."

NYSE Short Interest Higher On July 31

The New York Stock Exchange announced on August 8 that the short interest as of the close of business on the July 31 settlement date, as compiled from information obtained by the New York Stock Exchange from its members and member firms, was 1,327,641 shares, compared with 1,287,970 shares on June 30, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the July 31 settlement date, the total short interest in all odd-lot dealers accounts was 43,292 shares, compared with 39,587 shares on June 30. The announcement of the Exchange added:

Of the 1,241 individual stock issues listed on the Exchange on July 31, there were 60 issues in which a short interest of 5,000 or more shares existed, or in which a change in the short position of 2,000 or more shares occurred during the month.

The number of issues in which a short interest was reported as of July 31, exclusive of odd-lot dealers short positions, was 683 compared with 715 on June 30.

In the following tabulation is shown the short interest existing at the close of the last business day for the last 12 months:

1943—	
July 30	836,764
Aug. 31	801,321
Sept. 30	761,827
Oct. 29	729,291
Nov. 30	760,166
Dec. 31	737,042
1944—	
Jan. 31	847,335
Feb. 29	960,617
Mar. 31	1,028,487
Apr. 29	1,090,581
May 31	1,181,293
June 30	1,287,970
July 31	1,327,641

Redeem Panama Bonds

The National City Bank of New York, as fiscal agent of the Loan, is notifying holders of Republic of Panama 26-year 3½% External Secured Refunding Bonds, series B, due Mar. 15, 1967, that \$108,000 aggregate principal amount of these bonds have been drawn by lot for redemption at 102½% on Sept. 15, 1944. The bonds, together with all unmatured interest coupons attached, should be presented at the head office of The National City Bank of New York, fiscal agent for the loan. Interest on the bonds drawn for redemption shall cease from and after the redemption date.

Living Costs in Large Cities Up 0.2% From May 15-June 15, Labor Dept. Reports

Retail prices of the goods and services important in the budget of city families advanced two-tenths of 1% between mid-May and mid-June, Frances Perkins, Secretary of Labor, reported on July 31. "Prices of all principal groups in the budget except rent and fuel, electricity and ice were slightly higher than a month ago," she said.

"During the last year," she added, "prices charged moderate-income city families for living essentials have shown comparatively little change, on the average. In June, 1944, the Bureau of Labor Statistics cost of living index was 0.5% higher than in June, 1943, and 27.2% above the level of August, 1939, the month preceding the outbreak of war in Europe.

"Over the month from May to June retail food prices increased only 0.1%, considerably less than the usual seasonal rise. At this level, they were 4.4% below average prices in June of 1943, before the prices of meats were rolled back. In the 12-month period ending June, 1943, in contrast, food prices had increased 15.2%." The Secretary of Labor went on to say:

"The increase for food over the month was due chiefly to seasonal increases in eggs and some fresh fruits and vegetables; particularly white potatoes, sweet potatoes, oranges and apples. Potato prices advanced over 13% (more than double the usual seasonal advance), due principally to the disappearance of last year's late potatoes and increased sales of the higher priced new potatoes. Onions and beans dropped 28 and 15%, respectively.

"House furnishings costs continued to advance, as higher priced living room furniture with steel springs replaced the wartime types in an increasing number of cities. Lower-priced bedroom and dining-room furniture was not available in a number of cities and consumers were forced to buy the higher-priced suites. Prices for some of the smaller furnishings such as cotton towels and brooms also rose during the month.

"Clothing prices rose 0.4%. Prices of cotton clothing were generally higher. There were also sharp increases over last season's prices for men's tropical worsted suits, cotton slacks, and straw hats, and for women's cotton frocks. Small supplies of men's cotton summer suits, shorts and pajamas, and women's cotton nightgowns and children's underwear were reported in many cities, with low-cost merchandise particularly scarce.

"Rents remained generally stable since March, when data were last collected, with slight low-cost merchandise particularly scarce.

"Rents remained generally stable since March, when data were last collected, with slight increases reported in 15 cities and decreases in eight cities. There were continued reports of scarcity of desirable housing.

"Fuel, electricity and ice costs decreased 0.2% on the average. A large rebate allowed electricity consumers in Portland, Ore., and lower prices for anthracite coal in a number of cities were responsible for the decrease.

"Prices of miscellaneous goods and services were higher. Newspaper prices increased in five cities and costs of prescriptions and medical care, as well as beauty shops services and shoe repairs continued to advance."

Note—The BLS index indicates average changes in retail prices of selected goods, rents and services bought by families of wage earners and lower-salaried workers in large cities. The items covered represented 70% of the expenditures of families who had incomes ranging from \$1,250 to \$2,000 in 1934-36.

The index does not show the full wartime effect on the cost of living of such factors as lowered quality, disappearance of low-priced goods and forced changes in housing and eating away from home.

It does not measure changes in total "living costs"—that is, in the total amount families spend for living. Income taxes and bond subscriptions are not included.

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

Date	All Items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
1939: Aug. 15	98.6	93.5	100.3	104.3	97.5	100.6	100.4
1941: Jan. 15	100.8	97.8	100.7	105.0	100.8	100.1	101.9
1942: May 15	116.0	121.6	126.2	109.9	104.9	122.2	110.9
Sept. 15	117.8	126.6	125.8	108.0	106.2	123.6	111.4
1943: June 15	124.8	141.9	127.9	108.0	107.7	125.4	115.7
1944: April 15	124.6	134.6	137.1	108.1	109.9	132.9	120.9
May 15	125.1	135.5	137.4	108.1	109.8	135.0	121.3
June 15	125.4	135.7	138.0	108.1	109.6	138.4	121.7

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

PERCENT OF CHANGE

Date	All Items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
May 15, 1944 to June 15, 1944	+ 0.2	+ 0.1	+ 0.4	0	- 0.2	+ 2.5	+ 0.3
June 15, 1943 to June 15, 1944	+ 0.5	+ 4.4	+ 7.9	+ 0.1	+ 1.8	+ 10.4	+ 5.2
Sept. 15, 1942 to June 15, 1944	+ 6.5	+ 7.2	+ 9.7	+ 0.1	+ 3.2	+ 12.0	+ 9.2
May 15, 1942 to June 15, 1944	+ 8.1	+ 11.6	+ 9.4	- 1.6	+ 4.5	+ 13.3	+ 9.7
Jan. 15, 1941 to June 15, 1944	+ 24.4	+ 38.8	+ 37.0	+ 3.0	+ 8.7	+ 38.3	+ 19.4
Aug. 15, 1939 to June 15, 1944	+ 27.2	+ 45.1	+ 37.6	+ 3.6	+ 12.4	+ 37.6	+ 21.3

Market Value Of Stocks On New York Stock Exchange Higher On July 31

The New York Stock Exchange announced on Aug. 5 that as of the close of business July 31, there were 1,241 stock issues, aggregating 1,496,510,392 shares listed on the New York Stock Exchange, with a total market value of \$52,488,254,469. This compares with 1,242 stock issues, aggregating 1,492,874,003 shares, with a total market value of \$53,067,698,691 on June 30.

