



## The State Of Trade

The statement of Acting Chairman J. A. Krug, of the War Production Board on Wednesday of last week that all controls over production are to be lifted immediately upon Germany's defeat, save those "absolutely essential and necessary to assure the reduced measure of war production necessary to beat Japan," should meet with favorable reception in industrial circles.

With the fulfillment of war needs for the Pacific campaign met, industry is to be given virtually a free hand in its resumption of civilian production, according to Mr. Krug. The Acting Chairman of the WPB in outlining the new policy, stated that manufacturers would be permitted to make "whatever people want," and that the Army, Navy and major war agencies have approved the program designed to provide maximum employment without interfering with production to meet the needs of war.

It is expected that a reduction of about 40% in war output will take place within three months after the defeat of Germany, making possible the release of 4,000,000 war workers for civilian production. From an estimate of Donald M. Nelson, Chairman of the WPB, a 40% cut in war needs would mean a 30% increase in output for civilian requirements. Mr. Krug was specific in explaining that the program would permit any manufacturer to use any plant and any materials not needed for war production to turn out anything. At this point, the question will undoubtedly arise in manufacturers' minds as to whether the kind and quantity of materials necessary for civilian production will be available to them. Then too, the thought regarding price ceiling restrictions will come to mind. Whether these restrictions will work to cancel out the good effects of lifting WPB controls remains to be seen.

In setting forth the program it was made clear that controls will be continued over such "tight" materials as lumber, textiles and certain chemicals through a system of allocations designed to assure a fair distribution based on essentiality. Transportation, utilities and fuel were regarded by Mr. Krug as top essential civilian activities. Small business was not overlooked by the Acting Chairman, since it too, will be given "an equal opportunity to secure materials and supplies."

The news is most welcome indeed and the policy set forth gives industry something definite to work upon in lightening the burden imposed by reconversion.

**Farm Income and The Post-War**—Addressing the Harris Foundation Food Conference at the University of Chicago, Theodore Schultz, Agricultural Economist of the university, the Chicago "Journal of Commerce" reports, declared that 4,000,000 farms by 1950 will readily produce one-third more food than did the 6,000,000 prior to the war. He predicted that agriculture would prosper in the post-war period only if relatively fewer workers are engaged in it. Elaborating further, he stated that a chronic disequilibrium, adverse to agriculture, will occur and persist except during wars, business booms and when governments accumulate large inventories of farm products, unless equalizing mechanism is established to transfer a considerable quantity of labor out of agriculture. Discussing the exodus of labor from the farms, he said that the transfer of labor out of agriculture is happening throughout the world, but that in no country has it occurred soon enough or in sufficient numbers to put the marginal productivity of labor in agriculture on a par with that of labor in industry.

Reporting the results achieved in the first seven months of this year by those engaged in agriculture, the Department of Agriculture disclosed that U. S. farmers received 10% more for their farm marketings during this period than they did for the same period

in 1943. Total receipts from marketings from January through July, 1944, totaled \$10,271,000,000, according to a preliminary estimate made by the department's bureau of agricultural economics. Unusually heavy marketings of meat animals were responsible for a large part of the increase in receipts from the sale of farm products which occurred in nearly all states during the first half of 1944, compared with the same period in 1943. Income was also reported high from wheat in the West, cotton in the South and potatoes in Idaho and Maine.

**Cotton Crop Prospects In 1944**—A forecast of the prospects of the 1944 cotton crop by the Agricultural Department indicates a yield on the basis of Sept. 1 conditions of 11,483,000 bales, an increase of 461,000 bales, or 4.2% above the department's forecast of last month. This compared with 11,427,000 bales produced in 1943 and the 1933-42 average of 12,455,000 bales. The estimated yield per acre was placed at 273.4 pounds, a new record, against an indicated 263.5 pounds last month. The previous all-time record was 272.4 pounds per acre in 1942, the report disclosed.

Condition of the crop on Sept. 1 was indicated at 75% of normal compared with 68% of normal on the same date last year, the department stated in its report. According to the Census Bureau, 576,142 bales of cotton were ginned from this year's crop on Sept. 1, compared with 1,785,245 bales for the same period last year.

**U. S. Exports and Imports In July**—United States exports in July totaled \$1,198,000,000, the third highest monthly value total in history, the Census Bureau reported.

This was 6% less than a month ago and 16% below the record high of May, 1944. Lend-lease exports in the amount of \$937,000,000 represented 78% of the total exports for July.

The total for the first seven months of the year was \$8,406,000,000—exceeding the total for corresponding periods in all previous years.

Imports of merchandise during July totaled \$288,000,000 in value, down about 16% from the high monthly average of the first six months of 1944. Total value of imports for the first seven months of 1944 came to \$2,334,000,000 and exceeded the 1943 seven months total by about 26%.

**Steel Industry**—The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 94.2% of capacity for week beginning Sept. 11, compared with 95.5% one week ago. This week's operating rate is equivalent to 1,687,400 tons of steel ingots and castings, compared with 1,710,700 net tons last week and 1,736,000 tons one year ago.

From a tonnage standpoint little change was noted the past week in the volume of steel bookings. There were, however, additional signs of a decline in the actual number of orders placed, states the "Iron Age," in its Sept. 7 issue. Commitments that helped swell total tonnage for the week were war orders such as Navy flat-rolled requirements, landing mat needs, and such items as structural steel for Army and Navy bridge programs. Railroad requirements for rails and track accessories was another factor which helped to swell tonnage volume.

The falling off in steel orders is

being looked upon in some quarters as further evidence that extreme caution would be exercised by steel buyers pending clarification on the probable end of the European war.

Indications last week pointed to a further downward adjustment in Maritime plate needs in the first quarter of 1945. The anticipated cut in Maritime plate requirements steel reports disclose is being viewed as more of a certainty this time than has been the case in the past. Should this sharp reduction in plate rollings develop, it will signalize a rapid clean-up on hot rolled sheet tonnage which has been accumulating on mill order books. Higher steel manufacturing costs are causing steel men much concern these days. War orders, it is pointed out, especially in the flat rolled category, have been so heavy and so uniform in size that a reestablishment of regular civilian flatrolled orders will entail an increase in handling and manufacturing costs. An explanation of this fact is afforded in the normal pattern of civilian ordering which usually involves a great number of individual orders, some of which are quite small in total tonnage. A change of rolls and more exacting requirements and additional finishing handling will all work toward an increase in unit cost. Should the WLB pass favorably upon the request by steel workers for an increase in wages without benefit by the OPA of permission for an upward revision in prices of steel products showing the least return, this factor in itself, would produce higher manufacturing costs.

On the steel market front the past week, steel ingots went begging in contrast to the heavy demand experienced a few months ago. A recent drop in lend-lease requirements and manpower shortages at plants which heretofore were able to process ingots from other sources has produced a condition where supply is out-running actual demand. Apathy was a feature of the scrap market last week with little or no changes in the prices of major grades. Consumers' inventories were said to be substantial, resulting in a minimum of actual sales for the week.

**Steel Earnings First Half of 1944**—In its report on earnings of the steel industry, the American Iron & Steel Institute pointed out that total earnings for the first half of 1944 declined still further from peacetime levels with a rate of return less than 4.5% of investment. This compared with 4.9% in the like 1943 period and with 8.3% in the first six months of 1937. After deducting all charges but before payments to stockholders, companies representing more than 90% of the industry's capacity showed aggregate net earnings of \$86,099,000 in the first six months of 1944.

Such wartime earnings were 9% below the \$94,522,000 reported for the corresponding 1943 period and were little more than half of the total of \$159,054,000 earned in the first six months of 1937 when steel production was almost 30% below what it is this year.

**Steel Employment**—In a review of the employment and payroll situation in the steel industry, the American Iron & Steel Institute reported that an average of 571,400 workers was employed in the steel industry in July, with payrolls amounting to \$141,794,000. In June employment totaled 569,800, and the payroll was \$140,484,000, while in July, 1943, there were 627,000 workers and the payroll totaled \$142,768,980. Wage earning employes received an average of 120.0 cents an hour in July, against 117.7 cents in June, and 115.5 cents in July, a year ago. The wage earners worked an average of 45.4 hours in July, compared with 47.5 hours in June and 43.5 hours in July, 1943.

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## Byrnes Reports To President On Reconversion Plans For Industry After Victory In Europe

**Recommendations Include General Return Of 40-Hour Week; Abandonment Of Manpower Controls And Retention Of Price Ceilings On Civilian Goods Produced During War Period. Urges Administration And Congress To Announce Intention To Eliminate Excess Profit Taxes, But Holds That Such Levies Must Be Retained Until Victory Is Won In Pacific. Sees 40% Reduction In War Requirements With Defeat Of Germany.**

In a report to President Roosevelt made public on Sept. 10, War Mobilization Director James F. Byrnes presented detailed plans of the Government agencies for a re-

turn to civilian production with the surrender of Germany. Under the head "V-E Day" (Victory in Europe), Mr. Byrnes states that "with the defeat of Germany the requirements of the procurement agencies for material and supplies will be reduced by approximately 40%," and, he adds:

"The primary objectives in the cutback procedure will differ somewhat from those now in effect. The need will still remain to give full protection to the necessary war programs for the conduct of the war against Japan, but in so doing every opportunity will be provided to permit the resumption of maximum civilian production without delay, thus preventing extended unemployment."

Among other things, the report deals with taxes, and points out that "before the manufacturer returns to production he will want to know something more than the ceiling price. He will want some idea about taxes in order to determine whether there will be a profit in his business."

Noting that "the excess profit tax is a war tax," the report states that "with the ending of the war there should be an end to excess profit taxes. It cannot be done upon V-E Day because we will still have war production and war profits, but the Administration and the leaders of the Congressional committees might well announce an intention to urge the elimination of the excess profit taxes when the war with Japan is at an end."

In his report, Mr. Byrnes states that "an essential step to the prompt reconversion of a war facility to civilian production is the removal of war materials and equipment from the plant. This clearance," he says, "is a part of the contract termination procedure which has been planned in detail by all of the procurement agencies in close cooperation with the Director of Contract Settlements and with the Surplus War Property Administrator."

Mr. Byrnes reports that "arrangements for prompt advance payments and for loans assure the war contractor of quick financing. There remains the inventory and disposal of plant equipment and materials pertaining to the war contract which must be removed to prevent interference with reconversion, and to expedite prompt clearance indicates the procedures which have been developed."

As to the lifting of wartime manpower controls, the report says:

It is apparent that with the defeat of Germany the necessity for existing manpower controls will largely cease. Hence, these controls will be abandoned to facilitate the transfer of manpower from the curtailed war programs to civilian production. The services available through the War Manpower Commission and the U. S. Employment Service will continue. The Production Urgency and Manpower Priorities Committees will also continue to function as at present, although their functions will become advisory.

However, a loss of manpower in war production below the needs to meet the schedules established for the war against Japan would necessitate a prompt restoration of

controls. It is anticipated that the voluntary establishment of ceilings will correct such conditions locally, if the need arises.

With respect to steps to aid employment during conversion, Mr. Byrnes states:

The effectiveness of any plan for the transition from war production to peace production will depend upon our ability to provide jobs for the workers who will be displaced by the reduction in war production.

The fear of prolonged unemployment following V-E Day has been exaggerated. The prosecution of the war against Japan will demand the continued production of great quantities of war materials. Basic industries such as steel and textiles will not be affected. We will speedily return to civilian production. The pent-up demand for goods will come from a people who have the money with which to buy them.

But it is inevitable that in some particular industries and in some communities there should temporarily be reduced employment. This is more likely to occur where the curtailment is in Government-owned plants engaged entirely in war production and having no plans for civilian production.

The Associated Press accounts from Washington cited as among Mr. Byrnes' chief recommendations or forecasts were the following:

1. Return to the 40-hour work week, "except to take care of production necessary to the war effort and some specially tight labor areas." This would mean a sharp reduction in "take home" pay for thousands of workers now getting pay at the rate of time-and-a-half for work over 40 hours.

2. Abandonment of manpower controls to facilitate transfer of workers from curtailed war programs to civilian production.

3. Retention of existing price ceilings on civilian goods which have been produced throughout the war.

4. Removal of additional foods from the ration list "as soon as supplies justify removal."

5. Increase of gasoline allowances for civilians in "certain areas" as V-E Day will reduce war needs but continuation of rationing.

6. That Congress appropriate up to \$2,000,000,000 to carry out the farm "support price" commitment. Byrnes said V-E Day would release approximately 8,000,000 tons of food from the wartime reserve for other uses and the reduced demand might bring market prices below the support price, forcing the Government to "buy the surplus if it is going to support prices."

7. That Congress announce its intention to drop the excess profits tax; after the defeat of Japan, and consider the advisability of allowing manufacturers to depreciate new machinery substantially in the years in which such machinery is purchased. Mr. Byrnes said the excess profits levy cannot be lifted on V-E Day because "we will still have war production and war profits" until the Pacific war is over. The depreciation clause would encourage new industry and reconversion, he said.

8. Release of "many Govern-

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# Why This Now?

"During the past half century the United States has developed a tradition in opposition to private monopolies. The Sherman and Clayton Acts have become as much a part of the American way of life as the due process clause of the Constitution. By protecting the consumer against monopoly these statutes guarantee him the benefits of competition.

"This policy goes hand in glove with the liberal principles of international trade for which you have stood through many years of public service. The trade-agreement program has as its objective the elimination of barriers to the free flow of trade in international commerce; the anti-trust statutes aim at the elimination of monopolistic restraints of trade in interstate and foreign commerce.

"Unfortunately, a number of foreign countries, particularly in Continental Europe, do not possess such a tradition against cartels. On the contrary, cartels have received encouragement from some of these governments. Especially is this true with respect to Germany. Moreover, cartels were utilized by the Nazis as governmental instrumentalities to achieve political ends.

"The history of the use of the I. G. Farben trust by the Nazis reads like a detective story. The defeat of the Nazi armies will have to be followed by the eradication of these weapons of economic warfare. But more than the elimination of the political activities of German cartels will be required. Cartel practices which restrict the free flow of goods in foreign commerce will have to be curbed. With international trade involved, this end can be achieved only through collaborative action by the United Nations."—President Roosevelt.

Many observers have been wondering why the President wrote these sentences to the Secretary of State just at this juncture. Our allies as well as our enemies have long been using cartels and similar arrangements—and are known to be planning to do so after the war.

About as difficult would it be to reconcile the policies here expressed with a number of Rooseveltian programs.

## Dumbarton Oaks Peace Plan Would Vest FDR With Dictatorship Powers: Senator Bushfield

### South Dakota Republican Charges In Senate Debate That President Would Have Authority To Declare War Without Consent, Knowledge Or Approval Of Congress. Senators Connally And Vandenberg Dispute Fears Voiced By Colleague.

The charge that the American security plan now before the Dumbarton Oaks Conference, would give the President of the United States the power to declare war and make President Roosevelt "the absolute despot of the American people, a true dictator in all sense of the word," was made on Sept. 5 by Senator Harlan J. Bushfield (Republican) of South Dakota in starting debate in the Senate on participation by the United States

in a League of Nations. Advices from the New York "Times" from Washington by James B. Reston reporting this commented upon the fact that, like that other fateful discussion 25 years ago, this one began with acrimonious charges and counter-charges that the executive branch of the Government was planning to throw away American sovereignty and assume the constitutional right of Congress to declare war.

Continuing the account in the "Times" went on to say:

This statement [Mr. Bushfield's] brought a sharp reply from Senator Tom Connally, Democrat, of Texas, Chairman of the Foreign Relations Committee, who said that under the American plan the United States delegate on the proposed League Council would always be able to veto any proposal to use force against an aggressor. He denounced Senator Bushfield for making what he said was a partisan attack on the Administration's plans to maintain post-war peace and security.

The charge was answered also by Senator Arthur H. Vandenberg, Republican, of Michigan, who emphasized that the power of the executive branch of the Government to make war, under the American plan, would depend not

only on what was done by the delegates to the Washington conversations on international organization at Dumbarton Oaks, but rather by the Senate which, first, would have an opportunity to decide whether the United States should join such an organization, and, second, what instructions should be given to the United States delegate about how to vote in the proposed League Council.

Senator Bushfield started the debate by saying that about a year ago he had proposed in The Chicago Tribune an association of nations to deal with post-war peace administration, but now, he said, President Roosevelt had a plan of his own under which "we Americans are to be called upon to surrender our sovereignty and our liberty to the caprice of one man."

This plan, Senator Bushfield said, was "so shrouded in secrecy that there is no official report on its vast ramifications," but, he added, The New York "Times" had published the details of the plan and "certain members of Congress have seen the American plan therein described and they agree that the report of The New York 'Times' is substantially correct."

The dispatch referred to by Senator Bushfield was published in

this newspaper Aug. 23. It quoted from an official memorandum circulated by the State Department to the Governments of Soviet Russia, Great Britain and China.

This dispatch explained that, as a basis for discussions at the Dumbarton Oaks conference, the State Department proposed the creation of an international security organization having an assembly of all the United Nations and an executive council of four permanent members, the United States, Britain, China and the Soviet Union, "in addition to France after it has a government freely chosen by the French people."

The plan provided that there should be eleven members of the Council altogether, and it emphasized that this Council should have authority to use force whenever a majority of the Council (or six members) voted to do so, provided that the majority included all the permanent members of the Council.

Moreover, the plan proposed that the members should enter into a general agreement "to furnish forces and facilities at the call of the Executive Council."

"This agreement," The "Times" dispatch said, "would evidently limit the number of forces and facilities which each member (permanent member of the Council) nation was obligated to provide for the use of the Council, but if the Senate of the United States approved the treaty in which this agreement was contained these forces would, under the American plan as it now stands, be available for the use of the Security League Council without the necessity of returning to Congress for approval every time the American delegate and a majority of the Council voted to apply force to prevent aggression."

After reading parts of the dispatch and without referring to subsequent dispatches to the "Times" which emphasized that the important question was whether the United States delegate on the Council was a representative of Congress or the Executive branch of the Government, Mr. Bushfield said:

"I realize that this is not an official report, but more than a week has elapsed since its publication and no denial has been made. Under that plan, the President will have the power to declare war without the consent, the knowledge or the approval of Congress.

"I should like to know, Mr. Roosevelt, whether that is your demand. I should like to know whether that is the platform upon which you are running for the fourth term as President of the United States. It must be, because the so-called American plan was prepared either in your office or that of the Secretary of State with your approval and submitted to the Dumbarton Oaks conference as the proposal of the American Government.

"Under this plan proposed by you, who is going to decide what aggression is? Who is going to decide when it is necessary to send troops into some distant part of the world? You, Mr. Roosevelt? And suppose that you issue an order sending an army against Canada, or Mexico, or Brazil, on the statement by you that aggression is contemplated or has taken place, who can deny your assertion? What power can override your order? Under the provisions of your proposal you become the absolute despot of the American people; a true dictator in all sense of the word."

Senator Connally, who, with Mr. Vandenberg and six other Senators formed a subcommittee to discuss the American plan with Secretary Hull before the start of the Dumbarton Oaks conference, recalled for Senator Bushfield the old American saying that politics ended at the water's edge and accused him of laying "a trap" to involve the American plan in partisan politics.

"I remind the Senator from

South Dakota and other Senators," Mr. Connally said, "that whatever may be adopted must come back to the Senate, the forum selected by the framers of the Constitution. It must come back to the Senate and run the gamut of the most searching scrutiny and the most careful and meticulous examination, not only in the Committee on Foreign Relations, but on the floor of the Senate itself.

"I remind the distinguished Senator from South Dakota that the minority is represented on the Foreign Relations Committee by an unusually able group of very distinguished Senators. They have the faculty of inquisition developed to a very high degree, and he need not fear that anything will get through the Foreign Relations Committee until the distinguished Senators, both of the majority and the minority, examine the instrument, take it apart, analyze it, take out all the wheels, and unwind the spring."

Senator Connally emphasized that the American plan was being discussed now by experts and he said that long before it ever came into force, the Senate would have an opportunity not only to discuss the structure of the proposed League, but the agreement among the great powers which was intended to supply the force behind the organization.

"There is no occasion for excitement now," Mr. Connally said. "This conference has not concluded its work. It has been well advertised that the conference is merely a meeting of the technicians to more or less put into proper form the plans under general outline that are to be agreed upon. But they have no force; they have no prestige; they have no compulsion until the main conference shall have convened, after the Dumbarton Oaks conference shall have adjourned."

When Senator Vandenberg came to the discussion of the regulations that he thought should be given to the American delegate on the proposed League Council it became clear that there were serious differences in the Senate about how the delegate should be instructed.

Administration leaders believe the United States delegate on the council should be a representative of the executive branch of the Government. They are not prepared to argue the case openly at this time, but they emphasize that in dealing with future wars, it will be even more imperative that force should be available to the council quickly.

Mr. Vandenberg contended, however, that while he would be willing to have the President, whoever he might be, direct the preliminary armed forces of the United States in any way he felt was necessary to maintain peace in the Western Hemisphere, he would wish to see that delegate return to Congress for approval before he voted to send any United States forces to repel aggression in any other parts of the world.

