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The Financial Situation

Now that the election campaign is over and out of the way, it may be possible for the rank and file of the people to do some fruitful thinking about a number of vital questions, the truth about which has been beclouded by rather more than the usual ordinary political buncombe.

They might well begin in the field of international relations. One of the myths which has been greatly overworked for years past has recently come encouragingly close to exposure—the situation in China and the status of the Chinese nation. The truth of this matter is that there is no Chinese nation, and there has been none for a long while past—that is, in the ordinary sense. The Chinese are disunited, lacking in patriotism as we in the western world understand patriotism, without very much ambition to "modernize" their country, and in their public relations often corrupt.

China and the Chinese

They have had a hard row to hoe for many, many decades, and, measured by any "enlightened" standards, there is little or no excuse for what either Japan in more recent years or the western powers in earlier times have done to China. Yet, in perfect candor, it must be said that in substantial measure the trouble with China is and always has been the Chinese. It is folly to pretend that China is, or is on the way to becoming, a "great power." Nor is China, whatever her moral or abstract rights, and whatever the outcome of the present war, likely to become and remain for any great length of time free of exploitation from without unless the Chinese people themselves do something more than they have as yet done to assure themselves of such freedom.

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Post-War Taxes

By EMIL SCHRAM*

President, New York Stock Exchange

Head of New York Stock Exchange Expresses Belief that Congress in Considering Post-War Taxes Will Keep in Mind (1) the Preservation of the System of Private Capital, (2) Danger of Subsidies Leading to Federal Control and the Extension of Bureacracy, and (3) Balancing of the Federal Budget as Essential to Ready Availability of Credit and An Abundance of Venture Capital. Points Out as Objects of Tax Reform, the Preservation of the National Credit, the Stimulation of Taxable Income and the Encouragement of Risk Capital.

Taxation, particularly post-war taxation, is an absorbing subject with me. I have spent a great deal of time in Washington in the last two or three years discussing various aspects of the tax question with members of Congress and others. I think I have a fairly good idea as to the present-day thinking in Washington. I might add that I am very much encouraged. I believe Congress is going to produce, before very long, a sound tax program.

Emil Schram

It is gratifying, indeed, to see people everywhere interesting themselves, intelligently and earnestly, in our tax problems. I do not believe that ever before in the history of this country so much attention has been focused upon tax matters. There is an obvious reason for this, of course, and this is that the tax burden, the heaviest we have ever known, is borne by a greater number of people than ever before. This is a most desirable development. I am talking, of course, about the distribution of the burden when I say desirable.

We have had the benefit of a number of excellent tax programs, worked out painstakingly and skillfully, by various organizations. All of this planning, not to mention tax paying, has had the effect of stimulating an intelligent tax consciousness among our people. Moreover, we are fortunate in that we have today a Congress that not only is alert to the necessity of tax readjustment to meet post-war conditions, but is also very well informed indeed as to how it should go about finding a solution to this highly compli-

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*An address made by Mr. Schram before the New York Institute of Finance, Oct. 2, 1944.

Problem of Gold Redistribution

By A. M. SAKOLSKI

City College, New York

Financial Writer Maintains That Because The Bretton Woods Agreements Have Set A Groundwork for the Link of National Currencies to Gold, the Success of the Plans Requires a Redistribution of the World's Gold Reserves—Sees Necessity of Distributing Part of United States Supply to other Nations, and After Analyzing the Various Proposals for Accomplishing This, He Concludes That the Easiest and Most Effective Method Is Through American Private Equity Investments Abroad.

I

Now, that the Bretton Woods agreements, (if ratified), have set the groundwork for a universal link of national currencies to the gold standard (as indicated in my article in the "Chronicle" of Aug. 17, page 684), the question arises as to the means by which many countries will be enabled to obtain their needed supplies of the metal. As the situation now stands, there is a distinct lack of equilibrium in the distribution of the world's monetary gold reserve. Some of the signatory nations to the Bretton Woods agreements are not likely to have sufficient gold or its exchange equivalent to fulfill their required quotas to the International Fund and to the Bank.

A. M. Sakolski

The United States, which under normal conditions should hold about a quarter of the total gold supply, now possesses more than 60%. Russia is also reported to be in a position of having an ample hoard, though, in view of this country's heavy import requirements after the war, the situation may be only temporary. Both Great Britain and France will undoubtedly have insufficient amounts when peace returns, and this is likely to be the condition, to even a greater degree, in most of the smaller nations that have been overrun by the Nazi hordes. Moreover, Germany and Italy, together with their satellites, will be almost devoid of gold for a currency backing, while China and India, if they play their assigned roles in future world trade and economic development, will also require additional supplies of monetary gold. The Latin-American countries, particularly Mexico and Brazil, will find it necessary to build up larger reserves, if their currencies are to be kept stabilized following the war.

This situation was one of the unsolved difficulties, which was deliberately ignored and conveniently passed over at the Bretton Woods Conference. Like many other unpleasant contingencies which should have been provided for, no positive measures were taken to remedy it. The conference agreements have been rightly criticized as proposing merely measures of relief, without seeking to establish permanent remedies for the evils they seek to eliminate. It ostensibly provides a machinery for exchange stabilization without pulling up the roots of the causes of the lack of exchange stabilization. It aims to fix a unit of international exchange value, to which the currencies of all participating nations must have a fixed ratio of relationship, without applying adequate measures or means for linking internal money values to the international unit.

All this is clearly stated in the August 29th issue of "The Guaranty Survey," published by the Guaranty Trust Company of New York. "Most of the criticism that has been brought against the agreement," comments the Survey, "is based on the view that it represents an attempt to enforce exchange stability without striking at the causes of instability. More specifically, the management of the Fund would be expected to hold the exchange values of members' currencies at or close to parity but would have no control over the internal policies affecting the true values of those currencies. Only when nations balance their budgets, hold their tariffs at moderate levels, follow

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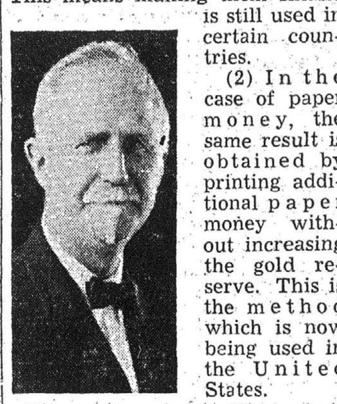
GENERAL CONTENTS

What Is Inflation?

Roger W. Babson Talks to Our Municipal Officials

BABSON, PARK, MASS.—Inflation is the result of increasing the currency or the debt of the country more rapidly than the assets of the country. Inflation is a form of disease which has started from many different sources. Note these five:

(1) The crudest form of inflation came from "clipping coins." This means making them smaller or thinner. It is the form that is still used in certain countries.



Roger W. Babson

(2) In the case of paper money, the same result is obtained by printing additional paper money without increasing the gold reserve. This is the method which is now being used in the United States.

(3) A similar result can be obtained by issuing an excess of Government bonds, which are really a form of currency and which tend to debase the currency already issued.

(4) Inflation comes through the increased use of checks, notes and other forms of municipal, corporation and personal indebtedness. When another man accepts your handwritten check for $10, this brings on inflation the same as printing more $10 bills.

(5) Finally, a great increase in the circulation of money brings about inflation. When money changes hands three times as fast every week, it has the same effect as increasing the amount of currency outstanding by threefold.

Let me refer again to my definition. So long as there is an increase in the country's food, clothing and shelter equal to the increase in the circulating money, there is nothing to fear; but otherwise beware. Today our outstanding currency is increasing more rapidly than is our supply of food, clothing and shelter.

Now Is the Time to Buy

Inflation has the same effect on living costs as changing the size of a bushel, or changing the length of a yardstick, or changing a gallon measure would have if the price per bushel, per yard or per gallon remains constant. This is a very important factor for all municipal officials—especially Fire Chiefs—to keep in mind

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An American Speaks

"The inspiration to work hard, to compete strongly with the other fellow in the same business, has almost been destroyed. Wartime controls that tie up raw materials, restrict production and limit the distribution of goods have got to be discontinued as rapidly as possible after the war if our American system of living and doing business is to be resumed.


Henry Ford

"Today we find some disciples of Government preaching a doctrine of continued control over private enterprise, and that means control over individual initiative. We had more than 150 years of the American way of life before we began to hear this kind of talk. It must be stopped now. . . .

"Idlesness is the reason for many of our troubles. My thoughts today are with the young men who are coming home from war with a blank wall of inopportunity facing them. We owe these men, the ones who have been sent abroad, everything we can think of in the way of help and encouragement. They will want this help in the form of a chance to show what they can do—not in the form of a patronizing gift obtained by heavy taxes on their own families.

"What chance, under our present system, have these young men, should they want to express their individual ambition and spirit of invention, or their mere willingness to work hard at a good job? They must, according to the current rules, get in line and wait their turn.

"In a land which is distinguished for freedom of speech, freedom of religion, freedom from want and freedom from fear, any lack of a freedom of job opportunity isn't going to set well with the men who have fought to save us on the battlefields of the world.

"I hope, and I'm sure, that these men and their brothers and sisters at home are going to ask a lot of questions. They are going to want to know the why of everything that has been going on here. And they will get the answers, too. No one else can do it. They alone can put an end to top-heavy governing systems, to restrictive laws which serve no purpose in a nation built upon freedom."—Henry Ford.

We can add nothing and we would subtract nothing from this timely warning.

Brooklyn Catholic Weekly Scores Dumbarton Oaks Peace Proposals

Editorial in "The Tablet" Warns Against Belief that It Will End All Wars and Asserts That Even as "Machinery" Its Entire Program Is Useless, Particularly as It Does not Guarantee the Right of All Nations To Life and Independence.

Under the caption "Unseen Plans," an editorial article in the Catholic weekly publication, "The Tablet," published in Brooklyn, N. Y., Oct. 28, takes to task the statement of President Roosevelt that the Dumbarton Oaks Plan will be "the keystone of the arch" of security and peace. The editorial follows in full:

Unseen Plans

President Roosevelt's rosy picture of peace and harmony in the post-war world, as described in his nationwide broadcast last Saturday night, may have caused some Americans to be deluded and to conclude that their Government had found a way to end all wars. The President spoke of the "security plan" which was announced after the Dumbarton Oaks Conferences as the "very practical expression of a common purpose on the part of four great nations." In a statement 12 days before he had called it "the keystone of the arch" of security and peace. A study of the Dumbarton Oaks plan reveals no basis for such praise. On the contrary, such a study will more likely lead to the discouragement of hopes for peace in the future.

The widely heralded proposals for an international peace which the American people were so strongly urged to accept by President Roosevelt in his address before the Foreign Policy Association were by no means discovered at the Dumbarton Oaks Conferences of the "Big Four." They are only a modified version of a scheme prepared months ago by a highly subsidized organization of internationalists. The conferees at Washington did not even take the trouble to change the titles.

The President's concern about the interest of the American people in the planning of the post-war organization, however, was new. Hitherto the citizens of the United States were understood to have only the privilege of consenting to what the Government told them had been decided upon at conferences held in the deepest secrecy. The so-called representatives of the United States at these conferences were chosen neither by the people or by the Congress; they were selected by the Administration and their ability to deal with the delegates of foreign powers in the name of the American people was judged solely by the Administration. The optimism of President Roosevelt over the program, devised by a small group of internationalists and accepted at a secret convention from which the people were strictly excluded, is hard to understand in the light of his statement on Saturday night that "No President of the United States can make the American contribution to preserve the peace without the constant, alert and conscious collaboration of the American people."

Granting whatever good points the Dumbarton Oaks proposals may be credited with, it must be conceded that even as "machinery" the entire program, as it stands here and now, is useless. Certain elements must be present to assure even the possibility of peace. These elements are not in the plan which the President calls upon us to approve. The American people are not accustomed to pay the full price of a car for a steering wheel and a set of hub caps on the promise that the wheels, chassis and motor will be delivered later as advertised.

Pope Pius XII has laid down several essentials to any peace worthy of the name and they have been universally accepted by Catholics and non-Catholics alike. President Roosevelt even hinted at a knowledge of some of them in his recent address. But they have been conspicuously absent in the recent conferences in which the President's delegates presumably had an influential voice. One of these essentials is the right of ALL nations to life and independence; another is the adoption of a body of international law applicable to and recognized by all nations; a third is the recognition of the dignity of the individual and of his rights, including his right to live in conformity with God's law; finally, and most essential of all, is the acceptance by all nations and all peoples of God's law and God's authority. These, it must be emphasized, are essential, and not merely ornaments, for the maintenance of peace. Yet they were ignored by the Dumbarton Oaks conferees just as they were minimized by the internationalists who drew up the program in the first place.

The principles laid down by the Holy Father are not, in spite of their importance, widely known among millions of voters in the United States who know only what they see in the secular press or hear on the radio. The two latter sources of public information can completely disregard anything from the Vatican as "religious" and therefore unconnected with problems of national and international interest. Such a disregard has left a large body of the American people unable to judge the proposed peace organization intelligently and consequently susceptible to biased and misleading propaganda.

Two other aspects (and these are not "religious") of the proposals and conferences for post-war security must also be recognized by the citizens of the United States before making any commitments with foreign powers. These are, first, the fact that the element of mutual trust at any conference of delegates of the "Big Four" will be difficult to obtain; secondly, agreement on fundamentals does not at present exist among the nations which are dominant in the world.

In the third report of the Commission to Study the Organization of Peace, published in April, 1943, the following invaluable warning is found in a passage discussing Russia as a charter member of the world peace organization: "The test to be applied is not whether we like or dislike the internal system of any State, but rather whether a State can be trusted as a member of the community of nations." This nation has the obligation of determining whether Russia, which seems on the way, with our help and the help of international Communism, to becoming the most powerful influence in the post-war world, can be trusted to carry out her promises.

The disagreement on fundamentals between the United States, Britain and Russia—China's policy can be disregarded—is too evident to require discussion. Americans need only ask themselves if Britain will yield on the issue of her colonial possessions and if Russia will adopt the Four Freedoms for her own subjects. These cannot be dismissed with the admonition that the people of the United States put their trust blindly in the hands of the Administration. It is the duty of the Administration, as the servant of the people, to preserve the nation from a false peace which bears promise of nothing but more and worse wars.

The State Of Trade

The general outlook for post-war trade between Latin America and the United States is "decidedly favorable," the Guaranty Trust Co. of New York revealed in a recent survey made by the company, which covered a number of specific points, among them branches of production and types of products likely to contribute most to the development of trade between these two countries after the war. The survey, however, disclosed that representative Latin American bankers and business men recognized the "extreme uncertainties" with respect to international relations, trade barriers, free enterprise, currency stabilization and the prospect of lasting peace.

In establishing a basis for its conclusions, the survey states: "The countries of Latin America have supplied large quantities of their products to the United States and other nations allied against the Axis, while their opportunities for purchasing foreign goods have been limited by necessary wartime trade restrictions and transportation difficulties. As a result, they have built up very substantial holdings of gold and foreign exchange, and at the same time have presumably accumulated a large volume of deferred demand for goods from other countries, including the United States. Official estimates indicate that Latin American holdings of gold and exchange here and abroad have reached the equivalent of more than $3,000,000,000, of which about two-thirds consists of gold (mostly in the United States) and $500,000,000 is in the form of United States dollars."

New industrial development in Latin America stimulated by war conditions may affect future trade relations for a whole, the survey indicated, but it expressed considerable doubt that these countries to the South of us can survive in world competition at levels sufficiently high to make them a factor to be reckoned with in the trade situation. The general opinion of the bank's South American correspondents was that the "greatest opportunities for expansion of their export trade lie in those products, mainly agricultural commodities, that have formed the mainstay of such trade in the past.

"Among desirable plans and preparations for expanding trade and promoting economic cooperation, by far the greatest emphasis is placed on two requirements: better transportation facilities and sounder commercial methods. The need for improved transportation is felt chiefly in ocean shipping, although in some cases the primary stress is on internal transport as a prerequisite to the general economic development of the country. The possible helpful effects of lower freight and tariff rates and more liberal trade regulations receive frequent mention. Almost as important, in the Latin American view, is the requirement that traders in the United States give more attention to the adaptation of their products and their trading practices, including terms of credit, to the needs and customs of their Latin American markets and sources of supply.

"Views concerning the need or opportunity for capital investment by the United States in Latin America vary considerably, but the general opinion seems to be that large opportunities exist for such investment under the right conditions. Particular stress is laid on the desirability of local participation to the greatest possible extent." With respect to local participation, the survey pointed out that an evident preference exists for the "partnership" method whereby ownership and management are more readily shared with local interests.

It was one correspondent's belief that "the first condition to any real increase in economic activity is evidently that peace be assured for a long period of time." Shying away from purely political issues, he expressed the hope that the difficulties that have arisen in the relations between the United States and the Argentine will be settled in a spirit of mutual understanding and that the statesmen of this continent will succeed in sparing us national antagonisms such as have been a plague to Europe and to the world for centuries."

In making a second point on the restoration of free enterprise, he recognized the evil of governmental interference, unavoidable as it may be under present conditions, observing that it was still an evil and that "he hoped that all countries will realize the need for a gradual return to other forms of organization, where more liberty will be given to the individual and less power to the state, which is the essence of democracy."

Steel Industry—The steel market in the past few weeks has regained some of its wartime tempo reminiscent of a few months ago before cancellations increased in number. This change, which reflects the ease with which steel companies were able to plug up holes with additional business subsequent to cancellations, is just another signpost exhibiting the mixed trends which have been existent in the past month," states "The Iron Age" in its summary of the steel market the past week.

Steel ordering, although heavy, represented a slightly lower level than was the case in August and September. The steel ingot rate also dipped the past week, the orderly decline probably representing the attuning of current order volume and backlog to actual production schedules. Evidence, however, indicated that part of the decline in ingot rate was due to the unusual time necessary to make repairs and to the accumulative effects of outlaw strikes, which in the past week were cutting into steel output at Birmingham and Buffalo.

Extra stimulus is expected to be given the steel shell program in December and in the first quarter of 1945. October shell requirements were about 213,000 net tons with November and December needs at present about 302,000 net tons. By December shell steel needs might expand to as much as 325,000 tons or possibly 350,000 tons, the magazine states. Original estimates on requirements made some time ago had set a figure of about 450,000 tons a month by January, 1945.

A labor shortage continued to place Chicago district mills at an acute disadvantage in producing the more highly finished steel products. Contributing to this situation was the smoke of labor unrest which threatened to spring

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Sec Issues Results Of Study On Costs Of Capital Flotations By Small Concerns

Compensation To Investment Bankers Averages From 14% to 19.7% Of Proceeds. Issues Under $1,000,000 Bear Highest Ratio Of Costs.

The Securities and Exchange Commission on October 22 released the results of its study of the cost of flotation of equity securities (preferred and common stock) based upon data taken from statements filed with the Commission during the period from January 1, 1938, to June 30, 1944, by companies reporting less than five million dollars of assets, exclusive of investment companies and companies engaged in the extractive industries.

The results of the study would indicate the smaller the size of the company, the larger amount of the proceeds of an issue is required to cover the costs of flotation. This is borne out in the following statement issued by Commission:

Small companies attempting to raise capital through the sale of equity securities have been faced with paying out a substantial proportion of the proceeds in cost of flotation, consisting principally of compensation for the services of investment bankers, according to a study by the Securities and Exchange Commission. The study, which was released as the result of the receipt of a number of inquiries, was limited to issues of preferred and common stock, bonds having been only infrequently issued by small companies.

The study was based upon data taken from statements filed with the Commissioner under the Securities Act from Jan. 1, 1938 to June 30, 1944, by companies reporting less than five million dollars of assets, exclusive of investment companies and companies engaged in the extractive industries. Omitted from the study were statements involving two or more types of security, because of the unavailability in such cases of completely separate cost data for each type. Statistics were given separately for both types of equity securities, common stock and preferred stock; and for two sizes of company (not sizes of issue), those reporting assets of less than one million dollars and those reporting total assets between one and five million dollars.

The basic data represent estimates by the issuers at the time the registrations became effective of the costs involved in completely selling the securities and are summarized in the form of average ratios of the costs to expected gross proceeds. The statistics presented in the study therefore reflect the cost rates anticipated, rather than experienced, by the issuers; for other studies by the Commission have shown that actual sales, and therefore the realized proceeds and presumably the actual cost rates, of many small registered issues depart substantially from those anticipated at the time of effective registration.

Principal Components of Cost

Cost of flotation averaged 21.6% of expected gross proceeds for the equity issues in the study which were registered for sale through investment bankers to the general public by companies with less than one million dollars of assets. Commissions to the bankers amounted to 19.7% of the expected gross proceeds, the remaining part of the cost of flotation referred to throughout the study as "expenses" or the "expense component," amounted to only 1.9% of expected gross proceeds.

The cost of flotation was somewhat lower on the average for similarly marketed issues of companies reporting total assets between one million and five million dollars. For these, the total cost amounted to 15.8%, breaking down into bankers' compensation of 14.0% and expenses of 1.7% of expected gross proceeds. Changes in the rate of bankers' compensation accounted almost entirely for the differences in cost of flotation of issues in the two size groups mentioned above, and also of issues of preferred and common stocks and of issues handled by investment bankers with and without commitments to purchase.

The aggregate cost of flotation of the issues of preferred stock intended for sale to the general public through investment bankers by all registrants with less than five million dollars of assets amounted to 14.2% of gross proceeds, compared with 19.4% for issues of common stock in the same category. Again, most of the change in the total cost was accounted for by the difference in the rate of bankers' compensation; which amounted to 12.7% of gross proceeds on the issues of preferred stock compared with 17.5% on the common stock. Expenses changed only from 1.6% on the preferred to 1.9% on the common.

Half of the issues to be sold to the public through investment bankers involved a commitment by the bankers to purchase the securities from the issuers, and the other half involved no commitment by the bankers to purchase, merely, that they would use their best efforts to effect distribution.* Bankers received a higher rate of compensation on the average for the issues sold under the latter type of contract despite the lack of inventory risk. This may be explainable by a tendency of the bankers to confine their purchase commitments to the issues which appeared more certain to sell.

The total cost of the issues involving bankers' commitment to purchase amounted to 15.9% of the expected gross proceeds compared with 19.9% for those on which the arrangement was for the bankers to use their best efforts. The increase in the total cost was completely accounted for by higher compensation: for bankers' compensation increased from 13.9% of gross proceeds on the purchase commitment issues to 18.4% for the best efforts issues; whereas the other component, expenses, actually decreased from 2.1% for the former category to 1.5% for the latter. This tendency for compensation to be higher on the issues not involving a purchase commitment than on those involving such a commitment sufficiently to offset a drop in the other costs existed for common as well as preferred stocks and for issues of companies under as well as over one million dollars in asset size.

The table, attached, summarizes the statistics on the comparison of the two components of cost of flotation, bankers' compensation and expenses, for those issues in the study which were intended for sale to the general public through investment bankers. The table provides statistics separately for common and preferred stocks, for issues of companies above and below one million dollars of reported assets, and for issues with and without commitments by the bankers to purchase.

Breakdown of Compensation

Many of the statements for the above-mentioned issues which involved bankers' commitments to purchase before resale also gave information on the division of bankers' compensation between the purchase and selling groups. Such compensation on the average was found to be divided almost equally between the two groups and this pattern held in spite of differences in the level of bankers' compensation for preferred and common stocks, and for issues of companies over and under one million dollars in amount of reported assets.