In making public the July 31 figures the Stock Exchange further said:

As of the close of business July 31, New York Stock Exchange member total net borrowings amounted to \$786,574,524, of which \$510,186,873 represented loans which were not collateralized by U. S. Government issues. The ratio of the latter borrowings to the market value of all listed stocks, on that date, was, therefore, 0.97%. As the loans not collateralized by U. S. Government issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

In the following table listed stocks are classified by leading

industrial groups with the aggregate market value and average price for each:

	July 31, 1944		June 30, 1944	
	Market Value	Average Price	Market Value	Average Price
Amusement	587,253,078	25.37	610,372,353	26.36
Automobile	4,591,239,508	38.97	4,785,102,998	39.91
Aviation	633,277,881	17.76	623,463,803	17.49
Building	636,516,266	30.24	662,109,050	31.46
Business and Office Equipment	469,165,211	36.06	476,529,331	36.63
Chemical	6,283,221,929	65.47	6,412,909,751	66.79
Electrical Equipment	1,705,788,279	41.24	1,740,778,046	42.05
Farm Machinery	831,666,856	60.73	856,021,903	62.56
Financial	1,044,819,495	21.55	1,056,255,287	21.59
Food	3,384,294,875	40.08	3,378,210,373	40.00
Garment	47,954,668	28.71	48,603,318	29.06
Land & Realty	34,365,673	7.68	35,861,834	7.39
Leather	262,902,764	31.17	263,088,051	31.21
Machinery & Metals	1,925,846,289	26.79	1,950,565,968	27.16
Mining (excluding Iron)	1,452,775,312	23.51	1,480,842,595	23.96
Paper & Publishing	589,874,699	25.25	594,685,101	25.46
Petroleum	6,185,992,604	30.47	6,245,959,565	30.77
Railroad	4,199,807,840	38.47	4,109,020,873	38.21
Retail Merchandising	2,903,730,191	39.49	2,897,855,040	39.79
Rubber	67,500,000	60.95	65,615,587	61.44
Ship Building & Operating	104,453,175	18.94	104,475,412	18.94
Shipping Services	18,941,635	10.99	19,992,464	11.59
Steel, Iron & Coke	2,361,708,359	46.71	2,386,116,138	47.20
Textiles	578,547,676	37.54	594,663,925	38.59
Tobacco	1,397,421,048	51.31	1,407,844,045	51.69
Utilities:				
Gas & Electric (Operating)	2,314,759,944	22.74	2,322,713,393	22.41
Gas & Electric (Holding)	1,299,512,659	13.49	1,296,710,826	13.45
Communications	3,881,150,898	91.66	3,891,660,482	92.00
Miscellaneous Utilities	123,541,329	21.18	126,389,862	21.63
U. S. Cos. Operating Abroad	858,150,076	25.74	872,981,431	25.72
Foreign Companies	960,305,216	23.20	999,832,016	24.15
Miscellaneous Businesses	171,719,019	27.11	163,467,870	27.85
All Listed Stocks	52,488,254,469	35.07	53,067,698,691	35.55

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	1942		1943		1944	
	Market Value	Average Price	Market Value	Average Price	Market Value	Average Price
July 31	34,443,805,860	23.42	47,710,472,858	32.04	52,488,254,469	35.07
Aug. 31	34,871,607,323	23.70	48,711,451,018	32.82		
Sept. 30	35,604,809,453	24.20	48,178,040,869	32.44		
Oct. 31	37,727,599,526	25.65	45,101,778,943	30.33		
Nov. 30	37,374,462,460	25.41	47,607,294,582	31.96		
Dec. 31	38,811,728,666	26.39				
Jan. 31	41,410,585,043	28.16	48,396,650,695	32.47		
Feb. 27	43,533,661,753	29.61	48,494,092,518	32.51		
Mar. 31	45,845,738,377	31.20	49,421,855,812	33.12		
Apr. 30	46,192,361,639	31.45	48,670,491,772	32.59		
May 29	48,437,700,647	32.96	50,964,039,424	34.14		
June 30	48,878,520,886	33.27	53,067,698,691	35.55		
July 31	47,577,989,240	32.17	52,488,254,469	35.07		

Moody's Bond Prices And Bond Yield Averages

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

1944— Daily Averages	U. S. Govt. Bonds rate*	Corporate by Ratings*				Corporate by Groups*			
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Aug. 8	120.03	112.56	118.60	117.00	112.19	103.30	106.74	114.27	117.00
7	120.00	112.56	118.80	117.00	112.19	103.30	106.92	114.27	117.00
5	120.05	112.56	118.80	117.00	112.19	103.30	106.92	114.27	117.00
4	120.08	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.23
2	120.14	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.23
1	120.09	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.23
July 28	120.10	112.57	118.60	116.80	112.19	103.13	106.56	114.27	117.00
21	120.18	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.00
14	120.23	112.56	118.60	117.20	112.19	103.13	106.39	114.08	117.40
7	120.27	112.56	118.60	117.00	112.37	102.96	106.21	114.08	117.40
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
23	120.13	112.19	118.40	116.80	112.00	102.63	106.04	113.89	117.20
16	120.01	112.19	118.40	116.61	112.00	102.63	105.86	113.70	117.23
9	119.88	112.19	118.60	116.61	111.81	102.46	105.69	113.89	117.20
2	119.99	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.00
May 26	119.66	112.19	118.40	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
12	119.48	112.00	118.60	116.80	111.81	101.64	105.52	113.89	116.80
5	119.48	111.81	118.40	116.61	111.62	101.47	105.52	113.70	116.41
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	112.56	118.80	117.20	112.37	103.30	106.92	114.27	117.40
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	120.19	111.25	119.20	117.00	111.62	99.04	103.13	114.08	117.40
Aug. 7, 1943	117.97	107.09	116.80	113.31	108.34	92.06	96.23	111.44	114.46
2 Years Ago									
Aug. 8, 1942									

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

1944— Daily Averages	U. S. Govt. Bonds rate*	Corporate by Ratings*				Corporate by Groups*			
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Aug. 8	1.79	3.03	2.72	2.80	3.05	3.55	3.35	2.94	2.80
7	1.80	3.03	2.71	2.80	3.05	3.55	3.34	2.94	2.79
5	1.79	3.03	2.71	2.80	3.05	3.55	3.34	2.94	

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of Commerce, in its latest report, states that the total production of soft coal in the week ended July 29, 1944 is estimated at 12,350,000 net tons, an increase of 365,000 tons, or 3%, over the preceding week. In the corresponding week of 1943, output amounted to 12,113,000 tons. Cumulative production of soft coal from Jan. 1 to July 29 totaled 365,380,000 tons, as against 336,278,000 tons in the same period in 1943, a gain of 8.7%.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended July 29, 1944 was estimated at 1,252,000 tons, an increase of 30,000 tons (2.5%) over the preceding week. When compared with the production in the week ended July 31, 1943, there was, however, a decrease of 132,000 tons, or 9.5%. The calendar year to date shows an increase of 8.4% when compared with the corresponding period in 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended July 29, 1944 showed a decrease of 9,300 tons when compared with the output in the week ended July 22, 1944; and was 25,700 tons less than for the corresponding period of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
	July 29, 1944	July 22, 1944	July 31, 1943	July 29, 1944	July 31, 1943	July 31, 1937
Bituminous coal and lignite—	12,350,000	11,985,000	12,113,000	365,380,000	336,278,000	256,690,000
Total incl. mine fuel	1,252,000	1,222,000	1,384,000	37,960,000	35,022,000	31,225,000
Daily average	2,058,000	1,998,000	2,019,000	2,041,000	1,868,000	1,433,000

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

	Week Ended			Calendar Year to Date		
	July 29, 1944	July 22, 1944	July 31, 1943	July 29, 1944	July 31, 1943	July 31, 1937
Penn. anthracite—	1,252,000	1,222,000	1,384,000	37,960,000	35,022,000	31,225,000
Total incl. coll. fuel	1,202,000	1,173,000	1,329,000	36,443,000	33,621,000	29,664,000
Beehive coke—	140,500	149,800	166,200	4,481,400	4,443,400	2,115,500