There was a danger, Mr. Vandenberg said, of overemphasizing force and of not putting enough stress on the necessity of creating "instrumentalities to exhaust the rules of reason before there is another resort to force."

Mr. Connally made clear that he did not share the confidence of some of his colleagues either in the ability of Congress to act quickly enough to stop future aggression nor in the willingness of the world to exhaust reason before resorting to force.

## Hill Quits Treasury Post

Thurman Hill has resigned as Chief Counsel for the Procurement Division in order to make the race for United States Senator from Kansas, the Treasury announced on Sept. 1. The advices from the Department state that "Mr. Hill has been with the Treasury for nine years, first as Special Assistant to the General Counsel, and for the last two

years in the Procurement position where he handled legal problems arising from the huge purchasing program for Lend-Lease and other wartime needs of the Government. As a special assignment he headed an investigation of the American Bosch Co., which resulted in control of that important war plant being taken from German hands and turned over to the Alien Property Custodian."

In accepting Mr. Hill's resignation, Secretary Morgenthau said: "During the time you have been with the Department your work has been of the highest order. The problems with which you have been faced and with which you have dealt so successfully have been extremely important ones from the standpoint of the war effort and your contribution in that respect has been most valuable. For those reasons I am reluctant to see you leave the Treasury. On the other hand, I thoroughly appreciate your desire to resign in order to make the race for the Senate, and I feel that I must accept your resignation so that you may do so."

Mr. Hill said he had been asked by the Democratic State Committee of Kansas to run for a seat in the United States Senate.

## Rehabilitation Of Rural War Areas To Be Discussed

As the result of requests for information on how to use extension methods of the Department of Agriculture in rehabilitating the war-torn farming areas of the world, a conference will be held in Washington, D. C., Sept. 19-22, announced the U. S. Department of Agriculture on Aug. 27, and further said:

"The primary purpose of the conference, according to the Extension Service and the Office of Foreign Agriculture Relations, is to bring together and to make available to interested individuals and agencies the department's 30 years of knowledge and experience in agricultural extension methods, as they might apply to war-torn countries.

"There will be two general sessions and the remainder of the conference will be devoted to committee work. Committees are being appointed to assemble material applicable to the Balkans, Southwestern Europe, Middle East, Western Europe, Central Europe, Scandinavia, and portions of Asia.

"The conference will be attended by the Washington personnel of the two department units, a number of State Extension Service and agricultural college leaders, and other individuals familiar with and interested in conditions in the war areas.

"The Cooperative Extension Service for 30 years has developed a widely known system of demonstrating improved farm practices, keeping farm people informed, and helping them to solve their problems. The Office of Foreign Agricultural Relations in turn, has a staff of experts who are intimately acquainted with agricultural conditions and problems in all parts of the world. These and other well-informed representatives at the conference will assemble data on extension methods from foreign and domestic sources that will be mutually helpful in utilizing science for the solution of farm problems.

"In announcing the conference, M. L. Wilson, director of extension work, and L. A. Wheeler, director of the Office of Foreign Agricultural Relations, pointed out that it will not be a policy forming conference, and that individuals asked to participate have been invited because of their personal knowledge of, and interest in, the areas concerned and not as official representatives of any agency."

# The Financial Situation

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and we pay for both. . . . When agencies get snarled up there is no one in authority to untangle them. Meanwhile, the people's business goes to pot and the people are the victims. . . .

"The other reason for this long-continued failure—the reason why they are now dismally preparing for another depression—is because this Administration has so little faith in the United States. They believe in the defeatist philosophy that our industrial plant is built, that our task is not to produce more goods but to fight among ourselves over what we have."

Whether this "maturity" notion still clings to the minds of the controlling managers of the New Deal it would be difficult to say. Whether, despite many professions of a directly contrary philosophy during the past year or two, this group of Mr. Fixits still really fear full production, we do not know. What is certain is that the New Deal prior to the war was for the larger part of the time dominated by precisely such notions and such fears. Mr. Dewey's diagnosis of the New Deal failure is a good one. It would perhaps have been a somewhat better one if it had included some account of the utter lack of understanding on the part of the New Dealers that their meddling and the "programs" launched or proposed made full production and normal vigorous economic life exceedingly difficult if not impossible.

## Mr. Dewey's Credo

At any rate, the sensible man who has given the matter careful thought will, we are sure, find his own ideas on the subject well expressed in Mr. Dewey's credo: "I believe that we have not even begun to build our industrial plant. We have not exhausted our inventive genius. We have not exhausted our capacity to produce more goods for our people. No living man has yet dreamed of the limit to which we can go if we have a Government which believes in the American economic system and in the American people."

As to the post-war situation, these words are heartening: "The mighty energy we found lying dormant and unused in this country at the beginning of the war must be turned from destruction to creation. There can and must be jobs for all who want them and a free, open door for every man who wants to start out in business for himself. We know from long experience that we shall not provide jobs and restore small business by the methods of the New Deal. We cannot keep our freedom and at the same time continue experi-

mentation with a new policy every day by the national Government. We cannot succeed with a controlled and regulated society under a Government which destroys incentive, chokes production, fosters disunity and discourages men with vision and imagination from creating employment and opportunity. . . .

"We must see to it that a man who wants to start a business is encouraged to start it, that the man who wants to expand a going business is encouraged to expand it. We must see to it that the job producing enterprises of America are stimulated to produce more jobs. We must see to it that the man who wants to produce more jobs is not throttled by the Government—but knows that he has a Government as eager for him to succeed as he is himself."

## Problems And Issues

The matters that need attending to in order to bring about these very desirable conditions involve "many things: tax policies, regulatory policies, labor policies, opportunity for small business, the bureaucracies which are attempting to regulate every detail of the lives of our people—these are all of major importance." These problems, issues and other matters the candidate promises to "discuss . . . in detail before the campaign is over. I shall discuss them in plain English and say what we propose to do about them."

We earnestly hope that this discussion to come will make a number of things about the candidate's position clearer than have his utterances so far. At one point in this same Philadelphia address he asserts: "Of course we need security regulation. Of course we need bank deposit insurance. Of course we need price support for agriculture. Of course the farmers of this country cannot be left to the hazards of a world price while they buy their goods at an American price. Of course we need unemployment insurance and old-age pensions and also relief whenever there are not enough jobs. It is, of course, true that whether such programs as these do much or relatively little harm depends in a certain degree upon their administration. No manner of giving effect to uneconomic schemes, however, can make them other than harmful. No way has yet been found to make silk purses from sow's ears. We should be less than candid did we not express the hope that Governor Dewey will in the course of the next few weeks make it much clearer how his position on these questions differs from that of President

# CIO Seeks 48-Hour Pay For 40 Hours Work When War Is Over

The CIO on Sept. 9 called for the same pay for 40 hours work as has been paid for 48 hours work during war time, when the war with Germany ends and many workers return to a 40 hour week. This was stated in Associated Press dispatches from Washington on Sept. 9, which added:

In its publication, "Economic Outlook," a declaration was made that large corporations "control" the economic life of our nation and added:

"So all of us should turn to big business, whether we are wage-earners, office workers, professional people, small business men, or farmers, and say:

"We have a right to know what you are planning to do about producing civilian goods. You ought to plan for high enough production levels to give jobs to everyone."

"You should sign an agreement with the union to pay as high wages for a 40 hour week as you are now paying for 48 hours a week."

## Non-Federal Investment By Life Insurance Cos. in 1944

More than \$1,227,000,000 was invested in the first half of the year by American life insurance companies in mortgages and securities other than U. S. Government securities, it was reported on Aug. 30 by the Institute of Life Insurance. Net holdings of these investments declined in the half year by \$75,000,000 in spite of the large purchases, due to maturities, refinancing and sales for portfolio adjustments. Total purchases, including U. S. Government securities, amounted to \$5,454,000,000.

"The extent to which the life insurance business has maintained the essential financing aid to the home front economy is clearly shown by the fact that this aggregate of new investment in mortgages and non-Government securities is at a greater annual rate than in pre-war 1940, at the same time that \$4,227,000,000 went into the purchase of U. S. Government securities," the Institute said in reporting the figures. "The net increase in holdings of the Government's war bonds was \$2,290,000,000 for the six-month period."

### REPORT OF LIFE INSURANCE COMPANY INVESTMENTS

	Purchases		Holdings June 30
	First 6 Mos.	June 30	
Bonds—			
U. S. Government—	\$4,227	\$15,021	
Other Government—	141	2,538	
Railroad—	92	2,594	
Public Utility—	270	5,215	
Industrial & Misc.—	207	1,881	
Stocks—	62	624	
Mortgages—			
Farm—	82	827	
FHA—	132	1,334	
Other—	241	4,448	
Total—	\$5,454	\$34,482	

Roosevelt—and that in making it clear he will afford re-assurance to no inconsiderable number of intelligent men who, we feel certain, have been rendered a bit uneasy by such statements as these.

At times, too, the Governor appears to fall into the all too common error of supposing that our wants and the difficulties in the way of their satisfaction are an assurance of prosperity. At other points he appears on the surface at least to have become tainted (perhaps without realizing it) with "managed economy" notions.

We hope he will lose no time in correcting these impressions.

# Speedy Reconversion To Civilian Production After Defeat of Germany Forecast By Krug

The prediction that the public will be "amazed" at the speed with which American industry will reconvert to civilian production after Germany falls, was made on Sept. 6 by Julius A. Krug, Acting Chairman of the War Production Board, who at the same time said that most of the 4,000,000 workers expected to be thrown out of war jobs will be re-employed quickly in blossoming consumer goods concerns.

Advices to this effect were contained in a Washington account Sept. 6 to the New York "Herald Tribune," by Raymond J. Blair, which went on to say:

Recalling that when industry converted to war production, "worry warts" predicted widespread unemployment which did not materialize. Mr. Krug said the reconversion transition would be as smooth as the shift to war goods output. He admitted, however, that there would be some "shocks" and dislocation.

The Acting WPB Chairman, who announced yesterday that all restrictions on civilian production will end with Germany's collapse on X Day, told a press conference that any manufacturer who wants to resume civilian production after X Day will be able to get all the aluminum, copper, zinc and other metals he needs.

Mr. Krug made this statement shortly after announcing that another top-flight WPB executive, Lemuel R. Boulware, Operations Vice-Chairman, is resigning.

Present at the crowded press conference with Mr. Krug, Stacy May, Director of the WPB Bureau of Planning and Statistics, held out the hope that before Japan falls there will be cutbacks in war production in addition to the 40% slash expected after X Day. It is "perfectly possible," he said, that supplies for the Japanese war will be greater than needed and that war output can be cut still further.

With respect to the rapid progress reconversion forecast by Mr. Krug, special Washington advices to the New York "Journal of Commerce" Sept. 6, by Harry G. Borwick, stated:

Filling out some of the policy decisions which remained unclarified in yesterday's official announcement of the agency's reconversion program, Mr. Krug told a press conference here that:

1. Competitive considerations will not be allowed to hamper the return of any plant to civilian manufacture after X Day.

The inference drawn from Mr. Krug's statement was that WPB will abandon all efforts to employ quotas, even for essential civilian programs, as a means of equalizing pre-war competitive relationships. In order to prevent needless hardship, however, the services have agreed, Mr. Krug added, to arrange contract cutbacks in such a way as to give all producers within an industry an equal opportunity to turn their facilities to civilian manufacture.

2. The policy of granting industry a "free hand" in reconversion will be combined with measures for assuring small business access both to materials and components that might still remain in tight supply after X Day. Mr. Krug indicated that no formal regulations would be laid down to apportion such materials to small plants, but that WPB's industry divisions will keep tab on raw material and component producers' order boards. Should these order boards reflect discrimination against small enterprises, then the industry divisions will be authorized to employ their delivery direction powers to remove the discrimination.

3. Cutbacks in war contracts will be made in each case with a view to speeding reconversion. Thus, plants which before the war were engaged in the manufacture of components without which large scale civilian production of consumer durable goods would be impossible will be the first to have their war contracts can-

celled, thereby freeing their facilities.

In commenting on the speed with which industry will be able to turn to large scale civilian output, Mr. Krug said that one leading automobile manufacturer was confident he could be turning out passenger cars within three months after X Day. The WPB chief added that his own conviction of a rapid return to civilian activity was bolstered by the amount of planning which industry itself had already done. No major industry, he declared, has failed to prepare its reconversion plans.

Mr. Krug stressed that it was his desire that American enterprise be as free as possible during the reconversion period. He said WPB would stand by to lend assistance in solving any post-war problems that arise, but he was sure that the nation's industry had the initiative to handle most of its own problems.

Pointing out that unemployment in the period of conversion to war was much less than expected, he predicted that industry would be able to supply work and absorb the shock of impending war production cutbacks. He said there would be "some dislocations," but he did not think it would be for long duration. Stacy May, WPB Director of Statistics, said at the same conference that it appeared equipment for the Army would be reduced more than 50% in the 12 months following Germany's surrender; all types of aircraft would be cut 20%; naval vessels, 20%; and "something over 50% in ships for the Maritime Commission." Mr. May admitted that production programs might be adjusted downward more rapidly if the war in the Pacific progresses more favorably than now is anticipated.

Nearly all of the X Day cutbacks in war production will be in programs for the Army. The Navy, Mr. Krug said, may reduce its schedules somewhat, but it has made no precise determination of the amount. After the German collapse nearly all of the emphasis on munitions production will be planes and ships, with heavy bombers stressed in the aircraft category.

## Sugar Rationing End Awaits Japan's Defeat

The supplies of sugar will be smaller next year, with little hope for an end to rationing until the defeat of Japan, the Department of Agriculture predicted on Sept. 2, it was reported in an Associated Press dispatch from Washington on that day, which also had the following to say:

Supplies available for consumption in this country and for the use of other United Nations will be lower, the report indicated, because of prospects for a smaller crop in Cuba; reduced stocks in both producing and consuming regions, and the necessity of diverting a sizable tonnage of raw sugar to alcohol for synthetic rubber.

The defeat of Japan would relieve these shortages in two ways: It would make Philippine and Javan supplies available again, and would give to the United Nations the excess Far Eastern supplies of raw rubber.

The United Nations virtually are limited to sugar produced in this country, the Caribbean Islands, Russia and the United Kingdom, with Cuba the largest single producer.

### Krug Reports To Senate Committee On WPB Attitude Toward Reconversion Of Industry

An appeal to his staff of Vice Chairmen and Directors of bureaus and divisions of the War Production Board to stay "on the job" of completing the work of the Board was made on Sept. 1 by J. A. Krug, who on August 25 was named by President Roosevelt as Acting Chairman of the Board during the absence in China of Donald M. Nelson. His appointment was noted in our August 31 issue, page 902.

On Aug. 28, Mr. Krug was given a hearing before the Senate War Investigating Committee, at which time he presented his views regarding the Board. He cited the responsibility of the Board as he sees it, as twofold: first, that deliveries of planes, tanks, guns, ships, etc., must "keep up with the production schedules of the Armed forces," and to that end he said he was "going to do everything possible to see that lagging production programs are jacked up."

The second responsibility, he said, "is to prepare for reconversion and to put such of it into effect meanwhile as can be done without interference with the war effort." He took occasion to state that: "I do not want to convey the impression that WPB can do the whole reconversion job." It can, he said, "release its controls," adding that "other agencies must take appropriate follow-through actions." This, he said, "is particularly true in the price and manpower fields."

Putting in a "separate word" about small business, Mr. Krug said: "We feel that the small business man is the key to reconversion," and it is our intention to prepare the way for smaller enterprises to get going when the time for reconversion is here." He indicated that he favored the simplification of WPB controls which, he said, are now "too many and too complicated."

In his talk to his aids on Sept. 1, Mr. Krug said that as soon as the war permits "we must loosen the screws" on manufacture of civilian goods. He said, according to the Associated Press, that WPB owed this to American industry and labor, and added:

"You men who put the screws on should be the ones to take them off."

When that is done, the Acting Chairman said, WPB can close up shop, send its records to the national archives, "and we'll all go back to the jobs we had before the war."

Mr. Krug pledged his staff that they would have complete support from him "in all your fights—price, manpower, and surplus property." He said he knew he could count on their cooperation in return.

Mr. Krug's statement on Aug. 28, before the Senate War Investigating Committee, follows in large part:

I consider it a privilege to be asked by this Committee to indicate my views about the War Production Board. I look forward to such meetings as these. I know I shall profit from your ideas and criticisms.

Since my appointment last Thursday, I have been working day and night on War Production Board operations and problems—its relations with the Army, the Navy, and other Government agencies. This statement to you is the product of that day-and-night work. I had an opportunity to talk with Donald Nelson before he left for China; I have had several talks with Charles E. Wilson, and I hope to have further talks with him.

I would like to make some observations on the job ahead as I now size it up. I have been at WPB from its beginning, and I feel that I know it works. I know the personnel. I have seen in the past that regardless of what goes on at the top, the work goes on underneath. At WPB, the Industry Divisions have the task of seeing that critical products are produced on schedule; they have the further job of seeing that manufacturers get what they need for high-

urgency programs. From indications I have gathered to date, they have been doing their jobs.

Similarly, the War Production Board has the important task of distributing materials through priorities and under the Controlled Materials Plan. Thousands of manufacturers' applications must be handled week after week. That work goes on. Also, we have a large field staff which comes into direct contact with manufacturers and workers throughout the country. The duties of the field staff have been greatly enlarged under the spot-authorization procedure, although the field volume of work has not developed yet. The field staff, too, has been steadily functioning. In short, what I am saying is that WPB is a going concern. And my main job, as I see it, is to keep it a going concern so that it discharges its full responsibility.

That responsibility as I see it is twofold:

First, WPB must see that deliveries of planes, tanks, guns, ships, ammunition and signal equipment keep up with the production schedules of the armed forces. To that end I am going to do everything possible to see that lagging production programs are jacked up. That, I know, will be a hard job. Recent boosts in requirements—especially in heavy guns and heavy ammunition—demand not only an increase in labor, but also some increases in facilities.

The second responsibility of WPB, as I see it, is to prepare for reconversion and to put such of it into effect meanwhile as can be done without interference with the war effort. That is an extremely delicate operation. At every turn, it touches on war production. We cannot escape the fact that when we start up civilian production of anything, there is a certain tendency to pull away from the war industries. Workers in plants which have had their contracts reduced or cancelled, or workers who fear that they may be laid off, try to find permanent peacetime work. It's easy to understand that they have a very real concern about their future jobs. And the success of the Russian armies, on the Eastern front, and the advances of our armies, create the impression that the war will be over soon, and add to their concern. The success of the troops at the front makes the job of getting out production on time just that much harder at home.

I'd like to show you a chart bearing on this. It shows munitions production from the beginning of 1943 to date. You will note that production rose steadily throughout 1943, hit a peak in November and December, and has been declining ever since. To put it in specific terms, we turned out \$5,600,000 of munitions last December, but we're only turning out \$5,300,000 today. That's a drop of about 5%.

The red line on the chart shows munitions employment. It, too, rises steadily through 1943 until November and December, and then declines. To put it in specific figures once again: Back in November 10,400,000 workers were employed in the munitions industries. The number has since dropped to 9,500,000. Part of that decline is due to better assembly line organization, to technological improvements, to increased skill and familiarity on the part of the workers. Productivity per worker has increased. This has been particularly true in airplane plants and in shipyards.

Yet, despite the release of 900,000 workers in eight months, some munitions programs lack workers. I refer specifically to heavy-heavy trucks, tires, radar equipment, and several other programs. A report on the subject of labor shortages has just been made by the Office of War Information. Perhaps you read about it in this morning's paper. I hope to work out with the War Manpower Commission and the services ways of expediting the programs that lag.

While doing everything possible to keep war production on schedule, WPB has the task of preparing for the day when peace will be here, when large cutbacks come. That work has already been started. In the meantime, we hope—with the cooperation of the War Manpower Commission—to make the spot-authorization procedure effective in absorbing local unemployment and using released manufacturing resources.

Our special concern at WPB is X-Day. What do we do when Germany falls? A lot of study has already been done in the War Production Board. I want to pull these studies together; to give them a focus. WPB has to be prepared for many contingencies. WPB must be prepared to make spur-of-the-moment decisions—just as generals do in combat; but these decisions cannot be based on spur-of-the-moment thinking. Plans must be laid beforehand. That's what we are doing on reconversion. And as I said before a good deal of spade work has already been done.

However, I do not want to convey the impression that WPB can do the whole reconversion job. WPB can release its controls, but that does not automatically mean that production will start up promptly or efficiently. Other agencies must take appropriate follow-through actions. This is particularly true in the price and manpower fields. Also there is no getting away from the fact that surplus disposal, contract termination, and reconversion financing play an important part.