Breakdown of Expenses

The expense component was only a small fraction of the total cost of flotation. However, an analysis has been made of the amount paid for each of the typical items of expense connected with the issuance of equity securities by companies reporting less than five million dollars of assets. In addition to the issues sold to the general public through investment bankers, used in the preceding analysis of compensation, there were admitted to the analysis of the expense component the equity securities registered for sale directly to investors by the issuing companies and those planned for sale through investment bankers to restricted groups such as stockholders.

Some of the types of expenses frequently reported in registration statements are not at all affected by the registration requirements of the Securities Act, namely, payments for listing on a securities exchange, for Federal revenue tax stamps, for State qualification, and for the services of transfer agents. There are some other types of expenses which also existed before, as well as after, passage of the Securities Act, but which may be larger than otherwise by reason of the requirements of the Act; namely, cost of printing and engraving, and fees for legal, accounting and engineering services. There is only one type of expense for which the entire amount paid is entirely attributable to the Act, the fee for registration with the Securities and Exchange Commission.

To obtain a picture of the distribution over these items of the aggregate amount paid for expenses, it was necessary to use those statements which furnished adequate details. A statement was considered adequate for this purpose if at least three-fourths of the expense total could be allocated separately to any, but not necessarily to all, of the above items. In other words, statements were excluded for which more than one-fourth of the total expense was characterized as "miscellaneous" and/or reported only for combinations of the other items.

Out of 250 equity issues registered separately by companies with less than five million dollars of assets, there were found to be 201 for which their registration statements gave sufficient detail of expenses for the purpose of showing distribution by items. The aggregate expenses of these 201 issues amounted to about 1¾% of the expected gross proceeds. The types of expense not at all affected by registration accounted for about ⅕% of gross proceeds and for these there was practically no variation between issues of companies having more and those having less than one million dollars of assets.

The aggregate amount paid for the types of expenses (including "miscellaneous") partly affected by the requirements of the Securities Act amount to about 1½% of the gross proceeds. About one-half of the amount disbursed for these types of expenses was concentrated in the single item of legal fees. Accountants' fees and cost of printing and engraving were next in aggregate importance, each amounting to a little less than ⅓ of 1% of the gross proceeds. Engineering fees in the aggregate amounted to only a few hundredths of 1% of gross proceeds. The only type of expenditure for which the amount paid could be regarded as entirely attributable to the Securities Act, the fee for registration with the Commission, amounted to one one-hundredth of 1% of the expected gross proceeds.

The proportion of gross proceeds paid in the aggregate for each type of expense was found to change only slightly with change in either the type of security or in the size of company within the population studied. The greatest variation appears to have been in the item of legal fees.

Size of Each Type of Expense

While the above analysis is accurate for showing the distribution of the aggregate amount paid for expense over the different types of expense, it is not adequate for picturing the typical size of each type of expense. For the latter purpose it is necessary to use average rates for each type that are computed not on the basis of all of the statements but on the basis of the restricted number of statements in which each type occurred.

Such a supplementary analysis was made and brings out some interesting contrasts with the preceding one. For example, the former analysis showed that engineering fees had amounted in the aggregate to only about one-tenth of the accounting fees. But the latter analysis demonstrates that the lower average for the engineering fees was due to the fact that they occurred in only about one-tenth as many cases; and that for the statements in which each type occurred, the engineering fees actually averaged slightly higher than the accounting fees.

Other types of expense which occurred relatively infrequently and which therefore were typically substantially larger than indicated by the distribution of the aggregate amount paid for expenses were: Exchange listing fees, transfer agents' fees, and fees for state qualification, which were reported respectively for about one-tenth, one-third, and two-fifths, of the number of issues. Types of expense most frequently reported and which therefore give more nearly the same statistics under either type of analysis were: SEC fees, Federal revenue stamp tax, accounting and legal fees, and cost of printing and engraving.

COST OF FLOTATION OF EQUITY ISSUES BY SMALL COMPANIES
Registered Under the Securities Act from Jan. 1, 1938 to June 30, 1944
All Equity Securities

	Asset Size of Company		
Issues Offered Through Investment Bankers	Under $5,000,000	$1,000,000 to $5,000,000	Under $1,000,000
With and Without Purchase Commitment:			
Number of issues	184	81	103
Gross proceeds ($000)	101,568	64,420	37,147
Cost of flotation (% of gross proceeds)	17.9	15.8	21.6
Investment Bankers' compensation	16.1	14.0	19.7
Expenses	1.8	1.7	1.9
With Purchase Commitment:			
Number of issues	92	57	35
Gross proceeds ($000)	52,044	44,764	7,280
Cost of flotation (% of gross proceeds)	15.9	15.3	20.0
Investment Bankers' compensation	13.9	13.4	17.0
Expenses	2.1	1.9	3.1
Without Purchase Commitment:			
Number of issues	92	24	68
Gross proceeds ($000)	49,523	19,656	29,867
Cost of flotation (% of gross proceeds)	19.9	16.8	21.9
Investment Bankers' compensation	18.4	15.6	20.3
Expenses	1.5	1.3	1.6

*The two types of contractual arrangement represent essentially differences in degree, rather than kind, of commitment; for the contracts to purchase generally contain "out" clauses which substantially limit the "firmness" of the commitments.

L. E. Mahan Elected President Of Mtg. Bankers Ass'n—Byron V. Kanaley Elected Vice-Pres.

L. E. Mahan, St. Louis mortgage banker, was elected President of the Mortgage Bankers Association of America, at Chicago, on Oct. 20, at the organization's annual meeting at the Edgewater Beach Hotel. He succeeds H. G. Woodruff, Detroit. Byron V. Kanaley, Chicago, was elected Vice-President for the 1944-45 term. Others elected on the slate proposed by the nominating committee headed by Charles A. Mullenix, Cleveland, were seven regional Vice - Presidents: Roy F. Taylor, Seattle; C. W. Mead, Omaha; C. Earl Giraldin, St. Louis; Harry A. Fischer, Chicago; Ernest H. Hackman, Ft. Wayne, Ind.; J. C. McGee, Jackson, Miss.; and Guy T. O. Hollyday, Baltimore.

Lawrence E. Mahan

Elected to the Board of Governors for terms expiring in 1948 were M. T. MacDonald, Jersey City; Harold D. Rutan, New York; R. C. Houser, Miami; C. P. Kennedy, Cincinnati; Edward F. Lambrecht, Detroit; H. G. McCall, St. Paul; and R. O. Deming, Jr., Oswego, Kan.

Mr. Mahan's association with the organization covers more than two-thirds of its history. He has been in mortgage banking since 1915 when he became associated with the Mississippi Valley Trust Company, St. Louis, in the farm loan department. Since 1919 he has devoted his attention to the city loan field. During the first World War he was in charge of all real estate and mortgages in this country and insular possessions taken in connection with the Trading with the Enemy Act. He organized his present firm, L. E. Mahan & Company, in 1931. He was one of the founders of the Mortgage Bankers Association of St. Louis and the Mortgage Bankers Legion, an affiliate of the national association. He is a director of the Paramount Fire Insurance Co., New York, and the St. Louis Fire and Marine Insurance Co.

Mr. Kanaley was one of the organizers and first President of the Chicago Mortgage Bankers Association and served for three terms. He is a graduate of the University of Notre Dame and Harvard Law School. He is Chairman of the Board of Lay Trustees of Notre Dame. He is a member of the executive committees of several charities, including the Catholic Charities of the Archdiocese of Chicago. He is President of Winnetka Community Chest, director of Chicago Community Chest, former Treasurer of Chicago Real Estate Board and former President of Chicago Realty Club. He is President of Cooper, Kanaley & Co., Chicago.

The Financial Situation

(Continued from first page)

Imperialism in New Dress

A second myth—that the age of "imperialism" and of "world politics" in the ordinary sense is dead and gone—has not fared very well of late, either. Russia's attitude toward Iran and its oil, and its semi-official rebuke of the United States in connection therewith—and for that matter, the apparent activities of Great Britain and the United States in that area—hardly bespeak lack of imperialistic interest in these much-bedeviled areas. It has, of course, long been evident that Russia intended to do a good deal in eastern Europe which could not be reconciled with the Atlantic Charter. Nothing that has occurred of late suggests any change in this situation. On the contrary, recent admissions by Mr. Churchill make it clear enough that no basic change has occurred—and it may be added that the conferences of Mr. Churchill and Mr. Stalin have every appearance of being essentially of the sort that was so familiar to students of international affairs long before the Atlantic Charter was ever thought of. Imperialism and its accompaniments may change form a good deal in the next few years, but it would be folly to suppose that a new heaven or a new earth is about to appear.

Change Inevitable

Again, this war, as major wars have in the past, will effect definite changes in the relative positions of the nations of the world. We of the United States could not prevent such a change if we were to try, and effort on our part to prevent it could very easily cost us much of our standing and position—to say nothing of our wealth. One would suppose that warnings of this sort would be quite unnecessary. Recent discussions and recent events, however, make it clear that it is essential to call the attention of the public to this rather obvious fact. We are a sentimental people and at the moment are much too greatly influenced by sentimentalists in our midst. We have friends, moreover, who have some strange ideas, to say the least, about our obligations, moral or otherwise, to some of our allies.

Our Friends

Mr. Churchill, able and admirable war leader that he is, is still a British subject with a natural desire and marked ability to look after British interests. At times he seems to have his full share of that characteristically British notion that the world in general, and the United States in particular, owes a debt of gratitude to the British Empire which can never be repaid but which should in part be recognized by large gifts of money or other things of value. Recent reports, quite reliable we are told, that the wily Englishman has more than half convinced the Administration at Washington that we owe it to Great Britain (or perhaps to ourselves) to supply England with several billion dollars worth of goods to be used by that country in securing markets which we might otherwise have after the war, strongly suggest that the American people would do well to be on guard against their friends.

Paying Ourselves

Another popular fallacy appears strangely out of place so soon after our experiences of the 'Thirties. This notion is to the effect that we can profit by sending large quantities of our goods abroad to be paid for with funds which we ourselves provide. This is precisely the procedure employed in developing and maintaining our large export trade during the 'Twenties. We were supposed to have learned during the 'Thirties that we had given most of our goods away—and, in addition, that the process had horribly disarranged our domestic economy. Yet somehow it appears to be supposed that the technique can be robbed of its power to do harm and impregnated with magic power for good if only somehow "government" activates, controls and guarantees the processes. In the view of many, the procedure is perfected when not one, but several governments (even if most of them are as insolvent as the people they rule) undertake to guarantee loans made. Of course, loans which do not rest upon a sound economic basis are without general economic benefit no matter who or what guarantees them.

Each Tub On Its Own Bottom

Many of us appear to be determined to ignore another simple and inexorable fact. No people has any right to expect anything in this world to which it has not entitled itself by its own efforts. It is more than doubtful if any people will ever or can ever long enjoy any economic blessing that it did not directly or indirectly earn by its own endeavors. This again appears almost too trite for repetition. Yet neglect of it is apparently leading us to some dangerous lines of policy. We might return to China for an illustration, or cite India as an example. Many in this country seem to dream of bringing the blessings of our western civilization to these peoples. We could doubtless proceed—whether the natives liked it or not—to "industrialize" these countries and, possibly, by recruiting a number of natives, manage to produce there substantial amounts of goods we prize highly, but whether the native population would be the better off for it all, and whether we should grow rich or completely bankrupt with the endeavor, would depend upon the native populations—which up to this time have certainly not shown much interest in being "industrialized." Let us avoid the egotism of supposing that we have been called from on high to save the world from itself.

Can we not now inject a little sound common sense into our thinking about foreign relations?

President Directs Nelson to Return to China To Organize War Production Board There

Donald M. Nelson, former chairman of the War Production Board, who in September returned from a special mission to China, undertaken at the request of President Roosevelt, was on Nov. 2 directed by the President to return to China to organize a Chinese War Production Board. According to the White House announcement the return of Mr. Nelson had been urged by Generalissimo Chiang Kai-shek. The White House announcement, as given in Washington advices Nov. 2 to the New York "Herald Tribune" by Raymond J. Blair, follows:

"At a conference with Mr. Donald Nelson today, the President asked Mr. Nelson to set the earliest possible date for his return to China, which has been urged by Generalissimo Chiang Kai-shek.

"As the President's personal representative, Mr. Nelson will continue his work with the Generalissimo on measures aimed at strengthening the Chinese war effort, and notably in organizing a War Production Board to increase the output of China's war industries.

"Mr. Nelson is taking with him as his deputy for this undertaking Mr. Howard Coonley, War Production Board Executive and Chairman of the Walworth Co., valve manufacturers. He is also bringing with him Mr. Eugene M. Stallings, American technical expert in alcohol production, and a mission of five steel experts headed by Mr. Herbert W. Graham, chief metallurgist of Jones & Laughlin Steel Corp."

In Associated Press advices from Washington Nov. 2 it was stated:

"Today's White House visit was Mr. Nelson's first since Mr. Roosevelt announced the recall from China of Gen. Joseph W. Stilwell because of what the President later described as a clash of personality with Chiang, and the resignation of Ambassador Clarence E. Gauss. Gen. Stilwell was chief of the Burma-China-India Command.

"Mr. Nelson, former Chairman of the WLB, was accompanied on his first trip by Major-General Patrick J. Hurley, who has since remained in China."

From Minneapolis the Associated Press had the following to say anent the recall of Gen. Stilwell:

"Representative Walter H. Judd (Rep., Minn.), declared in a statement today that Gen. Joseph W. Stilwell was relieved as American commander in the Far East because Generalissimo Chiang Kai-shek had refused to accept a White House ultimatum, delivered by Gen. Stilwell, demanding that Gen. Stilwell be made commander of all of China's armies.

"The Congressman—a physician and surgeon—said the ultimatum threatened withdrawal of American military support from China.

"Dr. Judd, who had been a medical missionary in China from 1925 to 1931 and again from 1934 to 1938, was in Chungking last September when the situation came to a head, and his knowledge of it was gained, he said, from the highest Chinese sources in Chungking.

"'The stories of returned correspondents from Washington, purporting to tell the "inside" Stillwell story, are true as far as they go,'" Dr. Judd said, "'but their sources of information skillfully omit the things that precipitated the action. They tell of Chiang's "ultimatum" demand Gen. Stillwell's withdrawal, but if there is to be talk of ultimatums let it be on the record that Chiang's act was the result of an ultimatum presented by Gen. Stilwell as the agent of the White House.'

"Dr. Judd said the ultimatum was issued over the head of the War Department and demanded that Gen. Stilwell be appointed over-all commander in China with military authority over even Chiang himself, and threatened the withdrawal of American military support unless this was done.

"President Roosevelt was thus put in a position of having to withdraw United States from the war against Japan on China or withdraw Gen. Stilwell, said Dr. Judd."

An item bearing on the return of Mr. Nelson from China appeared in our issue of Oct. 5, page 1513, and reference to his resignation from the War Production Board was made in the same issue on page 1507.

Announcement that Gen. Stilwell had been relieved of his duties in the Far East and recalled to Washington was indicated in press accounts from Washington Oct. 28.

President Proclaims Nov. 23 Thanksgiving

Nov. 23 was designated as National Thanksgiving Day in a proclamation issued on Nov. 2 by President Roosevelt. In thus setting aside the fourth Thursday of the month as a day of Thanksgiving the President followed the law enacted by Congress on Dec. 26, 1941. Five states, says the Associated Press, plan to observe Nov. 30, the last Thursday, through local choice.

We should give thanks to God, says the President in his Proclamation "for the preservation of our way of life from the threat of destruction, for the unity of spirit which has kept our Nation strong, for our abiding faith in freedom and for the promise of enduring peace." The reading of the Holy Scriptures from Thanksgiving Day to Christmas is suggested by the President as a means of expressing "our gratitude to Almighty God."

Pointing out that the complication of two Thanksgiving days is continuing this year, despite Congressional action to end the Roosevelt experiment of an earlier Thanksgiving started in 1939, because this month has five Thursdays, the Associated Press on Nov. 2 added:

Forty States and the District of Columbia have fixed November 23 for the holiday in line with the Federal statute, but Florida, Idaho, Nebraska, Tennessee, Texas and Virginia plan to observe November 30.

In two States, Arkansas and Georgia, there is a possibility that both dates will be recognized.

When the President first tried out the week earlier date in 1939, many Governors ignored the change and fixed the traditional date, the fourth or last Thursday in November, set first by President Lincoln in 1864.

The 1941 joint resolution approved by Congress and the President fixed the future date as the fourth Thursday. On top of this, many States passed laws regarding the holiday.

Governor Adkins of Arkansas was about to proclaim Nov. 23 when it was discovered the Legislature had ordered the State to observe the last Thursday in the month. The result may be two Thanksgivings because sporting and other traditional events already have been set for the earlier date.

Georgia also has difficulties. The State Attorney General has upheld a statute setting the last Thursday.

The President's proclamation follows:

A Proclamation

In this year of liberation, which has seen so many millions freed from tyrannical rule, it is fitting that we give thanks with special fervor to our Heavenly Father for the mercies we have received individually and as a nation and for the blessings He has restored, through the victories of our arms and those of our allies, to his children in other lands.

For the preservation of our way of life from the threat of destruction; for the unity of spirit which has kept our nation strong; for our abiding faith in freedom; and for the promise of an enduring peace, we should lift up our hearts in thanksgiving.

For the harvest that has sustained us and, in its fullness brought succor to other peoples; for the bounty of our soil, which has produced the sinews of war for the protection of our liberties; and for a multitude of private blessings, known only in our hearts, we should give united thanks to God.

To the end that we may bear more earnest witness to our gratitude to Almighty God, I suggest a nation-wide reading of the Holy Scriptures during the period from Thanksgiving Day to Christmas. Let every man of every creed go to his own version of the Scriptures for a renewed and strengthening contact with those eternal truths and majestic principles which have inspired such measure of true greatness as this nation has achieved.

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, in consonance with the joint resolution of the Congress approved Dec. 26, 1941, do hereby proclaim Thursday, the twenty-third day of November, 1944, a day of national thanksgiving; and I call upon the people of the United States to observe it by bending every effort to hasten the day of final victory and by offering to God our devout gratitude for his goodness to us and to our fellow-men.

Wienert Appointed

Robert Lassiter, chairman of the Boar of the Federal Reserve Bank of Richmond announced on Oct. 27 the appointment of A. C. Wienert as Assistant Cashier of the Baltimore branch of the Reserve bank. The board of directors in making known the appointment stated that it would go into effect Nov. 1.

The Baltimore "Sun" in reporting this said that Mr. Wienert has been connected with the Baltimore branch since September, 1919 and that during his period of employment he has served invarious departments of the bank and in the last few years has been manager of its accounting department.

The Baltimore branch has two other Assistant Cashiers, These are John A. Johnson and Donald F. Hagner. W. R. Milford is Managing Director of the local branch and John R. Cupit Cashier.

The State Of Trade

(Continued from page 2050)

into flame at any moment. Much tin plate tonnage for export was transferred from Chicago to other districts, because of inability to secure sufficient labor there for packaging operations, reports "The Iron Age."

Prospects for post-war steel business are growing. A major appliance manufacturer is making preparations to place sheet orders for 45,000 refrigerators, 30,000 stoves and 30,000 washing machines, while a Chicago firm is planning to enter the low temperature field with an initial production of 25,000 cabinets and refrigerator units. On the heels of reports covering potential flat rolled steel demand for post-war uses, some concern is developing over the availability of flat rolled steel in the period of unrestrained production after the war. New customers using sheet steel in civilian goods production, the trade journal discloses, are contacting mills which have previously not shared in their business, evidently with an eye to getting on their books in the period of initial civilian goods output in order to establish themselves as regular customers. In the scrap market, trends were substantially unchanged the past week.

The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 96.3% of capacity for the week beginning Nov. 6, compared with 94.4% one week ago. This week's operating rate is equivalent to 1,732,400 net tons of steel ingots and castings, compared with 1,707,200 net tons last week and 1,711,600 tons one year ago.

Electric Production—The Edison Electric Institute reports that the output of electricity increased to approximately 4,358,293,000 kwh. in the week ended Oct. 28 from 4,345,352,000 kwh. in the preceding week. The latest figures approximate a decline of 2.1% from the level of one year ago, when output reached 4,452,592,000 kwh.

Consolidated Edison Co. of New York reports system output of 172,000,000 kilowatt-hours in the week ended Oct. 29, 1944, and compares with 222,500,000 kilowatt-hours for the corresponding week of 1943, or a decrease of 22.7%.

Local distribution of electricity amounted to 169,700,000 kilowatt-hours, compared with 213,200,000 kilowatt-hours for the corresponding week of last year, a decrease of 20.4%.

Railroad Operating Revenues—Class I railroads of the U. S. in September, 1944, had an estimated net income, after interest and rentals, of $55,400,000, compared with $69,977,815 in September, 1943, according to reports filed by the carriers with the Bureau of Railway Economics of the Association of American Railroads.

In the first nine months of 1944 estimated net income, after interest and rentals, totaled $502,000,000, compared with $697,444,084 in the corresponding period of 1943.

In September net railway operating income, before interest and rentals, was $89,126,460 and compared with a net railway operating income of $110,258,969 in September, 1943. It should be noted that September is the 16th consecutive month in which net earnings of the carriers has shown a decline.

For the first nine months of 1944 net railway operating income, before interest and rentals, totaled $847,884,524, compared with $1,082,556,139 in the same period of 1943.

In the 12 months ended Sept. 30, 1944, the rate of return on property investment averaged 4.10%, compared with a rate of 5.89% for the 12 months ended Sept. 30, 1943.

Operating revenues for September totaled $799,228,980, compared with $776,487,330 in September, 1943, while operating expenses totaled $521,264,147, compared with $477,986,227 in the same month of 1943.

Total operating revenues in the first nine months of 1944 totaled $7,080,522,174, compared with $6,714,139,539 in the same period of 1943, or an increase of 5.5%. Operating expenses in the first nine months amounted to $4,662,587,502, compared with $4,042,251,523 in the corresponding period of 1943, or an increase of 15.3%.

In the first nine months of 1944 the carriers paid $1,419,213,781 in taxes, compared with $1,445,072,858 in the same period of 1943. For September alone, the tax bill of the Class I railroads amounted to $139,620,826, a decrease of $3,263,718 or 1.9% under September, 1943.

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

Railroad Freight Loadings—Carloadings of revenue freight for the week ended Oct. 28 totaled 916,446 cars, the Association of American Railroads announced. This was an increase of 10,505 cars, or 1.2% above the preceding week this year and 32,719 cars, or 3.7% above the corresponding week of 1943. Compared with a similar period in 1942, an increase of 25,886 cars, or 2.9%, is shown.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ended Oct. 28, 1944, at 1,319,000 tons, an increase of 34,000 tons (2.6%) from the preceding week, and 278,000 tons, or 26.7% above the corresponding week of 1943. The 1944 calendar year to date, however, shows an increase of 5.5% when compared with corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Oct. 28 at 12,150,000 net tons, representing an increase of 350,000 tons, or 3%, compared with 11,800,000 tons in the preceding week. Production in the corresponding week of last year amounted to 10,026,000 net tons, while output for Jan. 1 to Oct. 28, 1944, totaled 518,555,000 net tons, as against 490,227,000 tons in the same 1943 period, or a gain of 5.8%.