*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

State—	Week Ended			
	July 22, 1944	July 15, 1944	July 24, 1943	July 24, 1937
Alabama	387,000	397,000	406,000	251,000
Alaska	5,000	4,000	5,000	3,000
Arkansas and Oklahoma	88,000	88,000	92,000	37,000
Colorado	126,000	142,000	149,000	71,000
Georgia and North Carolina	1,000	1,000	1,000	1,000
Illinois	1,375,000	1,416,000	1,482,000	680,000
Indiana	566,000	563,000	477,000	245,000
Iowa	45,000	40,000	40,000	33,000
Kansas and Missouri	165,000	144,000	144,000	84,000
Kentucky—Eastern	984,000	998,000	999,000	671,000
Kentucky—Western	410,000	420,000	295,000	132,000
Maryland	40,000	42,000	38,000	27,000
Michigan	2,000	2,000	3,000	5,000
Montana (bitum. & lignite)	83,000	74,000	84,000	40,000
New Mexico	30,000	33,000	38,000	31,000
North & South Dakota (lignite)	45,000	42,000	35,000	13,000
Ohio	655,000	687,000	690,000	403,000
Pennsylvania (bituminous)	2,950,000	2,980,000	3,078,000	2,017,000
Tennessee	150,000	147,000	120,000	95,000
Texas (bituminous & lignite)	2,000	2,000	2,000	19,000
Utah	130,000	128,000	111,000	37,000
Virginia	370,000	383,000	396,000	247,000
Washington	35,000	32,000	32,000	30,000
†West Virginia—Southern	2,100,000	2,192,000	2,239,000	1,631,000
‡West Virginia—Northern	1,090,000	1,157,000	977,000	530,000
Wyoming	150,000	147,000	157,000	71,000
§Other Western States	1,000	1,000	1,000	1,000
Total bituminous & lignite	11,985,000	12,260,000	12,090,000	7,403,000
Pennsylvania anthracite	1,222,000	1,266,000	1,333,000	519,000
Total, all coal	13,207,000	13,526,000	13,423,000	7,922,000

†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 and Oregon. *Less than 1,000 tons.

Civil Engineering Construction \$31,818,000 For Week

Civil engineering construction in continental United States totals \$31,818,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the nation, and shipbuilding, is 22% lower than in the preceding week, 33% below the total for the corresponding 1943 week, and 26% below the previous four-week moving average as reported to "Engineering News-Record" and made public on Aug. 3. The report went on to say:

Private construction tops the 1943 week by 40%, but is 43% lower than a week ago. Public work is 44 and 10% lower, respectively, than a year ago and a week ago, due to the decrease in federal volume.

The current week's construction brings 1944 volume to \$1,082,209,000 for the 31 weeks, a decline of 49% from the \$2,110,029,000 reported for the 1943 period. Private construction, \$248,638,000, is 5% lower than last year, and public construction, \$833,571,000, is down 55% as a result of the 60% decrease in federal work.

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

	Aug. 5, '43	July 27, '44	Aug. 3, '44
Total U. S. Construction	\$47,489,000	\$41,066,000	\$31,818,000
Private Construction	6,330,000	15,553,000	8,864,000
Public Construction	41,159,000	25,513,000	22,954,000
State and Municipal	3,110,000	5,191,000	7,673,000
Federal	28,049,000	20,322,000	15,281,000

In the classified construction groups, gains over last week are in waterworks, earthwork and drainage, streets and roads, and unclassified. Increases over the 1943 week are in waterworks, bridges, industrial buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: waterworks, \$906,000; sewerage, \$681,000; bridges, \$436,000; industrial buildings, \$4,229,000; commercial building and large-scale private housing,

\$803,000; public buildings, \$7,761,000; earthwork and drainage, \$2,204,000; streets and roads, \$5,728,000; and unclassified construction, \$9,070,000.

New capital for construction purposes for the week totals \$5,389,000, and is made up entirely of state and municipal bond sales. The week's new financing brings 1944 volume to \$1,559,680,000, a total 47% below the \$2,921,585,000 reported for the 31-week 1943 period.

National Fertilizer Association Wholesale Commodity Price Index Continues To Advance

The weekly wholesale commodity price index compiled by the National Fertilizer Association and made public on Aug. 7, advanced to 138.8 in the latest week ending Aug. 5, reaching a new high point. A week ago this index was 138.4, a month ago it was 138.0, and a year ago 134.8, based on the 1935-1939 average as 100. The index is now 3.0% above the corresponding period of last year. The Association's report went on to say:

The all-commodity index continued to advance again reflecting higher quotations in the foods and farm products groups. The foods group advanced fractionally because of higher prices for dried beans. There was a substantial advance in the farm products group due to a new high level reached in the prices for livestock. The livestock group index is now 6.5% above the corresponding period of last year. Prices for cotton declined fractionally. Lower prices for one grade of wheat and for barley more than offset higher prices for wheat at Minneapolis and rye, resulting in a slightly lower level in the grains index. The textiles group index declined slightly because of the downward trend of cotton prices.

During the week nine price series in the index advanced and four declined; in the preceding week there were eight advances and five declines; and in the second preceding week there were five advances and seven declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association
1935-1939=100*

Each Group Bears to the Total Index	Group	Latest Preceding Week	Month Ago	Year Ago
		Aug. 5, 1944	July 29, 1944	Aug. 7, 1943
25.3	Foods	141.6	141.5	140.9
	Fats and Oils	145.1	145.1	145.1
	Cottonseed Oil	163.1	163.1	163.1
23.0	Farm Products	162.9	161.2	159.8
	Cotton	201.5	203.1	208.6
	Grains	157.8	157.9	160.1
	Livestock	158.7	155.6	151.6
17.3	Fuels	130.1	130.1	130.1
10.8	Miscellaneous commodities	132.2	132.2	132.2
8.2	Textiles	152.4	152.6	153.3
7.1	Metals	104.4	104.4	104.4
6.1	Building materials	126.0	126.0	126.0
1.3	Chemicals and drugs	154.9	154.9	154.9
.3	Fertilizer materials	118.3	118.3	118.1
.3	Fertilizers	119.7	119.7	119.7
.3	Farm machinery	104.5	104.5	104.1
100.0	All groups combined	138.8	138.4	138.0

*Indexes on 1926-1928 base were: Aug. 5, 1944, 108.1; July 29, 107.8, and Aug. 7, 1943, 105.0.

Consumer Credit Outstanding Down In June

The Board of Governors of the Federal Reserve System announced on July 31 that total consumer credit outstanding during the past year has moved within fairly narrow limits, a large part of the change being attributable to seasonal factors. During June the amount outstanding increased nearly 55 million dollars to an estimated total of 4,952 millions. Single-payment and instalment loans accounted for most of this increase, and automotive sale credit also rose slightly. The Board's report went on to say:

"Instalment loans outstanding increased about 2% during June, largely due to a well-sustained loan volume. Nevertheless, the amount outstanding at the end of the month was 5% less than a year earlier. Single-payment loans have shown a gradual rise over the past three months and at the end of June were about 3% above the year-ago level.

"Automotive sale credit in June increased at about the same rate as in May. Instalment sale credit based on the purchase of other consumers' durable goods declined slightly during June and continued considerably below the corresponding month of 1943.

"Charge-account indebtedness declined about 1% during June when little change is expected. At the end of the month the amount outstanding was 2% higher than on June 30, 1943."

CONSUMER CREDIT OUTSTANDING
(Short-term credit. In millions of dollars. Figures estimated)

	Increase or decrease from:		
	June 30, 1944	May 31, 1944	June 30, 1943
*Total consumer credit	4,952	+54	-143
Instalment sale credit:			
Automotive	192	+11	-16
Other	514	-5	-174
†Instalment loans	1,119	+18	-60
Charge accounts	1,370	-20	+32
Single-payment loans	1,041	+44	+27

*Includes service credit not shown separately. †Includes repair and modernization loans. Estimates for these credits are in process of revision.

Pope Pius Desires Of Restoration Of Poland— Urges Collaboration By Poles With Russia

In one of his historic speeches on Poland, Pope Pius XII on July 28 counseled his Polish soldier-listeners not to take vengeance or reprisals for what had been done to their country and to collaborate with all good men in its restoration.