I want to put, in a separate word about small business. I'd like to make my position clear. When war production really got under way, it was quickly realized that the goals set by the Army and Navy could not possibly be attained unless all manufacturers—big and small—got into full production. So WPB and the Smaller War Plants Corporation made special efforts to get the armed services to let contracts to smaller concerns, even paying somewhat higher prices to pull them into war work. Also, special drives were made to persuade prime contractors to subcontract to small business. The record of war production would have been impossible without their aid. This country right now, even with the recent production lags, is turning out nearly as much combat munitions as the rest of the world combined.

It is because of that record—getting that last extra ounce of push and resource into production—that the country owes a special debt to small business men. And we regard it as an obligation to see that small manufacturers have equality of opportunity during reconversion. More than that, however, we feel that the small business man is the key to reconversion. We are counting on getting help from small business in working out the transition from war production to peacetime production. The small companies will be able to get started quickly. They won't have protracted tooling-up tasks. And it is our intention to prepare the way for smaller enterprises to get going when the time for reconversion is here.

In my opinion, the War Production Board now has too many and too complicated controls. Some controls are obviously necessary at this stage of the war. However, it is my intention to push a review of existing controls, which has been under way for some time. Wherever it can be demonstrated

### Labor Groups Should Be Limited For Common Good Declares Assistant Attorney General Berge

Wendell Berge, Assistant United States Attorney-General in charge of anti-trust cases, at a luncheon in Los Angeles on Sept. 11 of the Town Hall Inc. was asked why labor unions were not subject to the Sherman Act, according to special dispatch to the New York "Times" that day, which gave the reply of Mr. Berge as follows:

He replied that there had been several cases against unions, especially in the building trades, but there had been no more because private building had been almost zero for several years. Also he said that the temptation urging unions toward monopolistic practice was not great when there were plenty of jobs. Moreover, he said, "our wings have been somewhat clipped" by some recent Supreme Court decisions.

Labor unions, he admitted, may exert undue pressure on Government like any other groups and "the excesses of any group" should be curbed.

"I suspect," he continued, "that the time has come for labor unions to be subjected to limitations for the common good."

He compared the unions with the robber barons of the nineteenth century. The latter, he said, had the merit of developing the West. But later on their practices had to be curbed for the public good. Thus does power beget abuse.

"Almost every American," Mr. Berge said, "is for free enterprise, for what the Sherman Act symbolizes. But when we try to enforce it, we get nothing but brickbats. I wish we could change that some way."

Mr. Berge made a bid for West Coast support for his anti-trust program.

### FDR Says Peace Revamp Of Federal Personnel Must Not Endanger Existing Public Services

A warning that necessary readjustments of Federal personnel after the war "must not be used as a cloak to destroy vital public services developed through many years of painstaking care," came from President Roosevelt Sept. 5 in a message to the Convention of the National Federation of Federal Employees at Denver. Mr. Roosevelt said therein that the Civil Service Commission had already "set up fair and equitable rules to govern reduction in force," but, he added, according to the Associated Press, it must be "our constant concern to prevent arbitrary and costly disruptions in the many invaluable services rendered to the people of the United States."

The President, in his letter, as given in the New York "Times," said:

"That the Federal service has been able to carry on so effectively in this war emergency is due in no small measure to the many improvements in Federal personnel administration which we have been able to put into effect during the past twelve years. Many of these objectives, as you know such as extension of the merit system, extension of classification, standardization of a host of widely conflicting practices and policies affecting personnel, improvement of the retirement system, and scores more, long had been part of the program of the National Federation of Federal Employees.

"As a result of these progressive actions of the proportion of Federal positions under the merit system today is overwhelmingly greater than at any time in the history of this country and the civil service system has been employed almost without exception in the filling of Federal positions under the war program.

"You state that the primary objective of the forthcoming convention will be to plan for the sound and well-considered transition of the Federal service from a war to a peace basis, and that this can, and must, be done without detracting in any way from the task immediately at hand.

that a control is not essential to the progress of the war, it will be abandoned immediately. With the simplification of controls, there will be a reduction in paper work, a streamlining of the War Production Board organization, and a decrease in the size of the WPB staff.

In conclusion, Mr. Chairman, I want to apologize for the roughness of this statement. It has been thought out and worked out under great time pressure. In the meantime, all I can say is that we're going to get down to brass tacks immediately on our two-fold job: of getting out war production and of preparing for reconversion. We have the organization and the personnel, and we'll do the best we can and hope to be ready in time.

"Upon my suggestion definite steps already have been taken in that direction. The United States Civil Service Commission has set up fair and equitable rules to govern reduction in force. At the same time, regulations have been established to protect the rights of the many thousands of Federal employees who now are in the armed forces.

"The problems involved in planning for the readjustments which logically should be made in the Federal service as the day of victory comes closer are varied and complex. Above all it must be our constant concern to prevent arbitrary and costly disruptions in the many invaluable services rendered to the people of the United States. Necessary and entirely proper readjustments must not be used as a cloak to destroy vital public services developed through many years of painstaking care."

### U. S. Recognizes Czech Forces

The forces of resistance in Czechoslovakia, including Slovakia, which have begun active operations with the approach of the armies of liberation, were formally recognized by the United States on Sept. 7 as a legally constituted army and Germany was warned to treat them according to the rules of war, according to special advises on that day to the New York "Times", from which we also quote:

Similar action was taken two weeks ago with reference to the resistance forces in Poland. The action today had previously been forecast by Czech officials in London, it was announced by the State Department.

"The Czechoslovak Government in London on Sept. 2, 1944," the announcement said, "proclaimed all military forces against the Germans in Czechoslovakia to be members of the regular Czechoslovak Army.

"With reference to the operations of Czechoslovak forces in Europe, including the forces which have begun combat in Slovakia, the Government of the United States reiterates its view that all members of the armed services of the countries at war with Germany which are engaged in active combat should be treated by the German military authorities in accordance with the laws and customs of war.

## War Department Plans For Partial Demobilization Of Army Following Defeat Of Germany

The War Department made known on Sept. 6 the adoption of a plan for the readjustment of military personnel after the defeat of Germany and prior to the defeat of Japan calling for a partial and orderly demobilization from its present peak strength. The announcement pointed out that "when the war against Germany has ended, the military might of the United States will be shifted from the European area to the Pacific area."

Military requirements in the European and American areas will be drastically curtailed, while tremendous increases will be essential in the Pacific. It was added that to defeat Japan as quickly as possible, the United States will have to assemble, readjust and streamline its military forces in order to apply the maximum power.

According to the Department's announcement, "the plan for the return of non-essential soldiers to civilian life will start with the assembly in the United States of men declared surplus to the needs of each overseas theatre and to the major commands in the United States. From among these men," says the Department, "some will be designated essential, and a substantial number will be designated as non-essential to the new military needs of the Army and will be returned to civilian life according to certain priorities."

It was determined "that the fairest method to effect partial demobilization would be through the selection of men as individuals, rather than by units, with the selection governed by thoroughly impartial standards."

"As finally worked out," we quote from the announcement, "the plan accepted by the War Department as best meeting the tests of justice and impartiality will allow men who have been overseas and men with dependent children to have priority of separation. Ninety percent of the soldiers interviewed said that that is the way it should be."

The following four factors will determine priority of separation:

1. Service Credit—Based upon the total number of months of Army service since Sept. 16, 1940.
2. Overseas Credit—Based upon the number of months served overseas.
3. Combat Credit—Based upon the first and each additional award to the individual of the Medal of Honor, Distinguished Service Cross, Legion of Merit, Silver Star, Distinguished Flying Cross, Soldier's Medal, Bronze Star Medal, Air Medal, Purple Heart, and Bronze Service Stars (battle participation stars).
4. Parenthood Credit—Which gives credit for each dependent child under 18 years up to a limit of three children.

It is also indicated that "the plan as now adopted will provide some reduction in the Army's ground forces and initially considerably less in the service forces and in the air forces."

The announcement also states that "priority of release for members of the Women's Army Corps will be determined in the same way as for the rest of the Army, but treating the corps as a separate group. However, in the case of all female personnel of the Army, those whose husbands have already been released will be discharged upon application."

The following is the text of the War Department's partial Army demobilization plan after the defeat of Germany:

The Army has adopted a plan for the readjustment of military personnel after the defeat of Germany and prior to the defeat of Japan calling for a partial and orderly demobilization from its present peak strength.

When the war against Germany has ended, the military might of the United States will be shifted from the European area to the Pacific area. Military requirements in the European and American areas will be drastically curtailed, while tremendous increases will be essential in the Pacific.

To defeat Japan as quickly as possible, and permanently, the United States will have to assemble, readjust and streamline its military forces in order to apply the maximum power. Our military requirements to achieve this end, involving men, weapons, equipment and shipping, have been set forth by the combined chiefs of staff. These requirements are the determining factors of the readjustment and demobilization plan adopted by the War Department.

Military necessity decrees that sufficient men suited to the type of warfare being waged in the Pacific must remain in service as long as they are essential. Certain units of the Army also, of necessity, will have to be retained in the various theaters where action has ceased in order to fulfill such occupation duties as are necessary. Other elements, no longer needed in the theater in which they are assigned, will be transferred to other areas, reorganized and redesignated to meet current military requirements in the theater, or they will be inactivated.

Within each element of the Army thousands of individuals may become surplus to the needs of the theater or major command in which they are serving. But more thousands will be required for further military service.

First priority in this readjustment program will be the transfer of elements from theaters no longer active to the Pacific war zone, or from the United States to the Pacific war zone. All available transportation will be utilized for this tremendous undertaking.

The readjustment and demobilization plan developed by the War Department after months of study takes into account all of these variable factors. Briefly, the plan for the return of non-essential soldiers to civilian life will start with the assembly in the United States of men declared surplus to the needs of each overseas theater and to the major commands in the United States. From among these men some will be designated essential, and a substantial number will be designated as non-essential to the new military needs of the Army and will be returned to civilian life according to certain priorities.

As an example, the commanding general of the European Theater of Operations will be informed by the War Department of the types and numbers of his units which will be needed in the Pacific, and the types and numbers of his units which will remain as occupation troops, and the types and numbers of his units which are surplus.

The simplest plan of demobilization would have been to return these surplus units to this country and discharge their personnel intact.

Such a method, however, would operate with great unfairness to many individuals who have had long and arduous service but are not assigned to one of the units declared surplus. If only units in Europe were considered, this basis of expediency would work unfairly to units long in the Pacific or at outpost bases in the American theater. It would operate unfairly to men who have seen extended combat service both in Europe and the Pacific and have been returned to this country for reassignment. It would release men only recently assigned as replacements to units long in combat and would discriminate against veterans of many campaigns in units not selected for return.

Consequently, it was determined

that the fairest method to effect partial demobilization would be through the selection of men as individuals, rather than by units, with the selection governed by thoroughly impartial standards.

For the standards, the War Department went to the soldiers themselves. Experts were sent into the field to obtain a cross-section of the sentiments of enlisted men. Thousands of soldiers, both in this country and overseas, were interviewed to learn their views on the kind of selective process they believed should determine the men to be returned first to civilian life. Opinions expressed by the soldiers themselves became the accepted principles of the plan.

As finally worked out, the plan accepted by the War Department as best meeting the tests of justice and impartiality will allow men who have been overseas and men with dependent children to have priority of separation. Ninety percent of the soldiers interviewed said that that is the way it should be.

As part of the plan adopted, an "adjusted service rating card" will be issued to all enlisted personnel after the defeat of Germany. On this card will be scored the following four factors that will determine priority of separation:

1. Service Credit—Based upon the total number of months of Army service since Sept. 16, 1940.
2. Overseas Credit—Based upon the number of months served overseas.
3. Combat Credit—Based upon the first and each additional award to the individual of the Medal of Honor, Distinguished Service Cross, Legion of Merit, Silver Star, Distinguished Flying Cross, Soldier's Medal, Bronze Star Medal, Air Medal, Purple Heart, and bronze service stars (battle participation stars).
4. Parenthood Credit—Which gives credit for each dependent child under 18 years up to a limit of three children.

The value of the point credits will be announced after the cessation of hostilities in Europe. In the meantime, the point values will be kept under continuous study. The total score will be used to select surplus men from the theaters overseas and in the United States. The score also will be used when a certain portion of all these surplus men will be declared non-essential and returned to civilian life.

In all cases, however, the demands of military necessity and the needs of the war against Japan must first be met. Regardless of a man's priority standing, certain types of personnel can never become surplus as long as the war against Japan continues.

As an example of how the plan will work, assume that there are four infantry divisions in the European theater. One is declared surplus. Men in all four divisions are rated according to the priority credit scores. The top fourth is selected and those not essential for retention in service by reason of military necessity are designated as surplus. Men in the surplus division who are marked for retention by reason of military necessity are then shifted into the active divisions. All of the men designated as surplus are shifted into the surplus divisions, which now will serve as a vehicle, for eventually returning them to the United States.

No man in a unit that remains in service can become surplus until a qualified replacement is available. If military necessity should entail the immediate transfer of a unit to the Pacific, there may conceivably be no time to apply the plan to men of that unit before the emergency transfer is made. Consideration will be given these men when they arrive in the new theater.

The active units needed against Japan will be shipped to the Pacific. Those units required for occupation duty in Europe will be

sent to their stations and surplus units will be returned to the United States as quickly as possible.

In the United States, the men of these surplus units will revert to a surplus pool in the Army Ground Forces, Army Service Forces and Army Air Forces. These surplus pools will include surplus men from all overseas theaters and surplus men from the continental United States.

From these surplus pools the reduction of various types of Army personnel will be made. The number to be returned to civilian life as no longer essential to overall Army needs will be chosen from among those with the highest priority credit scores.

It is emphasized that the rate of return of surplus men from overseas will depend upon the number of ships available. Thousands of ships will be required to supply the Pacific theater. The Pacific theater will have No. 1 priority. All else must wait. To it will be transported millions of fighting men, millions of tons of landing barges, tanks, planes, guns, ammunition and food, over longer supply lines than those to Europe.

This means that most of the ships and planes that were used to supply the European theater will be needed to supply the Pacific theater. The majority of ships proceeding to Europe will continue on to the Pacific laden with troops and supplies for that distant campaign. Very few will turn around and come back to the United States. The Army, therefore, will not be able to return all surplus men to the United States immediately. It may take many months.

While the process of selecting and returning men from the European theater is taking place, the plan for readjustment and partial demobilization also will be applied in active theaters, like the southwest Pacific. Individuals in those theaters will be declared surplus to the extent that replacements can be provided. Naturally, since the Pacific will be the only active theater, there will be no surplus units of any type. Military requirements there will demand an increase rather than a decrease in fighting units. Nevertheless, troops in the Pacific area will benefit by the reduction of the Army, not as units, but as individuals.

Commanders in the Pacific area will be told the number and types of men who can be replaced. They then will select these men, using the same standards as apply in inactive theaters and in the United States. These men then will be returned to the United States as rapidly as replacements of the same type become available and as the military situation permits.

As an example: Normally there will be a great flow of men needed to build up and maintain an offensive against Japan, but say that several thousand men over and above the required number can be shipped to the Pacific each month. Then a corresponding number of men in the Pacific with the highest priority credit scores can be declared surplus and returned to the United States, where their scores and military necessity will determine whether they are among the personnel no longer essential to the Army.

Simultaneously with the selection and return of men in the overseas theaters, the same selective formula will be applied among troops stationed in the continental United States. Troops in the United States, however, will serve as the main reservoir of replacements for the overseas theaters. For, in general, their priority scores will be lower than the scores of men who have served overseas and have seen combat duty.

Any man who may have been declared non-essential under this plan who wishes to remain in the Army, provided he has a satis-

factory record, will not be forced out of the Army if he can be usefully employed.

In the case of officers, military necessity will determine which ones are non-essential. These will be released as they can be spared.

Priority of release for members of the Women's Army Corps will be determined in the same way as for the rest of the Army, but treating the corps as a separate group. However, in the case of all female personnel of the Army, those whose husbands have already been released will be discharged upon application.

The plan as now adopted will provide some reduction in the Army's ground forces and initially considerably less in the service forces and in the air forces.

Following Germany's defeat, the air forces will have to move combat groups and supporting ground units from all over the world to the Pacific areas. The nature of the Pacific area dictates that service forces personnel will be needed in great numbers to carry the war to Japan. Long supply lines, scattered bases, jungles, primitive country, all contribute to the importance and necessity for service forces personnel. Therefore, the reduction in its strength will be slow at first.

As replacements become available from the ground forces and from new inductees, the air forces and the service forces will discharge a fair share of men proportionate with the ground forces.

Surplus individuals declared non-essential to the needs of the Army will be discharged from the service through separation centers. Five Army separation centers are already in operation and additional ones will be set up when the need develops. A total of 18 in all parts of the country are contemplated. Their wide distribution will enable us to discharge soldiers close to their homes.

The readjustment and demobilization plan applies only to readjustment and demobilization and in the period between the defeat of Germany and prior to the defeat of Japan. It sets forth the principles and responsibilities involved during that period. Theatre commanders and commanders of all other major commands of the Army will put the plan into operation in as simple a manner as possible based on those principles and responsibilities.

The War Department has determined that the successful operation of the plan requires that the troops themselves, as well as the public, be kept fully informed.

The size of the military establishment that will be needed after the defeat of Germany has been calculated with the same exactness as the size of the army needed up to now. No soldier will be kept in the military service who is not needed to fulfill these requirements. No soldier will be released who is needed.

It must be borne in mind always that the war will not be won, nor the peace enjoyed, until Japan has been completely crushed.

### Lytle Appointed To Fire Prevention Post

Alfred Y. Lytle, a member of the safety education department at the Aetna Life Affiliated Companies, has been named Vice-Chairman of the Fire Prevention Committee of the United States Junior Chamber of Commerce. The appointment was made by Mearns T. Gates of Pomeroy, Wash., President of the organization. Mr. Lytle is President of the Hartford Junior Chamber of Commerce and is a member of the Hartford Fire Prevention Committee.

## The State Of Trade

(Continued from page 1162)

**Aluminum Cutbacks**—The WPB ordered further cutbacks in aluminum production amounting to approximately 30,000,000 pounds of aluminum ingot a month. This will effect a reduction in total output of the light metal to slightly less than half of the peak 88,000,000 pounds a month reached early last winter.

Fewer than 1,000 workers will be affected by the reduction, the WPB stated. In connection with the cutback of aluminum, officials of the WPB revealed that scheduled imports of the metal from Canada have been sharply curtailed for the remainder of the year and delivery of 250,000,000 pounds of Canadian metal under contract has been postponed indefinitely.

**Electric Production**—The Edison Electric Institute reports that the output of electricity declined to approximately 4,414,735,000 kwh. in the week ended Sept. 2 from 4,418,298,000 kwh. in the preceding week. The latest figures represent a gain of 1.5% over one year ago, when output reached 4,350,511,000 kwh. Current output was the lowest since July 8, last, when net distribution of electric energy amounted to 3,940,854,000 kilowatts.

Consolidated Edison Co. of New York reports system output of 169,900,000 kilowatt-hours in the week ended Sept. 3, 1944, and compares with 204,900,000 kilowatt-hours for the corresponding week of 1943, or a decrease of 17.1%.

Local distribution of electricity amounted to 157,700,000 kilowatt-hours, compared with 194,600,000 kilowatt-hours for the corresponding week of last year, a decrease of 19.0%.

**R. R. Freight Loadings**—Carloadings of revenue freight for the week ended Sept. 2 totaled 898,450 cars, the Association of American Railroads announced. This was a decrease of 7,274 cars, or 0.8% below the preceding week this year, and a decrease of 2,625 cars, or 0.3% below the corresponding week of 1943. Compared with a similar period in 1942, an increase of 10,490 cars, or 1.2%, is shown.

**Heavy Bomber Output**—In the first eight months of 1944 upward of 1,000 four-engine heavy bombers a month were turned out by American factories. Drawing aside the screen of secrecy of heavy bomber output, the WPB reported that production reached 1,000 a month in May, 1943, exceeded 1,300 by January, 1944, and has been at a rate of 1,500 a month since June. Pointing to the remarkable showing in bomber production, the WPB recalled that 500 bombers a month was once regarded as impossible.

Revised schedules for September call for 7,934 planes of all types, just under the 7,939 planes actually delivered in August. Cutbacks in production for the last five months of this year were set at 5%, increasing to 9% in the first half of 1945 and 15% in the second half. The defeat of Germany would result in a further cutback in production schedules.

**Coal Production**—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ending Sept. 2, 1944, at 1,309,000 tons, an increase of 19,000 tons (1.5%), over the preceding week, and an increase of 49,000 tons, or 3.9% over the corresponding week of 1943. The 1944 calendar year to date shows an increase of 6.4% when compared with the corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Sept. 2 at 11,575,000 net tons, against 12,070,000 (revised figure) tons in the preceding week and 12,091,000 tons in the correspond-

ing week of last year, while output for Jan. 1 to Sept. 2 totaled 424,615,000 tons, as against 396,756,000 tons in the same 1943 period, or a gain of 7%.

Estimated production of beehive coke in the United States for the week ended Sept. 2, 1944, as reported by the same source, shows a decrease of 9,000 tons when compared with the output for the week ended Aug. 26, last, and a decline of 44,800 tons from the corresponding week of 1943.