Estimated production of beehive coke in the United States for the week ended Oct. 28, 1944, as reported by the same source showed an increase of 300 tons when compared with the output for the week ended Oct. 21, last. There was, however, a decline of 47,600 tons from the corresponding week of 1943.

Silver—In a quarterly review of the London Market by Samuel Montagu & Co. of London, conditions in the silver market showed no change. Silver from official stocks with occasional small offerings from production sources, provided the supplies and buying was again restricted to requirements for war industries. The London market for silver was unchanged at 23½d. The New York Official for foreign silver continued at 44¾ cents, with domestic silver at 70⅝ cents.

Lumber Shipments—The National Lumber Manufacturers Association reports that lumber shipments of 504 reporting mills were 7.1% below production for the week ended Oct. 28, while new orders of these mills were 20% less than production for the same period. Unfilled order files amounted to 91% of stocks.

For 1944 to date, shipments of reporting identical mills exceeded production by 2.6% and orders ran 4.6% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 24.6% greater, shipments 18.3% greater, and orders 11.0% greater.

Crude Oil Production—Daily average gross crude oil production for the week ended Oct. 28, as estimated by the American Petroleum Institute, was 4,740,900 barrels. This represented a decrease of 4,000 barrels per day from the preceding week, but was, however, 32,400 barrels in excess of the daily average figure recommended by the Petroleum Administration for War for the month of October, 1944. When compared with the corresponding week last year, crude oil production was 437,950 barrels per day higher. For the four weeks ended Oct. 28, 1944, daily output averaged 4,725,950 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,658,000 barrels of crude oil daily and produced 14,117,000 barrels of gasoline. Kerosene output totaled 1,486,000 barrels, with distillate fuel oil placed at 4,722,000 barrels and residual fuel oil at 8,985,000 barrels during the week ended Oct. 28, 1944. Storage supplies at the week-end totaled 79,058,000 barrels of gasoline; 14,323,000 barrels of kerosene; 48,863,000 barrels of distillate fuel, and 64,224,000 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 Oct. 28 was at 92.7% of capacity, as against 91.6% of capacity in the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. The rate during the week ended Oct. 30 last year was 88.5% of capacity. As for paperboard, production for the same period was reported at 95% of capacity, against 94% in the preceding week.

Retail Hardware Sales—Independent retail hardware dealers' sales averaged 14% more in dollar volume in September of this year than for the same month one year ago, the "Hardware Age" reported in its every-other-week market summary appearing on Tuesday last. This average is based on reports from 1,194 independent retail hardware stores in all parts of the country.

For the first nine months of 1944 sales averaged 9% more, in dollar volume, than those enjoyed in the first three quarters of 1943.

Retail and Wholesale Trade—Activity marked retail and wholesale trade the past week for the country in general with moderate increases shown over a year ago. Dun & Bradstreet reported a rise in retail volume with all lines sharing as Christmas shopping gained momentum and seasonal sales expanded. This was especially true in handbags, costume jewelry, drugs and cosmetics. The same held true for durable goods, with food, drink, apparel and general merchandise sales topping the record set during the same period in 1943. Due to a rising demand among durable goods, a scarcity of table and floor lamps was the result.

Volume for retail food sales was about 5% over that of a year ago, with shortages of butter and other dairy products affecting the totals. Aside from this, supplies were sufficient and sales reflected a routine demand.

Retail activity stimulated the wholesale markets which were featured the past week by fill-in orders and spring apparel buying, with most wholesalers rationing allotments sent to retailers.

Retail volume for the country was estimated to be 6% to 9% over the same period of 1943, with regional percentage increases as follows: New England, 8 to 10%; East and Middle West, 6 to 8%; Northwest, 7 to 10%; South, 7 to 9%; Southwest, 4 to 7%, and Pacific Coast, 8 to 12%.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 11% ahead of a year ago for the week ended Oct. 28. This compared with 8% in the preceding week. For the four weeks ended Oct. 28, 1944 sales increased by 13%. A 9% increase in department store sales for the year to Oct. 28, 1944, over 1943, was also noted.

Mild weather here in New York worked against expansion of heavier apparel sales, but notwithstanding this, retail trade was active the past week. Much interest was evinced in main floor, accessory and gift departments with department store volume, according to the New York "Times," about 15% above the similar week of last year.

It was noted that the presence of many buyers in the wholesale markets was for the purpose of completing the purchase of spring lines. Allotments continued the rule with signs pointing to further tightening of merchandise in many lines.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Oct. 28 increased by 19% over the same period of last year. This compared with 6% in the preceding week. For the four weeks ended Oct. 28 sales rose by 12%, and for the year to Oct. 28 they improved by 9%.

Life Insurance Investments of Policyholders' Reserve Funds in Securities $858,000,000

The life insurance companies of the country have invested $858,000,000 of policyholders' reserve funds in the securities of business and industry in the first eight months of this year, to maintain their investment in this portion of the American economy, according to an announcement by the Institute of Life Insurance on Oct. 27. This is an increase of $348,000,000 over the purchases of this type of security in the same period of last year, but total holdings of this nature have increased only $89,000,000 since the first of the year. The Institute states:

"This large margin between purchases and increases in net holdings reflects the large proportion of maturities, refinancing and replacement necessary today to maintain investments. Over-all the life insurance companies made investment purchases of $6,484,000,000 in the first eight months of the year, more than any prewar full year's total of new investments and $1,829,000,000 more than in the same period of last year, and yet total investment holdings increased only $2,554,000,000.

"In the case of mortgages, the experience has been even more extreme, due to large prepayments. With total new mortgage purchases of $631,000,000 since the first of the year, total mortgage holdings have actually decreased by $59,000,000."

United States Government securities accounted for $4,835,000,000 of the eight month new investments and accounted for an increase of $2,770,000,000 in total holdings in the same period. State, county, municipal and foreign bonds accounted for $160,000,000 of the period's new investments, but total holdings of these issues actually decreased $105,000,000 in the eight months.

Administration of Anti-Trust Laws Seen as Obstacle to Post-War Recovery by C. Wilson

Charles E. Wilson, President of the General Electric Co., addressed a conference of utility executives in Atlanta, Ga., on Oct. 27 and criticized the administration of anti-trust laws as "one of the biggest obstacles to post-war recovery" because it breeds unhealthy attitudes in other Government operations."

United Press advices from Atlanta, Ga., reporting this on Oct. 27, indicated his further remarks as follows:

In his first public appearance since his stormy resignation from the WPB, Mr. Wilson said that due to "vague" language of anti-trust laws, business must "spend years and millions" defending itself in order to get a reasonable interpretation of many anti-trust laws from the Supreme Court.

"This is no attack on the Sherman Act, to the spirit of which I subscribe," Mr. Wilson emphasized, "but the language of the law is vague. Business men have to rely heavily on legal advice and even then they operate at their peril, because what was considered and declared to be legal 20 years ago, or 10 years, today may be the basis for prosecution.

"I think the administration of the anti-trust laws is one of the biggest obstacles to post-war recovery, because it breeds attitudes in other Government operations which are unhealthy, just as it raises up in industry an equivalent amount of scar tissue.

"And this doctrine of reasonableness unfortunately does not extend to the Department of Justice, which has introduced to the American scene a new technique of persecution. Roughly 10% of its energies seem to be exercised in the courts, while the other 90% are devoted to making speeches and writing articles impugning the motives of American business."

Business or Financial Communications to Italy

Postmaster Albert Goldman announced on Oct. 28 that the Post Office Department advises that the Treasury Department has announced communications of a business, financial or commercial nature, which are not actual business or financial transactions, may be transmitted to liberated Italy without Treasury license. The notice also says:

"For example, banks and other financial institutions may reply to requests for information from their depositors in liberated Italy; documents such as birth, death, and marriage certificates, wills and legal notices may be transmitted. Italian and United States concerns may exchange business information and correspond with respect to resumption of business relationships without obtaining a specific Treasury license.

"Persons desiring to send powers of attorney, proxies, payment orders, and similar documents to Italy should apply to their Federal Reserve Bank for an appropriate license.

"The limited mail service now in effect to certain provinces of Italy, including Sardinia and Sicily, is extended to include communications of a commercial, financial or business character, which are not actual business or financial transactions, although enclosures of checks, drafts, securities or currency continue to be prohibited.

"Facilities for the transmission of personal support remittances remain available."

Treasury Issues Circulars Giving Details Of Securities To Be Offered In Sixth War Loan

The official circulars containing the detailed terms and conditions of the 2½% and 2% Treasury bonds, the 1¼% Treasury notes and the ⅞% Treasury certificates of indebtedness, which will be sold, together with Series E, F, and G Savings Bonds and Treasury savings notes, during the Sixth War Loan Drive beginning November 20, were made available by Secretary of the Treasury Morgenthau on Oct. 23. Details of the terms of the securities, previously made available by Mr. Morgenthau, were given in our Oct. 12 issue, page 1613.

Under date of Oct. 21 Allan Sproul, President of the Federal Reserve Bank of New York, in a circular set out instructions to issuing agents in the New York District qualified for sale of United States War Savings Bonds, Series E, relative to their operations incident to the drive which will run from Nov. 20 to Dec. 16. These instructions follow:

1. Although the formal period of the drive runs from Nov. 20 through Dec. 16, all sales of Savings Bonds made during the months of November and December will be included in the totals for the drive, provided the stubs of such bonds are received by us in sufficient time to be processed not later than Dec. 30, 1944.

2. In anticipation of the large number of Series E bonds to be issued during the drive, issuing agents are urged to requisition in advance an adequate supply of bond stock so that they will be prepared to make prompt delivery of bonds during the drive. If the maximum amount of bond stock which any agent is authorized to have on hand is considered insufficient to meet the demands anticipated during the drive, we will consider a temporary increase in such maximum upon receipt of a written request therefor accompanied by a statement of the facts indicating the necessity for the increase.

3. During the months of November and December, all issuing agents, except those issuing bonds exclusively to persons enrolled in payroll allotment plans, are requested to report and remit for sales not less frequently than twice each week. Agents issuing bonds exclusively to persons under payroll allotment plans should report sales as frequently as possible. More frequent reporting by all agents will facilitate our work and will enable us to furnish accurate and up-to-date sales reports to the State War Finance Committees which will disseminate such information among the county chairmen throughout the Second Federal Reserve District.

Stock Exchange Committee Named to Direct Coordination of Blood Gifts From Wall Street

Hugh E. Paine, Chairman of the Wall Street Blood Donor Campaign, announced on Nov. 3 the appointment of 12 representatives of member firms as a New York Stock Exchange Committee to direct the coordination of blood gifts from its community. This group organized on Nov. 2 and pledged 250 pints of blood from their personnel, to be given to the Red Cross commencing at 11 o'clock on Monday, Nov. 6, which hour was reserved indefinitely for members of the Stock Exchange community, who will be canvassed by their firm Chairman. The goal is 6,000 pints, which is the number of men and women from the community who are with the fighting forces.

Members of the New York Stock Exchange Committee are: Walter A. Bone, Abbott, Proctor & Paine; Herman Mars, Adler, Coleman & Co.; H. C. Hempstead, Carlisle & Jacquelin; Mary Ellen McGowan, Eastman, Dillon & Co.; A. P. Morris, Estabrook & Co.; Louis Delmonico, Fahnestock & Co.; F. Kenneth Stephenson, Goldman, Sachs & Co.; Lewis Lundequist Harris, Upham & Co.; Margaret H. Blodgett, Merrill Lynch, Pierce, Fenner & Beane; Lillian Stolberg, F. S. Moseley & Co.; Max Silbermann, Newburger & Hano, and E. A. Rollka, New York Stock Exchange.

On Tuesday, Oct. 24, a donation of a pint of blood was undertaken on the steps of the Sub-Treasury Building in New York incident to the launching of a new and coordinated Wall Street Blood Donor Campaign. The American Red Cross, the Wall Street Blood Donor Committee and the Army, Navy and Marine Corps participated in this public demonstration. With the beginning of the intensified drive for blood donors from the financial district, a veteran of the first world war gave his 12th donation of one pint of blood, it was noted in the New York "Times" of Oct. 25. Emil Schram, President of the New York Stock Exchange, urged everyone to donate blood to the Red Cross, which has a goal of 5,000,000 pints for this year.

Proposed Curtailment In British War Supplies Likely To Cut Canadian War Orders By 50%

The Bank of Montreal in its Business Summary on Oct. 24 stated that "while the stubborn resistance which the German army has been able to organize on the western borders of its home territory has emphasized the severity of the fighting yet to be done before victory is achieved, the British Government has so far adhered to its decision to make a drastic curtailment by the close of the year of probably about 50% of its war orders placed in Canada." The bank goes on to say:

The reason for the decision is that supplies of certain types of war materials are considered amply sufficient to finish the war in Europe, even if it is prolonged to the spring. The reduction will chiefly affect guns, rifles, shells and some special types of weapons and instruments which are no longer needed. There will still be required by Britain, however, considerable quantities of transport and armoured vehicles, radio and communications devices and other types of war equipment.

Since British orders have been responsible for between 60% and 70% of Canada's total production of war materials, their sharp curtailment will affect the operations of numerous plants and the employment of an estimated number of 150,000 workers. But the cancellations will give a further impetus to the transfer of industrial manpower and resources to the production of civilian goods, which of late has been in steady progress, it being estimated that already the percentage of the output of war materials to total manufacturing production has been reduced to slightly over 50%. As the demand for many kinds of civilian goods is almost unlimited at present, conditions point to the maintenance of the general level of activity for the balance of the year on the same high scale as was recorded for the first eight months of 1944.

It is added that "with the year now well into its last quarter, there are convincing evidences that both government and business are addressing themselves vigorously to the formidable problems of post-war reconversion."

Lend-Lease Food to Allies for First Nine Months Decreases

Shipments of lend-lease food from the United States to our allies in the first nine months of the current year represented a generally smaller proportion of our national supply than in 1943, while the volume received as reverse lend-lease by our armed forces, notably in the United Kingdom, Australia and New Zealand, continued heavy, according to the quarterly report issued on Oct. 29 by Leo T. Crowley, Foreign Economic Administrator, which also said: "Figures now available indicate that we received 149,000 long tons of food from Australia alone in the second quarter of 1944, bringing the cumulative total received from that country to 594,370 tons. More than 90% of the food consumed by our troops in the South and Southwest Pacific is supplied by Australia and New Zealand as reverse lend-lease.

"Of 20 basic food classifications, the proportions of our lend-lease shipments to national supply in the first nine months of the year were lower in 12 instances, higher in six and unchanged in two. In terms of volume, however, lend-lease continued to supply about 10% of the British requirements and to play an important part in sustaining the rations of the Soviet Army. The United Kingdom and the U.S.R.R. receive virtually all lend-lease foods shipped from the United States.

"Reductions in the lend-lease percentage of total national supply were shown in all classes of meats. This year we have shipped under lend-lease 8.1% of our supply of all meats (dressed weight basis) as compared with 9.3% last year. The most striking change was in beef and veal, where the proportion this year is 0.8% of national supply as against 1.7% last year. In maintaining this program, the average United States civilian gave up two-tenths of an ounce of beef and veal per week in the first nine months of the year, a 50% reduction from the weekly average last year.

"A striking reduction was noted also in lamb and mutton shipments, which this year have taken 7.5% of our total supply as against 11.2% last year. We have sent 13.8% of our pork supply, a reduction from 14.6% last year. In poundage, pork constitutes the major meat movement in lend-lease.

"A slight gain was noted in the movement of milk products, due to increases in the proportion of our dry whole milk and cheese shipments. However, we have sent only 3.6% of our butter, 12.2% of condensed and evaporated milk and 29.4% of dry skim milk, all of these being reductions from the 1943 totals. Lend-lease took 4.1% of our butter last year. Butter under the Lend-Lease program is shipped only to the Russian Army, primarily for use in hospitals.

"We have sent 12.1% of our eggs (all in the form of dried eggs), 15.9% of our edible fats and oils, 10.3% of our canned fish and 6.9% of our canned fruit and juices. The percentage of total supply in each of these categories was lower than last year's.

"Increased percentages were noted in dried fruits, canned vegetables and dried peas. There was no change in percentages of corn and wheat and their products."

Benes Felicitated By Roosevelt, Stettinius on Anniversary of Czechoslovakia Independence

In congratulating President Eduard Benes (in London) on the occasion of the anniversary of the independence of Czechoslovakia, President Roosevelt referred to "this anniversary of the independence of Czechoslovakia" as of "especial significance." Washington advices on Oct. 27 to the New York "Times" reporting this, further indicated President Roosevelt as saying:

"The people and armed forces inside Czechoslovakia have joined actively and gloriously with their countrymen abroad in the ranks of the nations united against tyranny, and can look forward confidently to the celebration of future anniversaries in the full enjoyment of unsuppressed freedom.

"We Americans salute our Czechoslovak comrades-in-arms who are today so bravely contributing to the liberation of their homeland and the rest of Europe.

"The close ties and deep sympathy between the democratic peoples of Czechoslovakia and the United States have never ceased to find concrete expression since the days of President Masaryk and President Wilson.

"I look forward to the day when, victorious after a second great war for freedom, they can continue to work in harmony for their mutual security and welfare in a peaceful world."

In the same advices it was noted that Edward R. Stettinius Jr., Acting Secretary of State, in a statement said the people of Czechoslovakia were winning their fight for freedom and, with all the United Nations, would win the fight for lasting peace. Mr. Stettinius said:

"Today is the anniversary of the founding of the Republic of Czechoslovakia. The people of Czechoslovakia, within their own country as well as abroad, are boldly facing the despoilers of Europe, and wisely planning with the other free-spirited nations for a sound and just peace when that struggle shall have been won. They are winning their fight for freedom; they, with all the United Nations, propose to win the fight for lasting peace.

"This occasion makes it appropriate to recall the great contributions which the people of Czechoslovakia have always made in maintaining freedom, in advancing civilization and culture, and in forwarding international cooperation. May they long continue in that role."

Survey Shows Veterans Expect to Return To Pre-War Jobs

The great majority of life insurance men and women who are in the armed forces are expected to return to their pre-war jobs when they leave the service, according to the Institute of Life Insurance, which on Oct. 25 stated:

"A survey just made by the Institute shows that most of the life insurance companies expect 70% to 100% of their former employees to return to their pre-war posts or equivalent jobs with the same company.

"Adequate provision for the returning service men is one of the matters being given especially close attention by life insurance offices today. The companies are setting up definite plans to make certain that those who left to join the armed forces are quickly reestablished in satisfactory employment when they return. In some cases they are not only planning to reinstate them in their old jobs, if they want them, but are planning to help any who may not want to return to the old job to find other employment. Some of the companies are making detailed individual case studies in an endeavor to place the returning veterans most effectively.

"Many companies are now setting up special programs for retraining these employees as they return to their jobs. Refresher courses are being established for both home office employees and agents in the field."

In all but a few instances, the survey also shows, the companies believe that, in addition to absorbing all employees returning from service, they can also keep those added during the war who wish to remain. In addition, a number of these companies expect to add materially to total personnel from other returning service men.

Several life insurance companies, it is announced, are now working out special plans for the employment of disabled veterans, cooperating with local offices of Veteran Rehabilitation, and at least one already has its plans successfully in operation.

Additional Mail to Italy

Postmaster Albert Goldman announced on Oct. 30 that information has been received from the Post Office Department at Washington that international mail service has been resumed with six additional provinces in Italy. The provinces are: Ascoli Piceno, Grosseto, Macerata, Rieti, Terni and Viterbo. Mr. Goldman's advices state:

"The service is confined to personal correspondence. Commercial, financial or business communications may not be sent for the time being. Checks, drafts, securities and currencyy are excluded. Facilities are not yet available for registration, insurance, air mail, parcel post and money orders. When conditions warrant, personal support remittances will be authorized by the Treasury and War Departments. The weight limit on letters from the United States is two ounces and on those from Italy 40 grams. The mail is subject to censorship.

"Previously service was resumed with Sicily, Sardinia, and the mainland provinces of Aquila, Avellino, Bari, Benevento, Brindizi, Campobasso, Catanzaro, Chieti, Cosenza, Foggia, Frosinone, Lecce, Littoria, Matera, Naples, Pescara, Potenza, Reggio Calabria, Rome, Salerno, Taranto, Teramo, and with Vatican City State.

Sisto Plea Denied

The Securities and Exchange Commission has denied the application of J. A. Sisto & Co., New York City, for admission to membership in the National Association of Securities Dealers, Inc. In its findings, the Commission stated:

"We think the record of Sisto's relationships with Sisto Financial Corp. and with Barium Stainless Steel Corp. has a particular relevance to the issue whether Sisto's underwriting activities should be facilitated by permitting him to become a member of the NASD.

"Sisto's past record is not one of sporadic defections but rather one of a repeated pattern of action in which the use of affiliations for personal benefit at the expense of others seems to be the dominant factor. Under the circumstances, we cannot find it appropriate in the public interest to grant the application."

Favorable Outlook for Post-War Trade Between Latin America and U. S., Guaranty Trust Finds

In indicating the views of Latin-American bankers and business men as to the possibility and need for a large post-war trade with Latin America, the Guaranty Trust Company of New York states that the replies to its request for expressions of opinion, tend, for the most part to "support the view that the general outlook for post-war trade between Latin America and the United States is decidedly favorable."

"They recognize, however," says the trust company, in its "Guaranty Survey" of Oct. 31, "the extreme uncertainties that still surround such fundamental questions as international relations, trade barriers, free enterprise, currency stabilization and the prospect of lasting peace." "Our correspondents believe," continues the "Survey," "that rare opportunities for trade expansion exist but that the extent to which these opportunities can be realized will depend in large measure on the success with which the world meets the difficult task of reorganizing itself for a peaceful and prosperous existence."

Pointing out that "Latin-American holdings of gold and foreign exchange in the United States and abroad have reached the equivalent of more than $3,000,000,000, of which about two-thirds consists of gold, mostly in this country, and half a billion of United States dollars," the trust company in its monthly "Survey" reviewing business and financial conditions, says:

"These very substantial holdings of gold and foreign exchange have been built up through Latin-American countries supplying large quantities of their products to the United States and other nations allied against the Axis, while their opportunities for purchasing foreign goods have been limited by necessary wartime trade restrictions and transportation difficulties. As a consequence, there has accumulated presumably a large volume of deferred demand for goods from other countries, including the United States.

"Many industries in this country, with their productive capacities greatly expanded during the war, will be in an excellent position to meet an augmented Latin-American demand for their products—will, in fact, probably be in urgent need of such a demand. The same will be true of our merchant fleet, which has grown to enormous proportions as a result of emergency requirements for shipping facilities and can be kept adequately employed only if overseas trade is maintained at a high level." It was in view of these conditions, all of which, says the "Survey" point to the possibility and the need for a large post-war trade with Latin-America, the trust company recently asked for expressions of opinion concerning the outlook from those regarded as "well qualified to speak on the subject." In further making known their view, the "Survey" says:

"In most cases, our correspondents believe that the greatest opportunities for expansion of their export trade lie in those products, mainly agricultural commodities, that have formed the mainstay of such trade in the past. It is recognized, of course, that new industries have developed in Latin America as a result of wartime conditions and that their existence may affect future trade relations, for a time at least. There is considerable doubt, however, that the majority of these new industries can permanently operate in international competition at levels high enough to make them major factors in the aggregate trade situation.