Stripped of their traditional cautious phraseology, said special advices from Rome to the New York "Times" July 28, the Pontiff's words, spoken in French, meant that the Poles should not take vengeance against the Germans and Russians, who occupied their land in 1939, and that they should now collaborate with the Russians. The advices to the "Times" went on to say:

This impressive, solemn injunction, consistent with the Pope's ideas on peace, came at the end of his speech. Here is a translation of the Pontiff's words:

"Knowing as we know the noble heart of your people, we are convinced that love of Christ will inspire you to do what already political wisdom suggests that you do. This love will raise you well above purely human calculations and lead you to disdain bitter satisfactions of reprisals and vengeance and to prefer in their place the sublime task of validating

your legitimate claims, of restoring and reconstituting your fatherland, of working in common with all good men (les ames droites) who are numerous in all nations and to reestablish friendly relations between members of the great family of God."

The Pope began with a moving welcome to his "very dear sons from beloved Poland." Pius told them he had been following with "sorrow and anxiety" the events that had overwhelmed Poland but that "we never for an instant despaired of the new resurrection of your fatherland."

"In reality," Pius continued, "although your national soil is all red with the blood which bathes it, your rights are so sure that we have a firm hope that all nations will take cognizance of their debt toward Poland, the theatre and too often the plaything of their conflicts, and that whoever retains a spark of truly human Christian sentiment in his heart will seek to revindicate for her the entire place which is her due, according to principles of justice and true peace."

The Pope reiterated an ardent desire which he began expressing as early as Sept. 30, 1939, when he received the Polish colony in Rome after the German invasion of Poland; that is, the desire to see Poland restored to nationhood.

This was implicit throughout his speech although the Pontiff never used the word "independent," which has been used by Premier Joseph Stalin of the Soviet Union, in a sense that the Vatican would not perhaps agree with.

The speech was made into a great and solemn occasion at the Vatican. Of all his international subjects Poland has been nearest to his heart. Poland has provided some memorable audiences and speeches with forthright condemnation of the Nazis.

Fathered this morning in the Sala Clementina. They were headed by Gen. Kazimierz Sosnkowski, Commander in Chief of the Armed Forces; Lieut. Gen. Wladyslaw Anders, commander of the Second Polish Corps in Italy; Bishop Joseph Gawlina, chief chaplain, and other high officers as well as Ambassador Casimir Papez.

Over the occasion hung a dark shadow of the knowledge that their tragic country was again a battlefield for the Germans and Russians and that its fate lay not in their hands but in Premier Stalin's. It was a delicate moment and one that did not call for that condemnation which Pius leveled against the Germans in 1939. So it was an address of extreme caution.

In the course of his speech the Pope gave an important definition of what he called "secret national strength" as follows: "A power which keeps in view only the true good of the people and reciprocally a people unanimously submissive, with confidence in their leaders and with a view toward the common good."

Denies Bond Frauds

Roy E. Crummer, head of R. E. Crummer & Co., Orlando, Florida, has issued a statement through attorneys blaming business enemies in Florida for his indictment by a Federal grand jury on charges of mail fraud and violations of the Securities and Exchange Act in refunding city and county bonds issued in Florida. He declared that he and his associates had "rendered an outstanding and highly valuable service" to the bondholders in connection with refunding about \$170,000,000 in bonds.

Frank L. Carson, Chairman of the Board of the Wichita First National Bank, named in the indictment as among those defrauded, expressed his confidence that Mr. Crummer and his associates would be cleared "when the complete story is told."

Trading On New York Exchanges

The Securities and Exchange Commission made public on July 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 July 15, 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 July 15 (in round-lot transactions) totaled 2,581,009 shares, which amount was 16.01% of the total transactions on the Exchange of 8,060,880 shares. This compares with member trading during the week ended July 8 of 2,688,172 shares, or 15.55% of the total trading of 8,644,710 shares. On the New York Curb Exchange, member trading during the week ended July 15 amounted to 717,335 shares, or 14.01% of the total volume on that exchange of 2,559,125 shares; during the July 8 week trading for the account of Curb members of 621,960 shares was 14.13% of total trading of 2,201,410 shares.

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

WEEK ENDED JULY 15, 1944		
A. Total Round-Lot Sales:	Total for week	%
Short sales.....	190,660	
†Other sales.....	7,870,220	
Total sales.....	8,060,880	
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.....	601,390	
Short sales.....	84,700	
†Other sales.....	551,710	
Total sales.....	636,410	7.68
2. Other transactions initiated on the floor—		
Total purchases.....	434,680	
Short sales.....	30,100	
†Other sales.....	416,110	
Total sales.....	446,210	5.46
3. Other transactions initiated off the floor—		
Total purchases.....	205,342	
Short sales.....	32,990	
†Other sales.....	223,987	
Total sales.....	256,977	2.87
4. Total—		
Total purchases.....	1,241,412	
Short sales.....	147,790	
†Other sales.....	1,191,807	
Total sales.....	1,339,597	16.01

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

WEEK ENDED JULY 15, 1944		
A. Total Round-Lot Sales:	Total for week	%
Short sales.....	30,975	
†Other sales.....	2,528,150	
Total sales.....	2,559,125	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases.....	184,535	
Short sales.....	10,220	
†Other sales.....	162,705	
Total sales.....	172,925	6.98
2. Other transactions initiated on the floor—		
Total purchases.....	64,470	
Short sales.....	4,200	
†Other sales.....	69,040	
Total sales.....	73,240	2.69
3. Other transactions initiated off the floor—		
Total purchases.....	55,690	
Short sales.....	13,650	
†Other sales.....	152,825	
Total sales.....	166,475	4.34
4. Total—		
Total purchases.....	304,695	
Short sales.....	28,070	
†Other sales.....	384,870	
Total sales.....	412,640	14.01
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales.....	0	
†Customers' other sales.....	70,180	
Total purchases.....	70,180	
Total sales.....	60,417	

*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."

Wholesale Prices For Week Ended July 29 Practically Unchanged, Labor Dept. Reports

During the last week in July commodity prices in primary markets continued to move within a very narrow range, said the U. S. Department of Labor on Aug. 3, which added: "Prices were seasonally lower for certain fruits and vegetables, and higher for hogs, live poultry in the New York market, rye and naval stores. For the third consecutive week the Bureau of Labor Statistics' index remained unchanged at 103.9% of the 1926 average. The all-commodity index is 0.2% lower than for the last week in June, although it is slightly more than 1% above the level prevailing a year ago, said the Department, which went to say.

"Farm products and foods—Fluctuations in market prices for farm products did not affect the index for the group, which remained unchanged at 124.1% of the 1926 level. Higher prices were reported for hogs, which advanced nearly 6% during the week on the average, and for live poultry and rye. There were declines of 1% for wheat, 2% for oats, and 1% for cotton. Prices were lower for eggs, apples, lemons, oranges, and for potatoes in most markets. Quotations for sheep were nearly 2% lower than for the previous week. In the past four weeks average market prices for farm products have declined about 1% and they are 0.2% lower than for the corresponding week in July, 1943.

"Led by a drop of more than 0.5% in prices for eggs and lower prices for fruits and vegetables and rye flour, market prices for foods

declined 0.7%. In addition to price changes for farm products included in the foods group, cured pork quotations were nearly 2% lower. At 105.3% of the 1926 average, the foods group index is 1.3% below the last week in June and 1% lower than at this time last year.

"Industrial commodities—In the industrial commodity markets price changes were limited to a minor decrease in quotations for goatskins and advances of about 1% for rosin and turpentine. Prices for industrial commodities have remained relatively stable during 1944, with an increase of only 0.9%. They average 1.6% above the last week in July, 1943."

The Labor Department also included the following notation in its report:

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

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for July 1, 1944 and July 31, 1943, and the percentage changes from a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from July 22 to 29, 1944.