**Prospects for Shoe Industry**—America's shoe manufacturers look for a record-breaking post-war production offering potential reemployment opportunities to at least 50,000 workers, many being drawn from tapering-off war industries. In terms of employment it means 50,000 or more new jobs on top of the 175,000 workers currently producing for heavy military and civilian needs. The foregoing is the prediction of Maxwell Field, Executive Secretary of the New England Shoe and Leather Association.

Referring to pent-up consumer demands for new styled shoes, Mr. Field said that these demands should result in record-breaking production totals after the removal of government production and style restrictions and rationing controls.

**Silver**—The London market for silver was unchanged at 23½d. The New York Official for foreign silver continued at 44¼¢, with domestic silver at 70½¢.

Silver production by domestic refineries in July amounted to 6,487,000 ounces of which 3,538,000 ounces were obtained from domestic sources and 2,949,000 ounces from foreign sources. In July of 1943, production totaled 9,948,000 ounces of which 4,438,000 ounces was domestic and 5,510,000 ounces foreign, the American Bureau of Metal Statistics disclosed.

**Lumber Shipments**—The National Lumber Manufacturers Association reports that lumber shipments of 488 reporting mills were 5% below production for the week ended Sept. 2, while new orders of these mills were 17.3% greater than production for the same period. Unfilled order files amounted to 107% of stocks. For reporting softwood mills, unfilled orders are equivalent to 40 days' production at the current rate, and gross stocks are equivalent to 35 days' production. For 1944 to date shipments of reporting identical mills exceeded production by 3.8% and orders ran 7.0% above output.

Compared to the corresponding weeks of 1935-39, production of reporting mills was 16.8% greater; shipments, 10.6% greater, and orders, 45.2% greater.

**Crude Oil Production**—Daily average gross crude oil production for the week ended Sept. 2, as estimated by the American Petroleum Institute, was 4,657,650 barrels. This represented a decline of 9,800 barrels from the week ended Aug. 26, 1944. When compared with the corresponding week last year, crude oil production was 421,200 barrels per day higher. The current figure was also 1,350 barrels above the daily average figure recommended by the Petroleum Administration for War for the month of August, 1944. For the four weeks ended Sept. 2, 1944, daily output averaged 4,666,900 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,592,000 barrels of crude oil daily and produced 14,265,000 barrels of gasoline. Kerosene output totaled 1,370,000 barrels with distillate fuel oil placed at 4,664,000 barrels and residual fuel oil at 8,293,000 barrels during the week ending Sept. 2, 1944. Stor-

age supplies at the week-end totaled 79,921,000 barrels of gasoline; 13,275,000 barrels of kerosene; 41,964,000 barrels of distillate fuel, and 59,876,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

**Paper Production**—Paper production for the week ended Sept. 2, was at 92.8% of capacity as against 93.2% the preceding week, and for the week ended Sept. 4, last year, 90.7%, the American Paper & Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 97% of capacity, compared with 96% in the preceding week.

**Business Failures**—Business failures in the United States declined for the week ended Aug. 31, to 14, a new low for the year. The latest week's figures compares with 22 in the preceding week and 26 in the corresponding week of 1943, Dun & Bradstreet reports. Concerns failing with liabilities of \$5,000 or more numbered 8, compared to 12 in the previous week and 13 one year ago. There were no Canadian failures this week, compared with 5 in the preceding week and 3 a year ago.

**Chain Store and Mail Order Sales**—The Department of Commerce announced that chain store and mail order sales for July totaled \$1,200,000,000, representing a gain over July, 1943, of 5%, and a decrease of about 5% from June of this year. Since there is normally a seasonal slump of about 8% from June, the reduced volume for July, 1944, therefore, is considerably less than seasonal. Following a correction for seasonal influences, the Commerce Department's adjusted index of average daily sales advanced to 171 for July from 166 for June (1935-39 equals 100). Marked expansion has taken place in sales of chain grocery stores in recent months following a marked decline in this field after the first quarter of 1943. Since the opening months of 1944 grocery chains have been steadily regaining this loss. The seasonally adjusted sales index of those outlets established a new high level with a figure of 182 for June and a further fractional rise in July. This compares with a previous high of 178 for August, 1942.

**Department and Retail Store Sales**—Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index were 16% ahead of a year ago for the week ending Sept. 2 as compared with 18% in the preceding week. For the four weeks ending Sept. 2, 1944, sales increased by 12%. An 8% increase in department store sales for the year to Sept. 2, 1944, over 1943 was also noted.

Moderate gains were the rule last week in the wholesale trade, while activity in the retail lines was very brisk. Cooler weather and buying occasioned by a return of the school season were largely responsible for the increase. In fact, according to Dun & Bradstreet, all sorts of fall merchandise showed expansion. Emphasis in the past has been on quality and this factor is still noticeable to a degree, but demand for medium-priced goods became more marked last week. Owing to a heavy demand stocks of men's wear, houseware, yarn goods and popular sportswear are developing shortages.

An increased demand for sportswear among women continued, with suit and coat sales mounting. In novelty lines box-shaped handbags proved popular and specialized jewelry, notably silver barrettes. Rationed shoes also attracted interest.

Food sales continued heavy, running about 5% above what they were last year. Demand for canned goods displayed signs of slackening, but the decrease was compensated for by the manner

## Krug Of WPB Announces Plans For Removing Controls Over Materials With Defeat Of Germany

### Will, However, Protect Production Necessary For War With Japan

Acting Chairman J. A. Krug, of the War Production Board, announced on Sept. 5, following a meeting of the full board, that "the Army, Navy and major war agencies have unanimously agreed on a program designed to provide the utmost stimulus to reconversion when Germany is defeated, while at the same time, protecting production necessary for the Japanese war." The Board's announcement further said:

"Acting upon findings that there will be reduction of about 40% of war production within three months after the defeat of Germany which will free over 4,000,000 workers, the board decided to:

"1. Remove almost all controls over materials immediately upon the defeat of Germany except those that are absolutely necessary to assure the reduced measure of war production necessary to beat Japan. This means that all manufacturers can use any plant and any materials that are not needed for military production for any civilian production.

"2. The War Production Board and other Government agencies will do everything within their powers to assist and encourage industry in resuming civilian production and maintaining employment through the 'know-how' of its industry divisions and industry and labor advisory committees.

"3. The board will maintain its organization and powers so as not to relinquish authority until it is certain that the war production program is adequate for victory over Japan.

"The purpose of the decision, arrived at today's board meeting after a sweeping re-survey of the military and production situation, is two-fold. First, to assure full military production until final victory over Japan. Second, to free civilian enterprise to the utmost.

"Industry is to be allowed in its own way, according to the avail-

ability of markets, men, materials and plants, to do the swiftest and most effective job possible of restoring production, making whatever people want and affording maximum employment, just as quickly as possible. The plan is simple in outline. Detailed procedures for putting it into effect will be developed promptly. The plan provides as follows:

"There will be only one preference rating, in addition to the present emergency AAA rating, and this rating will be reserved exclusively for military programs during the war against Japan. All other production will be unrated. Manufacturers will be permitted to accept unrated orders but they will be obliged to fill rated military orders ahead of all other business.

"After Germany's collapse no programming of civilian production will be necessary. The information which the War Production Board has on the available supplies of materials, components, facilities and man power indicates that maximum civilian output can be achieved without detailed priorities regulation from Washington.

"The War Production Board will retain its industry divisions and its industry division requirements committees, whose job will be to make certain that no one is permitted to procure an unreasonable amount of any material or product, that needed materials and components are made available to top essential activities such as transportation, utilities and fuel, and that small business is given an equal opportunity to secure materials and supplies.

"A very few allocation orders will be continued for materials that remain tight, such as lumber, textiles and certain chemicals. For example, it will be necessary to continue strict controls of the use of lumber, particularly for major construction projects.

"The controlled materials plan for allocating steel and copper will be continued only for the quarter in which hostilities in Europe cease.

"Paul V. McNutt, Chairman War Man-Power Commission, was present at the meeting, endorsed the program, outlined and indicated that the WMC will shortly announce a program for man power after Germany's collapse designed to dovetail with the WPB procedure.

"Mr. Krug said in deciding upon immediate and drastic elimination of production controls that the War Production Board is planning on keeping its steering gear and brakes in good condition. During the last three years the WPB industry divisions have developed methods that have been notably successful in dealing quickly and effectively with industrial problems. The 'know-how' will be kept available for immediate use as needed.

"Also available will be the industry advisory committees, the authority to allocate materials and to schedule production of components when supply becomes critical. If troubles should occur in military production or civilian output, WPB will be able to handle them on a spot basis. With the removal of controls on production, industrial, civic and labor leaders in every community will be called upon to use their ingenuity and resourcefulness to overcome the home-front difficulties on the way back."

in which supplies of fresh fruits and vegetables were received.

In wholesale lines reorders developed, due to good business in retail stores, but buyers again had to contend with delivery difficulties. With inventories generally reduced to their levels a year ago, shortages of electrical goods, lumber, building materials, textiles and cotton goods accounted for a reduced sales volume.

The above source estimates a gain of 6% to 8% for the week in retail sales throughout the country over the same week in 1943. Regional increases were: New England, 1 to 3%; East, 6 to 8%; Middle West, 6 to 9%; Northwest, 6 to 8%; South, 8 to 10%; Southwest, 9 to 12%; and the Pacific Coast, 9 to 12%.

**Retail Trade In New York**—The opening of the fall trade season found department stores in New York the past week operating at high volume, the pace of operations running 20% higher than a year ago, according to the New York "Times." The increase for the week previous was officially placed at 9%. August fur sales failed to come up to expectations here as elsewhere, handicapped by high tax levies on retail purchases. As a result the industry is taking steps for modification of the 20% tax. Wholesale markets enjoyed a spurt in trade with buyers busy in their efforts to hasten slow deliveries in the low-end dress lines. War developments, in the main, have worked against early openings in various lines.

According to Federal Reserve Bank's index, department store sales in New York City for the weekly period to Sept. 2 increased by 9% over the same period of last year. This compared with 20% in the preceding week. For the four weeks ending Sept. 2, sales rose by 8%; and for the year to Sept. 2, they improved by 8%.

# Byrnes Reports To President On Reconversion Plans For Industry After Victory In Europe

(Continued from page 1162)

ment workers" as Federal control machinery is reduced.

9. Reconsideration by Congress of the Byrnes proposal for a minimum weekly unemployment compensation of \$20 for as long as 26 weeks. He said the State unemployment systems have accumulated reserves of \$5,500,000,000 and they should "now act to liberalize the benefits and make the State systems serve their true purpose."

In discussing employment prospects, Byrnes observed that "the prosecution of the war against Japan will demand the continued production of great quantities of war materials," and said "basic industries such as steel and textiles will not be affected" by the end of the European war.

He also indicated that shipyard employment will continue at a high level, saying "the Maritime Commission, like the Navy, has a tremendous task to perform in the war of the Pacific. The surrender of Germany will not lessen the necessity for the construction of certain types of ships, but it will make possible the cancellation of some ships."

But, Mr. Byrnes continued, it is "inevitable that in some particular industries and in some communities there should temporarily be reduced employment. This is more likely to occur where the curtailment is in Government-owned plants engaged entirely in war production and having no plans for civilian production."

To meet this situation, Mr. Byrnes has appointed a committee which is now at work interviewing contractors to determine whether they will exercise their options to buy or lease the Government-owned plants.

In a seminar to explain his report to newsmen, Mr. Byrnes said speed has been applied to that problem in the last week because "that's where the trouble will come." Although many contractors are interested in buying or leasing plants, he said, it is obvious that any restrictions on disposal of these facilities will delay their reconversion and cause unemployment.

He said the War Department has furnished him with a list of plants that it probably will want kept in a "stand-by" condition after V-E Day and another list of those which will be available for conversion.

He said in the Defense Plant Corporation alone the Government has 1,800 plants costing \$18,000,000,000 and that in the last year and a half 14 lessees have exercised their option to buy and have paid the Government \$25,000,000.

At the end of his report Mr. Byrnes said:

The fear of timid people may temporarily retard our return to full production and full employment. But it will be only for a short time.

Today America is stronger than ever before. We should make the maintenance of the present national income and high level of employment our goal—and achieve that goal.

Mr. Byrnes' report, in full, as given in Washington advices to the New York "Herald Tribune" follows:

Sept. 7, 1944

Dear Mr. President:

For many months government agencies have been making plans for a return to civilian production when Germany surrenders. Recently we have held conferences as a result of which the representatives of the departments directly concerned with reconversion problems are closely co-operating and synchronizing their programs.

This is a report upon the status of some of these programs, and

some recommendations as to future action.

### Cutbacks

More than a year ago at the request of the Office of War Mobilization, the Army, Navy, Maritime Commission and Foreign Economic Administration appointed committees to review their procurement programs to determine whether or not there could, at this time, be some modification either of the rates of production or of the total objective for the major items of procurement. Subsequently, at my request, the joint chiefs of staff appointed a committee of four officers of high rank, two from the Army and two from the Navy, to review constantly the action of the several procurement agencies in the curtailment of procurement programs. They have been in daily touch with the procurement officials, who since that time have canceled more than \$18,000,000,000 of authorized expenditures.

Of course, while these curtailments and cancellations have been taking place, necessity has arisen for the expenditure of many other millions for certain additional munitions and supplies resulting from the change from a defensive to an offensive warfare. But the figures show that the procurement agencies themselves have tried to prevent the accumulation of unnecessary supplies while, at the same time, furnishing the weapons and supplies that have made possible the victories of our armed forces.

General Somervell, Commander of the Army Service Forces, with the approval of the Chief of Staff, General Marshall, has directed:

(a) That the strategic reserve be immediately studied in the light of current production and strategic situation without delay.

(b) That authority be given him to immediately suspend procurement on not to exceed 50% of the material provided in the current strategic reserve.

This strategic reserve embraces supplies of initial equipment for an additional million men. The decision of General Somervell will not result in cutbacks of existing orders but it will result in reducing by 50% orders placed after this date for supplies for these strategic reserves.

At the supply depots stocks heretofore have been authorized at 90 days of anticipated issue. In the light of current procurement and strategic conditions, General Somervell has ordered that the depot stocks be reduced to 60 days of expected issue for items vital to combat and 45 days for expected issue of other items. This will also reduce future procurement orders.

The ample supply of some munitions and some supplies will not, however, lessen the emphasis all government agencies have been placing upon the necessity for overcoming the shortages in certain other critical supplies. They continue short. Reports continue of the short supply of certain artillery ammunition requiring our officers to restrict the number of rounds fired a day. For the last week the conduct of the war, fortunately, has lessened the demand upon the supply of heavy artillery ammunition. But no one can tell when demands will again increase. The Army cannot gamble as to the day of surrender.

### Agency Co-operation in Cutbacks

Recognizing the need for an orderly shifting of facilities to meet changing requirements during the period of maximum war production, I directed the War Production Board on June 5, 1944, to establish an appropriate division with representatives from the procurement services and the War Manpower Commission to develop

cutback procedures, having in view that these cutback procedures will be available to facilitate reconversion upon the defeat of Germany.

The current procedures for the administration of cutbacks are designed to provide for interim revisions in war requirements. Under these procedures, the procurement agencies determine the allocation of cutbacks among contractors under broad policies developed by the War Production Board to secure maximum production. The procurement agencies furnish the War Production Board with advance notice of any cutback for an item or related group of items in which the value of the cutback equals or exceeds \$1,000,000 in the current month or any of the next succeeding months.

As detailed plans are developed, these plans are also reported to the War Production Board. They include information with respect to the facilities involved, the labor employed, the labor area in which the work is located, costs, past production, future requirements, plant capacities and the selection of facilities for retention and release.

The staff of the War Production Board assigned to the study of cutbacks reviews the detailed proposal and gives clearance or recommends changes which appear desirable. This staff is composed of representatives of the war procurement agencies, the War Manpower Commission, the Smaller War Plants Corporation and various divisions of the War Production Board.

For cutbacks of over \$200,000 but less than \$1,000,000 in the current month or any one of the succeeding three months, modified information is made available to the War Production Board prior to final determination of the facilities to be cutback.

As a result of these procedures, the War Production Board, the War Manpower Commission and the Smaller War Plants Corporation are advised before final notification is given to the contractor so that appropriate arrangements may be made for the use of the facilities for other war purposes or for essential civilian production. This also permits the development of a program for the utilization of the man power made available by the cutback.

### V-E Day

With the defeat of Germany, the requirements of the procurement agencies for material and supplies will be reduced by approximately 40%. The primary objectives in the cutback procedure will differ somewhat from those now in effect. The need will still remain to give full protection to the necessary war programs for the conduct of the war against Japan, but in so doing, every opportunity will be provided to permit the resumption of maximum civilian production without delay, thus preventing extended unemployment.

The procurement agencies confronted with major readjustments following the defeat of Germany have prepared special procurement programs for the continuing war with Japan which are ready for implementation immediately upon the defeat of Germany.

These agencies are now engaged in notifying prime contractors of their tentative plans under policies prescribed by the War Production Board. Moreover, the proposed contractual changes in major items have been or are now in process of being submitted to the War Production Board for review and for the consideration of such changes as may appear desirable in the interests of the national economy.

The staff which has obtained experience in analyzing current cutbacks is being utilized to examine the tentative cutbacks which will result with the defeat of Germany. The factors for the

selection of facilities to be released at this time will differ, obviously, from those used with respect to current production, as speed in reconversion to desirable civilian production now becomes a major factor.

### Criteria for Selection of Cutbacks After V-E Day

The factors being evaluated in the selection of facilities for the second phase of the war follows:

(a) The procuring agency will retain until final victory those contractors which it has found from experience to be capable of producing required items of desirable quality at the desired scheduled rates. The contractors retained in war production until the end of the war must be the best qualified, and all other rules of selection are applicable only among those so qualified. No contractor, however, will be disqualified simply because he is a small contractor.

(b) As between qualified contractors, the following factors will be considered in selecting facilities to accomplish the necessary readjustment and curtailment of production:

(1) Privately owned plants, not normally engaged in production of a military character, will be given first priority of release from war production in order to facilitate their reconversion to civilian production, due consideration being given to the wishes of the contractors.

(2) Government-owned plants will be kept in operation or reserve until their production is clearly no longer required for military needs. This is subject to modification in the case of a plant located in an isolated section with no opportunity for displaced workers where the exercise of wise administrative discretion may prompt other action.

(3) In so far as practicable, the release to civilian production of competing units of the same industry should be simultaneous.

(4) In scheduling the release of plants and industries, due consideration is to be given to cushioning the shock of unemployment.

(5) In scheduling the release of plants or industries, due consideration is to be given to:

(a) Security considerations;  
(b) Considerations affecting public transportation, such as accessibility to the sources of labor, raw materials, components, depots or storage facilities, and ultimate destination;

(c) The relative unit cost to government;

(d) The welfare of smaller business.

(6) Where practical considerations make it possible, companies responsible for the development and engineering of specialized products will be retained in their manufacture in preference to those companies which are merely licensed for their manufacture.

As a result of advanced planning, representatives of the procurement agencies are today conferring with contractors, agreeing in advance of termination as to methods of accounting, and settling such questions as the allotment of overhead expenses as between war production and civilian production.

The agencies will also notify their contractors by telegram when the defeat of Germany is announced of the curtailment of war production in the contractor's plant so that the contractor may start immediately with converting to normal civilian production that portion of his plant no longer required for war production.

The War Department personnel engaged in contract termination work now exceeds 6,500. Plans

developed for the speedy termination of the contracts will require more than 25,000 persons. Additional personnel for this work being trained in special school and training courses are being provided for procurement officers and for employees of contractors

### Navy Cutbacks

The plans of the Navy Department are necessarily different from those of the War Department. The Navy has a smaller number of contracts. The task of the Navy following the surrender of Germany will be just as great as before the surrender. A review of Navy plans indicates the same thoroughness as is evidenced by Army to do all possible to lessen the impact upon the civilian economy resulting from the curtailment or cancellation of contracts.

### Maritime Cutbacks

The Maritime Commission, like the Navy, has a tremendous task to perform in the war of the Pacific. The surrender of Germany will not lessen the necessity for the construction of certain types of ships, but it will make possible the cancellation of some ships. Plans have already been prepared to become effective upon the cessation of hostilities in Europe, listing the contracts to be canceled or curtailed.

### War Controls to Be Modified to Stimulate Civilian Production

There will be some time lag between the curtailment and cancellation of war contracts and the resumption of large civilian production. The length of that period may be lessened by the promptness with which war-time restraints are removed.

To insure the utmost speed in reconversion and to permit the prompt resumption of civilian production at least equal to the civilian production of the United States in 1939 controls now in existence will be released or modified to the fullest extent possible to permit manufacturers a freedom in planning for the resumption of civilian production and in ordering materials and components which will assure maximum speed.