"Opinion is almost unanimous that the greatest possibilities for post-war expansion of United States exports lie in industrial and agricultural machinery, transportation equipment, building materials and durable consumer goods such as electrical and radio equipment, refrigerators, etc. Chemicals and fine textile products also are prominently listed.

"Among desirable plans and preparations for expanding trade and promoting economic cooperation, by far the greatest emphasis is placed on two requirements: better transportation facilities and sounder commercial methods. The need for improved transportation is felt chiefly in ocean shipping, although in some cases the primary stress is on internal transport as a prerequisite to the general economic development of the country. The possible helpful effects of lower freight and tariff rates and more liberal trade regulations receive frequent mention. Almost as important, in the Latin-American view, is the requirement that traders in the United States give more attention to the adaptation of their products and their trading practices, including terms of credit, to the needs and customs of their Latin-American markets and sources of supply. . . .

"A second need is believed to be the quickest possible restoration of free enterprise. To a certain extent, the evil of governmental interference under present conditions is recognized as unavoidable; but, in the words of one correspondent, 'it is an evil still, and I hope that all countries will realize the need for a gradual return to other forms of organization, where more liberty will be given to the individual and less power to the state, which is the essence of democracy.'

"A third requirement is the establishment of currencies on a sound basis. 'Currency manipulations,' according to one correspondent, 'besides being economically harmful, are also politically dangerous, as they contribute to destroy the middle classes and place power in the hands of extremist parties, who have, or think they have, all to win and nothing to lose through political or military adventures.' The success of plans for currency stabilization 'will largely depend on the ability of all governments to reduce their expenditure.'"

Anniversary Greeting To Turkey By FDR

President Roosevelt in sending anniversary greetings to President Ismet Inonu of Turkey, on Oct. 30 had the following to say according to Associated Press accounts from Washington Oct. 30:

"Upon this national anniversary of Turkey the people of the United States join me in sending to you and to the people of Turkey congratulations and best wishes."

In the New York "Times" of Oct. 31 it was stated:

Turkey celebrated the 21st anniversary of the declaration of the republic "with unparalleled shows and parades," the Ankara radio reported. Ambassador Joseph C. Grew congratulated the Turks in a special broadcast.

The Columbia Broadcasting System recorded the broadcast, which quoted Mr. Grew, who had served as the first United States Ambassador to the Turkish Republic, as saying that the achievement of Mustafa Kemal Ataturk and Ismet Inonu 21 years ago "could be compared to that realized by the United States. In both cases, strong foundations were laid down and both nations went forward in strength."

English Gold and Silver Markets

We reprint below the quarterly bullion letter of Samuel Montagu & Co., London, written under date of Oct. 2:

Gold

The amount of gold held in the Issue Department of the Bank of England during the months of July, August and September 1944 was unaltered at £241,718.

The Bank of England's buying price for gold remained unchanged at 168/- per fine ounce, at which figure the above amount was calculated.

The Transvaal gold output for the months of June, July and August, 1944 is shown below, together with figures for the corresponding months of 1943 for the purpose of comparison:

	1944
June	1,038,331 fine ounces
July	1,039,851 fine ounces
August	1,053,954 fine ounces

	1943
June	1,064,572 fine ounces
July	1,089,708 fine ounces
August	1,059,932 fine ounces

Silver

Conditions in the London Market showed no change and throughout the three months under review the price remained unaltered at 23½d. per ounce standard for both cash and two months' delivery. Silver from official stocks, with occasional small offerings from production sources, provided the supplies and buying was again restricted to requirements for war industries.

There were, however, interesting developments in the Bombay Market. The Government's intentions regarding the sale of American lend-lease silver were not made known as early as anticipated, and this led to a demand to cover short sales; as a result the price was forced up to Rs. 139-8-0 per 100 tolas (equal to 61 15/16d. per ounce standard) by July 31st. In the meantime, a deadlock had arisen in the Market owing to the refusal of Bulls to comply with the resolution of the Bombay Bullion Exchange which permitted the renewal of ready delivery contracts under a penalty of one rupee to the buyers. Bulls claimed that the resolution was contrary to the Defense of India Rule prohibiting forward dealings in silver and insisted on fulfilment of contracts; on the other hand Bears claimed protection from the Bullion Exchange Board, maintaining that the position had been created by the Board's rules on the understanding that physical delivery would not be called for. The matter was referred to the High Court and on August 4th it was announced that trading in silver would be suspended until further notice as a result of an interim injunction restraining the Bullion Exchange from enforcing their resolution.

On August 7th the Reserve Bank asked for tenders for 200 bars of silver and some 150 bars were tendered for and accepted at Rs. 131 and over; on the following day it was reported that the Reserve Bank would offer 200 bars of silver daily and these sales eased the situation in the Market. Dealers were reported to be settling differences direct with each other on a basis of Rs.134 to Rs.135 and it was estimated that the large majority of the transactions outstanding were adjusted, leaving only a few to be settled by the Court should the parties concerned so decide.

The Market re-opened on Aug. 24th, with prices showing an easier tendency on favorable war news, and sales by the Reserve Bank proceeded until, owing to the steady fall in prices, tenders were at prices too low to be acceptable. Peace rumors, reports that the Reserve Bank would sell at lower rates and arrivals of silver from up-country hastened the decline in price and Rs.119-6-0 was touched on Sept. 21st (this price equals about 53d. per ounce standard). Subsequently, bear covering caused a slight rally and the quotation on Sept. 29th was Rs. 121-12-0.

National Selling Program Announced By Treasury's Office of Surplus Property

In furtherance of what he announces as "a National selling program of interest to all purchasers of surplus property," Russell C. Duncan in Charge of Sales and Merchandising of Treasury's Office of Surplus Property stated on Oct 28, that "no longer will it be necessary for persons to contact each of the eleven regions of the country to determine what surpluses are available because information on all large quantities of goods will be available right 'next door' to each regional office".

A "Surplus Reporter" says Mr. Duncan, "is to be issued from each regional office at regular intervals. This will advise firms on Treasury's mailing list what the Treasury has to sell, the area in which material is located and the general method which will be used to sell it."

Mr. Duncan's announcement continued:

"Interested purchasers will then contact the regional office and indicate their interest. If disposition is to be made by invitation to bid, forms will be sent. If sale will be made by fixed price, negotiation or otherwise, the prospective purchaser will be so advised.

"The new system will discontinue the practice of automatically sending invitations to bid. In the future, those interested will request invitations on specific items after they have received notice of what is available.

"The new plan will cut down enormously the amount of paper and manpower consumed in the process of disposing of surplus and at the same time furnish more complete information of things to sell.

"The new plan will eventually cover all eight divisions of Treasury's Office of Surplus Property consisting of the following: Furniture, Hardware, Machinery, Automotive, Textiles and Wearing Apparel, Medical and Surgical, Paper and Office Supplies, and General Products."

Mr. Duncan further stated that the Washington Office of Surplus Property will act as a policy, pricing and directorial staff, and as it is organized on a commodity division basis, each of the 11 regional offices are being set up with eight commodity departments to confirm with Washington. In charge of each of these Regional Departments will be a marketing specialist, who is a seasoned business man, familiar with trade practices in his particular field. It is added:

"Present mailing lists are being completely revised and those on the regional mailing list are being sent a form to check and return for the information they desire.

"Treasury's 11 Regional Offices of Surplus Property and the States they comprise are as follows:

"Region I—Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. Region II—Pennsylvania, New Jersey, New York. Region III—Washington, D. C., Delaware, Maryland, North Carolina, Virginia. Region IV—Indiana, Kentucky, Ohio, West Virginia. Region V—Illinois, Michigan, Minnesota, North Dakota, South Dakota, Wisconsin. Region VI—Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee. Region VII—Arkansas, Louisiana, Oklahoma, Texas. Region VIII—Iowa, Kansas, Missouri, Nebraska. Region IX—Colorado, New Mexico, Utah, Wyoming. Region X—Arizona, California, Nevada. Region XI—Idaho, Oregon, Montana, Washington.

War Bond Redemption Through Banks Working Satisfactorily

"The new machinery for using qualified commercial banks and trust companies to pay eligible United States Savings Bonds is working satisfactorily, and redemptions now seem to be tapering off," Secretary Morgenthau said on Nov. 2. "I believe this indicates," he continued, "that the great majority of investors are patriotically determined to keep their money in the fight for freedom, victory and peace.

"While redemptions in October amounted to $400,000,000," said Mr. Morgenthau, "some of the increase may be explained by (1) the delayed cashing-in of bonds to take advantage of the new simpler and faster procedure inaugurated last Oct. 2, and (2) misunderstanding in some quarters as to the reasons for the new redemption machinery, some people interpreting the Treasury's announcement of Aug. 29, [which appeared in our issue Sept. 7, page 1961], as a request by the Government to exchange their bonds for cash. This, of course, was not the case."

Mr. Morgenthau added:

"While there are over 50,000 issuing agents in the country, there were only 37 paying agents (the 12 Federal Reserve Banks with their 24 branches and the Treasurer of the United States) before Oct. 2, compared to some 13,000 paying agents under the system now in effect.

"Redemptions for the month of October amounted to 1.06% of the amount of all U. S. Savings Bonds outstanding. This compares with a redemption rate of 76/100ths of 1% of the amount outstanding in September and 85/100ths of 1% of the amount outstanding in May, the highest previous percentage of redemptions in a single month.

"With $42,700,000,000 of all U. S. Savings Bonds issued from the beginning of the program in March 1, 1935, redemptions for the same period aggregated $5,100,000,000, thus leaving 88.1% still invested in these securities."

Amend Rule W On Loans to Servicemen

The Board of Governors of the Federal Reserve System announced on Nov. 4 that it has adopted Amendment No. 14 to its Regulation W, relating to consumer credit, the amendment becoming effective Nov. 6. The board says:

"The purpose of Amendment No. 14 is to exempt from the provisions of the regulation any loan guaranteed by the Administrator of Veterans' Affairs pursuant to Title III of the Servicemen's Readjustment Act of 1944. The amendment is as follows:

"Amendment No. 14 to Regulation W, issued by the Board of Governors of the Federal Reserve System:

"Regulation W is hereby amended, effective Nov. 6, 1944, by adding to section 8 entitled 'Exceptions' the following new subsection:

"(q) Servicemen's Guaranteed Loans—Any extension of credit guaranteed in whole or in part by the Administrator of Veterans' Affairs pursuant to the provisions of Title III of the Servicemen's Readjustment Act of 1944."

Problem Of Gold Redistribution

(Continued from first page)

sound monetary and credit practices at home, and otherwise keep their financial houses in order can the exchange values of their currencies be permanently maintained. When such policies are followed, no international fund is required to keep exchange rates at parity. When they are not followed, any attempt to enforce an arbitrary and unreal stability is not only futile but dangerous."

Perhaps, and wisely so, it was deemed best that these matters should be left for automatic solution or to be adjusted independently by each nation in a manner that suits its own interests. All evils are cured by time, but before the slow evolutionary processes involved in natural adaptation are worked out, the whole handsome structure, so ostentatiously set up amid the rugged beauties of the White Mountains, may collapse or become obsolete. Certainly, if the International Monetary Fund and the International Bank for Reconstruction and Development are to fulfill the purposes expected of them, they should function immediately during the transition period from a wartime to a peacetime economy. This would imply that all problems relating both directly and indirectly to international exchange stabilization and monetary harmony should be worked out simultaneously and should not be left to the exigencies of haphazard and independent adjustments.

As stated in the well-known Macmillan Report to Parliament in 1931, "it is highly desirable that throughout the world the disadvantages of the immobilization of gold, and the laws whereby a high proportion of the world's gold is rendered sterile, should be modified, and we should not maintain any legislation which conflicts with this aim."

Notwithstanding the efforts here and abroad to belittle the importance of gold reserves in future monetary adjustments and in effecting the settlement of international balances, it appears quite clear that the basis of the whole structure of both the International Monetary Fund and the International Bank is the recognition that gold (or its equivalent in United States dollars) is to continue to be the international exchange medium. The quotas of contribution to both the Fund and the Bank are stated in United States dollars of their present weight and fineness. The contributions to the Bank's capital are specifically set up as being payable in gold or dollars—and it is specifically provided that any loans made or guaranteed by the Bank, regardless of the currency in which it is made, must be repaid in its gold equivalent at the time the loan is made, thus assuring the Bank against losses due to currency depreciation in terms of gold.

Assuming the retention of these provisions, should the actual functioning of the Fund and the Bank take place, it will be extremely important to the success of its operations that the participating nations be supplied with the gold reserves they should normally require. But nothing along this line has as yet been done or even widely and openly discussed. Yet, it cannot be denied that there is a serious lack of equilibrium in the present distribution of the world's monetary gold.

The disequilibrium is even more pronounced than after the end of the last war. The maladjustments in international trade and the monetary chaos which were experienced then are likely to occur again, and the ultimate "come through" may follow along the same unpleasant lines, unless action is taken or means are discovered in advance to avoid the mistakes and mishaps of the past. As stated by Dr. Charles O. Hardy, Vice-President of the Federal Reserve Bank of Kansas City, in his monograph on "The Post-War Role of Gold," — "The situation in which important countries hold excess reserves which rise and fall without any effect on the money markets and the purchasing of the communities, is incompatible with the effective operation of the gold standard. The various money markets must not be insulated from the effects of gold movements. This means not merely that markets must be tightened when the balance of payments leads to a loss of gold, but also that they must be eased by an inflow of gold."

Of course, it might be said that conditions are different now, that "managed currencies" have been substituted for the gold standard in most countries, and that the currency inflation and monetary chaos following World War I will be studiously avoided after the present conflict. But can we count on this wishful thinking?

II

It may be of interest in connection with the solution of the problem to review briefly the redistribution of gold reserves following the First World War. When hostilities ended late in 1918, the central banking reserves of the leading countries were slightly under $8 billions (old value), estimating Russia's supply at about $666 million. Of this total, the United States held approximately $3 billion. The remainder was largely comprised in the reserves of Great Britain, France and Switzerland. The Central Powers and the newly created States were left almost entirely without a monetary gold supply, and the South American countries had practically little in the way of metallic monetary reserves.

During most of the next decade, the nations experiencing an inadequate amount of gold for foreign exchange purposes, struggled to obtain the necessary supplies in order to return to a gold basis, and, as a result, a measure of redistribution was finally accomplished. All belligerents, with the exception of Great Britain and the United States, resorted to currency devaluation. Hyper-inflation in Germany, Austria, Russia, and Poland resulted in the extinguishment of the old exchange medium and left the way open for the creation of new money. France devalued at about one-fourth of its previous gold parity and Italy adopted a similar policy, but England gradually restored the old unit of value and in 1925 resumed the redemption of Bank of England notes. Several South American countries made efforts, with some temporary success, toward linking their currencies to gold, so that within a decade after peace the world was again on an international gold standard basis.

All this meant a process of a gradual redistribution of gold, despite the fact that up to the time Great Britain restored the gold standard, the United States continued to accumulate the metal. Without going into the historical details regarding the methods by which this change was accomplished, three principal factors may be said to have played a part in the restoration of partial equilibrium. First, there were the so-called stabilization, reconstruction, and other loans which were made by the United States Government and private investors to foreign countries. These, combined, are roughly estimated to have been as much as $25 billions. A large part of these loans, however, played little part in restoring monetary stability, since the proceeds were used to purchase goods in the United States and elsewhere.

Another method employed was the creation of foreign balances in gold standard countries through exports or through short term loans on current account. This represented a switch in the basis from an "out-and-out" gold standard to a semblance of the gold exchange standard. This standard was officially recommended by the Genoa Conference, which met in the spring of 1922, to consider the problems of financial reconstruction, and was adopted by several of the newly established nations such as Poland, Czecho-Slovakia and Hungary. Argentina and Mexico also restored the system. It did not, as a whole, work out successfully. The reasons for its failure, particularly after 1929, will be discussed later. But it did, for a time, assist in correcting a bad foreign exchange situation in some of the countries that resorted to it, though it eventually proved to be somewhat disastrous to the creditor and gold standard nations, such as Great Britain and the United States. It was because of the withdrawal of foreign balances created by the gold exchange countries in 1931 that led directly to the suspension of the gold standard by Great Britain.

Another means of establishing or, rather, of dispensing with a metallic reserve was the creation of international monetary or exchange "areas," or "blocs." The system is, in reality, a phase of the gold exchange standard, except that an "area" may not constitute a group which definitely links its currencies to gold. The so-called "sterling area" is the outstanding example of the system. This consisted of a group of countries, comprising the British Commonwealth of Nations (excluding Canada), as well as the Scandinavian and Baltic States, together with Portugal. These nations kept their exchanges stabilized in terms of the pound sterling rather than by adhering to a fixed quantity of gold in the monetary unit, and, as in the case of the gold exchange standard, each participating country sought to maintain a credit balance in Great Britain.

The scheme naturally dispenses with the necessity of maintaining a domestic gold reserve to settle balances among the participants in the "area," and thus economizes the use of gold both at home and in foreign exchange transactions. An arrangement of this sort is now practically in effect between the United States and several Latin American countries. And as E. M. Bernstein, Assistant Director of Monetary Research, United States Treasury, recently announced (See "Chronicle" of Sept. 7th, page 1046) "the fact that in the latter part of the 1930's the exchanges of the American republics is in part due to the arrangements we had made with some of these countries for stabilization of the exchanges and for consultation on exchange policy. Although under these agreements we undertake to provide dollar exchange when needed for stabilizing the currencies of cooperating countries, we have never lost a cent under any of our stabilization arrangements." And considering Great Britain's experience in 1931, I might add, "we can only hope but not absolutely expect that we never will."

Still another and, undoubtedly, a more effective method of building up a gold reserve or stabilizing the exchange value of a domestic currency is that employed by France for more than a decade preceding the present war in Europe. Strongly desirous of avoiding a renewal of depreciation and devaluation of the franc after its restoration to a gold basis, France took drastic measures to fortify its monetary metallic reserve.

The means of effecting this were, (1) discouraging French investments abroad through heavy taxation, and (2) by severely limiting the importation of foreign goods and services. Both these measures seem to have accomplished the purpose. During the period from 1926 to 1933, the gold of the Bank of France increased from $711 million to $3,257 million. Some of this increase may be ascribed to the repatriation of French capital following the revaluation of the franc, but the bulk of it arose from the policy of creating a favorable balance of payments, and the making of France the leader of the "gold bloc" nations, in opposition to the "sterling area."

The struggle that France maintained against the incursions of the British and American policy of competitive exchange depreciation, after Great Britain abandoned the gold standard in 1931, was not in vain, since the Tripartite Agreement of 1936 had for its purpose the cessation of further exchange depreciation of the three nations involved.

III

We now come to a consideration of the problem of gold redistribution after the present war. It is quite evident that the conditions will differ to some extent from those prevailing immediately following the last war. It is quite possible also that gold will not occupy as important a position in the restoration of monetary stability as formerly. But it should be borne in mind that the present conflict is more widespread and more devastating that the struggle of a quarter of a century ago, so that the dangers of post-war inflation and monetary chaos are even more pronounced.

This condition undoubtedly has been recognized by the statesmen and the economists of the principal allied powers. The Bretton Woods agreements are but one of the many measures which have been or should be proposed to prevent or to combat it.

When hostilities end in the devastated areas, the governments of the nations involved will seek to enter immediately upon reconstruction activities. All this will involve heavy expenditures under a condition of reduced taxable resources. This is a situation inviting a resort to post-war monetary inflation. It behooves the United States Government, in its own economic and political interests, as the government of the richest and best equipped nation to take every measure possible, consistent with the recognition of the domestic sovereignty of other nations, to prevent such a calamity. As we now hold the bulk of the world's supply of monetary metal, and can very well get along with a considerably reduced amount, one or several methods or contrivances should be devised to effect an equitable and sane redistribution among the trading nations.

As pointed out above, the Bretton Woods agreements provide no effective measures for accomplishing this, and seem to neglect the problem. The difficulty must be faced, however, and some solution attempted, since, if neglected it may lead to the collapse of the whole scheme of multilateral economic cooperation, and bring about the trade disruptions and political and economic disturbances that followed the last war.

What are the measures to be taken?

Setting aside the likelihood or advisability of "free gifts" of gold to those nations requiring it, the first measure of relief that might be proposed would be long-term loans by the United States Treasury or by private investors for currency stabilization. The Bank for Reconstruction and Development, if it comes into existence in time, could foster such loans, not only by direct grants from its own gold capital but through its guarantees. International guaranteed loans for such purposes are not new. The League of Nations Loan to Austria after the last war, which guaranteed in severalty by a group of nations, is an example. But such loans are ineffective as a remedy for permanent currency stabilization, unless they restore an equilibrium in the balance of payments of the borrowing country. Otherwise, the gold proceeds are likely to revert to the very nations from which they were derived. A monetary stabilization loan, if it is to accomplish its purpose, should be granted only to a country that has, or will have, under normal conditions, a favorable balance of payments. Such a situation will not exist for a considerable period of time in most of the nations requiring a restoration of its metallic monetary reserve to stabilize their currencies, and, to them, stabilization loans, unless continuous, will mean merely temporary relief.

Another suggested remedy would be the acceptance of a large volume of merchandise imports from the gold impoverished countries.

This, the natural remedy under the perfect operation of economic laws, would involve difficulties that seem insurmountable. It would mean a drastic change of tariff policy and a disruption or distortion of our domestic economy. Politically it appears impossible of accomplishment, so it will not be further discussed here.

A further suggested move is that the United States price of gold here should be drastically lowered. By this lowering the purchasing power of our money, other nations, in competition with our home producers, could more readily export goods and services to us, and in this way drain off our excess gold. Here, again, we are brought face to face with economic and political stumbling blocks. We have had enough trouble from "tinkering with the currency," and it is not likely that the people of the nation will readily consent to a renewal of it.

Moreover, it should be remembered that the prohibiting, within a restricted limit, of the alteration of a domestic currency in relation to its gold parity is probably the most important provision to be found in the set-up of the International Monetary Fund. It would certainly be paradoxical for the prime supporter of monetary stabilization to resort to this procedure.

Another proposal along similar lines is that the United States Treasury should discontinue its gold buying policy, and, in this way check a further influx of gold here. This would enable new supplies to go to other countries which have a greater need for it. Embargoes on gold imports are not without examples in recent history. Sweden, during the last war resorted to it, and Switzerland has, from time to time, discouraged gold deposits from abroad. Moreover, there is likely to be a new flight of free gold from the devastated countries following the war, particularly if there is threat or danger of inflation, or, if laws are proposed or enacted prohibiting the hoarding of gold. This may not be serious, because of the general scarcity of free gold in the devastated countries, but it will be a factor in aiding further accumulation and retention of gold in the United States, as after the last war.

There are, indeed, some strong objections to the restriction of gold movements. To resort to such measures, would, in fact, nullify the prime purpose of the Bretton Woods agreements. It will be recalled that Great Britain was averse to the provision in the International Monetary Fund which requires a participating country to accept gold from the fund in settlement of credit balances, but such a provision was finally inserted, so that the institution of a gold import embargo would mean a violation of the constitution of the Fund.