WHOLESALE PRICES FOR WEEK ENDED JULY 29, 1944 (1926=100)

Commodity Groups—	July 29, 1944 from—					Percentage change to July 29, 1944 from—		
	7-29	7-22	7-15	7-1	7-31	7-22	7-1	7-31
All commodities.....	103.9	103.9	103.9	104.1	102.8	0	-0.2	+ 1.1
Farm products.....	124.1	124.1	124.2	125.5	124.3	0	-1.1	- 0.2
Foods.....	105.3	106.0	105.6	106.7	106.4	-0.7	-1.3	- 1.0
Hides and leather products.....	116.8	116.8	116.8	116.8	118.4	0	0	- 1.4
Textile products.....	97.4	97.4	97.3	97.3	96.9	0	+0.1	+ 0.5
Fuel and lighting materials.....	83.9	83.9	83.8	83.8	81.6	0	+0.1	+ 2.8
Metals and metal products.....	103.8	103.8	103.8	103.8	103.8	0	0	0
Building materials.....	115.9	115.9	115.8	115.9	110.8	0	0	+ 4.6
Chemicals and allied products.....	105.2	105.2	105.2	105.3	100.1	0	-0.1	+ 5.1
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	92.1	0	0	+ 1.3
Raw materials.....	113.8	113.8	113.9	114.6	113.0	0	-0.7	+ 0.7
Semimanufactured articles.....	93.8	93.8	93.7	93.7	92.7	0	+0.1	+ 1.2
Manufactured products.....	101.1	101.1	101.0	101.1	99.8	0	0	+ 1.3
All commodities other than farm products.....	99.5	99.5	99.5	99.5	98.2	0	0	+ 1.7
All commodities other than farm products and foods.....	98.7	98.7	98.6	98.7	97.1	0	0	+ 1.6

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JULY 22, 1944 TO JULY 29, 1944

Increases	
Livestock and poultry.....	3.1 Paint and paint materials..... 0.1
Decreases	
Fruits and vegetables.....	3.6 Hides and skins..... 0.2
Other farm products.....	1.6 Cereal products..... 0.1
Grains.....	0.8 Other foods..... 0.1

Non-Ferrous Metals—Magnesium Production Curtailed—Sales Of Major Metals Light

"E. & M. J. Metal and Mineral Markets," in its issue of Aug. 3, stated: "With supplies of the light metals described officially as ample, the trend in production for both aluminum and magnesium continues downward. Recently, WPB announced another reduction in its production program for magnesium. Output of copper, lead, and zinc has dropped this summer, owing to the manpower shortage, but deficiencies in home supplies

in most instances have been offset by increased importations. Consumers are concerned about the possibility of sharp cutbacks this fall, which is reflected in mounting caution in making new commitments. Quicksilver remains steady on decreased selling pressure in the Pacific Coast market." The publication further went on to say in part:

Copper
 Anxiety over the supply outlook for copper has virtually disappeared. Domestic output has declined, owing to the manpower situation, but imports have been increased to keep the overall supply on an even keel. Canadian metal has been moving into the United States on a larger scale. Fabricators consumed 149,618 tons of copper during June, against 149,182 tons in May. Fabricators' stocks of refined copper at the end of June amounted to 332,356 tons, against 341,037 tons a month previous.

Order M-9-c has been amended to release frozen inventory stocks of copper and copper alloy building materials, such as weather stripping, pipe for connecting water heaters to replace worn-out units, etc. The order continues to prohibit the manufacture of copper and copper-base alloy for use in building construction. So far as virgin copper is concerned, the amended order changes nothing.

Lead
 Though most sellers of lead experienced a quiet trading period, turn-of-the-month business brought sales volume for last week up to 6,574 tons, against 2,576 tons in the previous week. Consumption of lead has been holding up well, and it is thought

mayo 1,022 tons, medium producers 1,744 tons; and small producers 1,679 tons.

The price situation in tin here was unchanged last week. Straits quality metal for shipment, in cents per pound, was as follows:

	August	Sept.	Oct.
July 27.....	52.000	52.000	52.000
July 28.....	52.000	52.000	52.000
July 29.....	52.000	52.000	52.000
July 31.....	52.000	52.000	52.000
Aug. 1.....	52.000	52.000	52.000
Aug. 2.....	52.000	52.000	52.000

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

Magnesium
 WPB announced last week that production of magnesium has been reduced by 7,517,000 pounds a month to conserve on manpower, materials, and bring supplies more in line with stockpile objectives. The program, involving five plants, follows:

Plant	Former Rate, Pounds	New Rate, Pounds
Dow, Marysville, Mich.	3,600,000	Shut Down
Dow, Valesco, Texas	6,600,000	6,000,000
Magnesium Reduction, Luckey, Ohio	1,050,000	833,000
Electro Metallurgical, Spokane, Wash.	2,300,000	1,200,000
Basic Magnesium, Las Vegas, Nev.	6,500,000	4,500,000

The actual shutdown date for the plant at Marysville has not been determined by WPB. The cutback at Valesco will reduce production to rated capacity. Curtailment at Luckey will bring production down to rated capacity and make available need alloying facilities. Plants at Spokane and Las Vegas are in what is described as tight labor areas.

Quicksilver
 Producers on the Pacific Coast believe that the price outlook for the near future favors sellers, owing to a sharp drop in production. Quotations in New York were maintained last week at \$102 to \$106 per flask, depending on quantity.

The E.&M.J. average price of quicksilver (New York) for July was \$100.560 per flask, against \$101.692 for June, and \$196.000 for July last year.

Silver
 The London market remained quiet and the price unchanged at 23½d. The New York Official for foreign silver continued at 44¾c, with domestic at 70¾c.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 2 a summary for the week ended July 22 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 July 22, 1944	
Odd-Lot Sales by Dealers (Customers' purchases)	Total for Week 26,935
Number of orders.....	786,105
Number of shares.....	\$28,196,844
Dollar value.....	
Odd-Lot Purchases by Dealers (Customers' sales)	
Number of Orders:	
Customers' short sales.....	278
*Customers' other sales.....	25,476
Customers' total sales.....	25,754
Number of Shares:	
Customers' short sales.....	10,037
*Customers' other sales.....	701,947
Customers' total sales.....	711,984
Dollar value.....	\$24,129,294
Round-Lot Sales by Dealers:	
Number of Shares:	
Short sales.....	130
†Other sales.....	180,710
Total sales.....	180,840
Round-Lot Purchases by Dealers:	
Number of shares.....	234,220
*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 July 29, 1944, Increased 7,499 Cars

Loading of revenue freight for the week ended July 29, 1944 totaled 910,533 cars, the Association of American Railroads announced on Aug. 3. This was an increase above the corresponding week of 1943 of 25,008 cars, or 2.8%, and an increase above the same week in 1942 of 46,957 cars or 5.4%.

Loading of revenue freight for the week of July 29 increased 7,499 cars, or 0.8% above the preceding week.

Miscellaneous freight loading totaled 400,508 cars, a decrease of 180 cars below the preceding week, but an increase of 14,469 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 103,715 cars, an increase of 1,234 cars above the preceding week, and an increase of 5,009 cars above the corresponding week in 1943.

Coal loading amounted to 180,901 cars, an increase of 4,603 cars above the preceding week, and an increase of 2,767 cars above the corresponding week in 1943.

Grain and grain products loading totaled 57,409 cars, a decrease of 2,314 cars below the preceding week and a decrease of 1,144 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of July 29, totaled 39,726 cars, a decrease of 851 cars below the preceding week and a decrease of 2,927 cars below the corresponding week in 1943.

Livestock loading amounted to 14,878 cars, an increase of 908 cars above the preceding week, and an increase of 608 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of July 29, totaled 10,196 cars an increase of 693 cars above the preceding week, and an increase of 93 cars above the corresponding week in 1943.