The military needs for the war against Japan must be assured. Unquestionably there will remain areas of tight supply which will necessitate war production receiving a preferential position. However, the Controlled Materials Plan, with its necessary but cumbersome paper work, will no longer be required, provided industry as a whole continues to recognize the importance of war and essential civilian production and the necessity for the protection of small business.

As the acting Chairman of the War Production Board has announced, existing controls will be relaxed immediately after the defeat of Germany and the following controls substituted:

(a) The establishment of a new military preference rating to be assigned to the war-procurement programs of the War Department, Navy Department, Maritime Commission, War Shipping Administration and military lend-lease. Contractors will be required to accept orders in this rating band and to fill these orders in precedence to any other orders.

(b) The establishment of a new civilian production preference rating band subordinate to the military rating, but superior to all other ratings to be used only if necessary to protect the more essential civilian programs. It is not anticipated that this rating band will be necessary, and it will be used only in the event programs in this category fail to meet schedules.

(c) The new rating structure will be placed in effect immediately following the defeat of Germany. It will automatically assign the new ratings to the prime contractors of the designated programs, and these prime contrac-

tors will be directed to extend the ratings to their suppliers. After an appropriate period has elapsed to permit a re-rating and re-scheduling of orders, all other outstanding preference ratings will become void.

(d) The priority regulations now in effect will be amended to conform to these changes.

(e) The Controlled Materials Plan will be revoked immediately after the defeat of Germany, except that it will remain in effect for steel and copper during the remainder of the quarter in which the revocation is issued. In effect, orders under the Controlled Materials Plan become priority orders; however, suppliers will be permitted to receive and fill all orders placed after the defeat of Germany to the extent made possible by the cancellation of orders which they then hold under the Controlled Materials Plan.

(f) L and M Orders will be revoked, except for a few selected orders which must be retained as a mechanism for programming items which will continue in short supply, such as tires, batteries, motors, lumber and some textiles and chemicals.

(g) The War Production Board will retain the authority which it now has to continue or to institute controlled mechanisms to cope with individual production and procurement problems, to include the authority to issue individual directives to manufacturers or suppliers to produce or deliver a product or products to a designated purpose. This will permit the War Production Board to take appropriate action to prevent or to correct hardship cases.

**Administrative Machinery for Securing the Prompt Clearing of Contractors' Plants**

An essential step to the prompt reconversion of a war facility to civilian production is the removal of war materials and equipment from the plant. This clearance is a part of the contract-termination procedure which has been planned in detail by all of the procurement agencies in close co-operation with the Director of Contract Settlements and with the Surplus War Property Administrator.

Arrangements for prompt advance payments and for loans assure the war contractor of quick financing. There remain the inventory and disposal of plant equipment and materials pertaining to the war contract which must be removed to prevent interference with reconversion.

To expedite prompt clearance, the following procedures have been developed:

(a) Whenever a war contractor is of the opinion that he no longer requires for the performance of any war contract government-owned facilities covered by purchase or lease option, he will promptly notify the owning procurement agency of his desire to exercise or waive the option. If he desires to exercise the option, the facilities will be disposed of accordingly. The procurement agencies are prepared to waive or release, under terms and conditions deemed appropriate, any existing obligations of war contractors under facilities contracts.

(b) The war contractor will submit an inventory list of items which become excess with the curtailment of his contract and which are not under option classified for retention or for removal. He will indicate the space which he has available for storage under appropriate rental. Unsatisfactory inventory lists will be returned by the procurement agencies within 10 days. Within 20 days the procurement agencies will notify the war contractor of those items in his inventory which are

(1) Necessary for war production;

(2) May be retained by the contractor;

(3) May be stored by the contractor, and

(4) Should be prepared for shipment to a designated place. Within 60 days after receipt of a satisfactory inventory list, the procurement agencies;

(1) Must dispose of any or all of the facilities to the war contractor which the government is willing to release;

(2) Complete arrangements with the war contractor for the storage of those inventory items which he is prepared to store; and

(3) Remove the balance.

At any time in this period the war contractor may remove and store at his own expense and risk any materials or equipment no longer required for war production. After the elapse of 60 days from date of receipt of inventory, the contractor may remove and store such materials at the risk and expense of the government.

In order to facilitate the removal of equipment and material, the procurement agencies are developing storage-space requirements and reporting these requirements to the space control committee of the Surplus War Property Administration.

This space control committee has regional subcommittees located throughout the United States which maintain listings of all suitable storage space and allocate space to the procurement agencies to meet their requirements.

In addition large centrally located storage centers are being developed where prefabricated temporary storage shelters can be erected quickly to protect stored equipment. These storage areas will be located in industrial centers and will be operated under government contracts by commercial warehousemen.

All procurement agencies will be required to establish a reporting procedure which will show the progress being made in clearing plants.

To further facilitate reconversion the Surplus War Property Administrator has approved the immediate sale of machine tools and industrial equipment being used by manufacturers for war work to these manufacturers on a depreciation formula believed fair to both industry and to the government.

Machine tools not desired by the manufacturer are reported as surplus and become available for sale to other contractors desiring the tools for the resumption of civilian production, under the same general depreciation formula, but with a somewhat more favorable price differential, in view of the additional costs of installing such machinery as compared with machinery sold in place.

**Steps to Aid Employment During Reconversion**

The effectiveness of any plans for the transition from war production to peace production will depend upon our ability to provide jobs for the workers who will be displaced by the reduction in war production.

The fear of prolonged unemployment following V-E Day has been exaggerated. The prosecution of the war against Japan will demand the continued production of great quantities of war materials. Basic industries such as steel and textiles will not be affected. We will speedily return to civilian production. The pent-up demand for goods will come from a people who have the money with which to buy them.

But it is inevitable that in some particular industries and in some communities there should temporarily be reduced employment. This is more likely to occur where the curtailment is in government-owned plants engaged entirely in war production and having no plans for civilian production.

In order to meet this situation I have appointed a committee consisting of representatives of

the War Production Board, the War Manpower Commission, the Defense Plant Corporation and the Surplus War Property Administration. They are at work interviewing the contractors. Their objective is to ascertain whether or not the contractor will exercise his opinion to buy or lease the plants. If he is not interested, then the committee, having determined to what uses the plant can be put, will inquire whether local capital or some corporation or individual can be interested in purchasing or leasing the plant—of course, subject to the policies prescribed by law.

The primary purpose is to help the manpower situation. The presence of a representative of the Manpower Commission on this committee will enable that agency to know what progress is being made in arranging for the operation of these plants. If such operation does not seem probable, the Manpower Commission, in advance, can make plans to secure jobs for the workers when their employment is terminated.

It is obvious that any restrictions upon the sale or leasing of these plants that will delay their conversion to civilian production will cause unemployment. In the government-owned plants there are several million war workers. If they are not employed until other plants can be built or other machinery installed, they will be out of work for a long period. The plant equipment of these government-owned plants must be put to work promptly if jobs are to be provided.

**War-Time Manpower Controls to Be Lifted**

It is apparent that with the defeat of Germany the necessity for existing manpower controls largely will cease. Hence, these controls will be abandoned to facilitate the transfer of manpower from the curtailed war program to civilian production. The services available through the War Manpower Commission and the United States Unemployment Service will continue. The Production Urgency and Manpower Priorities Committees will also continue to function as at present, although their functions will become advisory.

However, a loss of manpower in war production below the needs to meet the schedules established for the war against Japan would necessitate a prompt restoration of controls. It is anticipated that the voluntary establishment of ceilings will correct such conditions locally, if the need arises.

**First Line of Defense Against Unemployment**

Unemployment compensation is our first line of defense against unemployment. In view of the failure of the Congress to provide for more liberal benefit payments by the unemployment compensation systems of the states through supplemental appropriations by the Federal Government, there will be some states in which the payments will be very inadequate, particularly in view of the increase in the cost of living since such payments were established by those states.

The weekly benefits were established several years prior to the war. If they were adequate then, they are inadequate now. The state systems have, during the war, as a result of increased contributions and reduced expenditures, accumulated reserves of five and one-half billion dollars. That is fortunate. But the objective of the system is to provide a defense against unemployment and not merely to accumulate money. The states should act now to liberalize the benefits and make the state systems serve their true purpose.

I still hope the Congress will reconsider its action in rejecting the plan suggested by me that the maximum weekly benefit should not be less than a stated percent-

age of the workers' previous wages, or \$20, whichever is the lower; should be paid for as long as 26 weeks and the coverage be extended to include workers where the number of employees is less than eight. Several influential members expressed to me the view that they did not want to consider at this time a bill liberalizing the benefits because they feared if such a bill was considered at this time just prior to a Presidential election there would be bidding for votes and the proposal would not be considered upon its merits. They thought that after the election legislation providing reasonable liberalization could be enacted. I earnestly hope this will be done.

**Return to 40-Hour Week**

It is evident to me that if on V-E Day we are to reduce war production 40% it is necessary that the government plan now to spread the work.

Only the necessities of war production and the shortage of workers caused the government to increase the work week to 48 hours. When V-E Day comes we should return to the 40-hour week. This will give jobs to those who are left without employment. The workers want jobs and not unemployment compensation.

On Feb. 9, 1943, I recommended that the President issue an order authorizing the increased employment to 48 hours. As the reason for the order will not exist after V-E Day, I hope an order will be issued returning to the 40-hour week provided by law, except to take care of production necessary to the war effort and some specially tight labor areas.

This will help solve a problem which is already giving concern. Many employees have been leaving plants engaged in war production to seek employment where they believe civilian production will be quickly resumed. If a worker remains in war production, and is allowed to work 48 hours with time and a half for the extra eight hours, his weekly take-home will be larger than the weekly take-home of the worker engaged in civilian production and working only 40 hours. The financial incentive thus provided may induce workers to remain in war production.

**Restraining and Re-employment Administration**

The Restraining and Re-employment Administration has been at work for months upon the problems of employment and training. Central offices have been established in all important cities where there are concentrated the representatives of various agencies concerned with employment, vocational training and other activities of government agencies so that the unemployed may, in one place, secure information as to the assistance they can secure from the government. The plans worked out by this agency will be of assistance to the unemployed veterans and war workers.

**Public Works**

The Public Works Administration has obtained from states, counties and cities much information as to work projects planned by such governments. The demand for construction projects exists. As a rule those governments have the funds for the projects. In communities where there is no unemployment following V-E Day it would be more unfortunate if they were not undertaken in communities where there is unemployment.

It is not possible to exercise direct control over the time when expenditures will be made by local governments. But the Federal Government can time its expenditures of Federal funds for road construction and work projects to relieve unemployment.

**Prices for Reconversion**

When a manufacturer has been advised of the curtailment of a

war contract and that he can resume civilian production, he probably will not move until he ascertains what ceiling price will be placed upon his goods. The price of civilian goods which have been produced throughout the war has been fixed by OPA and takes into account increased production costs. But articles not now produced, such as automobiles, radios, refrigerators, may have to be priced somewhat above the prices prevailing in 1941 when civilian production of these articles was stopped.

It is entirely possible that on V-E Day, as a result of the curtailment of contracts, several hundred producers would at the same time ask OPA for a decision as to a ceiling price. Obviously, if a decision is delayed until investigation can be made of production costs of all such articles at that time, it would increase the ranks of the jobless.

One practical way would be to authorize a percentage increase over earlier prices for articles which have been out of production for some time, with the right and duty devolving upon OPA to adjust such prices upward or downward in the light of experience. Since Jan. 1, 1941, when the production of civilian durable goods was drastically curtailed, industrial wholesale prices have increased. Often it is difficult to ascertain quickly the amount of such increase because the increase has not been uniform for all commodities. Some commodities have risen substantially while others have declined or not risen at all. For example, iron and steel prices have not risen and the price of aluminum actually has declined. There has been very considerable technological progress during the war which should serve in some cases to offset increase in labor and material costs.

However, it should be feasible for OPA to establish a general ceiling for articles out of civilian production for some time at a fixed percentage above the prices charged for such articles before civilian production ceased. This percentage can be quickly computed on the basis of increased material, labor and other costs. Provision can be made to take care of hardship cases on appeal. As manufacturers return to production competition should cause some prices to drop quickly and substantially below the fixed ceilings.

The Stabilization Director and the Price Administrator are engaged in determining the formula to be applied in arriving at the percentage increase to be allowed. The formula cannot now be announced. No hard and fast rule can be applied to all industries but a price program is being worked out that will make certain that the reconversion to civilian production in any industry will not be delayed by lack of information as to prices.

**Taxes**

Before the manufacturer returns to production he will want to know something more than the ceiling price. He will want some idea about taxes in order to determine whether there will be a profit in his business. Everybody cannot be an employer. There must be an employer if people are going to get jobs. Before a man put his own money and asks his friends to put money in a business he wants to know that there is some prospect of his making a profit.

The excess profit tax is a war tax. With the ending of the war there should be an end to excess profit taxes. It cannot be done upon V-E Day because we will still have war production and war profits, but the Administration and the leaders of the Congressional committees might well announce an intention to urge the elimination of the excess profit taxes when the war with Japan is at an end.

(Continued on page 1170)

## Byrnes Reports To President On Reconversion Plans For Industry After Victory In Europe

(Continued from page 1169)

We should consider, also, the advisability of allowing manufacturers to depreciate new machinery substantially in the years in which such machinery is purchased. Great Britain has incorporated such a plan in its current budget. This action would induce many companies to hazard new ventures, thereby increasing employment. It would give a real incentive to companies to keep our industry ahead of the rest of the world technologically. It would provide a steady domestic market of substantial proportion for capital goods and would go far to provide a stable basis for employment in that field in the post-war readjustment.

### Controls

I have requested a survey to be made to determine what war controls can be modified after V-E Day. To enforce controls requires personnel. When the controls are released government employees should be released. The scheduled reduction of procurement in the War Department, the removal of controls by the War Production Board, and other agencies, should make it possible for many government workers to return to their homes when Germany surrenders.

The justification for rationing is the short supply of a commodity. When the supply is sufficient for normal demands rationing should cease. Many foods have already been removed from the ration list. Others will be removed as soon as supplies justify removal.

V-E Day will result in increasing the supply of gasoline available for the civilian population. It is impossible now to make a definite statement. My opinion is the increase will not permit the discontinuance of rationing but the allowances can be increased in certain areas.

There are many commodities, however, that are still in short supply and must continue to be rationed.

### Food Program

V-E Day requires a review of our plans for production on farms as well as in factories. In the near future War Food Administrator Jones must announce the goals for farm production in 1945. So far as food supplies are concerned here is the problem:

Food production in the areas under Allied control, with the exception of Russia, is approximately one-third above normal production. War reserves have been established. When peace comes the reserves in the military theaters will become surplus.

Because of the submarine activity, blitz bombing, and the irregularity of shipping, reserve stocks for the civilian population of the United Kingdom were increased from a normal of approximately 1,500,000 tons to 5,500,000 tons. These stocks were made up of supplies domestically produced, purchased in the market, lend-lease and other sources. If after V-E Day this stock should be fixed at 3,500,000 tons, it will leave 2,000,000 tons available for relief. This will, of course, affect only the size of the reserve stocks and not the food available for current consumption in Britain.

It is estimated that in the year following V-E Day our military food procurement will decline about 50%, or approximately 4,000,000 tons. In addition we know that the Army has accumulated considerable stocks of combat rations, in the European theater which will be available for civilian use.

In order to meet lend-lease shipping schedules the War Food Administration has had to accumulate a stock of food commodities.

Thus, approximately 8,000,000

tons of food can be released from the war-time pipe line or reserve for other uses. This will include 6,000,000 tons of food other than wheat.

Excluding wheat the estimated requirements of the armed forces for food during the first six months of the reoccupation are 1,200,000 tons. U. N. R. R. A. estimates its requirements for the same period at approximately 2,700,000 tons.

This would make approximately 6,000,000 tons of food available against requirements of 3,900,000 tons for the first six months of 1945. It seems, therefore, that European requirements will be met without very large drafts on the United States production in 1945.

That means that we must decide what we will do about the commitment of the United States Government to support farm prices contained in what is known as the Steagall amendment. If, as a result of reduced demand, the market price drops below the support price, government must buy the surplus if it is going to support prices.

Domestic consumption will increase with the removal of all ration controls. Prior to the war we disposed of surplus foods through the school lunch program, the stamp program and direct relief program. These programs, however, cannot absorb enough to maintain prices in the domestic market.

We must increase our exports—but we must realize there are difficulties. Our price level is higher than for similar commodities in other producing areas. The United Kingdom will be asked to make contracts for food in Canada, Australia, New Zealand and South America. Russia has indicated a desire for machinery and machine tools—but for few consumer goods.

We know that the civilian population of other nations have not consumed anything like the consumption of our people. As other nations return to full production and full employment there will be increased demand for food abroad as well as at home. I have abiding confidence that ways will be found to make certain that we do not return to a policy of scarcity.

But here is the immediate and concrete problem. Congress has committed the government to support prices but has not appropriated funds to carry out the commitment. In the light of the situation above described it is estimated that compliance with this commitment may require an appropriation of as much as \$2,000,000,000 in 1945.

I therefore suggest that the Congress be asked to prescribe methods by which the support price commitment shall be carried out and appropriate adequate funds for the purpose. Action is necessary at this time in order that the Food Administrator can establish quotas for the various crops and fix the support prices.

### Commends Baruch-Hancock Report

Last November I requested Mr. B. M. Baruch and Mr. John Hancock to investigate and report upon the problem of reconversion. In March of this year they filed a report which was submitted by me to the various government agencies to establish a pattern for action by them on the suggestions therein discussed. The report has been of inestimable value and should continue to be the guide for reconversion policies.

### Present Income and Employment Levels Should Be Maintained

The fear of timid people may temporarily retard our return to full production and full employ-

## Cleveland Trust Company Fifty Years Old

The Cleveland Trust Company will start its 51st year of banking service to northern Ohio on Sept. 20. The company presents an unusual record of growth at the close of its first half-century of service. It has 46 banking offices in operation in Cuyahoga, Lake and Lorain counties. Its resources are more than \$900,000,000; its capital funds over \$40,000,000; its deposits in excess of \$850,000,000. It has approximately 630,000 deposit accounts. It is the 17th largest bank in the United States and it is claimed that few, if any, banking institutions in the nation whose offices are confined to a single metropolitan community have as large a number of depositors. Pointing out that the development of The Cleveland Trust Company into one of the nation's great banking institutions has been achieved by conservative, confidence-building banking service and policies rather than by spectacular moves, the announcement of the anniversary notes that despite its conservatism, the company has been outstanding as a pioneer on many occasions, as well as a leader in new developments. Notably, it was among the first of banks in America to use modern advertising aggressively, including first use of the explanatory form of statement of condition; to enter upon branch banking; to expand by acquiring other banks; to volunteer membership in the Federal Reserve System. It launched the first Community Trust, a conception of its late President, Fred H. Goff. Particularly has it shown leadership in stimulation of home building, taking a major part in extending services and terms advantageous to home owners.

The Cleveland Trust Company was founded with a \$500,000 capital, Sept. 20, 1894. The original trustees of the company were: Luther Allen, F. L. Alcott, Edmund Clarke, J. D. Cox, H. Clark Ford, H. A. Garfield, M. S. Greenough, R. A. Harman, J. M. Henderson, A. B. McNairy, Charles L. Pack and H. A. Sherwin. Later Fayette Brown, George W. Kinney, and W. H. Lawrence were added to the board of trustees. J. G. Cowles was elected first President of the company; H. A. Sherwin, H. A. Garfield and A. B. McNairy, Vice-Presidents; H. Clark Ford, R. A. Harman, W. H. Lawrence, Charles L. Pack and H. A. Sherwin composed the first executive committee, and Manuel Halle, George W. Kinney and E. P. Williams were the inspection committee with duties of bank examiners. E. G. Tillotson was named Secretary and Treasurer of the organization. Other factors in the institution's development are indicated as follows:

"The company opened its doors Sept. 10, 1895, at 926 Garfield Building, four employees transacting the business in an office 12 ft. wide by 26 ft. long.

Deposits passed the million mark before the close of 1896 and by

ment. But it will be only for a short time.

Today America is stronger than ever before. We should make the maintenance of the present national income and high level of employment our goal—and achieve that goal.

I realize that in reporting at length upon plans for returning to civilian production there is danger of diverting the attention of the people from the tremendous tasks to which we must devote all of our efforts if we are going to contribute our part to the victory. But I have confidence in the common sense and judgment of the people and believe the knowledge that their government has been preparing plans for peace will cause them to increase their efforts to bring about that peace.

Sincerely yours,  
JAMES F. BYRNES.

the end of 1899 they were \$6,304,738. First dividends were paid January, 1897. Calvary Morris succeeded Mr. Cowles in 1903, when the latter became Chairman of the board of directors. The Cleveland Trust system of branch banking had its inception Jan. 17, 1903, when stockholders ratified a merger of The Cleveland Trust Co. and the Western Reserve Trust Co.