The last and probably the most practical and effective proposal is one that requires no governmental or fiscal action at all. This amounts to nothing more than building up economic and political stability abroad through capital investment. American capitalists, as their English cousins did in the past, will have no hesitation in placing investments abroad, if they see opportunities for profit. The flow of capital, other things being equal, is generally toward fields which furnish the highest rate of return. This is an established economic law. But it can operate only when and where there is economic and political stability and security of property. The rebuilding of Europe and the redistribution of the gold supplies can be accomplished much more rapidly with the assistance of American capital and the application of sound American business and financial acumen. Certainly, there should be no political or economic objections to "normalizing" of our gold hoard by proper and judicious investments abroad.

There will arise, of course, the argument that we have tried all this after the last war with unfavorable and unpleasant results to ourselves. But the dark side of the picture of our experiences with investments abroad tend to be grossly exaggerated, whereas the favorable and beneficial aspects have been belittled. Nor were these loans, in the main, negotiated and distributed, as stated recently by Mr. Bernstein of the Treasury Department, through fraud and deceit. The errors and misjudgments were due in large part to the reckless rivalry, and greed, as well as to the inexperience of American bankers with foreign financing.

Many of the foreign loans which were issued in the United States should not have been distributed to the public as investments, but, instead, should have been carried directly by capitalists, who were capable of bearing the risks involved. They were not meant for widows and orphans. As stated by Dr. Amos E. Taylor, the Director of the United States Bureau of Foreign and Domestic Commerce, in a pamphlet issued by the Monetary Standards Inquiry a short time ago:

"It should not be assumed that after the war, the experiences in the American foreign investment of the Twenties will be repeated. Under conditions, short of sustained world prosperity and strongly established political order and world wide monetary stability it is possibly safe to expect that equity investments will provide the primary medium for international investment. So-called 'direct' investments imply the usual risks and do not exert the pressure on the exchanges under the unfavorable conditions as do obligations calling by contract for specific annual payments in currency to the creditor."

The export of capital has been, perhaps, the greatest factor in the expansion of international trade and economic development that the world has known in the last two centuries. It was largely by this means that our own great country was aided in the rapid development of its economic and financial resources. And it was mainly by export of capital that Great Britain became the world's financial center and a leading trading nation, and that, by the same means she was enabled to draw upon remote resources to carry on two destructive and expensive wars within a generation.

In the evolutionary process whereby the United States in the brief period of a quarter of a century has changed from a debtor nation to the leading creditor nation, it cannot be expected that the duties and responsibilities involved in this change can be abruptly set aside, and a policy of financial isolation and economic insulation readily substituted for it. If this nation is to maintain the leadership in international political and financial affairs which the Bretton Woods agreements have thrust upon it, we must either follow an altogether altruistic policy of unadulterated charity or we must help our neighbors by seeking at the same time to help ourselves. Our future foreign investments, therefore, should be made strictly on a business basis, and our own interests should be a prime consideration.

Differences Between Old League of Nations And United Nations Organizat'n Dumbarton Plan

The question as to what is to become of the old League of Nations with the creation of the proposed United Nations Organization—one of the objectives of the Dumbarton Oaks Conference—is cited in recent press accounts from Washington as one of the problems raised by the proposal of that Conference.

In dealing with the subject, special advices from Washington, Oct. 9, to the New York "Times" had the following to say:

During the war years the institution which failed to keep that peace has dropped from sight and small account has been given to the fact that it subsists juridically and actively with a membership of more than forty nations.

The political bodies of the League, the Council and the Assembly have not met since the war, but all the other League departments, including the International Labor Office and the World Court of Justice, in which the United States is represented, are actually functioning either at regular headquarters or in temporary offices established in other parts of the world.

The destiny of the old League is probably to become merged with the proposed new organization, but if legality is to be maintained and proper use made of all the League of Nations services, the mere fact of the League's existence offers many problems for the nations to solve.

What is to become of the League of Nations building in Geneva and the Court of Justice in The Hague? How can the powers conferred on the League by several hundred treaties be transmitted? What is to become of a corps of experienced workers and administrators which the League assembled? And what of their pensions?

Such questions, in the opinion of jurists, will require a meeting of the old League governing bodies, if only to liquidate the organization and transfer its powers.

According to a recent survey, the situation of the Geneva League of Nations and its activities is as follows:

The Palace of the Nations has been kept open, under the direction of Sean Lester of the Irish Free State, the secretary-general. The marvelously decorated assembly rooms and other parts of the buildings were closed and many of the personnel released. A force of about 80 persons was kept on duty.

One of the wartime efforts of the League has been the Health Section, which has obtained much information on conditions prevailing in the European countries. This has been put at the disposal of the United Nations Relief and Rehabilitation Administration, and in general League services have been cooperating with the various Allied agencies. In return, League officials have been invited as observers to the different UNRRA conferences. The League Health Section is preparing to open a bureau in the Far East.

Employees of the International Labor Office were transferred from Geneva to Montreal, where more than 100 persons were installed under the auspices of McGill University. Conferences of this body, the only League organization in which the United States is a full participating member, have been called in New York and recently in Philadelphia.

Another of the League sections that has migrated is the Anti-Drug Commission, which is established in Washington.

Members of the economic and financial section of the League left Geneva in 1940 and set up temporary headquarters for their work at Princeton University.

The magnificent World Court of Justice Building in The Hague stands vacant except for representatives to preserve the title and existence of the court. But the court is legally still in being and its justices are subject to call.

Most of the League's 40 members are continuing to pay their dues. Most of the occupied countries have made token payments.

With a budget reduced from some 32,000,000 francs to less than 14,000,000, the League of Nations manages to meet financial obligations and, despite its apparent eclipse, remains legally and otherwise a going concern.

In answer to the question as to how the new proposed world organization differs from the old League of Nations, United Press advices from Washington, as given in the Milwaukee "Journal" of Oct. 15 presented the following outline of major differences as cited by a student of both organizations:

1. The League was empowered to deal only with acts of aggression or war; the new organization could act "where threats to or breaches of the peace are involved."

2. Both the Assembly and the Council of the League had similar powers for dealing with matters affecting world peace; the new organization places that responsibility with the Security Council alone, allowing the Assembly only to discuss such issues.

3. The League covenant said it did not affect "regional understandings," like the Monroe Doctrine, for securing the maintenance of peace; the new organization could decide whether such regional arrangements were consistent with it and would require Security Council authorization before enforcement action could be taken under such arrangements.

4. The new organization would place two obligations with respect to armed forces "not explicitly recognized under the League." The obligations are "to make available forces, facilities and assistance necessary to the Security Council in maintaining peace and to hold immediately available national air force contingents for combined international enforcement action."

5. The League Assembly and Council had similar functions with respect to economic and social questions; the new organization assigns responsibility for those fields to the Assembly and would create under the Assembly a special 18-nation economic and social council.

6. The League Covenant required unanimous vote on important issues and at times there were 60 members of the Assembly. The unanimity rule "would not be applied in the new organization, except in restricted categories of cases, yet to be completely defined, where unanimity of the permanent members (five) of the Security Council would be necessary."

7. The League had only one Council to handle all matters; the new one would have a Security Council and an Economic and Social Council.

8. The Permanent Court of International Justice was only related to the League; the new court would be one of the organization's principal organs.

9. The new organization would have a military staff committee, comprised of the chiefs of staff of the Permanent Security Council members. The League had nothing of this sort.

10. The six non-permanent members of the new Council would not be eligible immediately for reelection; under the League, there developed semi-permanent seats since once a nation got on the Council there was no way of getting her off.

11. The League admitted new members by action of the Assembly only; the new organization would also require recommendation of the Security Council.

12. The League said nothing about behavior of nonmember States; the new organization could take steps to ensure that nonmembers acted in accordance with the new charter "so far as might be necessary for the maintenance of international peace and security."

13. The new organization would suspend the rights and privileges of a member against which preventive or enforcement action is taken, a provision not included in the League covenant.

14. The charter of the new organization would be an independent instrument, unlike the League covenant, which was part of the Treaty of Versailles.

The text of the Dumbarton Oaks tentative proposals to maintain peace was given in our Oct. 12 issue, page 1611.

ABA 14th Mid-Continent Trust Conference To Be Held in Chicago Nov. 9 and 10

Post-war taxes, trust investments, pension trusts, and returning veterans will feature the program announced on Oct. 24 for the 14th Mid-Continent Trust Conference to be held in Chicago at The Drake Hotel, Thursday and Friday, Nov. 9 and 10, W. Randolph Burgess, President of the American Bankers Association and Vice-Chairman of the Board of The National City Bank of New York, will be the featured speaker on the second day's program. On Thursday evening the guest speaker for the annual dinner will be Dr. Walter H. Judd, Congressman of the Fifth District, Minneapolis, Minn., who spent many years in China as a medical missionary. The conference will be held under the auspices of the Trust Division of the American Bankers Association, and the Corporate Fiduciaries Association of Chicago will act as host.

The conference territory includes the following States: Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, and Wisconsin.

Frederick A Carroll, President of the Trust Division, and Vice-President of the National Shawmut Bank of Boston, Mass., has announced the following program:

Thursday morning, Nov. 9: Remarks of welcome, Mark W. Lowell, President, Corporate Fiduciaries Association of Chicago and Vice-President, Continental Illinois National Bank and Trust Co. of Chicago. Address of the President, Frederick A. Carroll, President, Trust Division, and Vice-President and Trust Officer, The National Shawmut Bank of Boston, Mass. "The Post-War Trust Dollar — and Common Trust Funds," Albert W. Whittlesey, Trust Officer, The Pennsylvania Co. for Insurances on Lives and Granting Annuities, Philadelphia, Pa. "Post-War Taxes," G. Sidney Houston, Manager, Investment Research Department, First Bank Stock Corp., St. Paul and Minneapolis, Minn.

Thursday afternoon, Nov. 9: Presiding, Roy C. Osgood, Vice-President, The First National Bank of Chicago, Chicago. "Interest Rates and Government Bonds," Dr. James Dolley, Director of Research and Statistics, Federal Reserve Bank, Dallas, Texas. "Outlook for Common Stocks as Trust Investments," Roland C. Behrens, Vice-President, St. Louis Union Trust Co., St. Louis, Mo. "Technological Developments of the War and Their Effect on Post-War Industries," Harold Vagtborg, Director, Armour Research Foundation, Chicago, Ill.

Friday morning, Nov. 10: Presiding, James W. Allison, Vice-President, Trust Division, and Vice-President, Equitable Trust Co., Wilmington, Del. "The Life Insurance-Trust Team," N. Baxter Maddox, Vice-President and Trust Officer, The First National Bank, Atlanta, Ga. "Thirty Years Back and a Look Ahead in Trust Administration," Clarence E. Drake, Vice-President and Trust Officer, Northwestern National Bank of Minneapolis. "Post-War Problems and Opportunities for Smaller Trust Departments," Earl H. Cress, President, Ann Arbor Trust Co., Ann Arbor, Mich. "Expanding Horizons for the Trust Business," H. M. Bardt, Vice-President and Trust Officer, Bank of America National Trust and Savings Association, Los Angeles, Calif.

Friday afternoon, Nov. 10: Presiding, Evans Woollen, Jr., Chairman, Executive Committee, Trust Division, and President, Fletcher Trust Co., Indianapolis, Ind. "The Veterans' Place in Your Institution," William Powers, Director, ABA, in charge of Customer and Personnel Relations. "Tax Problems of Pension and Profit-Sharing Trusts," Dudley F. Jessopp, of Kirkland, Fleming, Green, Martin & Ellis, Chicago, Ill. "Banks in the Service of the Nation," W. Randolph Burgess, President, ABA and Vice-Chairman of Board, National City Bank of New York.

R. I. Bankers Plan to Help Small Business

At a special meeting on Oct. 25 of the Rhode Island Bankers Association, a plan recommended by the Association's Small Business Committee to insure small business of the area that all requests for post-war reconversion or expansion loans will be given consideration, was unanimously accepted.

The Providence "Journal" of Oct. 26 in reporting this said:

"Under the plan, every loan application made by small business to any commercial bank in Rhode Island, in the event the bank where application is made does not wish to grant the loan itself, will, with the applicant's approval, be referred to a committee on which every commercial bank of the State will have representation."

The committee which submitted the plan is headed by Rupert C. Thompson, Jr., President of the Providence National Bank, said the paper from which we quote, in which it was also stated:

"By thus making available for small business needs all the resources of the commercial banks of the State, T. Dawson Brown, President of the Association, said yesterday, the banks will insure that all loans, which individual banks, for one reason or another, may feel they cannot handle, will be considered on a cooperative basis if the applicant so requests."

In addition to Mr. Thompson, the Small Business Credit Committee which submitted the plan, includes the following bankers:

Arthur L. Perry, President of the Washington Trust Company, Westerly; James W. Thompson, President of the Aquidneck National Bank, Newport; Ralph S Richards, Vice-President of the Rhode Island Hospital National Bank; Walter F. Farrell, President of the Union Trust Company; George W. Holt Jr., Treasurer of the Lincoln Trust Company; William E. LaFond, President of the Woonsocket Trust Company, and Howard E. Gladding, Executive Vice-President of the Morris Plan Bank of Rhode Island.

Post-War Taxes

(Continued from first page)

cated problem. On the basis of an acequaintance with a great many members of both Houses of Congress, I do not hesitate to say that the level of statesmanship in those bodies is higher today than it has been in a great many years.

Sound Tax Program Essential

Congress is, as I say, fully aware of the realities that confront us as we prepare to shift from a war-time to a peace-time basis. Members of both of our major political parties appreciate the fact that if we are to provide employment for our people after the war is over, business must be encouraged to expand and to prosper. They appreciate that the development of a sound tax program is essential if we are to have that degree of national prosperity after the war has been won, which will assure employment for all. As I say, I happen to be quite optimistic over the prospect for the development of such a program. Many able men in Congress are addressing themselves, intelligently and conscientiously, in that direction.

There are certain basic considerations which I am confident the Congress will keep uppermost in mind in working out constructive tax legislation.

Congress realizes, first, that the perpetuation of our democratic form of government requires the preservation of the system of private capital.

Congress also realizes that subsidies and all forms of capital grant by the Government lead inevitably to Federal control and to the extension of bureaucracy.

Congress is aware of the fact that a virile and healthy capitalistic system in the post-war period must rest upon a reasonable balance of the Federal budget as soon as possible, upon the ready availability of credit and upon an abundance of venture capital. This, briefly, is the tax philosophy which we may expect Congress to apply in the enactment of the post-war tax legislation.

There have been periods, and in the recent past, when a tax philosophy was applied that was not conducive to our national well-being.

You may ask: "What tax philosophy dictated, in the main, the writing of the Revenue Acts from 1934 to 1940?" "What tax philosophy prevailed as in the case of the Revenue Acts of 1942 and 1943?"

I will dispense with the first question by stating merely that, obviously, reform was the predominant consideration. The record from 1934 to 1940 is full of inconsistencies. The influence of the Administration with Congress cast the Treasury Department in the role of dictating the most pronounced reform measures in taxation in our history. This condition can be understood in our democracy if we recognize the coalition of farmer and labor following the depression, perpetuated through subsidy and capital grants, all of this resulting in a colossal bureaucracy.

The Revenue Act of 1942, as but slightly modified by the Revenue Act of 1943, I regard as one of the soundest tax documents ever enacted by Congress. The tax philosophy which governed the writing of this legislation was the result of two developments—a movement to the right politically, and the impact of a global war. Congress became increasingly aware of the burning out of the former philosophy in Government as early as 1940 when that great balance of power between farmer and labor began to reassert itself.

The farmer, who loves his independence, felt the pinch of regimentation and control at a time when he began to experience a satisfactory seller's market for his commodities. I emphasize the significance of the fact that the great balance of power between farmer and labor, which makes this country the greatest democracy in the world, has reasserted itself. Those cardinal points which must and, I believe, will serve as the basis for constructive tax legislation—the fostering of private enterprise; the stamping out, within reason, of government subsidies and government capital grants; and a recognition of our credit and venture capital requirements—dominated the tax hearings that preceded the formulation of the 1942 legislation.

I know you are familiar with the machinery that functions in the writing of our tax laws. However, I am going to describe this process briefly, as I think it is important.

Procedure Outlined

Congress, in the final analysis, is charged with enactment of all revenue legislation; the President has the power of approval or veto. The Ways and Means Committee of the House of Representatives is vested with the authority and responsibility of originating our tax laws. This important committee is composed of twenty-five members, fifteen representing the majority party and ten the minority. At present, with the Democratic Party in control, Congressman Robert L. Doughton, of North Carolina, is chairman; Mr. Harold Knutson, Republican, of Minnestoa, is the acting Republican leader, due to the illness and retirement of Congressman Treadway of Massachusetts. This committee is also the Committee of Committees of the House and, as such, is vested with authority to appoint members to the standing committees of that branch of Congress. It is well to bear this point in mind, for, obviously, appointments are made to the Ways and Means Committee by the leadership in the House through a caucus of the two parties, with some thought given to controlling appointments to the various committees of the Congress. The most important function of this majority committee is to originate our federal revenue legislation.

The Finance Committee of the Senate exercises a similar prerogative in that branch of Congress; but, as previously stated, it falls to the Ways and Means Committee to originate all revenue acts. The Finance Committee is composed of twenty-one members, fourteen of whom represent the majority party and seven the minority party. As in the case of the Ways and Means Committee, the Democrats are presently in control of the Finance Committee. Senator Walter F. George of Georgia is chairman, while Senator LaFollette of Wisconsin is the senior ranking Republican.

To facilitate the cooperation of these two committees of the Congress, a Joint Committee on Internal Revenue Taxation has been created. Senator George is chairman and Mr. Doughton is vice-chairman. To this committee there are appointed by the respective committees of each House five members, three from the majority party and two from the minority party. The ranking members are usually designated. This group merely functions mechanically in the setting up of machinery to facilitate the efforts of the two committees of the Congress. For example, the Joint Committee is provided with a technical staff which serves both the Ways and Means and the Finance Committees. Mr. Colin F. Stam is now Chief of that staff and he has associated with him eleven experts, serving in a technical capacity.

Divergent Interests

The background of the membership of the two tax committees is interesting. It has been my privilege to know many of the members rather intimately. I will refrain from indulging in personalities except to say that of the membership of the Ways and Means Committee I regard twelve members as primarily interested in agriculture, four in industry and commerce, two in mining, while three represent congressional districts that are strongly labor. Being a farmer myself, I keenly appreciate the conservative background of the twelve men who seem to hold agriculture as their foremost interest. A combination of agricultural interests with mining, commerce, shipping and banking interests has left the exponents of labor—may I say the extreme left wing of labor—in the minority. Also the Committee membership has changed somewhat from time to time. I believe this makeup largely explains why the Ways and Means Committee acted conservatively and constructively in writing our wartime tax bills of 1942 and 1943.

The Finance Committee of the Senate is equally interesting from the point of view of its makeup. Here again the membership seems heavily weighted with representation from agriculture, industry, and mining: nine in agriculture, five in industry, and three in mining for a total of seventeen out of twenty-one. Labor is completely in the minority.

The incoming Congress may change, to some extent, the complexion of these two Committees. However, the political trend in this country is such that we may be sure of a continuation of the policies followed in the last two or three years.

Tax Revision Studied

That the present Congress recognizes the need for a broad revision of our tax structure in the coming months is evidenced by the fact that, as early as May of this year, Mr. Doughton and Senator George directed their technical staff to undertake studies to this end. Mr. Stam, head of this staff, has been working on these studies since May and has invited the cooperation of interested persons and groups.

Mr. Stam and his staff, in addition to their own research, have been conducting hearings and special conferences, seeking a solution to the knotty tax problem that is, for the present, in their lap. I understand their report will be ready for presentation to the two committees of the Congress by mid-November, and doubtless the report will be accompanied by appropriate recommendations. I would like to add that those of us who have been interested in taxation have always found the Technical Staff most willing to listen. They have given every evidence of seeking the truth in an honest endeavor to distribute the tax burden equitably. Naturally, there must arise honest differences of opinion, because, unfortunately, there is no scientific solution of this problem.

It is the function of the Treasury Department to advise with and make suggestions to the Ways and Means Committee and the Finance Committee. It is not the prerogative of the Treasury to recommend to the Congress. This fine distinction was violated in the '30s. Since 1940, however, Congress has again assumed the responsibility vested in it by the Constitution and that is why we have reason to be hopeful. The Treasury can, through ill-advised action, cause confusion to exist, even in the minds of well-thinking people. I might add that it often has done so. The Treasury has in its possession invaluable information of an economic and statistical character which makes this Department important in the tax field. But I should like to stress the fact that the Treasury, fortunately, is no longer influential with Congress.

The Treasury should be primarily interested, of course, in revenue, for in the development of a well-rounded Federal fiscal policy, in protecting the credit of our Government, the Treasury plays an important part in projecting our budgetary requirements.

I understand that Mr. Doughton proposes to call the Ways and Means Committee into session the middle of November to receive the report of the Technical Staff, as I said before, and I believe that public hearings will be opened shortly thereafter. At these public hearings testimony will be taken. From the great amount of work that has been done, independent of the Congress, I assume the hearings will be rather extensive.

As I view the several plans submitted to date, it seems to me that there are two major points of view: (1) Should we tax the corporation heavily and relieve the individual, or (2) should we tax the corporation lightly, encouraging approximately a 70% disbursement of earnings, and leave the individual rather heavily taxed?

Encourage Risk Capital

I believe the emphasis revolves around risk, or venture capital in making this decision. The evolution of modern industry, in large part, is the story of risk or venture capital. It seems strange that in the vast field of economic and financial literature no one has defined these terms precisely. One may suggest what is meant by risk or venture capital, by indirection, by piecing together fragments of discussions under such topics as "profits," "entrepreneurs," and "investments." It is even stranger that today, when both of our major political parties, as well as representatives of labor and industry, are agreed on the need of encouraging the flow of risk capital in the post-war period, the term has not been defined. If such a definition had only an academic interest, we could dispense with the need of explanation; but I have found that precise terminology is a real aid to clear thinking. Not only that, but Congress will need to distinguish very clearly when it frames the new tax legislation.

What I call risk capital receives the full impact of mistakes and losses, whatever the reasons may be; risk capital is on the front line of the business world. And the casualties are too high. In return, risk capital assumes responsibility for the management and direction of the enterprise and is entitled, theoretically at least, to unlimited profits. But, directly and indirectly, whether the enterprise be a corporation or any other form of business organization, society has, in the form of taxes, placed limits upon the rights to unlimited profits. It is only when such taxes bear inequitably on the risk-assumer and stifles initiative that one may rightfully complain.

Basic Considerations

Risk capital, as we know, is interlocked with the employment problem. As we emerge from the war in Europe and set our sights beyond the defeat of the Japanese at the earliest possible date, we must again think in terms of employment for our people. Those willing to work are entitled to jobs and no single factor can play as important a rule in the making of jobs as sound post-war taxation. I do not exaggerate when I say that the Revenue Acts of 1945 and 1946 can make or break the economic and financial backbone of this nation. I would like to state the basic considerations which will, in my judgment, form the foundation for this important legislation:

1. The preservation of the nation's credit;
2. The stimulation of sources of taxable income;
3. The encouragement of the flow of risk capital.

Approaching the question of tax revision from this starting point, certain modifications in the existing structure appear logical, practical and, may I add, politically feasible. Revisions should be thought of in two phases: First, those measures necessary to meet the requirements of the transition period and, second, the development of a post-war tax structure consistent with the broad objectives stated.