Forest products loading totaled 53,120 cars, an increase of 2,383 cars above the preceding week and an increase of 4,938 cars above the corresponding week in 1943.

Ore loading amounted to 85,173 cars, an increase of 705 cars above the preceding week but a decrease of 1,531 cars below the corresponding week in 1943.

Coke loading amounted to 14,829 cars, an increase of 160 cars above the preceding week, but a decrease of 108 cars below the corresponding week in 1943.

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

	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
4 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
Week of July 5	745,141	808,630	855,158
Week of July 15	904,804	877,335	857,146
Week of July 22	903,034	883,838	855,515
Week of July 29	910,533	885,525	863,576
Total	25,412,706	24,407,878	25,248,533

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 29, 1944. During the period 78 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JULY 29

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	285	235	397	1,419	1,560
Bangor & Aroostook	1,065	939	1,045	530	423
Boston & Maine	6,670	6,394	6,010	14,014	14,789
Chicago, Indianapolis & Louisville	1,265	1,432	1,441	2,130	2,105
Central Indiana	29	29	27	68	50
Central Vermont	1,156	1,078	943	2,383	2,623
Delaware & Hudson	6,282	6,717	6,635	12,956	12,105
Delaware, Lackawanna & Western	8,069	7,909	7,628	10,860	13,183
Lehigh	198	190	233	144	122
Detroit & Mackinac	1,758	2,112	1,547	1,325	1,438
Detroit, Toledo & Ironton	325	290	327	2,666	2,463
Detroit & Toledo Shore Line	13,403	14,448	13,186	18,033	17,608
Erie	4,027	3,743	3,676	7,834	7,753
Grand Trunk Western	161	158	141	2,623	2,607
Lehigh & Hudson River	2,038	2,090	2,178	1,782	1,854
Lehigh & New England	8,871	9,052	8,788	16,034	15,733
Lehigh Valley	2,356	2,284	2,292	2,736	2,651
Maine Central	6,477	6,388	6,449	349	381
Monongahela	2,634	2,245	2,403	14	82
Montour	52,749	56,789	46,323	55,722	58,162
New York Central Lines	9,216	9,093	9,226	18,229	18,520
N. Y., N. H. & Hartford	1,296	1,280	1,025	3,246	2,542
New York, Ontario & Western	6,686	7,561	7,285	16,169	16,957
New York, Chicago & St. Louis	4,102	4,600	4,098	2,196	2,713
N. Y., Susquehanna & Western	8,112	7,696	8,029	9,049	9,041
Pittsburgh & Lake Erie	5,755	5,017	5,291	7,984	8,102
Pere Marquette	865	906	408	23	25
Pittsburgh & Shawmut	366	426	349	269	309
Pittsburgh, Shawmut & North	1,394	998	1,232	3,103	3,597
Pittsburgh & West Virginia	399	350	338	1,140	1,071
Rutland	6,181	5,404	5,651	12,455	13,075
Wabash	6,170	5,293	5,507	4,536	5,403
Wheeling & Lake Erie					
Total	166,660	169,806	156,760	232,021	239,048
Allegheny District—					
Akron, Canton & Youngstown	741	798	643	1,284	1,136
Baltimore & Ohio	48,423	43,718	43,431	31,458	30,957
Bessemer & Lake Erie	7,251	6,066	6,538	2,294	2,049
Buffalo Creek & Gauley	320	278	281	6	5
Cambria & Indiana	1,708	1,832	2,025	8	6
Central R. R. of New Jersey	7,152	7,325	7,157	20,953	22,725
Cornwall	478	686	574	63	53
Lumberland & Pennsylvania	214	227	278	12	18
Long Island	150	133	138	53	42
Long Island	2,284	1,857	944	4,032	3,741
Penn-Reading Seashore Lines	1,603	1,720	1,754	2,847	2,891
Pennsylvania System	91,420	90,013	83,938	67,793	70,106
Reading Co.	14,257	16,356	15,020	30,055	29,082
Union (Pittsburgh)	19,563	22,072	21,050	7,711	7,563
Western Maryland	4,708	4,344	4,195	13,145	12,501
Total	200,272	197,425	187,966	181,714	182,875
Pocahontas District—					
Chesapeake & Ohio	29,849	29,015	28,893	13,800	14,094
Ferri-Porter & Western	22,258	22,885	23,358	8,656	7,905
Virginian	4,752	5,016	4,835	2,218	2,225
Total	56,859	56,916	57,086	24,674	23,924

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Southern District—					
Alabama, Tennessee & Northern	428	271	389	497	399
Atl. & W. P.—W. R. R. of Ala.	798	631	914	2,228	2,840
Atlanta, Birmingham & Coast	882	848	1,057	1,312	1,226
Atlantic Coast Line	10,086	11,368	10,262	9,829	9,728
Central of Georgia	3,915	3,784	3,976	5,428	4,120
Charleston & Western Carolina	712	372	597	1,661	1,668
Chinchfield	1,942	1,793	1,728	3,095	2,805
Columbus & Greenville	127	311	402	281	166
Durham & Southern	197	113	134	541	400
Florida East Coast	832	1,483	815	1,391	1,923
Gainesville Midland	48	48	36	107	74
Georgia	1,324	1,074	1,361	2,280	3,261
Georgia & Florida	399	491	639	690	557
Gulf, Mobile & Ohio	4,558	3,846	4,253	4,655	4,326
Illinois Central System	28,165	28,498	27,060	16,722	17,485
Louisville & Nashville	26,915	25,885	26,036	11,804	11,711
Macon, Dublin & Savannah	206	258	220	721	701
Mississippi Central	3,155	2,677	3,04	870	491
Nashville, Chattanooga & St. L.	3,155	3,284	3,061	4,741	4,749
Norfolk Southern	1,628	1,591	1,729	1,651	1,307
Piedmont Northern	382	350	335	1,179	1,015
Richmond, Fred. & Potomac	440	434	485	10,816	9,442
Seaboard Air Line	9,701	9,629	10,044	8,736	8,156
Southern System	26,212	22,076	24,665	25,441	23,615
Tennessee Central	662	520	670	770	895
Winston-Salem Southbound	127	100	100	1,005	829
Total	124,154	119,325	121,272	118,451	113,349
Northwestern District—					
Chicago & North Western	19,829	22,313	21,132	13,627	14,401
Chicago Great Western	2,574	2,849	2,160	3,219	2,820
Chicago, Milw., St. P. & Pac.	22,258	21,171	19,254	10,493	10,601
Chicago, St. Paul, Minn. & Omaha	3,193	4,191	3,233	3,874	3,933
Duluth, Missabe & Iron Range	30,502	27,336	30,239	307	481
Duluth, South Shore & Atlantic	548	1,024	1,161	425	631
Elgin, Joliet & Eastern	9,559	8,610	9,097	10,899	11,864
Ft. Dodge, Des Moines & South	426	448	555	84	102
Great Northern	24,201	26,935	27,196	7,200	5,711
Green Bay & Western	475	422	493	1,036	1,012
Lake Superior & Ishpeming	2,562	2,679	2,291	48	41
Minneapolis & St. Louis	2,168	2,027	2,156	2,678	2,477
Minn., St. Paul & S. S. M.	7,769	7,106	7,371	3,225	2,699
Northern Pacific	12,207	11,647	11,665	6,405	5,113
Spokane International	178	204	196	627	440
Spokane, Portland & Seattle	3,256	2,881	2,897	3,431	3,341
Total	141,705	141,843	141,096	67,578	65,667
Central Western District—					
Atch., Top. & Santa Fe System	29,045	21,339	23,955	13,469	12,054
Alton	3,624	3,367	3,398	4,411	4,454
Bingham & Garfield	321	462	680	78	108
Chicago, Burlington & Quincy	20,885	22,308	18,650	12,958	12,160
Chicago & Illinois Midland	3,256	3,000	2,616	810	850
Chicago, Rock Island & Pacific	14,887	13,064	12,772	13,742	11,952
Chicago & Eastern Illinois	2,850	2,520	2,251	6,621	5,372
Colorado & Southern	765	899	749	2,450	1,950
Denver & Rio Grande Western	4,161	3,990	3,743	6,913	6,513
Denver & Salt Lake	755	709	646	15	13
Fort Worth & Denver City	1,126	988	932	2,053	1,498
Illinois Terminal	2,610	1,856	1,518	2,240	2,389
Missouri-Illinois	1,193	1,207	1,313	591	462
Nevada Northern	1,658	1,962	2,105	113	114
North Western Pacific	1,124	959	1,245	967	902
Peoria & Pekin Union	1	11	6	0	0
Southern Pacific (Pacific)	34,320	33,399	32,409	15,111	13,307
Toledo, Peoria & Western	304	269	278	2,001	1,827
Union Pacific System	18,618	16,306	14,300	17,990	18,967
Utah	449	602	572	7	3
Western Pacific	2,066	2,604	2,271	4,327	4,723
Total	144,018	131,821	126,409	105,867	99,614
Southwestern District—					
Burlington-Rock Island	777	386	969	312	183
Gulf Coast Lines	5,549	4,504	4,242	2,644	3,124
International-Great Northern	2,758	1,840	2,737	3,698	3,316
Kansas, Oklahoma & Gulf	318	325	346	981	1,139
Kansas City Southern	5,907	4,876	4,094	2,881	2,771
Louisiana & Arkansas	3,859	3,206	4,456	2,658	3,218
Litchfield & Madison	319	349	291	1,249	1,516
Midland Valley	737	709	848	434	236
Missouri & Arkansas	167	207	147	344	430
Missouri-Kansas-Texas Lines	6,751	5,415	5,526	5,260	5,920
Missouri Pacific	18,460	17,325	17,303	19,180	18,758
Quannah Acme & Pacific	65	63	78	428	270
St. Louis-San Francisco	10,077	9,224	9,570	8,764	8,915
St. Louis Southwestern	3,234	2,703	3,054	7,516	7,319
Texas & New Orleans	12,288	11,762</			