"In June, 1908, F. H. Goff was named President of the bank. Under Mr. Goff was originated the Cleveland Foundation which provides a means for distributing funds for supplementing charitable and educational work. The money is distributed by a committee of five chosen for terms of five years each, two members named by the trustees, and one by the mayor or chief executive of Cleveland, one by the presiding judge having jurisdiction over the settlement of estates in Cuyahoga county, and the fifth by the presiding judge of the United States District Court of Northern Ohio. The foundation model has been adopted in more than 75 other communities. It has been termed 'the most important single contribution of a generation to the art of wise giving.' Two other local banks in addition to The Cleveland Trust Company are now trustees of the Foundation.

"The Cleveland Trust Company was the first State bank or trust company in the city to enter the Federal Reserve System, the second such bank in the district and the first institution with resources of \$50,000,000 or over, to volunteer affiliation and contribution to the strength of the Federal Reserve Bank of Cleveland. It was admitted April 11, 1917.

"With its entrance into the Federal Reserve System, The Cleveland Trust Company officially became a bank of discount and deposit and entered the commercial banking field. The commercial banking function was added to the bank's original functions of savings bank and trust company. Since that time, the bank has used its increasing deposits to provide loan accommodations not only to local but to national industrial and commercial organizations.

"During World War I, the bank not only oversubscribed all five Liberty Loans, but its quota of Treasury certificates in anticipation of the bonds. In World War II it has sold over \$100,000,000 of war bonds, almost \$200,000,000 of tax notes, handled ration banking, made millions of dollars of loans to war industries, and performed other services of importance to the war effort. Over 250 of its employees are in the armed forces.

"Following the death of Mr. Goff on March 14, 1923, Harris Creech became President of the bank. Under his administration the deposits of the bank more than doubled and he was credited with bringing the bank triumphantly through some of the most difficult years American banking has known. He was the author of the plan by which 500 Ohio banks joined in furnishing \$1,000,000 in low-interest loans to rebuild homes following the disastrous Lorain tornado years ago. After Mr. Creech's death on May 18, 1941, I. F. Freiberger was named Chairman of the Board, and George Gund was elected President, and under their leadership the bank has continued to grow in service and size through these difficult war years. Directors of the bank are: I. F. Freiberger, George Gund, Robert F. Berwald, Newell C. Bolton, Nap H. Boynton, J. C. Brooks, Fayette Brown, F. H. Chapin, Jacob D. Cox, E. B. Greene, Joseph C. Hostetler, Thomas H. Jones, George Q. Keeley, Walter C. Merrick, Severance A. Millikin, John E. Morley, O. A. Schuele, F. A. Scott, C. J. Stilwell and Amos Burt Thompson. Members of the bank's Executive Committee are: E. B. Greene,

## Dewey Warns Against Philosophy Of Dole

Warning against the philosophy of the dole, Gov. Thomas E. Dewey, of New York, in a message read at the annual convention on Sept. 7 of the New York State Industrial Council at Saratoga Springs, N. Y., declared "our soldiers overseas and our soldiers of production," will not turn back to doles and raking leaves. I refuse to believe the rank and file of labor is partisan to the philosophy of the dole, and I refuse to believe that the practitioners of the dole philosophy can have labor's votes delivered to them by any one at all."

Associated Press advices reporting this said:

"The Governor obviously referring to some of the New Deal policies of President Roosevelt said there are those who claim labor's vote can thus be delivered. 'Some who make that claim,' he explained, 'hold union offices which created to advance labor's interests in higher wages, better conditions and greater job security. I say that those who seek to perpetuate a dole economy betray the aspirations of the American labor movement.'

"American labor," has built great organizations to protect its industrial citizenship. As one who has faith in America and the spirit of freedom which is winning this war, I am certain workers will not submit to a labor front which barbers away their political citizenship."

"The wage earner of this nation must go forward to an assured peace in which there will be jobs for all. Organized labor will help, I am sure, in achieving the goal of full employment. I am sure that its great rank-and-file and its true leaders, in spite of influence, playing on them to act otherwise, will assume their share of the responsibility."

The Governor extended his best wishes to the C. I. O. convention and ask the members not to pause in their efforts to win the war. "But," he reminded, "do not forget that we have still to win the war against unemployment when we stop making the instruments of death."

The Council composed of C. I. O. unions, was scheduled to be addressed by Sidney Hillman, Chairman of the C. I. O.'s Political Action Committee, which is supporting the fourth-term candidacy of President Roosevelt and which has been attacked repeatedly by Republican leaders.

## Cost Of Living Steady In August

Living costs of the average family of wage earners and lower-salaried clerical workers in the United States rose only one-tenth of 1% in August, according to the regular monthly survey made by the National Industrial Conference Board, released on Sept. 12 which also said:

"No change was found by the Board in the cost of food, housing, or fuel and light. The increases which accounted for the slight overall rise were as follows: clothing, 0.5%; and sundries, 0.1%.

"The cost of living in August was 2.2% higher than in August, 1943.

"The purchasing value of the dollar, based on 100 cents to the dollar in 1923 goods, was 95.1 cents in August, as compared with 95.2 cents in July, and with 97.3 cents in August, 1943."

Chairman; Brig. Gen. L. P. Ayres, Vice-President; E. E. Barker, Vice-President; G. M. Cummings, counsel; I. F. Freiberger, Chairman; George Gund, President; A. R. Horr, Vice-President; H. D. King, Secretary; Rodney P. Lien, Vice-President-Comptroller; H. R. Templeton, Vice-President; J. W. Woodburn, Treasurer.

## Steel Production Again Declines—Cutbacks And Cancellations Increase—Deliveries High

"Easing of pressure on some steel deliveries, excesses of ingots and slabs in some areas, sharp price declines in some major scrap grades, a further drop in the steel ingot rate and an increase in cancellations and cutbacks this week, gave additional support to the belief that steel buying is either on a downward trend of significant proportions or at least is definitely leveling off from the war's high marks," "The Iron Age" states in its issue of today (Sept. 14), further adding in part as follows:

"While steel deliveries this week were still at high levels, the same brand of tempo which existed a few months ago had started to disappear. This condition was not interpreted as a falling off in deliveries for urgent materials, but rather reflected the extreme cautiousness on the part of steel consumers. This week found the latter again eyeing their inventories and attempting to guess when the war will end so that stocks might be treated accordingly. For the first time this week there is widespread evidence that the armed forces are severely trimming advanced steel requirements in order to bring them in line with military probabilities.

"Barring an immediate armistice there is a strong possibility that by the time arms actually are laid down, the lessened requirements will have been well discounted in steel schedules and the actual impact of order cancellations cushioned to some extent.

"In the past week there has been a further easiness in the supply of steel ingots and slabs. This condition resulted from the inability of some steel mills to process these additional semi-finished steel supplies because of the manpower situation. Hence steel companies which a few months ago were disposing of a portion of their ingots and slabs, over and above their own finishing needs, find no ready market for this material. This condition alone may be responsible to some extent for the drop in the steel ingot rate this week.

"Cancellations of business on steel mill books has increased from a snail's pace to a modest clip with aviation components manufacturers particularly prominent.

"Steel order volume this week dropped considerably from the pace existent a month ago. At some steel plants, shipments in the past week have been ahead of new order volume. Steel order backlogs are beginning to be pared, although the rate of reduction will not be accelerated to any extent until cutbacks now in the making find their way to the steel mills. The sum total of the current news in the steel and metal working industries is to accentuate more cautious buying and to head towards a situation similar to what was known in the pre-war days as 'living off inventories.'

"There were definite indications this week that the scrap market had developed a substantial crack and the trend in prices for open hearth grades was definitely downward. Declines occurred in No. 1 heavy melting steel at Pittsburgh, Chicago, and Philadelphia. These reductions had the effect of reducing "The Iron Age" scrap steel composite 84 cents a ton to \$18 a gross ton. Another crack in the market developed this week when some major consumers insisted on, and gained, the reestablishment of a differential between No. 1 heavy melting steel, No. 2 heavy melting steel and bundles."

The American Iron and Steel Institute on Sept. 11 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 94.2% of capacity for the week beginning Sept. 11, compared with 95.5% one week ago, 96.0% one month ago and 99.6% one year ago. The operating rate for the week beginning Sept. 11 is equivalent to 1,687,400 tons of steel ingots and

castings, compared to 1,710,700 tons a week ago, 1,719,600 tons one month ago, and 1,736,000 tons one year ago.

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

"Post-war reduction in steel demand for armament has been set at 40%, which will provide capacity for much civilian steel to meet backed-up demand for many peacetime products. Return to something like normal output of peace products now seems likely to come about more easily than had been expected earlier. Newly announced policy of War Production Board to allow industry a free rein is relied on to hasten the changeover.

"Mills still labor under a heavy backlog of orders, in most products being booked to the end of the year and on some well into first and second quarters of next year. Until some of this is removed from books by the war's end in Europe they will be unable to accept civilian orders. Such as are being offered now are being placed on file but not scheduled for rolling.

"Sheets continue the tightest steel product and while buying shows a slight easing its only effect is to slow the advancing of delivery dates. With backlogs extending into first and second quarters mills are unable to make much headway and new commitments continue to come out. Cancellations are few.

"Iron ore shipments maintain a high rate, although August loadings of 12,288,253 gross tons fell short of the July total of 12,908,972 tons and were 1,688,517 tons below those of August, 1943. However, cumulative shipments to Sept. 1 this year, 54,574,155 tons, were 2,214,681 tons greater than at the same date last year. In the 1942 season, which set an all-time mark, shipments to Sept. 1 had reached a total of 60,593,534 tons."

## What Happened At Bretton Woods?

(Continued from first page) ervations that destroyed the agreement. The final statement by Secretary Morgenthau was utterly disingenuous.

All this had a considerable effect on the delegates from some of the smaller nations who had been taught to believe that the American Government was always frank with its own people. Representative Charles S. Dewey, of Illinois, a member of the Ways and Means Committee and also of the House Post-War Committee, present as an observer, freely said that the plans under discussion would not be acceptable to the Congress. Senator Taft, in a public statement, said in effect that both the fund and the bank were merely instruments to siphon off American resources. All the delegates knew that. That is why they came. They could not understand why an official American representative declared that Senator Taft's analysis was incorrect and that the American advances to the two pools were safeguarded and also they were quite unable to understand the New Deal idea that good will can be purchased with money, much less the assumption that it is an American duty to give away money.

(3) The only difference between the money advanced by the United States and its citizens after the last war and the money that would be advanced under the Conference plans is this: After the last war, the money was advanced

to nations and their nationals in bonds and other obligations to pay. These were individually dishonored and remain unpaid. Under the present plans, the money would be advanced to funds and the impersonal funds would do the owing. In the end, instead of Americans having a sheaf of unpaid promissory notes, they would have deposits in busted banks.

(4) The Russians dominated the Conference negatively. No one led it. The higher Administration officers who were members of the delegation and who would be expected to take a leadership were not only without leadership ability but also were so slightly informed as to the subject matter of the Conference that they were unable to participate in the discussions in any serious way. They had to rely almost entirely upon speaking pieces written for them by others. The technical advisers mostly acted as though they were teaching classes. Thus there was no one to stand up before the Russians and talk brass tacks.

(5) The dominance of the Russians disillusioned and discouraged Poland, Czechoslovakia, Yugoslavia and Greece. Their territories are now occupied by the Germans. They have all been living on promises from Washington and now they find Russia predominant. Every shift upward in the Russian quota was accompanied by a shift downward in their quotas. They see nothing ahead for them and they feel they have been abandoned.

Take Poland. The Poles had worked out a careful reconstruction program based on half-official assurances from Washington. If they should get their freedom and their territory, the funds now available to them under the plans would not be sufficient for reconstruction. But they plainly see, from what has gone on here, that the territory they get and the freedom they get will be at the will of Russia and, instead of an independent government, they will get a Quisling government which will join the Soviet Union. They do not expect to be collectivized, but they know that the Soviet is planning for buffer states in Europe and that it intends to keep those states for a defense in depth against invading armies while it moves its industries far into the interior. They see a Poland of the future that will only be good ground for armies to fight over.

The same prospect holds out for Yugoslavia, Czechoslovakia and Greece. They have to conceal their feelings, but they are very bitter. They had all relied on direct aid from America.

The Latin-American countries have not the slightest interest in building up any of the devastated areas of Europe. They want money to build themselves up so that they can take over the trade of these devastated areas. They have no interest in a world run by Russia or in putting up money for Russia to spend.

India has much the same attitude, for in Bombay a grandiose plan is being prepared to modernize India and it needs a lot of money. The only Indian interest is to pry loose from Great Britain an immense blocked balance which might be spent in the United States but which, as things now stand, can only be spent in the United Kingdom. China is on the side lines watching and in a most practical mood.

In a word, the Conference showed that "one world" to date means "one sucker"—the United States. That is our diplomatic progress to date reduced to crude language.

## Broker Accused

William F. Moore, head of William F. Moore & Co., 2 Rector Street, New York City, has been arrested on charges of grand larceny and hypothecation of securities. Complaint was made by Mrs. Rose Kastner who charged that

## From Washington Ahead Of The News

(Continued from first page) them out. The fact is that General Hershey is directly charged under the Selective Service Act with getting the men back in the jobs which they had. But he says in his Who's Who biographical sketch, the Shopping News type of newspapers tell us that he is a Republican. That should knock Dewey for a goal. The fact is that regardless of what his political preferment has been, he is Mr. Roosevelt's appointee.

But, said Mr. Roosevelt at his press conference, the War Department has just announced a demobilization plan which has the approval of 90% of the service men. The facts are that all the War Department has announced is a "priority" of demobilization; that is to say, that certain men will be discharged first, when demobilization comes.

We will agree with the point that General Hershey is not a policy maker. We assume that Governor Dewey, when he quoted the General to the effect that it would be cheaper to keep the men in the service than to feed them out of it, was trying to dramatize the New Deal philosophy for the man in the street. He is, as we have said before, the first one to realize that necessity for a long time. When he quoted General Hershey and when he stated that the New Deal is afraid of demobilization, he was not overstating the case.

If one must be literal about it, the New Deal is really not afraid of demobilization. There is not the slightest doubt in the world that it has, insofar as the predominant thought in the Washington Government is concerned, a very definite plan of taking care of the boys. They would be employed in Government-operated and Government-controlled plants. This philosophy is implicit in Senator Truman's speeches which are approved by the President before they are made. It is implicit in the "studies" which the National Planning and Resources Board, headed by the President's uncle, Frederic A. Delano, was making, until Congress a few months ago indignantly cut off the Board's funds; it is implicit in the jockeying around between the President and Congress over the control of the reconversion program with the tremendous Government-owned plant structure and its disposal entailed; it's implicit in the Kilgore bill just defeated by Congress; it is implicit in the warnings of men like Senator George and Jesse Jones; it is implicit in the recent book of that highly-touted New Deal brilliant, the shoulders of the WPB, until the Army got to him, and lost him because of physical disability, Robert L. Nathan—it is implicit in his book, highly advertised by the Leftists, that we will come to the time when the Government will cease paying the people interest on their "savings" which it has invested in Government-controlled and operated plants, but will pay the Government for "investing" their "savings" for them.

Truly, Governor Dewey is not accurately stating the case in such a speech as he made in Philadelphia. But he is bringing it down to the man in the street, and we think the Shopping News type of Republican papers, with all their smugness and their shrinkage against the recent facts of life, should bear with him. He is trying to talk to people they can't possibly understand. We are not in a political campaign. We are in a revolution.

Mr. Moore had appropriated to his own use \$3,300 she had given him in December 1941 for investment purposes.

## Dewey Would Extend Export-Import Bank

(Continued from first page) to time debentures or other acceptable obligations of Export-Import Bank of Washington in an amount not in excess of two times its paid-in capital: *Provided further*, That Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in excess of \$3,000,000,000."

Sec. 2. (a) There shall be an advisory board to advise the Export-Import Bank of Washington on matters of general policy.

(b) The advisory board shall be composed as follows:

(1) Two Members of the United States Senate (one from each of the two major political parties) to be appointed by the President of the United States from a panel of six Senators chosen by the President of the Senate.

(2) Two Members of the House of Representatives (one from each of the two major political parties) to be appointed by the President of the United States from a panel of six Members of the House of Representatives chosen by the Speaker.

(3) The Secretary of State.

(4) The Secretary of the Treasury.

(5) The Secretary of Commerce.

(6) The chairman of the board of trustees of Export-Import Bank of Washington.

(7) The President of Export-Import Bank of Washington who shall be chairman of the advisory board.

(8) The members designated above shall choose nine additional members, each of whom shall be chosen for his technical knowledge in one of the following fields: Labor, agriculture, critical materials, geography, advertising and service, marine transportation, air transportation, foreign trade, and foreign trade finance.

(c) Each member of the advisory board shall be appointed for a term of two years and may be reappointed. Any vacancy shall be filled for the unexpired term in the manner provided above for the original appointment to the position.

(d) The members shall receive no salary for their service as members of the advisory board but shall be reimbursed for travel and subsistence expenses incurred in the performance of their duties as members of the advisory board.

(e) The advisory board shall determine the time and place for regular and special meetings provided a regular meeting shall be held not less than once every three months.

Sec. 3. Notwithstanding the provisions of the Act of April 13, 1934 (48 Stat., ch. 112, p. 574), any person, including any individual, partnership, corporation, or association, may engage in participation with or with the guaranty, in whole or in part, of Export-Import Bank of Washington in any transaction authorized by this Act.

## Harry C. Hawkins Named Winant Aid

The State Department at Washington announced on Sept. 1 that Harry C. Hawkins, director of the State Department's Office of Economic Affairs, will be assigned to London as economic counselor to Ambassador John G. Winant. This was indicated in Associated Press dispatches from Washington on Sept. 2, which added:

Mr. Hawkins, whose nomination as an officer in the foreign service, has been sent to the Senate, will assist Mr. Winant in dealing with economic matters of a long range character.

Bernard F. Haley, now chief of the Commodities Division, will succeed Mr. Hawkins.



### Weekly Coal And Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Sept. 2, 1944 is estimated at 11,575,000 net tons, a decrease of 495,000 tons, or 4.1%, from the preceding week. In the corresponding week of 1943, output amounted to 12,091,000 tons. Cumulative production of soft coal from Jan. 1 to Sept. 2, 1944 totaled 424,615,000 net tons, as against 396,756,000 tons in the same period in 1943, a gain of 7%.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Sept. 2, 1944 was estimated at 1,309,000 tons, an increase of 19,000 tons (1.5%) over the preceding week. When compared with the output in the corresponding week of last year, there was an increase of 49,000 tons, or 3.9%. The calendar year to date shows an increase of 6.4% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended Sept. 2, 1944 showed a decrease of 9,000 tons when compared with the output for the week ended Aug. 26, 1944; and was 44,800 tons less than for the corresponding week of 1943.