I firmly believe that the country can anticipate sound and intelligent action on the part of Congress in the writing of post-war tax legislation.

Translation of French Decree on Gold, Etc.

A translation of a French decree which appeared in the "Journal Officiel", as of Oct. 9, "relative to the regulations applying to gold, foreign exchange, foreign securities and other assimilated holdings," was made available on Oct. 27 by the Foreign Exchange Committee which, however, points out that neither the Committee nor any individual member thereof assumes any responsibility as to the accuracy of the translation.

The translation, emanating from the French Press and Information Service, an agency of the provisional government of the French Republic follows:

"Paris, Oct. 11, 1944. Received in New York Oct. 12, 1944.

"The Journal Officiel (Official Journal) of Oct. 9 publishes 2 decrees relative to the regulations applying to gold, foreign exchange, foreign securities and other assimilated holdings.

"Every holder of gold coin or gold bullion is held to deposit same within a period of 2 months at the Bank of France or at establishments acting for their account. All transfers of gold, with or without payment thereof, all gold movements are forbidden except with special authorization from the Bank of France. Jewels in good condition, objects of art or collections are exempt from this measure. Likewise, all holders of foreign personal properties or of assimilated holdings, i. e., securities made out in foreign currency or belonging to French companies whose principal exploitation is abroad, are held to deposit same in the authorized bank or with a member of the stock exchange or an official registered broker of his own choice within a period of 2 months. These securities can be negotiated under the conditions governing the decree of foreign exchange. Finally, holders of foreign currencies and drafts issued in foreign exchange are obliged to deposit same immediately with an intermediary approved by the Minister of Finance. For violations hereof, these orders provide in addition to penal sanctions, obligatory confiscation of the properties seized."

"(Minister of Information, Paris, Cable No. 2281.)"

H. P. Fulmer Dead

Representative Hampton Pitts Fulmer of South Carolina, Democrat, and chairman of the House Agricultural Committee, died on Oct. 19 at the age of 69 years. Mr. Fulmer's death ended a Congressional career of more than 23 years. United Press Washington advices in reporting his death also said:

"Mr. Fulmer, author of the controversial Agriculture Adjustment Act, which was subsequently outlawed by the Supreme Court, was stricken in the corridor of his apartment near the Capitol Building."

Non-Ferrous Metals—November Lead Sales to Exceed 70,000 Tons — Quicksilver Price Rises

"E. & M. J. Metal and Mineral Markets," in its issue of Nov. 2, stated: "Lead sales were substantial during the last week. Producers believe that consumption of the metal will continue at a high rate for some time to come. Estimates on November lead requirements have been revised upward. Lead consumers have been disposed to increase their inventory position, whereas the reverse applied to copper and zinc. Demand for cadmium continues active. Quicksilver again provided a price change, the market advancing on evidence that consumption remains well in excess of current production. The price might have advanced sharply if sellers had not discouraged speculatively inclined customers." The publication further went on to say in part:

Copper

Restrictions on the use of copper were eased by WPB on a number of items during the last week. So far, no important tonnage business has been involved in revisions made in the conservation measures. The industry estimates that fully 85% of current consumption of copper is moving into war and essential civilian products Consumption of copper for October and November is expected to average around 125,000 tons a month. The stockpile has increased to approximately 323,000 tons.

Production of selenium in Canada from copper-nickel ores, according to the Dominion Bureau of Statistics:

	Pounds	Value
1939	126,930	$224,539
1940	136,350	260,429
1941	142,498	272,171
1942	76,000	145,920
1943	82,000	143,500

Lead

As October ended it became clear to producers that the total volume of business in lead booked for November was larger than first estimated. The industry now belives that consumers purchased between 70,000 and 80,000 tons for delivery in the current month. Part of this large tonnage may be used in building up inventories, for consumers apparently anticipate a healthy demand for lead products in the postwar period. Foreign origin metal, brought into the country in bond, is expected to figure in export transactions involving manufactures of lead after V-E Day.

December business came through in good volume last week, which was reflected in sales for the seven-day period of 7,732 tons. This compares with 2,618 tons in the preceding week.

Lead stocks at United States smelters and refineries on Oct. 1 totaled 129,497 tons, against 129,827 tons a month previous and 130,617 tons a year ago, the American Bureau of Metal Statistics reports. The total is made up of 82,287 tons in ore and in process at smelters; 23,299 tons in base bullion at smelters and refineries, in transit, and in process at refineries; 18,671 tons of refined lead; and 5,240 tons of antimonial lead.

Receipts Of Lead In Ore

Receipts of lead in ore and scrap by primary smelters and refiners, according to the American Bureau of Metal Statistics, in tons:

In ore:	Aug.	Sept.
Domestic	34,873	31,266
Foreign	8,717	10,674
	43,590	41,940
*In scrap	3,999	4,854
Totals	47,589	46,794

*Only scrap smelted in connection with ore, plus some scrap received by primary refiners.

Zinc

Use of zinc has increased since July, and the current rate of consumption probably amounts to slightly more than 70,000 tons a month. Sales have been holding at around 65,000 tons a month, indicating that consumers have been reducing their inventories. Most producers believe that the Government's stockpile of zinc increased during the last month, even though production has been on a reduced scale as a result of manpower shortages.

Easing of conservation measures by WPB has not yet brought out important tonnage business from producers serving the civilian market for zinc products. The tight situation in steel continues to retard galvanizing.

Tin

Combined government and private stocks of tin are expected to decrease to about 113,000 tons before the end of the year, according to WPB officials. Postwar demands for tin will impose a severe strain upon available supplies, Erwin Vogelsang, head of tin operations for WPB, contends, because production from Malaya, the Netherlands East Indies, and Siam will not become a factor until plants and other facilities in those areas have been rebuilt. Control of tin supplies will be necessary for a period to avoid chaotic conditions.

The present capacity of the Texas tin smelter is between 70,000 and 90,000 tons per year, depending on the grade of ore available. From present indications, production at the smelter is not expected to ever attain a rate of 100%.

Quotations in the domestic market remained unchanged. Straits quality tin for shipment, in cents per pound, was as follows:

	Nov.	Dec.	Jan.
Oct. 26	52.000	52.000	52.000
Oct. 27	52.000	52.000	52.000
Oct. 28	52.000	52.000	52.000
Oct. 30	52.000	52.000	52.000
Oct. 31	52.000	52.000	52.000
Nov. 1	52.000	52.000	52.000

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

Quicksilver

Except for the fact that some sellers released quicksilver to their customers at only a slight advance in prices, the market during the last week would have moved sharply higher, according to trade opinion. Buyers were interested in obtaining metal for delivery over the next month and paid from $113 to $115 per flask. In some directions as high as $117 was asked on small lots. On forward metal prices were largely nominal, as buyers showed little interest in December forward business. Demand for mercurials is expected to drop after V-E Day.

Silver

The London silver market was quiet and unchanged at 23½d. The New York Official for foreign silver continued at 44¾c., with domestic silver at 70⅝c.

Production of silver in Canada during August amounted to 830,189 oz., against 1,071,550 oz. in July this year and 1,298,765 oz. in August last year. Production for the first eight months of 1944 totaled 9,167,065 oz.; against 12,249,794 oz. in the Jan.-Aug. period of 1943, the Dominion Bureau of Statistics reports.

Production of Lead in Canada

Production of unrefined lead (mine output) and refined lead in Canada during 1943 and the first eight months of 1944, in pounds, according to the Dominion Bureau of Statistics, follows:

	Unrefined		Refined	
	*1944	1943	*1944	1943
January	32,710,839	38,604,106	27,336,000	42,781,098
February	29,753,989	38,807,636	26,306,000	40,195,154
March	24,264,103	46,936,027	29,276,000	44,270,768
April	25,270,297	36,773,575	22,866,000	42,148,088
May	20,491,362	40,601,268	25,354,000	42,247,932
June	19,744,120	39,579,471	18,870,000	35,756,084
July	24,523,164	36,100,126	20,836,000	35,344,727
August	18,319,445	32,113,307	23,160,000	33,082,265
September	-------	32,884,233	-------	28,908,791
October	-------	35,272,574	-------	30,564,202
November	-------	34,635,657	-------	34,751,654
December	-------	31,752,789	-------	38,935,112
Totals, calendar year		444,060,769		448,985,863
Totals, eight months	195,077,319	309,515,516	194,004,000	315,826,104

*Subject to revision.

Roosevelt Warns Against Creating "Blocks Of Closed Air" Leading to Future Wars

That "the rebuilding of peace means re-opening the lines of communication and peaceful relationship" was the assertion made by President Roosevelt in a message welcoming the delegates of the 51 Nations represented at the International Civil Aviation Conference, which opened at Chicago on Nov. 1. "Air Transport," the President went on to say, "will be the first available means by which we can start to heal the wounds of war, and put the world once more on a peaceful basis." The President's message was read by Adolf A. Berle, Jr., Chairman of the United States delegation and temporary President of the conference, the largest and, in subject matter, it was noted by the Associated Press, the broadest in aviation history.

The President expressed the hope in his message that "you will not dally with the thought of creating great blocks of closed air, thereby tracing in the sky the conditions of possible future wars." "I know," he added, "you will see to it that the air which God gave to everyone shall not become the means of domination over anyone."

Pointing out that "increasingly the airplanes will be in existence," the President stated that "when either the German or the Japanese enemy is defeated, transport planes should be available for release from military work in numbers sufficient to make a beginning. When both enemies have been defeated they should be available in quantity. Every country has airports and trained pilots; and practically every country knows how to organize airlines."

In calling for action to make the air a world ocean of peaceful commerce the President, it was observed by the Associated Press, backed his plea with a strong implication that the United States would supply aircraft for all when planes are freed from war traffic. From the Associated Press we also quote:

"The significance of the President's statement about aircraft was said to be in the fact that today no other country except the United States is building airplanes capable of carrying world commercial traffic. The United States has been supplying transports for military routes for all the United Nations, and it would be difficult for other countries to fly international routes for some time without the use of American planes."

In opening the meeting, Mr. Berle told the hundreds of delegates that their task was to find a working basis for "making the air serviceable to mankind and thereby to open the highways of friendship, of commerce and of thought." He recalled that the Versailles Peace Conference had not regarded aerial navigation as a subject for consideration and, according to the Associated Press, he said the United States intended to state the substance of its thesis for a world air plan today.

The following is the President's message to the conference:

On behalf of the United States I offer a hearty welcome to the delegations of the 51 nations represented at this international conference on civil aviation. You were called to undertake a task of the highest importance. I am sure that you will succeed.

The progress of the armies, navies, and air forces of the United Nations has already opened great areas to peaceful intercourse which had been closed for more than four black years. We can soberly hope that all Europe will be reclaimed for civilization before many months have passed.

Steadily the great areas of the Pacific are likewise being freed from Japanese occupation. In due time, the Continent of Asia will be opened again to the friendly intercourse of the world.

The rebuilding of peace means reopening the lines of communication and peaceful relationship. Air transport will be the first available means by which we can start to heal the wounds of war and put the world once more on a peaceful basis.

You will recall that after the first World War a conference was held and a convention adopted designed to open Europe to air traffic; but under the arrangements then made, years of discussion were needed before air routes could actually be flown. At that time, however, air commerce was in its infancy. Now it has reached maturity and is a pressing necessity. I do not believe that the world of today can afford to wait for several years for its air communications. There is no reason why it should.

Increasingly the airplanes will be in existence. When either the German or the Japanese enemy is defeated, transport planes should be available for release from military work in numbers sufficient to make a beginning. When both enemies have been defeated they should be available in quantity. Every country has airports and trained pilots; and practically every country knows how to organize airlines.

It would be a reflection on the common sense of nations if they were not able to make arrangements, at least on a provisional basis, making possible the opening of the much - needed air routes. I hope, when your conference adjourns, that these arrangements will have been made. Then all that will be needed will be to start using the air as a great peaceful medium instead of a battle area.

You are fortunate in having before you one of the great lessons of history. Some centuries ago an attempt was made to build great empires based on domination of great sea areas. The lords of these areas tried to close these seas to some and offer access to others and thereby to enrich themselves and extend their power. This led directly to a number of wars, both in the eastern and western hemispheres. We do not need to make that mistake again.

I hope you will not dally with the thought of creating great blocks of closed air, thereby tracing in the sky the conditions of possible future wars. I know you will see to it that the air which God gave to everyone shall not become the means of domination over anyone.

As we begin to write a new chapter in the fundamental law of the air let us all remember that we are engaged in a great attempt to build enduring institutions of peace. These peace settlements cannot be endangered by petty considerations or weakened by groundless fears. Rather, with full recognition of the sovereignty and juridical equality of all nations, let us work together so that the air may be used by humanity to service humanity.

Rutherford Aide to Secretary of AIB

Appointment of Robert C. Rutherford as assistant to the Secretary of the American Institute of Banking was announced on Oct. 30 by Dr. Harold Stonier, Executive Manager of the American Bankers Association. Mr. Rutherford has been Executive Secretary of the Minneapolis, Minn., chapter of the AIB and will fill the post at national headquarters left vacant by the resignation of Robert Hammer, who has accepted a position with the Indiana State Chamber of Commerce. Mr. Rutherford initially will devote a major portion of his activities to promoting chapter participation in the Job Relations Training program which will be soon inaugurated by the AIB under the leadership of William Powers, Deputy Manager of the Association and its director of customer and personnel relations. This training course has been adapted to meet the needs of members of bank staffs, from the industrial job relations training used successfully in war expanded factories.

From 1919 to 1923 Mr. Rutherford was employed in Manitoba branches of the Union Bank of Canada. In April, 1923, he became associated with the First National Bank of Minneapolis, and was employed there in various capacities for 14 years, until 1937, when he resigned to become Executive Secretary for the Minneapolis Chapter. He was awarded the Standard Certificate of the AIB in 1928 and later received two special graduate certificates. He served on the National Debate Committee in 1930 and was chairman of the Committee in 1931. In 1937, at the Institute's annual convention, he won fourth place in the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes. In Minneapolis, he served on the AIB Educational Committee of the Minnesota Bankers Association for seven years and was Chairman of the committee three times.

Xmas Club Savings Going Into War Bonds

Commenting upon record Christmas Club deposits President Isaac W. Roberts of the National Association of Mutual Savings Banks and President of The Philadelphia Saving Fund Society, made the remark on Nov. 4 that, "The fact that mutual savings bank depositors have been able to accumulate something more than $86,000,000 of Christmas Club deposits in the year now drawing to a close demonstrates our national instinct for thrift. Of course, all of us know these funds, acquired during the year, largely were intended for gifts to others, but it is a special token to the nation that considerable part of this money will be invested in national welfare—War Savings Bonds."

The announcement from the Association says:

"Christmas Club owners in mutual savings banks of 17 States will have $4.66 more at their command this year than in 1943, the average being $63.72 per account. Total number of such accounts in the country increased about 150,000 from 1943, to a total of 1,361,272. All mutual Christmas Clubs in 1944 will be $86,735,805.

"New York ranked first in its mutual savings bank Christmas Clubs, having deposits of $32,416,606 and 496,217 depositors. Massachusetts was second with $21,994,555 deposits and 380,593 depositors. Connecticut followed with $11,909,659 deposits and 177,393 depositors."

Moody's Bond Prices And Bond Yield Averages

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

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

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Nov. 7	Stock	Exchange	Closed						
6	119.67	112.56	118.40	116.80	112.93	103.30	107.62	113.31	117.20
4	119.55	112.75	118.40	116.80	112.93	103.47	107.62	113.31	117.20
3	119.55	112.75	118.40	116.80	112.93	103.47	107.62	113.31	117.20
2	119.55	112.56	118.40	116.80	112.93	103.30	107.44	113.31	117.20
1	119.55	112.56	118.40	116.80	112.93	103.30	107.62	113.31	117.20
Oct. 27	119.33	112.56	118.40	116.61	112.93	103.47	107.62	113.50	117.20
20	119.55	112.75	118.60	116.80	112.93	103.64	107.44	113.50	117.40
13	119.61	112.75	118.60	117.00	112.93	103.47	107.27	114.08	117.20
6	119.52	112.75	118.60	117.00	112.75	103.30	106.92	114.08	117.20
Sep. 29	119.50	112.56	118.60	116.80	112.56	103.13	106.74	114.08	117.00
22	119.22	112.56	118.60	117.20	112.37	103.13	106.74	114.08	117.20
15	119.42	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.20
8	119.48	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.00
1	119.81	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.23
Aug. 25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
18	119.84	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
11	119.84	112.56	118.60	117.00	112.37	103.30	106.92	114.08	117.20
4	120.08	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
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	117.40	112.93	103.64	107.62	114.27	117.60
Low 1944	119.20	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 Nov. 6, 1943	120.02	111.07	119.00	116.61	111.25	98.73	103.30	113.70	116.61
2 Years Ago Nov. 7, 1942	117.36	107.62	117.00	114.27	108.70	92.64	97.31	112.00	114.27

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

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Nov. 7	Stock	Exchange	Closed						
6	1.86	3.03	2.73	2.81	3.01	3.55	3.30	2.99	2.79
4	1.87	3.02	2.73	2.81	3.01	3.54	3.30	2.99	2.79
3	1.87	3.02	2.73	2.81	3.01	3.54	3.30	2.99	2.79
2	1.87	3.03	2.73	2.81	3.01	3.55	3.31	2.99	2.79
1	1.87	3.03	2.73	2.81	3.01	3.55	3.30	2.99	2.79
Oct. 27	1.89	3.03	2.73	2.82	3.01	3.54	3.30	2.98	2.79
20	1.86	3.02	2.72	2.81	3.01	3.53	3.31	2.98	2.78
13	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.79
6	1.85	3.02	2.72	2.80	3.02	3.55	3.34	2.95	2.79
Sep. 29	1.84	3.03	2.72	2.81	3.03	3.56	3.35	2.95	2.80
22	1.86	3.03	2.72	2.79	3.04	3.56	3.35	2.95	2.79
15	1.83	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
8	1.84	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.80
1	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79
Aug. 25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
18	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
11	1.81	3.03	2.72	2.80	3.04	3.55	3.34	2.95	2.79
4	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
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	3.01	3.53	3.30	2.94	2.77
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago Nov. 6, 1943	1.84	3.11	2.70	2.82	3.10	3.83	3.55	2.97	2.82
2 Years Ago Nov. 7, 1942	2.05	3.30	2.80	2.94	3.24	4.23	3.92	3.06	2.94

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

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

Steel Production Rises — Post-War Orders Increase—Demand for War Needs Slightly Up

"Steel order volume was heavy this past week and the output of steel ingots continued at a relatively high level, but all was not tranquil in the minds of those who make and those who buy steel," "The Iron Age" states in its issue of today (Nov. 9), further adding in part as follows: "Confusion was mounting this week as to the trouble trend of post-war steel order volume, while at the same time the popular ban on post-war talk made many with definite plans reluctant to disclose them.

"In recent weeks war needs have shown a slight increase in demand, but at the same time steel mills have had to fill gaps in their schedules as a result of partial or complete cancellations on some items. This situation has made all steel sales offices competitive minded even as they know they must and will give war requirements absolute precedence over everything else. The product mix, however, which keeps steel mills operating so that the best distribution pattern is obtained, is rearing its head higher than for some time.

"While orders for Quonset huts, ammunition and other needed war items have increased, plate directives are on the down-grade and some large manufacturers are nearing the end of some of their biggest war contracts. Thus while current order volume looks good from a statistical standpoint, steel operators are beginning to worry about enough business to adequately operate facilities after the turn of the year. The feeling is growing that with the lack of more definite reconversion plans, the first quarter of 1945 may see a drop in steel output because there is not sufficient volume of various types of steel orders to insure a normal and economic operating pattern.

"Post-war orders were still rolling into steel mills this week and the total volume of such business was definitely increasing. This type of bookings can be accepted but cannot be rolled until proper approval from WPB makes this possible. Some orders do not show exact specifications for any delivery schedules. Some are for total deliveries as soon as restrictions are off, while others are for an indefinite delivery period. Because of this situation, steel companies are in no position to make definite production plans.

"Another factor which lends credence to the possibility of a lower operating rate is the report that December lend-lease bar and semi-finished tonnage for the United Kingdom will be cancelled, thus further easing the situation in these categories. Total lend-lease tonnages for the first quarter of 1945, because of the almost disappearing demand from Great Britain, will probably not be an important factor in regular steel shipments."

The American Iron and Steel Institute on Nov. 6 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 96.3% of capacity for the week beginning Nov. 6, compared with 94.9% one week ago, 96.9% one month ago and 98.2% one year ago. The operating rate for the week beginning Nov. 6 is equivalent to 1,732,400 tons of steel ingots and castings, compared to 1,707,200 tons one week ago, 1,743,200 tons one month ago, and 1,711,600 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Nov. 6, stated in part as follows:

Shipbuilding requirements constitute the main factor in war requirements shrinkage, with other needs holding close to peak, including heavy projectiles, land transport and aircraft.

Smaller need for steel plates follows the decline in shipwork, which until recently was the principal factor in record-breaking plate output. The merchant ship program has been tapering at an accelerated pace, with probability that by the end of first quarter it will be relatively negligible. Navy requirements, while likely to be better sustained than the merchant program, also have been easing as a result of cut-backs during recent weeks.

Decline in ship tonnage is bringing relief to the general market because it frees more raw steel for other products. Effect on sheet and other light flat-rolled products is expected to be greatest as it also releases more finishing capacity of that product. The transformation is being subjected to some deterrents, such as need for rolling the remainder of contracts already booked and also necessity for developing sufficient trained manpower for the extra work required in processing sheets and strip, as compared with plates.

Plate requirements still are large, in spite of smaller needs and some directives have been issued recently, for nearby deliveries and also for January rollings. It is believed that by the end of the year strip plate rolling will be limited severely.

Because of an advance in No. 1 heavy melting steel at Pittsburgh the average composite of steelmaking scrap has advanced 16 cents to $16.16 per ton. This is the first upward movement of this composite since the break of several weeks ago. Finished steel composite is unchanged at $56.73, semi-finished steel at $36 and steelmaking pig iron at $23.05

Moody's Daily Commodity Index

Tuesday, Oct. 31, 1944	248.6
Wednesday, Nov. 1	245.7
Thursday, Nov. 2	247.2
Friday, Nov. 3	246.6
Saturday, Nov. 4	246.7
Monday, Nov. 6	247.6
Tuesday, Nov. 7	*
Two weeks ago, Oct. 24	248.5
Month ago, Oct. 7	250.4
Year ago, Nov. 6, 1943	244.8
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Oct. 3	252.5
Low, Nov. 1	245.7

*Holiday.

National Fertilizer Association Commodity Price Index Declines

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on Nov. 6, declined for the second consecutive week to 139.3 in the week ending Nov. 4 from 139.8† in the preceding week. A month ago this index registered 139.5 and a year ago 135.4, based on the 1935-1939 average as 100. The Association's report added:

A sharp decline in the prices of farm products was the primary cause of the decline in the all-commodity index. In the grains group higher prices were quoted on only one grade of wheat, while lower prices were given on oats, rye, and some grades of wheat, causing this group to continue a downward trend. The livestock group marked a definite decline. Hogs, which have been selling at ceiling prices for more than three months, declined in value due to an increased movement on Western markets. Also cattle, calves and ewes were lower in price. Live fowls was the only item to increase in this group. The foods group continued to trend upward, reflecting higher quotations on oranges and potatoes. Cotton prices fluctuated within a narrow range with closing quotations slightly under the previous week, causing a fractional decline in the textiles group. After having declined for some weeks, scrap steel prices increased slightly, but not sufficiently to change the metals group index number. Advancing prices for linseed oil caused a fractional increase in the building materials group, marking the first change in this group since July of this year. All other group indexes remained unchanged from the previous week.