Items About Banks, Trust Companies

Robert M. Catharine, President of the Dollar Savings Bank of the City of New York, was elected on Aug. 3 a member of the Board of Directors of the Bank of the Manhattan Company. Mr. Catharine is Vice-President and a member of the Executive Committee of the Savings Bank Association of the State of New York and Chairman of Group IV. He is a member of the Executive Committee of the National Association of Mutual Savings Banks and was recently appointed by the Superintendent of Banks a Trustee of the Savings Banks Life Insurance Fund.

Henry Ruhlender, retired banker, died at Lake Placid on Aug. 1. He was 77 years of age. Mr. Ruhlender for many years was connected with the former banking firm of Speyer & Co. of New York. In addition he served as Chairman of the Board of the St. Louis-San Francisco Railway Co. Mr. Ruhlender was also formerly Chairman of the Missouri-Kansas-Texas Railroad Co., and Director of the Baltimore & Ohio Railroad.

On Aug. 1, the Franklin Savings Institution of Newark, N. J., celebrated its 60th year. The bank began business on Aug. 1, 1884, with Harry Lang as its first President. The Newark "News" reporting this also said:

"Other original officers were John M. Gwinnell, Vice-President, and William H. Lee, Treasurer.

"There have been seven Presidents, Messrs. Lang, Gwinnell, Lee, M. G. Perkins, Adrian Riker, Robert L. Ross and at present Irving Riker, son of Adrian Riker.

"The institution was the first savings bank in New Jersey to accrue interest from the month of deposit, interest being allowed from the first of each month for deposits made during the first three business days of each month. The practice is still followed. The institution has more than 15,000 depositors with total deposits in excess of \$12,000,000. It is a member of the Federal Deposit Insurance Corp."

The consolidation of the First National Bank and the National Iron Bank of Morristown, N. J., was approved on July 27 at shareholder meetings and was scheduled to become effective at the close of business on Aug. 1. After that, said the Newark "News," the two oldest banks in Morris County will be united under the name of the First National Iron Bank of Morristown, with banking transactions carried on in the National Iron Bank building. Headquarters of a Rockaway branch will remain unchanged. The same paper July 29 also stated:

The stockholders unanimously approved a plan for consolidation presented by a committee representing directors of both banks. Negotiations for the merger have been under way since January.

President and chief executive officer of the consolidated bank will be Frank D. Abell, who had been President of the First National. Elmer King is Chairman of the board of directors, the post he held at National Iron. Mr. Abell, former State Senator, is President of New Jersey Bankers' Association.

Mr. Abell said on July 27: "We are confident that as the largest bank in Morris County, with deposits of more than \$20,500,000 belonging to more than 19,500 depositors, we can be of even more service to our customers than in the past."

Craig S. Bartlett resigned from the First National Bank of Jersey City on July 31 and will become an Assistant Vice-President of the Central Hanover Bank & Trust Co. of New York, at 60 Broadway, as of Sept. 1. In the First National Bank of Jersey City Mr.

Craig was Assistant Vice-President.

As a result of the adoption on July 25 by the shareholders of the Winters National Bank & Trust Co. of Dayton, O., of plans respecting the increase in capital through the contemplated sale of additional common shares, the common capital of the bank, formerly amounting to \$1,500,000 represented by 15,000 shares of \$100 par value each, will be increased to \$3,000,000 represented by 150,000 shares of \$20 par value each. Present stockholders will receive in exchange for each of their 15,000 shares of \$100 par value stock five shares of the new \$20 par value stock. As was indicated in the bank's letter to shareholders dated July 14, the additional 75,000 shares of \$20 par value stock to be sold is being offered first to holders of common stock of record at the close of business on July 25.

The advices issued by the bank also state:

"In order to assure the bank of the sale of all of the 75,000 additional shares, an underwriting agreement has been executed between the bank and McDonald & Co., Cleveland, O., on behalf of a group of underwriters, whereby the underwriters agree to purchase at \$20 per share any of the 75,000 shares of additional stock not subscribed for by shareholders pursuant to the exercise of subscription warrants. In the underwriting agreement the underwriters have also agreed that at any time prior to 2 p.m. (EWT), on Tuesday, Aug. 15, 1944, they will purchase subscription warrants from any shareholder who may desire to sell at a price of not less than \$2 for each share which the holder is entitled to purchase under the terms of such subscription warrant. The underwriters have agreed that any shares of stock acquired by them, either by purchase of unsubscribed shares from the bank or through the exercise by them of subscription warrants purchased by them, will not be resold by them at a price in excess of \$24 per share."

The advices also state:

"The bank was originally chartered by the State Legislature of Ohio on Feb. 11, 1814, under the name of the Dayton Manufacturing Co. and opened for business as Dayton's first bank on Aug. 11, 1814. The name of the bank was later changed to the Dayton Bank, then the New Exchange Bank and in 1857 to V. Winters & Son. On Dec. 21, 1881, the bank was chartered under the National Banking Laws as the Winters National Bank, under which name it operated until adoption of its present name on Feb. 12, 1924."

In its June 30, 1944, statement the bank showed deposits of \$101,259,080 and total assets of \$126,368,192. Charles F. Kettering is Chairman of the Board and W. H. J. Behm is President. Previous items on the increase in capital appeared in our July 27 issue, page 424 and Aug. 3, page 528.