	Week Ended			January 1 to Date		
	1944	1944	1943	1944	1944	1943
Bituminous coal and lignite—	11,575,000	12,070,000	12,091,000	424,615,000	396,756,000	296,259,000
Total incl. coll. fuel	1,309,000	1,290,000	1,260,000	44,132,000	41,487,000	34,552,000
Daily average	1,929,000	2,012,000	2,015,000	2,032,000	1,889,000	1,422,000

	Week Ended			Calendar Year to Date		
	1944	1944	1943	1944	1944	1943
Penn. anthracite—	1,309,000	1,290,000	1,260,000	44,132,000	41,487,000	34,552,000
Beehive coke—	1,257,000	1,238,000	1,216,000	42,368,000	39,828,000	32,824,000
United States total	115,200	124,200	160,000	5,125,700	5,256,800	2,414,500

State	Week Ended			
	Aug. 26, 1944	Aug. 19, 1944	Aug. 28, 1943	Aug. 28, 1937
Alabama	380,000	372,000	379,000	252,000
Alaska	5,000	5,000	5,000	2,000
Arkansas and Oklahoma	87,000	95,000	87,000	74,000
Colorado	142,000	151,000	158,000	105,000
Georgia and North Carolina	1,000	1,000	1,000	1,000
Illinois	1,437,000	1,432,000	1,509,000	830,000
Indiana	544,000	556,000	528,000	260,000
Iowa	45,000	40,000	39,000	59,000
Kansas and Missouri	134,000	178,000	147,000	114,000
Kentucky—Eastern	1,020,000	955,000	957,000	719,000
Kentucky—Western	350,000	360,000	324,000	164,000
Maryland	41,000	37,000	38,000	28,000
Michigan	2,000	2,000	4,000	6,000
Montana (bitum. & lignite)	106,000	94,000	84,000	44,000
New Mexico	34,000	33,000	37,000	27,000
North & South Dakota (lignite)	41,000	42,000	34,000	17,000
Ohio	700,000	674,000	642,000	414,000
Pennsylvania (bituminous)	2,735,000	2,890,000	3,044,000	2,025,000
Tennessee	136,000	130,000	135,000	113,000
Texas (bituminous & lignite)	2,000	2,000	3,000	20,000
Utah	137,000	126,000	107,000	66,000
Virginia	374,000	366,000	396,000	266,000
Washington	37,000	30,000	31,000	31,000
West Virginia—Southern	2,229,000	2,096,000	2,375,000	1,845,000
West Virginia—Northern	1,181,000	1,115,000	1,008,000	480,000
Wyoming	170,000	168,000	170,000	97,000
Other Western States	170,000	168,000	170,000	97,000
Total bituminous & lignite	12,070,000	11,950,000	12,242,000	8,058,000
Pennsylvania anthracite	1,290,000	1,169,000	1,303,000	817,000
Total, all coal	13,360,000	13,119,000	13,545,000	8,875,000

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

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

### Non-Ferrous Metals—Zinc Control Eased—Fast Reconversion Planned After European War Ends

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 7, stated: "Acting on findings that there will be a reduction of about 40% in war production within three months after the defeat of Germany, WPB announced Sept. 5 that it will remove almost all controls over materials when that event takes place except those necessary to beat Japan. Steel and copper were mentioned as items on which CMP will continue in force for three months after the war in Europe ends. Restrictions on use of zinc were lifted last week on a wide range of products. Magnesium production will be curtailed again, reducing output from 23,000,000 pounds a month to about 14,000,000 pounds. Plants affected are at Las Vegas, Nev., and Austin and Velasco, Texas. Bolivian tin producers are negotiating for the renewal of their contracts and hope to obtain a higher price to offset rising costs." The publication further went on to say in part:

	Alloyed Products	Unalloyed Products	All Products
January	404,326	29,604	433,930
February	411,166	31,907	443,073
March	426,559	34,043	460,602
April	410,340	32,623	442,963
May	421,989	34,143	456,132
June	412,541	34,565	447,106
Total	2,486,921	196,885	2,683,806

**Lead**  
August turned out to be an excellent month for the lead industry. Total deliveries (domestic

### 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	Avg. Corporate Rate*	Corporate by Ratings**				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Sep. 12	119.39	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.00
11	119.45	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.00
9	119.47	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.00
8	119.48	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.00
7	119.63	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.00
6	119.64	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.00
5	119.64	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.00
4	119.81	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.00
3	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.00
2	119.84	112.56	118.80	117.20	112.37	103.30	106.92	114.08	117.20
1	119.84	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
July 28	120.10	112.37	118.80	116.80	112.19	103.13	106.56	114.27	117.00
21	120.18	112.56	118.80	117.00	112.19	103.13	106.56	114.27	117.00
14	120.23	112.56	118.80	117.20	112.19	103.13	106.39	114.08	117.40
7	120.27	112.56	118.80	117.00	112.37	102.96	106.21	114.08	117.40
June 30	120.15	112.37	118.80	116.80	112.00	102.60	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	117.20
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
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	112.75	118.80	117.60	112.56	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	120.57	111.07	119.20	116.61	111.25	99.04	103.13	113.89	117.00
Sep. 11, 1943	117.73	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
2 Years Ago	117.73	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89

1944—Daily Averages	U. S. Govt. Bonds	Avg. Corporate Rate*	Corporate by Ratings**				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Sep. 12	1.85	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.80
11	1.84	3.03	2.72	2.79	3.05	3.56	3.35	2.94	2.80
9	1.84	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.80
8	1.84	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.80
7	1.83	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.80
6	1.82	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
5	1.82	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
4	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79
3	1.81	3.02	2.71	2.78	3.05	3.56	3.35	2.94	2.79
2	1.81	3.02	2.72	2.79	3.04	3.55	3.34	2.95	2.79
1	1.81	3.03	2.72	2.80	3.04	3.55	3.34	2.95	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
21	1.79	3.03	2.72	2.80	3.05	3.56	3.36	2.94	2.79
14	1.78	3.03	2.72	2.79	3.05	3.56	3.37	2.95	2.78
7	1.78	3.03	2.72	2.80	3.04	3.57	3.38	2.95	2.78
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
23	1.79	3.05	2.73	2.81	3.06	3.59	3.39	2.96	2.79
16	1.80	3.05	2.73	2.82	3.06	3.59	3.40	2.97	2.79
9	1.82	3.05	2.72	2.82	3.07	3.60	3.41	2.96	2.79
2	1.81	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.80
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	3.02	2.71	2.78	3.03	3.55	3.34	2.94	2.78
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79								

### Daily Average Crude Oil Production For Week Ended Sept. 2, 1944 Declined 9,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Sept. 2, 1944 was 4,657,650 barrels, a decrease of 9,800 barrels from the preceding week. It was, however, 421,200 barrels per day higher than the output in the week ended Sept. 4, 1943, and exceeded the daily average figure as recommended by the Petroleum Administration for War for the month of August, 1944, by 1,350 barrels. Daily production for the four weeks ended Sept. 2, 1944 averaged 4,666,900 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 4,592,000 barrels of crude oil daily and produced 14,265,000 barrels of gasoline; 1,370,000 barrels of kerosine, 4,664,000 barrels of distillate fuel oil, and 8,293,000 barrels of residual fuel oil during the week ended Sept. 2, 1944; and had in storage at the end of that week 79,921,000 barrels of gasoline; 13,275,000 barrels of kerosine; 41,964,000 barrels of distillate fuel, and 59,876,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

#### DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations August	*State Allowables being Aug. 1	Actual Production Week Ended Sept. 2, 1944	Change from Previous Week	4 Weeks Ended Sept. 2, 1944	Week Ended Sept. 4, 1943
Oklahoma	332,000	340,000	338,200	- 3,800	339,950	324,950
Kansas	274,000	269,400	266,250	-12,650	276,900	263,300
Nebraska	1,000		1,900	+ 400	700	1,800
<b>Panhandle Texas</b>						
			98,700		98,700	101,400
<b>North Texas</b>						
			148,750		148,750	140,500
<b>West Texas</b>						
			484,950		484,950	300,800
<b>East Central Texas</b>						
			147,650		147,650	130,100
<b>East Texas</b>						
			371,700		371,700	376,150
<b>Southwest Texas</b>						
			321,650		321,650	252,300
<b>Coastal Texas</b>						
			535,200		535,200	479,300
<b>Total Texas</b>	<b>2,099,000</b>	<b>\$2,101,382</b>	<b>2,108,600</b>		<b>2,108,600</b>	<b>1,780,550</b>
<b>North Louisiana</b>						
			73,800	+ 300	73,750	82,200
<b>Coastal Louisiana</b>						
			288,950		288,950	273,500
<b>Total Louisiana</b>	<b>350,000</b>	<b>394,600</b>	<b>362,750</b>	<b>+ 300</b>	<b>362,700</b>	<b>355,700</b>
<b>Arkansas</b>						
	78,000	78,235	80,350	- 550	80,700	76,650
<b>Mississippi</b>						
	40,000		46,400	+ 500	45,900	51,550
<b>Alabama</b>						
			300	+ 100	250	
<b>Florida</b>						
			50		50	
<b>Illinois</b>						
	215,000		200,100	- 5,400	206,500	211,350
<b>Indiana</b>						
	14,000		13,250	+ 250	13,000	13,100
<b>Eastern</b>						
(Not incl. Ill., Ind., Ky.)	71,400		72,500	+ 3,050	72,150	78,300
<b>Kentucky</b>						
	23,000		25,200	+ 900	24,850	20,800
<b>Michigan</b>						
	51,000		51,400	+ 800	50,200	55,550
<b>Wyoming</b>						
	100,000		92,300	+ 7,200	87,150	91,200
<b>Montana</b>						
	24,000		19,600	- 5,400	20,700	21,350
<b>Colorado</b>						
	7,900		8,950	+ 300	8,550	6,750
<b>New Mexico</b>						
	110,000	110,000	106,050	- 3,950	106,600	105,050
<b>Total East of Calif.</b>	<b>3,790,300</b>		<b>3,793,150</b>	<b>- 8,600</b>	<b>3,805,450</b>	<b>3,457,950</b>
<b>California</b>						
	866,000	\$866,000	864,500	- 1,200	861,450	777,500
<b>Total United States</b>	<b>4,656,300</b>		<b>4,657,650</b>	<b>- 9,800</b>	<b>4,666,900</b>	<b>4,235,450</b>

\*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. Aug. 31, 1944. ‡This is the net basic allowance as of Aug. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 1 to 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 SEPT. 2, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

District	Daily Refining Capacity	Crude Runs to Still % Re-ported	Gasoline Production % Op-erated	Stocks at Re-fineries Includ- ing Natural Gasoline	Stocks of Gas Oil and Distillate Fuel	Stocks of Residual Fuel Oil	Total	
							Finished	Unfinished
<b>District</b>								
<b>*Combin'd East Coast</b>								
Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,491	98.9	7,340	36,609	22,631	19,384
<b>Appalachian</b>								
District No. 1	130	83.9	101	77.7	299	2,224	471	277
District No. 2	47	87.2	64	136.2	206	1,403	231	217
Ind., Ill., Ky.	824	85.2	710	86.2	2,583	17,395	5,977	4,161
Okla., Kans., Mo.	418	80.2	370	88.5	1,441	6,605	1,920	1,452
<b>Rocky Mountain</b>								
District No. 3	13	17.0	11	84.6	34	56	9	30
District No. 4	141	58.3	86	61.0	324	1,832	359	635
California	817	89.9	759	92.9	2,038	13,797	10,366	33,720
<b>Total U. S. B. of M.</b>								
basis Sept. 2, 1944	4,908	87.2	4,592	93.6	14,265	79,921	41,964	59,876
<b>Total U. S. B. of M.</b>								
basis Aug. 26, 1944	4,908	87.2	4,698	95.7	14,112	80,740	41,543	59,339
<b>U. S. Bur. of Mines</b>								
basis Sept. 4, 1943			4,245		12,351	70,552	37,274	67,152

\*At the request of the Petroleum Administration for War. †Finished, 67,003,000 barrels; unfinished, 12,918,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,370,000 barrels of kerosine, 4,664,000 barrels of gas oil and distillate fuel oil and 8,293,000 barrels of residual fuel oil produced during the week ended Sept. 2, 1944, which compares with 1,401,000 barrels, 4,566,000 barrels and 8,680,000 barrels, respectively, in the preceding week and 1,230,000 barrels, 4,291,000 barrels and 8,737,000 barrels, respectively, in the week ended Sept. 4, 1943.

Note—Stocks of kerosine at Sept. 2, 1944, amounted to 13,275,000 barrels, as against 12,921,000 barrels a week earlier and 10,367,000 barrels a year before.

### Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 6 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 Aug. 19, 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 Aug. 19 (in round-lot transactions) totaled 1,785,418 shares, which amount was 17.50% of the total transactions on the Exchange of 5,100,430 shares. This compares with member trading during the week ended Aug. 12 of 2,428,345 shares, or 18.23% of the total trading of 6,659,860 shares. On the New York Curb Exchange, member trading during the week ended Aug. 19 amounted to 323,595 shares, or 12.18% of the total volume on that exchange of 1,328,545 shares; during the Aug. 12 week trading for the account of Curb members of 407,535 shares was 13.55% of total trading of 1,504,225 shares.

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

WEEK ENDED AUGUST 19, 1944		
<b>A. Total Round-Lot Sales:</b>	Total for week	%
Short sales	113,150	
†Other sales	4,987,280	
<b>Total sales</b>	<b>5,100,430</b>	
<b>B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:</b>		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	413,140	
Short sales	42,760	
†Other sales	341,520	
<b>Total sales</b>	<b>384,280</b>	<b>7.82</b>
2. Other transactions initiated on the floor—		
Total purchases	303,800	
Short sales	14,910	
†Other sales	278,000	
<b>Total sales</b>	<b>292,910</b>	<b>5.85</b>
3. Other transactions initiated off the floor—		
Total purchases	126,428	
Short sales	24,270	
†Other sales	240,590	
<b>Total sales</b>	<b>264,860</b>	<b>3.83</b>
4. Total—		
Total purchases	843,368	
Short sales	81,940	
†Other sales	860,110	
<b>Total sales</b>	<b>942,050</b>	<b>17.50</b>

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

WEEK ENDED AUGUST 19, 1944		
<b>A. Total Round-Lot Sales:</b>	Total for week	%
Short sales	15,125	
†Other sales	1,313,420	
<b>Total sales</b>	<b>1,328,545</b>	
<b>B. Round-Lot Transactions for Account of Members:</b>		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	88,745	
Short sales	8,710	
†Other sales	110,475	
<b>Total sales</b>	<b>119,185</b>	<b>7.83</b>
2. Other transactions initiated on the floor—		
Total purchases	25,370	
Short sales	2,100	
†Other sales	20,500	
<b>Total sales</b>	<b>22,600</b>	<b>1.81</b>
3. Other transactions initiated off the floor—		
Total purchases	29,395	
Short sales	1,600	
†Other sales	36,700	
<b>Total sales</b>	<b>38,300</b>	<b>2.54</b>
4. Total—		
Total purchases	143,510	
Short sales	12,410	
†Other sales	167,675	
<b>Total sales</b>	<b>180,085</b>	<b>12.18</b>
<b>C. Odd-Lot Transactions for Account of Specialists:</b>		
Customers' short sales		
†Customers' other sales	35,825	
<b>Total purchases</b>	<b>35,825</b>	
<b>Total sales</b>	<b>52,276</b>	

\*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."

### Defeat Of Nazis Will Not Bring Demobilization Of Navy; Must Await Victory Over Japan

Coincident with the announcement on Sept. 6 by the War Department of its plans for partial demobilization of the Army following Germany's defeat, it was made known by Secretary of the Navy Forrestal that "the defeat of Germany will bring about no demobilization of the Navy." "On the contrary," he said, "the Navy is expanding and will continue to expand. The Navy cannot demobilize until Japan is defeated." Mr. Forrestal added:

"The collapse of Germany will present the Navy with new tasks. One of these tasks will be transporting men and material, freed from the European theater, into the Pacific in order to deliver heavier blows against Japan. Germany's defeat will result in a redistribution, rather than a reduction, of naval strength.

### New York Stock Exch. Borrowings Down In Month of August

The New York Stock Exchange announced on Sept. 6, 1944, that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Aug. 31, was \$743,165,826, a decrease of \$43,408,698 from the July 31 total of \$786,574,524.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges, (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, \$241,660,659; (2) on all other collateral, \$501,505,167; reported by the New York Stock Exchange member firms as of the close of business Aug. 31, 1944, \$743,165,826.

The total of money borrowed, compiled on the same basis, as of the close of business July 31, 1944, was (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, \$276,387,651; (2) on all other collateral, \$510,186,873; total, \$786,574,524.

### NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Sept. 6 a summary of the week ended Aug. 26 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 Aug. 26, 1944	
Odd-Lot Sales by Dealers (Customers' purchases)	Total for Week 16,296
Number of orders	459,378
Number of shares	\$18,017,603
Dollar value	
Odd-Lot Purchases by Dealers (Customers' sales)	
Number of Orders:	
Customers' short sales	148
Customers' other sales	17,377
Customers' total sales	17,525
Number of Shares:	
Customers' short sales	4,406
Customers' other sales	432,928
Customers' total sales	437,334
Dollar value	\$15,108,138
Round-Lot Sales by Dealers	
Number of Shares:	
Short sales	70
†Other sales	120,670
Total sales	120,740
Round-Lot Purchases by Dealers:	
Number of shares	144,330

\*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."

establishing priority for severance, intends, when the time comes for demobilization, to give due consideration to the factors of length of service, service outside the continental United States, combat service and parenthood.

"The Navy will continue to work in closest liaison with the Army in an endeavor to establish, to the fullest extent possible, uniformity in demobilization policy and methods. Furthermore, since demobilization of the Navy must await defeat of Japan, the Navy will have an opportunity to observe in operation the partial demobilization of the Army and will thus be able to profit by the Army's experience.

"A final and precise blueprint is not expected to be drawn until the defeat of Japan is at hand."

## Revenue Freight Car Loadings During Week Ended Sept. 2, 1944 Decreased 7,274 Cars

Loading of revenue freight for the week ended Sept. 2, 1944 totaled 898,450 cars, the Association of American Railroads announced on Sept. 8. This was a decrease below the corresponding week of 1943 of 2,625 cars, or 0.3%, but an increase above the same week in 1942 of 10,490 cars or 1.2%.

Loading of revenue freight for the week of Sept. 2 decreased 7,274 cars, or 0.8% below the preceding week.

Miscellaneous freight loading totaled 411,948 cars, an increase of 8,446 cars above the preceding week, and an increase of 13,344 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 109,420 cars, a decrease of 79 cars below the preceding week, but an increase of 7,531 cars above the corresponding week in 1943.

Coal loading amounted to 174,883 cars, a decrease of 4,833 cars below the preceding week, and a decrease of 2,329 cars below the corresponding week in 1943.

Grain and grain products loading totaled 47,862 cars, a decrease of 1,444 cars below the preceding week and a decrease of 6,415 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Sept. 2, totaled 33,354 cars, a decrease of 1,457 cars below the preceding week and a decrease of 5,364 cars below the corresponding week in 1943.

Livestock loading amounted to 16,840 cars, an increase of 922 cars above the preceding week but a decrease of 756 cars below the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Sept. 2 totaled 12,707 cars an increase of 564 cars above the preceding week, but a decrease of 678 cars below the corresponding week in 1943.

Forest products loading totaled 47,427 cars, a decrease of 4,968 cars below the preceding week and a decrease of 15 cars below the corresponding week in 1943.

Ore loading amounted to 76,219 cars, a decrease of 5,353 cars below the preceding week and a decrease of 13,123 cars below the corresponding week in 1943.

Coke loading amounted to 13,851 cars, an increase of 35 cars above the preceding week, but a decrease of 862 cars below the corresponding week in 1943.

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

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,977
4 weeks of May	4,343,193	4,003,393	4,139,395
5 weeks of June	4,363,512	3,455,328	3,431,395
4 weeks of July	3,579,800	3,554,694	3,487,905
4 weeks of August	3,984,450	3,901,075	3,887,960
Week of September 2	898,450	890,175	887,960
Total	29,890,956	28,863,647	29,624,401

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 2, 1944. During the period 67 roads showed increases when compared with the corresponding week a year ago.