During the week 7 price series in the index advanced and 10 declined; in the preceding week 8 series advanced and 9 declined; and in the second preceding week 8 advanced and 7 declined.

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

% Each Group Bears to the Total Index	Group	Latest Week Nov. 4, 1944	Preceding Week Oct. 28, 1944	Month Ago Oct. 7, 1944	Year Ago Nov. 6, 1943
25.3	Foods	143.9	143.5	142.5	140.0
	Fats and Oils	145.1	145.1	145.1	146.1
	Cottonseed Oil	163.1	163.1	163.1	161.3
23.0	Farm Products	163.4	†166.1	165.5	154.5
	Cotton	202.3	203.4	206.6	188.9
	Grains	158.8	†159.8	162.1	155.8
	Livestock	159.0	162.7	160.5	148.4
17.3	Fuels	130.4	130.4	130.1	122.8
10.8	Miscellaneous commodities	133.4	133.4	132.2	131.4
8.2	Textiles	154.9	155.0	155.5	150.2
7.1	Metals	104.0	104.0	104.1	104.4
6.1	Building materials	154.1	154.0	154.0	152.5
1.3	Chemicals and drugs	126.1	162.1	126.1	127.7
.3	Fertilizer materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm machinery	104.7	104.7	104.7	104.2
100.0	All groups combined	139.3	†139.8	139.5	135.4

*Indexes on 1926-1928 base were: Nov. 4, 1944, 108.5; Oct. 28, †108.9; and Nov. 6, 1943, 105.5. †Revised.

Hitchings Pres. of Essex County Bankers

At the fall meeting of the Essex County Bankers Association on Oct. 26, Roy A. Hitchings, President of the Irvington National Bank, Irvington, N. J., was elected President of the Association. Among the guests at the meeting was Frank D. Abell, President of the New Jersey State Bankers Association. From the Newark "Evening News" of Oct. 27 we also quote:

"Frederick J. Kugleman of the National State Bank, the retiring President, was toastmaster.

"Gustave E. Wiedenmayer of the National Newark & Essex Banking Co. was elected First Vice-President of the Association and Thomas A. Loughlin, United States Savings Bank, Second Vice-President. Herbert M. Appleton of the Verona Trust Co. was made Treasurer and Frank F. Fay Jr. of Federal Trust Co. Secretary.

What Is Inflation?

(Continued from first page)

when the nation is facing a post-war boom.

After World War II inflation will show itself in increased prices of finished products such as road machinery, crushed rock, fire trucks, and especially fire-alarm equipment. Furthermore, these increases—caused by inflation—will be in addition to the natural price increases due to greater demand and general prosperity. In fact, all the things which cities will need after the war can be bought for less now.

Reasons for Expecting More Inflation

In case someone argues with you that further inflation is not coming, give them the following three reasons:

(1) Government expenses are still in excess of Government receipts. In order for the Government to pay its bills, it must either print bonds or currency.

(2) Debtors will continue to howl for more inflation. This applies to farmers, real estate promoters and some merchants who owe money. They know that as prices of the land, houses and goods which they now own go up, it will be easier for them to sell and get out of debt.

(3) Those engaged in foreign trade are usually anxious to have the United States further devalue its dollar. When other countries devaluate, countries which do not lose trade.

Inflation is a temporary stimulant to business; but, like whiskey, its stimulating effects last for only a short time. Sooner or later increased prices offset all advantages temporarily secured by a "cheap dollar." Hence, to refer again to fire departments:

(A) In the post-war period there will be a general rise in the prices of all materials which municipalities purchase. This means that the sooner fire departments purchase new equipment and extend their fire-alarm systems the better off the cities will be. Furthermore, only common justice demands an increase in firemen's wages.

(B) As the effects of inflation become recognized there will be a demand by real estate owners, merchants and others for greater fire protection. When it costs more to replace property, the owners of buildings and merchandise will be more fearful of fires and more anxious for greater protection. Therefore city officials can now talk inflation to their citizens with the full support of all property owners.

Christmas Greeting Cards for Overseas

Postmaster Albert Goldman announced on Nov. 1 that information has been received from the Post Office Department at Washington, that the War Department advises Christmas greeting cards for soldiers overseas must be sent in sealed envelopes and prepaid at the first-class rate. The War Department further urges that such cards be mailed at once stating that cards mailed now will, according to the Army Postal Service, reach even the most remote A.P.O.'s by Dec. 25.

Wholesale Prices Up Slightly for Week Ended October 28, Labor Department Reports

Led by higher prices for oats and rye, and seasonal advances for live poultry and eggs, the Bureau of Labor Statistics' index of commodity prices in primary markets rose slightly by 0.1% during the last week of October, it was announced by the U. S. Department of Labor on Nov. 2, which further said: The increase brought the all-commodity index to the level which prevailed at the beginning of the month, 103.9% of the 1926 average. The index is 0.1% higher than at this time last month and 1.1% over the corresponding week of 1943, according to the report which continued:

Farm Products and Foods—Average prices of farm products in primary markets rose 0.4% during the week with oats up 5% and rye nearly 4%. Live poultry prices were higher in both the Chicago and New York markets. A seasonal advance of nearly 4% was reported for eggs. Hay and wool also advanced. A few important farm products, particularly wheat, cotton, and certain fresh vegetables declined slightly.

The rise in prices for eggs largely accounted for an increase of 0.2% in average prices for foods during the week. Fruits and vegetables rose 0.1% because of higher prices for apples in the New York market and for potatoes at Boston. Oatmeal and rye flour prices increased about 3%. Quotations declined for wheat, for white potatoes at New York and Chicago, and for sweet potatoes and onions.

Industrial Commodities—Industrial commodity markets continued relatively steady. A correction in prices for coal reported as being effective in June and lower realizations for electricity brought the index for fuel and lighting materials down to 0.1%. There was an increase of nearly 1% for quicksilver, as a result of lower production and increased demand, but the index for the metals and metal products group remained unchanged. An increase of 0.1% in average prices for building materials resulted from increased ceiling prices for cement in the Southwestern states earlier in the month.

The following notation was included in the Labor Department's report:

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

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for September 30, 1944 and October 30, 1943, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from October 21 to 28, 1944.

WHOLESALE PRICES FOR WEEK ENDED OCT. 28, 1944
(1926=100)

Commodity Groups—	10-28 1944	10-21 1944	10-14 1944	9-30 1944	10-30 1943	Percentage change to Oct. 28, 1944 from 10-21 1944	9-30 1944	10-30 1943
All commodities	*103.9	*103.8	*103.8	*103.8	102.8	+0.1	+0.1	+ 1.1
Farm products	123.3	122.8	122.7	122.8	122.2	+0.4	+0.4	+ 0.9
Foods	104.1	103.9	103.8	103.9	105.0	+0.2	+0.2	— 0.9
Hides and leather products	116.7	116.7	116.7	116.5	118.4	0	+0.2	— 1.4
Textile products	98.9	98.9	98.8	98.5	97.2	0	+0.4	+ 1.7
Fuel and lighting materials	83.5	83.6	83.8	83.7	81.6	—0.1	—0.2	+ 2.3
Metals and metal products	*103.8	*103.8	*103.9	*103.8	103.8	0	0	0
Building materials	116.4	116.3	116.1	115.9	112.8	+0.1	+0.4	+ 3.2
Chemicals and allied products	104.9	104.9	104.9	104.9	100.4	0	0	+ 4.5
Housefurnishing goods	106.1	106.1	106.1	106.1	104.2	0	0	+ 1.8
Miscellaneous commodities	93.4	93.4	93.4	93.4	92.9	0	0	+ 0.5
Raw materials	113.5	113.2	113.2	113.2	111.8	+0.3	+0.3	+ 4.5
Semimanufactured articles	94.7	94.7	94.6	94.3	92.8	0	+0.4	+ 2.0
Manufactured products	*101.1	*101.2	*101.2	*101.1	100.3	—0.1	0	+ 0.8
All commodities other than farm products	*99.6	*99.7	*99.7	*99.6	98.6	—0.1	0	+ 1.0
All commodities other than farm products and foods	*98.8	*98.9	*98.9	*98.8	97.5	—0.1	0	+ 1.3

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
OCT. 21, 1944 TO OCT. 28, 1944

Increases

Other foods	0.9	Livestock and poultry	0.5
Cement	0.5	Other farm products	0.3
Grains	0.5	Fruits and vegetables	0.1

Decreases

Anthracite	0.2	Bituminous coal	0.1
Cereal products	0.1		

Civil Engineering Construction $32,393,000 for Week—Gains 46% Over Preceding Week

Civil engineering construction volume for the week totals $32,393,000. This continental United States volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 46% above the total for the preceding week, but is 8% lower than in the corresponding 1943 week, and 3% under the previous four-week moving average as reported to "Engineering News-Record." The report made public on Nov. 2, went on to say:

Public construction, with an increase of 110%, is responsible for the gain over last week, as private work is 40% lower than a week ago. Public work is 35% over the 1943 week's total, but private construction is down 63%.

The current week's construction brings 1944 volume to $1,539,149,000 for the 44 weeks, a decrease of 43% from the $2,716,958,000 reported for the corresponding 1943 period. Private construction, $319,463,000, is 19% lower than last year, and public work, $1,219,686,000, is down 48% as a result of the 53% decline in federal volume. State and municipal construction is 22% higher than in the 1943 period.

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

	Nov. 4, 1943	Oct. 26, 1944	Nov. 2, 1944
Total U. S. Construction	$35,206,000	$22,174,000	$32,393,000
Private Construction	15,388,000	9,442,000	5,614,000
Public Construction	19,818,000	12,732,000	26,779,000
State and Municipal	1,226,000	4,350,000	3,873,000
Federal	18,592,000	8,382,000	22,906,000

In the classified construction groups, gains over last week are in sewerage, public buildings, earthwork and drainage, streets and roads, and unclassified construction. Gains over the 1943 week are in waterworks, sewerage, industrial and public buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $485,000; sewerage, $398,000; bridges, $495,000; industrial buildings, $3,689,000; commercial building and large-scale private housing, $1,400,000; public buildings, $15,569,000; earthwork and drainage, $2,153,000; streets and roads, $3,030,000; and unclassified construction, $5,174,000.

New capital for construction purposes for the week totals $16,308,000, and is made up entirely of state and municipal bond sales. The week's new financing brings 1944 volume to $1,661,796,000, a figure 45% below the $3,043,627,000 reported for the 44-week 1944 total.

Weekly Coal and Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 28, 1944 is estimated at 12,150,000 net tons, an increase of 350,000 tons, or 3%, over the preceding week. In the corresponding week of 1943, output amounted to 10,026,000 tons. Cumulative production of soft coal from Jan. 1 to Oct. 28, 1944 totaled 518,555,000 tons, an increase of 5.8% over the 490,227,000 tons produced in the same period last year.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended Oct. 28, 1944 was estimated at 1,319,000 tons, an increase of 34,000 tons (2.6%) over the preceding week. When compared with the production in the corresponding week of 1943, there was an increase of 278,000 tons, or 26.7%. The calendar year to date, shows an increase of 5.5% when compared with the same period in 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended Oct. 28, 1944 showed an increase of 300 tons when compared with the output for the week ended Oct. 21, 1944; but was 47,600 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

Bituminous coal and lignite—	Week Ended *Oct. 28, 1944	Oct. 21, 1944	Oct. 30, 1943	January 1 to Date *Oct. 28, 1944	Oct. 30, 1943	Oct. 30, 1937
Total incl. mine fuel	12,150,000	11,800,000	10,026,000	518,555,000	490,227,000	371,415,000
Daily average	2,025,000	1,967,000	1,671,000	2,022,000	1,902,000	1,454,000

*Subject to current adjustment.

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

Penn. anthracite—	Week Ended ‡Oct. 28, 1944	§Oct. 21, 1944	Oct. 30, 1943	Calendar Year to Date Oct. 28, 1944	Oct. 30, 1943	Oct. 30, 1937
*Total incl. coll. fuel	1,319,000	1,285,000	1,041,000	54,351,000	51,508,000	42,658,000
†Commercial produc.	1,266,000	1,234,000	999,000	52,178,000	49,448,000	40,525,000
Beehive coke— United States total	123,800	123,500	171,400	6,092,200	6,594,400	2,857,900

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

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

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

State—	Week Ended Oct. 21, 1944	Oct. 14, 1944	Oct. 23, 1943	Oct. 23, 1937
Alabama	365,000	370,000	97,000	264,000
Alaska	7,000	7,000	6,000	3,000
Arkansas and Oklahoma	101,000	98,000	92,000	112,000
Colorado	160,000	150,000	183,000	178,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,403,000	1,345,000	1,417,000	1,178,000
Indiana	551,000	552,000	346,000	351,000
Iowa	52,000	47,000	48,000	93,000
Kansas and Missouri	170,000	163,000	184,000	172,000
Kentucky—Eastern	970,000	962,000	872,000	857,000
Kentucky—Western	360,000	380,000	308,000	203,000
Maryland	31,000	35,000	35,000	34,000
Michigan	3,000	3,000	4,000	10,000
Montana (bitum. & lignite)	116,000	105,000	101,000	80,000
New Mexico	33,000	32,000	36,000	37,000
North & South Dakota (lignite)	69,000	58,000	73,000	85,000
Ohio	696,000	667,000	662,000	542,000
Pennsylvania (bituminous)	2,850,000	2,965,000	3,006,000	2,235,000
Tennessee	137,000	128,000	133,000	109,000
Texas (bituminous & lignite)	3,000	4,000	6,000	20,000
Utah	121,000	142,000	92,000	90,000
Virginia	360,000	382,000	371,000	334,000
Washington	32,000	31,000	26,000	46,000
†West Virginia—Southern	2,004,000	2,012,000	2,222,000	1,931,000
‡West Virginia—Northern	1,019,000	1,045,000	958,000	560,000
Wyoming	186,000	190,000	187,000	156,000
§Other Western States	*	1,000	1,000	*
Total bituminous & lignite	11,800,000	11,875,000	11,467,000	9,680,000
Pennsylvania anthracite	1,285,000	1,318,000	1,297,000	1,184,000
Total, all coal	13,085,000	13,193,000	12,764,000	10,864,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

WLB Contends State Laws Cannot Be Applied to Impede War Effort

The National War Labor Board held on Oct. 26 that to settle a labor dispute affecting the war effort it could order inclusion of a maintenance-of-union membership clause in a contract regardless of any State law to the contrary. Associated Press advices from Washington on Oct. 26, as given in the New York "Herald Tribune," went on to say:

The board rejected the contention of the Cudahy Brothers Company, Cudahy, Wis., that the Board's standard membership clause, directed at the packers' plant, violated the Wisconsin Employment Peace Act.

This clause had been ordered by both the regional and national boards in a dispute between the company and the Packinghouse Workers Organizing Committee, Congress of Industrial Organizations affiliate, representing 1,400 employees.

Even if the Wisconsin act prohibited such a provision, Dr. Edwin E. Witte, public member of the Board, asserted, "this Board would still have authority to direct such a provision in settlement of a labor dispute in an establishment as important to the war effort as is the plant of this company."

"This position rests upon the fact that the nation is now at war and the winning of the war in the shortest possible time is our present greatest objective," Dr. Witte's opinion, written for the WLB, stated. "There is much support, including many Supreme Court decisions, for the view that where State laws conflict with authority fully exercised in time of war under the war powers which the Constitution confers upon the national government, the State laws cannot be applied to impede the war effort."

The opinion stated that the company's refusal to adopt a check-off provision was based on the belief it was "integrally connected with union maintenance of membership."

The check-off provision, affecting only those union members who notify the company in writing of their desire to have their dues deducted from their pay, "clearly is independent" of the union maintenance provision, said Dr. Witte.

The Board said this was the final action on the issue and gave both the union and the company until Saturday to say whether they intend to comply.

The maintenance-of-membership issue was not involved in the case recently decided by the Wisconsin Supreme Court, the opinion said. Instead, it pertained to two employees who were discharged because they had not taken out work permits under a contract provision. The court held the discharges violated the Wisconsin Employment Peace Act "making it an unfair labor practice for an employer to interfere with the free choice of employees in relation to membership or nonmembership in a labor organization," said Dr. Witte.

NRDGA to Hold Regular January Conference

At a meeting of the Board of Directors of the National Retail Dry Goods Association, held in the organization's New York offices, last month, a number of current problems were discussed at length. Considerable attention was given to the question as to whether or not the regular annual meeting of the Association should be held as usual in New York next January, the Board being desirous of conforming to the effort of the Office of Defense Transportation to conserve the use of transportation during the war. The postponement of several important divisional meetings which had been scheduled to be held last summer because it was believed the invasion was about to begin is an earnest of the desire to cooperate in this effort. On the other hand, it was recognized that these times are fraught with great problems for men in business and it was thought that a meeting of the Association in January would serve not only the interests of the trade but the larger interests of the nation.

The matter finally was referred for decision to Edward N. Allen, President of the Association and the General Manager. As a result, Messrs. Allen and Hahn decided to proceed with preparations for a stream-lined conference, which is scheduled to take place the week of Jan. 8th, at the Hotel Pennsylvania, New York. The Board received reports on the situation existing in connection with the disposal of Government surplus goods, the regulations of the WLB as they may concern the effort to recruit sufficient people to carry on the Christmas trade in the stores, the successful opening in Washington, D. C. of the course in retail sales promotion sponsored by the Association's Sales Promotion Division, the recent Absecon Conference, the Price Control situation and a number of kindred matters.

Daily Average Crude Oil Production for Week Ended Oct. 28, 1944 Decreased 4,000 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 28, 1944 was 4,740,900 barrels, a decline of 4,000 barrels per day from the preceding week. The current figure, however, is 32,400 barrels higher than the daily average figure recommended by the Petroleum Administration for War for the month of October, 1944 and exceeds the week ended Oct. 30, 1943 by 437,950 barrels per day. Daily production for the four weeks ended Oct. 28, 1944 averaged 4,725,950 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 4,658,000 barrels of crude oil daily and produced 14,117,000 barrels of gasoline; 1,486,000 barrels of kerosine; 4,722,000 barrels of distillate fuel, and 8,985,000 barrels of residual fuel oil during the week ended Oct. 28, 1944; and had in storage at the end of that week 79,058,000 barrels of gasoline; 14,323,000 barrels of kerosine; 48,863,000 barrels of distillate fuel, and 64,224,000 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 October	*State Allowables begin. Oct. 1	Actual Production Week Ended Oct. 28, 1944	Change from Previous Week	4 Weeks Ended Oct. 28, 1944	Week Ended Oct. 30, 1943
Oklahoma	340,000	343,000	†347,350	+ 4,000	345,000	329,400
Kansas	274,000	269,400	†286,950	— 8,700	275,450	274,650
Nebraska	1,000	----	†950	----	950	1,700
Panhandle Texas			98,800	----	98,800	88,100
North Texas			148,800	----	148,800	138,300
West Texas			492,800	----	492,800	354,050
East Central Texas			149,500	----	149,500	135,250
East Texas			371,350	----	371,350	368,700
Southwest Texas			334,400	----	334,400	288,150
Coastal Texas			537,700	----	537,700	519,350
Total Texas	2,133,000	‡2,134,113	2,133,350	----	2,133,350	1,891,900
North Louisiana			73,300	+ 450	73,400	79,600
Coastal Louisiana			289,750	----	289,750	279,000
Total Louisiana	350,000	396,000	363,050	+ 450	363,150	358,600
Arkansas	78,000	80,295	80,850	+ 200	80,750	78,950
Mississippi	46,000		49,050	— 3,650	49,200	46,450
Alabama	----		200	+ 200	200	----
Florida	----		50	----	50	----
Illinois	205,000		200,250	+ 9,550	197,450	214,550
Indiana	13,500		13,100	+ 550	12,850	13,300
Eastern— (Not incl. Ill., Ind., Ky.)	72,500		68,000	+ 350	67,400	76,900
Kentucky	25,000		28,950	+ 300	26,750	25,500
Michigan	50,000		48,200	+ 3,900	49,150	51,800
Wyoming	95,000		100,850	+ 1,450	99,000	97,750
Montana	22,000		21,350	— 1,100	22,100	21,350
Colorado	8,500		9,300	— 300	9,300	7,100
New Mexico	110,000	§	104,900	----	104,450	112,550
Total East of Calif.	3,823,500		3,856,700	+ 7,200	3,836,550	3,602,450
California	885,000	§	884,200	—11,200	889,400	780,500
Total United States	4,708,500		4,740,900	— 4,000	4,725,950	4,382,950

*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. Oct. 26, 1944.

‡This is the net basic allowable as of Oct. 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.

§Not yet available.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED OCT. 28, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

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

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,447	97.2	7,065	36,524	26,811	21,816
Appalachian—								
District No. 1	130	83.9	107	82.3	279	2,330	511	324
District No. 2	47	87.2	59	125.5	154	1,321	191	137
Ind., Ill., Ky.	824	85.2	754	91.5	2,761	16,503	7,023	3,991
Okla., Kans., Mo.	418	80.2	375	89.7	1,353	6,896	2,334	1,650
Rocky Mountain—								
District No. 3	13	17.0	11	84.6	35	61	14	29
District No. 4	141	58.3	103	73.0	377	1,444	387	590
California	817	89.9	802	98.2	2,093	13,979	11,592	35,687
Total U. S. B. of M. basis Oct. 28, 1944	4,908	87.2	4,658	94.9	14,117	†79,058	48,863	64,224
Total U. S. B. of M. basis Oct. 21, 1944	4,908	87.2	4,662	95.0	14,559	78,366	48,360	63,944
U. S. Bur. of Mines basis Oct. 30, 1943			4,184		12,756	69,092	44,713	63,785

*At the request of the Petroleum Administration for War. †Finished, 65,513,000 barrels; unfinished, 13,545,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,486,000 barrels of kerosine, 4,722,000 barrels of gas oil and distillate fuel oil and 8,985,000 barrels of residual fuel oil produced during the week ended Oct. 28, 1944, which compares with 1,344,000 barrels, 5,030,000 barrels and 8,889,000 barrels, respectively, in the preceding week and 1,409,000 barrels, 4,726,000 barrels and 7,987,000 barrels, respectively, in the week ended Oct. 30, 1943.

Note—Stocks of kerosine at Oct. 28, 1944 amounted to 14,323,000 barrels, as against 14,455,000 barrels a week earlier and 11,229,000 barrels a year before.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Nov. 1 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 Oct. 14, 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 Oct. 14 (in round-lot transactions) totaled 1,019,124 shares, which amount was 16.10% of the total transactions on the Excange of 3,164,950 shares. This compares with member trading during the week ended Oct. 7 of 1,892,322 shares, or 18.18% of the total trading of 4,927,950 shares. On the New York Curb Exchange, member trading during the week ended Oct. 14 amounted to 332,135 shares, or 16.10% of the total volume on that exchange of 1,174,730 shares; during the Oct. 7 week trading for the account of Curb members of 433,885 shares was 14.60% of total trading of 1,485,930 shares.