Admission of the Bank of Corning Company at Corning, Perry County, O., to membership in the Federal Reserve System was announced on Aug. 3 by President M. J. Fleming of the Federal Reserve Bank of Cleveland. The bank, serving a mining and rail-roading population of about 3,000, was incorporated 40 years ago. Its capital is \$50,000 and surplus \$18,000. Officers of the Bank of Corning Company are: Dr. James Miller, President; G. D. Keller, Vice-President; Leo Radkoski, Cashier, and Miss Emma Hensler, Assistant Cashier. The directors, besides Messrs. Miller, Keller and Radkoski, are: M. R. Brown, Mayor of Corning; P. H. Clifford, railroad employee; E. J. Debney,

Credit Commission Of ABA Plans Adequate Credit For Post-War Needs Of Small Business

A program designed to assure adequate bank credit to meet the needs of small business in the reconversion and post-war periods, was revealed on Aug. 4 by Robert M. Hanes, Chairman of the Post-War Small Business Credit Commission of the American Bankers' Association and former President of the ABA. Under the credit policy adopted by the Commission "every competent individual, firm or corporation in the United States that needs bank credit will get it," according to Mr. Hanes, "if the money is to be used for some constructive purpose that will serve the private enterprise economy of this country. If the individual banks cannot grant the credit, we as bankers," said Mr. Hanes, "pledge ourselves to stay with him and see that he gets the money from some other bank or group of banks. American banking will see that small business lives and is given the opportunity to grow and prosper." Mr. Hanes added:

"It should be clearly understood, however, that this does not mean that banking is embarking upon a program of making reckless loans. Such loans are of no benefit to the borrower, the bank or the community. Nor should it be construed that banks have not been making loans and providing ample credit for small businessmen of character and ability. They have been doing it for years. In 1940, the last full year of peacetime business operation, the banks of the country made more than 24 million loans, the average new loan being approximately \$1,700."

Stating that "a survey of post-war credit needs made recently by members of the Commission in their own districts, clearly reveals that the major share of the credit required will be provided by the banking system itself," Mr. Hanes says:

"Never before have the banks of this country had such a tremendous storehouse of credit with which to serve the multiple needs of post-war business, industry and agriculture as they have today. The deposit structure is now far in excess of \$100,000,000,000, a volume of funds adequate to finance the credit needs of post-war America. This credit will be released just as soon as the economic condition of the country permits and government regulations restricting the extension of credit in many lines of activity as a precaution against inflation are lifted.

"The members of the Post-War Small Business Credit Commis-

merchant; William H. Morgan, railroad employee, and Harry K. Park, druggist and coal company manager.

On Aug. 5 the Board of Directors of the Merchants National Bank of Chicago, Ill., called a meeting of the stockholders to be held on Aug. 28 for the purpose of acting on a proposal to change the par value of the outstanding shares from \$100 to \$20 and to increase the capital stock from \$600,000 to \$1,000,000. With the approval of the plans the outstanding stock will be changed for new stock on a 1-to-5 basis. The Chicago "Tribune" from which this is learned quotes W. W. Farrell, President of this bank, as saying:

"The directors wish a larger capital stock structure because of the growth in deposits and the consequent need for providing a capital ratio more in keeping with the bank's resources."

William M. Hale, Vice-President of the Federal Reserve Bank of San Francisco, Calif., since 1936, has become Executive Vice-President of the American Trust Co. of San Francisco on Aug. 1. It is further stated by the San Francisco "Chronicle" that Mr. Hale has been in banking since his graduation from University of California in 1914, and is widely known in financial circles.

are determined to see that this great credit reservoir is used for productive purposes to facilitate the conversion of business and industry from war to peacetime production, to revitalize the many segments of small business adversely affected by wartime restrictions, and to provide the financial encouragement and strength to business, industry, agriculture and the professions that will create maximum post-war employment, particularly for returning war veterans.

"In doing this, the entire machinery of the American banking system will be utilized to the fullest extent. Correspondent banks will play an important part. Where a local bank cannot extend either part or all of the credit needed, it will be encouraged to use its correspondent banks to see that the money is made available or an earnest attempt is made to make the application suitable for bank consideration. . . .

"This happy relationship between banks will enable the smaller banks to serve adequately the credit needs of their communities and at the same time preserve independence of policy and action in their own territories. Small business will be the chief beneficiary of the experience, skill, facilities and resources that have been developed over a long period of years by this cooperation between banks."

It is pointed out that while most of the post-war credit demands will be met by individual banks either directly or in cooperation with other banks, the Commission recognized that there may be instances where banks, because of limited resources, unfamiliarity with the type of credit desired, or barred by legal lending limits or the terms and conditions requested, may be unable to provide the credit needed. It therefore considered various plans for meeting such situations and determined that the voluntary participation regional bank credit group was the most feasible type of organization that could be utilized to perform this function. The announcement adds:

"Such groups will be strictly voluntary in character, regional in operation and management. They will be started when and where local banks feel a need for such an auxiliary or supplementary source of credit. The Post-War Small Business Credit Commission will have no voice in their organization or management. It will however act as a clearing house for information to groups contemplating such action. Several such groups are already being considered by bankers in widely separated parts of the country, according to reports made at the Commission meeting." From the Association's advices we also quote:

"Many banks throughout the country, according to reports made at the Commission meeting, are already establishing small business loan departments or units under similar name. The creation of such special departments or committees, it was believed, indicates the growing volume of small business loans being made by banks and banking's desire to see that the varied needs of this type of enterprise receive specialized and expert attention.

"The Commission itself is undertaking immediate research into the problems of small business under the guidance of its newly-appointed staff director, William Sheperdson, former chief of the

Small Business Unit of the Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce. It was emphasized at the meeting that 92% of American enterprises are officially classified as 'small business' by the United States Department of Commerce. It was also pointed out that the term is used by small businessmen themselves in designating their own organizations, there being some 25 'small business associations' in operation throughout the country."

Plans are being made for a series of regional meetings throughout the country the first of which will be held in New England and the Midwest in September to acquaint bankers with the technical aspects of the Commission's program.

"Through these post-war plans," said Mr. Hanes, "banking will fortify the principles of private enterprise. The problem of increased peacetime production, employment and opportunity for the people of this nation can only be met and solved satisfactorily through the efforts of a free people — free in their right to achieve success through their own intelligence, courage and ability. Such a free people will make the maximum use of a free and independent banking system such as will be provided by the banks of this country in the post-war period. Working together in the spirit of free enterprise banking, business, industry, and agriculture will create a vigorous and healthy post-war economy. United they will build a nation rich in hope and opportunity for the returning heroes of this war."

The recently created Post-War Small Business Credit Commission held its organization meeting in New York City July 25-27. It consists of 42 bankers from both small and large institutions and represents every section of the country. The meeting was also attended by the Association's Credit Policy Commission.

NYSE Entertains China's Delegates

Y. C. Koo, Vice-Minister of Finance of China, and P. M. Hsi, Director of the Central Bank and of the Bank of China, in charge of its New York office, who were delegates to the recent United Nations Monetary and Financial Conference, at Bretton Woods, N. H., were guests on Aug. 4 at a luncheon given in their honor at the New York Stock Exchange by Emil Schram, President, and John A. Coleman, Chairman of the Board of Governors. Accompanying the delegates on their visit, which included an inspection of the trading floor and the quotation and ticker departments were: Li Ming, Chairman of the Chekiang Industrial Bank, Ltd., former Chairman of the Bank of China; Chao Ting Chi, Secretary General of the Foreign Exchange Control, Head of the Research Department of the Bank of China; T. S. Wei, Economist, member of the legislative Yuan; C. F. Kuo, Economist with the Postal Administration of the Chinese Government; V. Y. Wu, Department head of Currency and Banking in the Ministry of Finance; Y. T. Chen, Personal Secretary to Dr. H. H. Kung, Minister of Finance, and Albert L. Schomp, President of the American Bank Note Co.

Open Stock Exchanges In Rome And Naples

Associated Press accounts from Rome July 31 stated:

"The Italian Treasury Ministry in agreement with the Allied Control Commission, issued an order today permitting the reopening of the Rome and Naples Stock Exchanges beginning tomorrow. Trading will be confined to cash transactions in State securities and public services bonds."