Railroads	Total Revenue Freight Loaded		Total Loads Received from Connections	
	1944	1943	1944	1943
<b>Eastern District—</b>				
Ann Arbor	258	243	339	1,354
Bangor and Aroostook	1,175	1,039	941	542
Boston & Maine	7,204	6,708	6,433	13,910
Chicago, Indianapolis & Louisville	1,512	1,502	1,534	2,079
Central Indiana	30	33	19	45
Central Vermont	1,149	1,058	1,088	2,390
Delaware & Hudson	5,935	6,295	6,437	12,046
Delaware, Lackawanna & Western	8,268	7,818	7,806	10,278
Detroit & Mackinac	261	231	580	1,500
Detroit, Toledo & Ironton	1,825	2,041	1,735	1,430
Detroit & Toledo Shore Line	422	330	274	2,689
Erie	13,524	14,344	13,255	17,111
Grand Trunk Western	3,904	3,717	3,977	8,140
Lehigh & Hudson River	191	182	211	2,638
Lehigh & New England	2,186	2,067	2,487	2,036
Lehigh Valley	8,969	8,792	8,668	14,370
Maine Central	2,541	2,465	2,229	3,008
Monongahela	6,023	6,462	6,248	334
Montour	2,361	2,431	2,387	37
New York Central Lines	53,549	57,318	50,017	54,511
N. Y., N. H. & Hartford	9,822	10,155	9,866	17,270
New York, Ontario & Western	1,307	1,090	1,048	3,001
New York, Chicago & St. Louis	6,788	6,808	8,447	15,558
N. Y., Susquehanna & Western	507	647	350	2,576
Pittsburgh & Lake Erie	8,091	8,050	8,163	9,710
Pere Marquette	5,264	5,244	5,853	7,683
Pittsburgh & Shawmut	873	947	680	22
Pittsburgh, Shawmut & North	291	385	360	233
Pittsburgh & West Virginia	1,171	1,232	978	2,695
Rutland	340	330	418	1,096
Wabash	6,135	6,069	6,445	10,020
Wheeling & Lake Erie	5,519	6,148	5,291	4,544
<b>Total</b>	<b>167,415</b>	<b>172,181</b>	<b>164,744</b>	<b>223,506</b>
<b>Allegheny District—</b>				
Akron, Canton & Youngstown	801	697	736	1,187
Baltimore & Ohio	46,482	45,116	42,769	29,484
Bessemer & Lake Erie	5,157	6,822	6,422	1,974
Buffalo Creek & Gauley	299	301	267	4
Cambria & Indiana	895	1,751	1,877	3
Central R. R. of New Jersey	7,424	7,259	7,440	22,510
Cornwall	575	691	672	13
Cumberland & Pennsylvania	206	223	257	58
Ligonier Valley	147	146	135	58
Long Island	1,756	2,009	1,183	3,457
Penn.-Reading Seashore Lines	2,118	2,099	2,298	3,138
Pennsylvania System	92,600	87,460	85,119	67,378
Reading Co.	16,407	15,935	15,513	30,416
Union (Pittsburgh)	19,863	20,851	20,430	6,183
Western Maryland	4,538	4,406	3,967	13,900
<b>Total</b>	<b>199,268</b>	<b>195,766</b>	<b>189,095</b>	<b>179,854</b>
<b>Pocahontas District—</b>				
Chesapeake & Ohio	29,989	28,992	28,239	14,374
Norfolk & Western	21,746	22,563	23,552	8,302
Virginian	4,325	4,580	4,942	2,311
<b>Total</b>	<b>56,060</b>	<b>56,135</b>	<b>56,733</b>	<b>24,987</b>

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
<b>Southern District—</b>					
Alabama, Tennessee & Northern	337	301	354	354	353
Atl. & W. P.—W. R. R. of Ala.	809	643	682	2,632	2,641
Atlanta, Birmingham & Coast	777	691	682	1,220	1,056
Atlantic Coast Line	10,688	11,266	11,076	9,553	10,334
Central of Georgia	3,590	3,926	3,909	5,354	4,583
Charleston & Western Carolina	418	419	376	1,675	1,336
Chinchfield	1,761	1,669	1,768	3,113	2,682
Columbus & Greenville	226	364	396	322	159
Durham & Southern	116	108	116	762	1,051
Florida East Coast	832	1,177	903	1,426	1,265
Gainesville Midland	49	45	40	108	86
Georgia	1,200	1,187	1,494	2,424	3,190
Georgia & Florida	448	571	314	636	594
Gulf, Mobile & Ohio	4,415	4,516	4,370	4,009	4,609
Illinois Central System	29,012	29,201	28,241	17,898	18,025
Louisville & Nashville	25,670	25,131	25,719	12,131	12,448
Macon, Dublin & Savannah	180	185	186	668	664
Mississippi Central	354	247	302	534	535
Nashville, Chattanooga & St. L.	3,176	3,410	3,648	4,676	4,967
Norfolk Southern	1,068	1,141	1,342	1,970	1,426
Piedmont Northern	456	371	342	1,231	1,113
Richmond, Fred. & Potomac	474	489	439	9,236	9,612
Seaboard Air Line	9,332	9,867	10,596	9,170	8,111
Southern System	24,644	22,209	23,469	25,898	23,883
Tennessee Central	706	935	527	852	1,196
Winston-Salem Southbound	142	124	95	1,219	957
<b>Total</b>	<b>120,894</b>	<b>120,193</b>	<b>121,387</b>	<b>119,071</b>	<b>116,876</b>
<b>Northwestern District—</b>					
Chicago & North Western	21,658	21,299	21,273	14,421	15,457
Chicago Great Western	2,496	3,182	2,653	3,672	3,336
Chicago, Milw., St. P. & Pac.	23,979	23,395	22,025	12,644	12,564
Chicago, St. Paul, Minn. & Omaha	3,471	4,756	4,084	4,565	4,549
Duluth, Missabe & Iron Range	24,703	30,505	31,067	321	375
Duluth, South Shore & Atlantic	1,587	1,668	1,195	545	723
Elgin, Joliet & Eastern	9,687	8,715	9,917	9,902	11,187
Ft. Dodge, Des Moines & South	396	493	591	87	111
Great Northern	26,775	26,885	27,128	6,352	6,172
Green Bay & Western	496	558	505	868	1,062
Lake Superior & Ishpeming	2,658	2,501	2,227	86	62
Minneapolis & St. Louis	2,109	2,521	2,184	2,803	2,790
Minn., St. Paul & S. S. M.	7,537	8,103	8,246	3,383	3,006
Northern Pacific	13,337	13,551	12,620	6,515	6,058
Spokane International	197	159	277	590	581
Spokane, Portland & Seattle	2,445	3,068	2,874	3,966	3,917
<b>Total</b>	<b>143,631</b>	<b>151,364</b>	<b>148,866</b>	<b>70,720</b>	<b>71,947</b>
<b>Central Western District—</b>					
Atch., Top. & Santa Fe System	24,959	23,342	22,954	14,153	13,341
Alton	3,835	3,616	3,644	4,240	4,329
Bingham & Garfield	431	462	549	60	78
Chicago, Burlington & Quincy	19,940	20,772	20,293	13,831	12,396
Chicago & Illinois Midland	2,653	3,079	2,447	741	918
Chicago, Rock Island & Pacific	12,641	12,171	12,835	13,430	13,028
Chicago & Eastern Illinois	2,716	2,738	2,856	5,215	5,490
Colorado & Southern	969	932	910	2,798	2,047
Denver & Rio Grande Western	5,804	4,470	6,129	7,234	6,314
Denver & Salt Lake	889	803	820	32	24
Fort Worth & Denver City	985	1,163	1,382	2,585	1,269
Illinois Terminal	2,483	1,734	1,846	1,960	2,146
Missouri-Illinois	1,341	1,212	1,246	755	572
Nevada Northern	1,627	2,151	2,200	109	135
North Western Pacific	1,401	1,041	1,307	787	700
Peoria & Pekin Union	0	32	2	0	0
Southern Pacific (Pacific)	33,336	31,657	32,973	15,004	13,689
Toledo, Peoria & Western	229	312	330	2,027	1,955
Union Pacific System	19,159	16,918	16,606	19,097	17,320
Utah	497	581	514	5	5
Western Pacific	2,179	2,333	2,462	5,547	4,631
<b>Total</b>	<b>138,484</b>	<b>131,519</b>	<b>134,301</b>	<b>109,610</b>	<b>100,387</b>
<b>Southwestern District—</b>					
Burlington-Rock Island	1,057	343	955	356	176
Gulf Coast Lines	5,156	4,019	3,983	2,434	3,455
International-Great Northern	2,956	2,668	3,195	2,456	3,483
Kansas, Oklahoma & Gulf	282	252	328	898	1,072
Kansas City Southern	5,356	6,262	5,166	3,307	2,298
Louisiana & Arkansas	4,004	3,217	4,149	2,664	2,750
Litchfield & Madison	252	348	308	1,348	1,433
Midland Valley	670	795	634	520	279
Missouri & Arkansas	204	116	179	372	249
Missouri-Kansas-Texas Lines	6,093	5,869	5,528	4,942	6,166
Missouri Pacific	16,530	18,834	18,381	19,674	20,016
Quanaah Acme & Pacific	70	102	65	475	441
St. Louis-San Francisco	9,867	9,337	10,242	8,398	9,823
St. Louis Southwestern	3,150	2,616	2,297	6,102	6,738
Texas & New Orleans	11,282	13,965	12,628	5,236	5,377
Texas & Pacific	5,640	5,077	4,465	7,067	6,693
Weatherford M. W. & N. W.	107	82	84	51	51
Wichita Falls & Southern	42	15	17	44	27
<b>Total</b>	<b>72,696</b>	<b>73,917</b>	<b>73,234</b>	<b>66,344</b>	<b>70,528</b>

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

## Weekly Statistics Of Paperboard Industry

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

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

## Items About Banks, Trust Companies

Eugene W. Stetson, Chairman of the Board of Directors of the Guaranty Trust Company of New York, announced on Sept. 6 the reelection to the Board of the Trust Company of Charles E. Wilson, who recently resigned as Vice-Chairman of the War Production Board and Chairman of its Production Executive Committee. Mr. Wilson, who became President of the General Electric Co. in 1940, was elected in February of the same year to the Board of the Guaranty Trust Company, resigning both connections, as well as directorships in numerous other companies, to enter the service of the government in the War Production Board, in September, 1942.

Robert H. Whitacre, formerly Assistant Secretary of California Bank, Los Angeles, Cal., is now associated with the Government Bond Division of Bankers Trust Company, New York.

The retirement is announced of Mrs. Mary C. Kenna as Assistant Secretary-Treasurer, who has been with the Savings and Loan Bank of the State of New York for 25 years. The announcement was made by William J. Dwyer, President of the institution. Mrs. Kenna, it is stated, was the bank's first employe, having become associated with it at the time of its organization in 1915.

Payment of the sixth and final dividend payment of 6.63%, or \$385,820, has been made to the creditors and depositors of the Westchester Trust Co. of Westchester, N. Y., according to E. V. Bell, New York Superintendent of Banks. Since the closing of the bank on Jan. 2, 1934, the creditors and depositors have received 61.63% of their claims.

According to the weekly announcement of the Board of Governors of the Federal Reserve System, the Phoenix Bank of Phoenix, N. Y., a State member, has been absorbed by First & Second National Bank & Trust Company of Oswego, Oswego, N. Y. The Board announces that in connection with the absorption the National bank changed its title to Oswego County National Bank and established a branch at Phoenix.

At a meeting of the stockholders of the State Street Trust Com-

pany on Sept. 11, the capital of the bank was increased to \$4,000,000 by authorizing the issuance of 1,100 additional shares of a par value of \$100 per share. Surplus was also increased to \$5,000,000 by the transfer from undivided profits of approximately \$500,000. Most of the increased capital stock (972½ shares) will be distributed as a stock-dividend to stockholders of record on Oct. 2, in the ratio of 1/40th of a new share for each old share held. The remaining 127½ shares will be sold by the company and the proceeds added to its capital and surplus accounts. The announcement also says:

"While stockholders may deal with their scrip through any broker, the company has, for their convenience, made arrangements with Estabrook & Co. to purchase and sell scrip in order to permit consolidation of scrip into whole shares, and ample time will be afforded for so doing. This will be important to the stockholder because dividends will be paid only on full shares and not upon scrip for fractional shares. The requirement of the by-laws that shares must first be offered for sale through the directors will be waived in connection with shares and scrip comprising the stock dividend."

L. W. Lyons, former Treasurer of the Westinghouse Electric & Manufacturing Co., has recently joined the Farmers Deposit National Bank of Pittsburgh, Penn. The Pittsburgh "Post Gazette" in reporting this added that "Mr. Lyons' experience in corporation finance will be available to business concerns in the Pittsburgh area in connection with the war effort and in the transition to peace-time production."

Elmer Renfro, Vice-President since 1931 of the Fort Worth National Bank of Fort Worth, Texas, died on Aug. 30 of a heart ailment. He was 70 years of age.

On Aug. 29, H. H. McKee, Vice-President and Manager of the Los Angeles branch of the Canadian Bank of Commerce, announced the promotion of E. M. Hayes from Assistant Cashier to Assistant Vice-President.

The Los Angeles "Times" of Aug. 30, in reporting this also said: "Mr. Hayes succeeds J. H. Simpson, who is retiring after 33 years of service."

## Working Capital Of U. S. Corporations Reached New High in First Quarter

The net working capital of American corporations<sup>1</sup> reached a new high in the first quarter of this year, estimated at \$43.0 billion as of March 31, 1944, according to the quarterly analysis made public on Aug. 27 by the Securities and Exchange Commission. During the three months, January through March, 1944, working capital increased by \$1.4 billion, a somewhat higher rate than prevailed during the year 1943. The increase in working capital during this quarter is, as in the past several years, attributable for the most part to retained profits, and to a much smaller extent to depreciation and depletion charges in excess of expenditures on plant and equipment, the analysis said and added:

In addition to the increase in working capital, corporations continued to accumulate post-war credits in refundable taxes, raising the total of such refundable taxes to \$1.6 billion as of March 31, 1944, an increase of \$200 million from the end of the year. Other sources of substantial refunds payable to corporations are the provisions of the income and excess-profits tax laws for carry-back of losses and unused excess-profits credits, for accelerated amortization of emergency facilities, and for recomputation of base-period income for excess-profits determination.<sup>2</sup> As for other items affecting the corporations' financial position, there was

parently being invested to a considerable extent in Government securities.

The rise in U. S. Government securities during this quarter was offset in part by a decrease of \$800 million in cash. However, these two liquid items combined accounted for an increase of \$1.4 billion over the quarter, or the entirety of the rise in working capital. The ratio of corporate liquid funds in the form of cash and U. S. Government securities to sales, which is one rough measure of liquidity, increased again in the first quarter of 1944, and is well above pre-war levels.

From 1939 up to the end of 1941, the increase in working capital took the form of inventories. Since our entry into the war, inventories remained relatively constant in amount, increasing only from \$25.6 billion at the end of 1941 to \$27.0 billion as of March 31, 1944. Net liquid assets or net working capital exclusive of inventories, in contrast, have increased from \$6.6 billion to \$16.0 billion during the same period.

The continued increase in working capital and in liquid funds of corporations since the end of 1943 reemphasizes the ability of American industry as a whole to recon-vert to peace-time production and also to undertake considerable expansion without recourse to outside sources of funds. As of March 31, 1944, American corporations had net working capital which was almost \$11 billion in excess of their working capital at the end of 1941, at the time of the highest peace-time production of goods in our history. This over-all working capital is currently being augmented at a rate of about \$5.5 billion per year. A large part, if not the major part, of the increase in working capital subsequent to our entry into the war may have been necessary to carry on the increased production characterizing the war period. It seems clear, however, that the increase of almost \$11 billion in net working capital, a rise of 33½% since 1941, allows in the aggregate both for reconversion costs and for substantial expansion beyond any previous level of peace-time production.<sup>3</sup> In the transition period, working capital will be further augmented by the large refunds payable to corporations, as previously mentioned.

In spite of the favorable working capital position for corporations as a whole, there will undoubtedly be a number of individual corporations which will not be in so advantageous a financial position. There will be other corporations, existing as well as new enterprises, which will need additional capital for purposes of expansion. Finally, it is obvious that the working capital position of all corporations will be affected by developments in the post-war period, particularly in the price level. However, by and large, there seems to be little reason for doubt that corporations generally will have sufficient funds available to finance reconversion and a high level of post-war activity from their own resources. The actual level of production, of course, depends on many factors in addition to working capital.

There are certain technical observations which should be made in connection with these data. In the first place, it is important to consider the likelihood of deterioration in value of the items making up the total of working capital. Inventories, particularly war inventories, and to a lesser extent receivables, have been mentioned most often in this connection.

There are several reasons for believing that the realization value of inventories will be as high as the amounts at which they are carried on the corporations' books. In many cases reserves have already been deducted from inventories. Furthermore, in recent years a large number of corporations have valued inventories on a last-in, first-out basis with the result that the present book

value of inventories for such companies, reflecting former prices, is on the whole below current prices. More important, a high proportion of munitions inventories, which might appear to be a basis for some concern, can in view of war contract termination settlements be considered more in the nature of receivables from the Government than as inventories. There are, of course, some companies with war inventories which may not be covered completely by such settlements. In the light of the Contract Settlement Act of 1944, however, it appears that normally the amounts received on termination will substantially exceed the amounts at which the inventories involved are carried on the books.

The possibility of losses on receivables affecting the net working capital of all corporations may be examined next. A large part of corporations' receivables are made up of receivables from subsidiary or parent companies within the same corporate system;<sup>4</sup> these greatly magnify the importance of both receivables and payables in the net working capital compilation for all corporations. After excluding such items, a high proportion of the remaining receivables are either due directly from the Government, or indirectly as a result of subcontracting on war orders. There is, of course, little danger of loss on such receivables. The other receivables, due for the most part from corporations not engaged in war work and from individuals, are at the lowest level for many years and appear to be adequately covered by reserves.

The attached tabulation shows the working capital of all corporations in the United States on which the above discussion is based. Data for 1939-41 are derived from statistics of income tabulations published by the Bureau of Internal Revenue, covering virtually all corporations in the United States. They are not estimates based on sample data. The 1942-44 figures are estimates based on sample balance sheet data which cover not only corporations registered with the Commission but unregistered com-

panies as well. These sample data comprise close to 50% of the net working capital of all corporations in 1941, the last year for which over-all data are available. The coverage of the sample is much more satisfactory for large corporations than for small companies. However, for purposes of estimation, the data were stratified by industry and size in order to adjust for variations in coverage. So far as is ascertainable from these data, there is not much difference between small and large companies in the percentage change in net working capital after 1941 for the sample of comparatively large registered companies and the percentage change in estimated net working capital for all corporations. It may be noted that completely independent data for such important items of assets and liabilities as cash and deposits, U. S. Government securities, inventories, and Federal tax liabilities for 1942-44 were available as a check from other Government agencies.

<sup>1</sup> Exclusive of banks and insurance companies.

<sup>2</sup> While it is difficult to ascertain with any degree of accuracy the amount of refunds under the carry-back provisions, an amount in the neighborhood of \$2.0 billion to \$3.0 billion would be refunded if post-war corporate income were at pre-war levels. Other refunds payable on the unamortized portion of emergency facilities will amount to roughly \$2.0 billion if the war ends by the close of this year, and a smaller figure if the war ends at a later date. In addition, claims of \$2.3 billion for refunds under Section 722 of the Internal Revenue Code, which provides for recomputation of base-period income, had already been filed by October of last year though only part of such claims may be allowed.

<sup>3</sup> Recent studies by the Federal Reserve banks in several of the more highly industrialized regions in the country suggest that actual reconversion costs will be quite small. Businessmen covered in these surveys do not feel that there will be any problem in financing reconversion internally.

<sup>4</sup> Receivables and payables for all corporations are estimated on a non-consolidated basis to conform to the Bureau of Internal Revenue overall tabulations.

<sup>5</sup> For a discussion of the financial experience of small companies, see Federal Reserve Bulletin, July, 1944, pp. 642-643.

\*CURRENT ASSETS AND LIABILITIES OF U. S. CORPORATIONS  
1939-1944  
(Billions of dollars)

	1939	1940	1941	1942	1943	Mar. 31 1944
<b>Current Assets—</b>						
Cash on hand and in banks.....	10.9	13.1	13.9	17.5	22.6	21.3
U. S. Government securities.....	2.2	1.9	3.9	10.2	16.0	18.3
*Receivables from U. S. Government.....	—	.1	.5	2.8	3.6	3.6
Other notes and accounts receivable.....	22.1	23.9	27.5	24.3	23.7	23.5
Inventories.....	18.0	19.8	25.6	27.3	26.9	27.0
†Other current assets.....	1.4	1.5	1.4	1.3	1.3	1.3
<b>Total current assets.....</b>	<b>54.6</b>	<b>60.3</b>	<b>72.8</b>	<b>83.4</b>	<b>94.1</b>	<b>95.5</b>
<b>Current Liabilities—</b>						
‡Advances & prepayments, U. S. Gov. ....	—	.3	.4	1.4	1.6	1.7
Other notes and accounts payable.....	21.9	22.6	25.6	24.7	25.5	25.2
Federal income tax liabilities.....	1.2	2.5	7.1	12.1	15.9	16.1
§Other current liabilities.....	6.9	7.4	7.6	8.7	9.5	9.5
<b>Total Current Liabilities.....</b>	<b>30.0</b>	<b>32.8</b>	<b>40.7</b>	<b>46.9</b>	<b>52.5</b>	<b>52.5</b>
<b>Net Working Capital.....</b>	<b>24.6</b>	<b>27.5</b>	<b>32.1</b>	<b>36.5</b>	<b>41.6</b>	<b>43.0</b>

\*All U. S. corporations excluding banks and insurance companies. Data for 1939-1941 are based on Statistics of Income, covering virtually all corporations in the United States. Data for 1942-1944 are estimates based on data compiled from many different sources, including data on corporations registered with the Commission. Because of the nature of the figures, these estimates are subject to revision.

†Receivables from and payables to U. S. Government do not include amounts offset against each other on the corporation's books or amounts arising from subcontracting which are not directly due from or to the U. S. Government.

‡Includes marketable securities other than U. S. Government.  
§For 1942-1944 includes provisions for renegotiation other than those combined with income tax liabilities.

## Aug. Rayon Shipments Up

Domestic shipments of rayon filament yarn in August totaled 44,800,000 pounds, states the "Rayon Organon," published by the Textile Economics Bureau, Inc. This compares with deliveries of 40,900,000 pounds reported for July and 41,400,000 pounds shipped in August, 1943, said the announcement of the Textile Bureau on Sept. 8.

For the eight months ended Aug. 31, 1944, shipments totaled 348,600,000 pounds, an increase of 8% compared with 324,000,000 pounds shipped in the corresponding period in 1943.

Staple fiber shipments in August totaled 13,600,000 pounds against the same poundage shipped in July and 13,800,000 pounds shipped in August, 1943. Eight months' staple fiber shipments aggregated 109,900,000 pounds, an increase of 4% over

the 105,700,000 pounds shipped in the same 1943 period.

Stocks of rayon filament yarn held by producers as of August 31 totaled 6,700,000 pounds, the same poundage as that held on July 31. This compares with 6,500,000 pounds held on Aug. 31, 1943. Staple fiber stocks held on August 31 totaled 2,700,000 pounds against 3,000,000 pounds held at the close of July and 3,500,000 pounds held on Aug. 31, 1943.

The current "Organon" issue also contains a detailed analysis of semi-annual viscose-cupra and acetate rayon yarn deliveries from 1941 to date, divided according to tire yarn, other rated uses, silk and nylon substitution program uses, and residual supply for pre-war rayon users. The substantial changes in the pattern of rayon yarn distribution over the past three years are featured in this study.