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

WEEK ENDED OCT. 14, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	79,340	
‡Other sales	3,085,610	
Total sales	3,164,950	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	265,440	
Short sales	29,520	
‡Other sales	238,890	
Total sales	268,410	8.43
2. Other transactions initiated on the floor—		
Total purchases	127,110	
Short sales	7,960	
‡Other sales	141,820	
Total sales	149,780	4.38
3. Other transactions initiated off the floor—		
Total purchases	88,425	
Short sales	15,300	
‡Other sales	104,659	
Total sales	119,959	3.29
4. Total—		
Total purchases	480,975	
Short sales	52,780	
‡Other sales	485,369	
Total sales	538,149	16.10

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

WEEK ENDED OCT. 14, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	10,510	
‡Other sales	1,164,220	
Total sales	1,174,730	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	80,025	
Short sales	6,210	
‡Other sales	96,650	
Total sales	102,860	7.78
2. Other transactions initiated on the floor—		
Total purchases	43,800	
Short sales	1,400	
‡Other sales	31,775	
Total sales	33,175	3.28
3. Other transactions initiated off the floor—		
Total purchases	31,625	
Short sales	2,000	
‡Other sales	38,650	
Total sales	40,650	3.08
4. Total—		
Total purchases	155,450	
Short sales	9,610	
‡Other sales	167,075	
Total sales	176,685	14.14
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	----	
§Customers' other sales	45,100	
Total purchases	45,100	
Total sales	34,491	

*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."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Nov. 1 a summary for the week ended Oct. 21 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 Oct. 21, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	17,091
Number of shares	477,484
Dollar value	$20,719,694
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	105
*Customers' other sales	17,386
Customers' total sales	17,491
Number of Shares:	
Customers' short sales	3,360
*Customers' other sales	434,883
Customers' total sales	438,243
Dollar value	$16,209,361
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	140
†Other sales	112,760
Total sales	112,900
Round-Lot Purchases by Dealers:	
Number of shares	158,250

*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."

Russia Not a Participant in International Aviation Conference in Chicago

A United States invitation to the International Aviation Conference which opened in Chicago on Nov. 1 was rejected by Russia, on Oct. 29, because of the presence of Switzerland, Portugal and Spain, described by the Moscow announcement as countries which for years have "maintained an inimical pro-Fascist policy toward the Soviet Union." This was disclosed in a United Press dispatch from Washington on Oct. 29, which added:

The Soviet rejection, broadcast by the Moscow radio and recorded in London, came after Russia originally had designated its ambassador in Washington, Andrei A. Gromyko, to head its delegation.

Authorities here said that Russia knew the three European neutrals were invited at the time it delivered its own acceptance, and that the shift indicated a "change in policy" which was not yet clear here.

It was pointed out that the countries named by Russia are important to American international aviation. The Azores, Portugal and Spain lie athwart several projected American routes to European capitals, the Middle and Far East.

Authorities said that Russia's position regarding Spain was somewhat understandable, but they were "jarred to find Portugal and Switzerland on the list."

The Swiss Legation said it had accepted the United States invitation and the Swiss delegation will include Minister Charles Bruggmann. There was no comment on Moscow's announcement. Portugal and Spain have both accepted.

The Russian Embassy declined to comment on the Moscow report, but said it might have "something for correspondents Monday morning."

American sources, although apparently discouraged that Russia will not be represented, tended to discount the effect of the decision on the outcome of the deliberations.

As far as the United States is concerned, officials said, there is no reason to feel that Russia will be unwilling to enter bilateral air transport arrangements with this country at some later date. The United States has expressed little desire to fly through Soviet air space, but would like landing rights in Moscow. Russia has indicated little if any desire to fly into the United States, it was added.

The Moscow broadcast was in the form of a statement by the official Tass news agency which follows:

"The assertion that the Soviet Government is taking part in the Civil Aviation discussions is not true. It has been revealed during the last two days that such countries as Switzerland, Portugal and Spain have been invited to take part in the discussions—countries which have maintained a hostile policy toward the Soviet Union for many years. Representatives of the Soviet Union will not take part in the conference."

Fifty-five nations had been invited to send representatives to the conference, called to discuss world air routes, in the Stevens Hotel in Chicago.

Revenue Freight Car Loadings During Week Ended Oct. 28, 1944 Increased 10,505 Cars

Loading of revenue freight for the week ended Oct. 28, 1944 totaled 916,446 cars, the Association of American Railroads announced Nov 2. This was an increase above the corresponding week of 1943 of 32,719 cars, or 3.7%, and an increase above the same week in 1942 of 25.886 cars or 2.9%.

Loading of revenue freight for the week of October 28, increased 10,505 cars, or 1.2% above the preceding week.

Miscellaneous freight loading totaled 419,350 cars, an increase of 726 cars above the preceding week, and an increase of 10,115 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 110,003 cars, an increase of 1.971 cars above the preceding week, and an increase of 3,459 cars above the corresponding week in 1943.

Coal loading amounted to 177,146 cars, an increase of 5,323 cars above the preceding week, and an increase of 30,954 cars above the corresponding week in 1943.

Grain and grain products loading totaled 55,721 cars, a decrease of 997 cars below the preceding week and a decrease of 2,460 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of October 28, totaled 34,873 cars, an increase of 339 cars above the preceding week but a decrease of 4,248 cars below the corresponding week in 1943.

Livestock loading amounted to 27,479 cars, an increase of 918 cars above the preceding week and an increase of 501 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of October 28 totaled 21,854 cars an increase of 397 cars above the preceding week, but a decrease of 21 cars below the corresponding week in 1943.

Forest products loading totaled 45,107 cars an increase of 2,537 cars above the preceding week and an increase of 1.196 cars above the corresponding week in 1943.

Ore loading amounted to 67,490 cars, an increase of 444 cars above the preceding week but a decrease of 9,821 cars below the corresponding week in 1943.

Coke loading amounted to 14,150 cars, a decrease of 430 cars below the preceding week, and a decrease of 1,225 cars below the corresponding week in 1943.

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

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3.073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446.252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
4 weeks of July	3,463.512	3,455,328	3,431,395
4 weeks of August	3,579.800	3,554,694	3,487,905
5 weeks of September	4,428.427	4,456,466	4,410,669
Week of October 7	877,942	906,357	909,250
Week of October 14	898.650	912,348	901,251
Week of October 21	905.941	905.419	903,262
Week of October 28	916,446	883,727	890,560
Total	37,019,912	36,026,889	36,751,433

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 28, 1944. During the period 78 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED OCT. 28

Railroads	Total Revenue Freight Loaded 1944	1943	1942	Total Loads Received from Connections 1944	1943
Eastern District—					
Ann Arbor	444	364	413	1,558	1,412
Bangor & Aroostook	1,986	3,104	1,867	595	199
Boston & Maine	6.819	7,079	6,649	15,035	15,814
Chicago, Indianapolis & Louisville	1,294	1,248	1,541	2,133	1,935
Central Indiana	46	36	26	67	55
Central Vermont	1,055	1,038	1,044	2,535	2,526
Delaware & Hudson	5,160	5.689	6,369	12,450	12,279
Delaware, Lackawanna & Western	7,811	7,025	7,416	10,296	11,187
Detroit & Mackinac	385	299	454	113	109
Detroit, Toledo & Ironton	1,909	2,216	1,779	1,251	1,354
Detroit & Toledo Shore Line	403	394	344	2,703	2,857
Erie	13,785	14,002	12,093	17,833	19,682
Grand Trunk Western	3,960	4,069	4,276	8,233	7,948
Lehigh & Hudson River	162	210	243	2,428	2,429
Lehigh & New England	2,291	1,461	2,043	1,588	1,415
Lehigh Valley	9,057	8,023	8,522	12,514	14,719
Maine Central	2,341	2,438	2,466	4,088	4,647
Monongahela	6,126	3,472	5,900	305	442
Montour	1,670	1,931	2,316	24	36
New York Central Lines	53,414	54,033	50,244	55,396	53,177
N. Y., N. H. & Hartford	9,857	9,940	9,686	17,616	19,204
New York, Ontario & Western	1,040	1,449	960	2,946	2,376
New York, Chicago & St. Louis	7,029	7,450	7,894	15,388	15,946
N. Y., Susquehanna & Western	497	625	376	2,163	2,037
Pittsburgh & Lake Erie	8,214	8,135	8,294	7,450	7,658
Pere Marquette	5,972	5,843	6,292	7,693	7,805
Pittsburg & Shawmut	813	935	736	21	29
Pittsburg, Shawmut & North	306	351	464	227	283
Pittsburgh & West Virginia	1,196	1,051	1,064	3,018	2,994
Rutland	402	377	345	1,290	1,347
Wabash	7,141	6,397	6,178	12,994	13,646
Wheeling & Lake Erie	5,946	5,877	5,379	4,424	4,411
Total	168,531	166,561	163,673	226,370	231,958
Allegheny District—					
Akron, Canton & Youngstown	777	733	808	1,320	1,428
Baltimore & Ohio	47,681	44,694	40,782	29,239	31,373
Bessemer & Lake Erie	5,662	6,127	5,759	1,864	1,965
Buffalo Creek & Gauley	327	348	307	6	5
Cambria & Indiana	1,634	1,494	1,855	8	4
Central R. R. of New Jersey	6,786	6,274	7,699	18,988	19,710
Cornwall	574	627	706	47	67
Cumberland & Pennsylvania	182	166	232	10	12
Ligonier Valley	126	144	134	51	43
Long Island	1,289	1,300	1,333	4,196	3,245
Penn-Reading Seashore Lines	1,802	2,002	1,986	2,573	2,945
Pennsylvania System	88,453	84,941	85,097	67,922	66,547
Reading Co.	15,623	13,937	14,726	29,203	27,209
Union (Pittsburgh)	19,595	21,154	22,132	5,772	8,000
Western Maryland	3,939	4,017	3,896	13,056	11,403
Total	194,450	187,958	187,452	174,255	173,956
Pocahontas District—					
Chesapeake & Ohio	30,628	27,151	28,545	13,542	14,509
Norfolk & Western	21,789	20,419	22,458	7,968	6,876
Virginian	4,658	4,359	4,891	2,311	2,647
Total	57,075	51,929	55,894	23,821	24,032

Railroads	Total Revenue Freight Loaded 1944	1943	1942	Total Loads Received from Connections 1944	1943
Southern District—					
Alabama, Tennessee & Northern	383	324	350	339	344
Atl. & W. P.—W. R. R. of Ala	806	724	756	2,646	3,333
Atlanta, Birmingham & Coast	908	722	750	1,329	1,305
Atlantic Coast Line	10,720	12,203	11,851	10,524	10,712
Central of Georgia	3,715	3,943	4,190	4,505	4,008
Charleston & Western Carolina	407	393	413	1,753	1,305
Clinchfield	1,745	1,693	1,880	3,021	2,085
Columbus & Greenville	368	348	526	284	230
Durham & Southern	159	105	140	636	390
Florida East Coast	979	1,248	966	1,236	1,564
Gainesville Midland	58	42	43	86	103
Georgia	1,164	1,130	1,352	2,469	3,382
Georgia & Florida	522	506	367	649	703
Gulf, Mobile & Ohio	5,010	4,010	4,479	4,417	4,059
Illinois Central System	31,683	29,516	30,633	18,126	18.867
Louisville & Nashville	26,184	20,255	26,169	11,428	12,474
Macon, Dublin & Savannah	210	171	203	606	775
Mississippi Central	341	267	184	537	494
Nashville, Chattanooga & St. L.	3,511	3,389	3,782	4,677	4,554
Norfolk Southern	1,059	960	1,315	1,913	2,063
Piedmont Northern	444	404	355	1,451	1,130
Richmond, Fred. & Potomac	371	357	409	9,428	10,420
Seaboard Air Line	9,444	11,048	10,515	8,599	8,550
Southern System	25,174	22,297	24,185	25,042	24,439
Tennessee Central	725	624	574	959	830
Winston-Salem Southbound	138	131	148	1,130	962
Total	126,228	116,810	126,544	117,791	119,077
Northwestern District—					
Chicago & North Western	20,641	22,612	21,029	16,002	15,220
Chicago Great Western	3,083	3,217	2,502	3,592	3,379
Chicago, Milw., St. P. & Pac.	24,252	21,546	22,175	10,941	10,706
Chicago, St. Paul, Minn. & Omaha	3,687	4,318	3,707	4,319	4,345
Duluth, Missabe & Iron Range	25,655	28,501	21,448	264	281
Duluth, South Shore & Atlantic	690	1,108	1,013	649	587
Elgin, Joliet & Eastern	9,332	8,815	9,867	10,239	11,190
Ft. Dodge, Des Moines & South	356	500	589	102	81
Great Northern	22,659	24,134	21,477	6,935	5,412
Green Bay & Western	592	624	539	962	869
Lake Superior & Ishpeming	1,500	1,283	2,757	77	53
Minneapolis & St. Louis	2,509	2,233	2,330	2,941	2,800
Minn., St. Paul & S. S. M.	7,401	8,013	7,273	3,373	3,143
Northern Pacific	13,576	14,270	14,129	6,716	5,966
Spokane International	201	114	203	505	517
Spokane, Portland & Seattle	2,768	2,393	2,737	3,366	2,977
Total	138,902	143,681	133,775	70,983	67,526
Central Western District—					
Atch., Top. & Santa Fe System	28,244	24,192	25,605	16,140	13,631
Alton	4,079	3,591	3,280	4,706	5,475
Bingham & Garfield	404	501	408	53	80
Chicago, Burlington & Quincy	23,981	21,311	22,669	16,249	13,706
Chicago & Illinois Midland	3,070	1,493	2,438	869	846
Chicago, Rock Island & Pacific	13,545	13,654	12,953	14,172	13,261
Chicago & Eastern Illinois	2,998	2,450	2,682	5,170	5,670
Colorado & Southern	1,485	1,384	1,540	3,481	2,354
Denver & Rio Grande Western	5,210	5,210	5,697	7,347	6,529
Denver & Salt Lake	746	669	882	22	19
Fort Worth & Denver City	991	1,401	1,553	2,484	1,685
Illinois Terminal	2,742	2,026	1,925	2,271	2,218
Missouri-Illinois	1,277	1,330	1,281	708	518
Nevada Northern	1,488	2,095	2,150	105	112
North Western Pacific	932	886	1,222	798	690
Peoria & Pekin Union	27	7	29	0	0
Southern Pacific (Pacific)	33,586	32,243	32,787	15,981	15,379
Toledo, Peoria & Western	288	458	430	1,978	1,929
Union Pacific System	24,098	21,383	22,461	18,682	19,261
Utah	280	599	612	1	13
Western Pacific	2,443	2,049	2,284	5,541	4,215
Total	151,914	138,932	144,948	116,758	107,591
Southwestern District—					
Burlington-Rock Island	753	247	298	645	172
Gulf Coast Lines	5,986	7,277	5,192	2,288	2,914
International-Great Northern	2,675	2,212	3,537	3,874	4,045
Kansas, Oklahoma & Gulf	204	277	385	1,044	1,272
Kansas City Southern	5,637	5,240	4,632	3,190	2,725
Louisiana & Arkansas	3,729	3,259	3,590	2,541	2,809
Litchfield & Madison	332	363	343	1,332	1,386
Midland Valley	868	695	727	602	333
Missouri & Arkansas	159	190	185	473	411
Missouri-Kansas-Texas Lines	6,730	5,917	7,197	5,356	5,082
Missouri Pacific	19,176	18,052	18,678	20,896	19,605
Quanah Acme & Pacific	66	116	133	326	255
St. Louis-San Francisco	10,669	8,529	10,117	9,457	9,493
St. Louis Southwestern	3,867	3,338	3,266	6,488	7,029
Texas & New Orleans	12,159	14,934	14,058	5,639	5,239
Texas & Pacific	6,213	7,098	5,767	7,802	7,218
Wichita Falls & Southern	84	93	144	50	70
Weatherford M. W. & N. W.	39	19	25	33	42
Total	79,346	77,856	78,274	72,036	70,100

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
July 1	152,954	155,170	544,454	95	95
July 8	145,317	98,235	586,379	60	94
July 15	145,775	147,478	586,103	91	94
July 22	157,041	152,402	590,263	94	94
July 29	139,743	157,720	570,626	96	94
August 5	195,161	160,568	604,299	96	94
August 12	140,338	158,849	585,316	96	94
August 19	136,936	155,516	562,744	95	94
August 26	128,596	156,921	534,174	96	94
September 2	173,065	155,820	549,114	97	94
September 9	131,988	123,758	554,352	80	94
September 16	129,481	158,178	525,730	97	94
September 23	125,258	161,114	486,818	96	94
September 30	160,952	159,114	482,896	95	94
October 7	217,096	158,946	541,424	96	94
October 14	139,347	154,719	523,875	96	94
October 21	133,028	156,269	499,929	94	94
October 28	146,003	157,806	486,882	95	94

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

Factory Workers Hours And Earnings In Aug.

The average work-week in all manufacturing in August was 45.1, slightly longer than in August of last year, Secretary of Labor Frances Perkins reported on Oct. 26. "The work-week in the durable-goods group was only slightly below that in Aug. 1943 while that in the non-durable group was about ½ hour longer," she said.

Miss Perkins added:

"Each of the durable - goods groups reported a longer work-week than in July when the Independence Day holiday was observed. Total manufacturing hours per week for the durable-goods group as a whole amounted to 358 million; an increase of about 5 million. This occurred in spite of declines of employment totaling 38,000 wage earners and reflects the lengthening of the work-week from 45.7 to 46.6.

"The transportation equipment group was the only one of the major durable-goods groups which reported fewer manufacturing hours worked per week than in July. The drop in employment of 35,000 in this group more than offset the increase in the work-week from 46.8 to 47.4 hours. Total hours in this group which includes shipbuilding and aircraft still represent more than one-quarter of the total hours worked by all the durable-goods industries.

"The work-week in the non-durable group as a whole averaged 43.0 in August, the same as in July. Total hours were 2¼ million greater, however, reflecting expanding employment.

"Average hourly earnings for all manufacturing averaged $45.85, an increase of 40 cents over August 1943. The apparel group was the only major group which reported a considerable increase in hourly earnings. The increase of 2.8%, from 78.5 cents to 80.7 cents, is because New York and California apparel firms, which pay the highest rates reported expansions in employment.

"Average weekly earnings in all manufacturing averaged $45.85, an increase of 40 cents over July. The earnings in the durable-goods group averaged $51.79 while earnings in the nondurable-goods group amounted to $37.16.

"The average hours per week in bituminous coal mining were 44.1 and in anthracite, 40.8. The work-week in bituminous coal mining is about 9% longer than in August 1943 and weekly earnings are 13% higher than last year. In anthracite mining, the average hours per week were 3½% shorter than in August 1943, while weekly earnings were 6% greater."

Lumber Movement—Week Ended October 28, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 504 mills reporting to the National Lumber Trade Barometer were 7.1% below production for the week ended Oct. 28, 1944. In the same week new orders of these mills were 20% less than production. Unfilled order files of the reporting mills amounted to 91% of stocks. For reporting softwood mills, unfilled orders are equivalent to 36 days' production at the current rate, and gross stocks are equivalent to 37 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 2.6%; orders by 4.6%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 24.6% greater; shipments were 18.3% greater; and orders were 11.0% greater.

Items About Banks, Trust Companies

Percy H. Johnston, Chairman of the Chemical Bank & Trust Co. of New York, announced on Nov. 2 the election of Saul F. Dribben to the Advisory Board of the 320 Broadway office of the bank. Mr. Dribben is President and director of the Cone Export & Commission Co., Vice-President and director of Proximity Manufacturing Co., Inc., and Revolution Cotton Mills, Inc., and a director of Appleton Co., Ashville Cotton Mills, Inc., Cliffside Mills, Eno Cotton Mills, Florence Mills, Mineola Manufacturing Co. and Salisbury Cotton Mills, Inc.

Eugene W. Stetson, Chairman of the Board of Guaranty Trust Co. of New York, announced on Nov. 1 the election of Col. Robert T. Stevens as a director of the trust company. Mr. Stevens was immediately granted leave of absence by the company to continue his duties as Deputy Director for Purchases in the Office of the Quartermaster General at Washington. Mr. Stevens resigned as President of J. P. Stevens Co., Inc., and all other business connections, when he entered military service in January, 1942, following completion on the day before Pearl Harbor of a special course at the Command and General Staff School in Fort Leavenworth. After serving in the Army as a Second Lieutenant of Field Artillery in 1918, he was graduated from Yale in 1921. He then became associated with the textile firm which had been founded by his father, and was elected to its Presidency in November, 1929. In June, 1940, he was appointed by E. R. Stettinius, Jr., as head of the Textile Section of the National Defense Advisory Commission. At the time that he entered the Army he was a trustee of The Mutual Life Insurance Co., a director of the Federal Reserve Bank of New York, the New York Telephone Co., General Foods Corp., and a number of textile manufacturing companies.

Guaranty Trust Co. of New York announced, Nov. 2, the appointment of the following officers: Stanley H. Brown, Assistant Treasurer; James R. King, Jr., Assistant Secretary, and Frank L. Jones, Assistant Credit Manager. Mr. Brown was formerly Assistant Credit Manager at the Fifth Avenue Office.

George Tompkins Connett, former President and trustee of the North River Savings Bank of New York City, died on Oct. 27 at the age of 66 years. Mr. Connett started his banking career with the Greenwich Savings Bank of New York in 1895, and 12 years later joined the North River Savings as Assistant Secretary. In 1910 he became Secretary and Treasurer of that bank, later being made a trustee; he was elected President in 1933 and continued in that position until he retired in 1940.

Andrew S. Roscoe, President of the South Brooklyn Savings and Loan Association, Brooklyn, N. Y., announced on Oct. 25 that the directors of the institution have appointed Charles J. Francois and W. Gordon Dunsmore as Assistant Secretary and Assistant Treasurer, respectively.

Richard Jarvis Helms, Vice-President of the Oceanside National Bank of Oceanside, L. I., died on Oct. 22. Prior to joining the Oceanside Bank in 1939, Mr. Helms was Assistant Secretary of the Manufacturers Trust Co. in Manhattan for 13 years, according to advices from Rockville Center to the Brooklyn "Daily Eagle."

The New York State Banking Department announced approval on Nov. 3 of an increase in the capital of the Union Trust Co. of Jamestown, N. Y., from $400,000, consisting of 8,000 shares of the par value of $50 each, to $500,000, consisting of 10,000 shares of the par value of $50 each.

George C. Lehmann, Assistant Vice-President of the Liberty Bank of Buffalo, N. Y., died on Nov. 2; he was 71 years of age. Mr. Lehmann, a former newspaper man was an executive of the Buffalo Chamber of Commerce.

In 1927 Mr. Lehmann joined the Liberty Bank as head of its business service and extension department, and in 1932 he was elected Assistant Vice-President.

While with the Chamber of Commerce, Mr. Lehmann was instrumental in organizing the Buffalo Business Federation in 1926, and served as its first Secretary.

Charles Barton Brown, Assistant Secretary of the Connecticut Savings Bank of New Haven, Conn., died on Nov. 2. Mr. Brown was connected with the real estate department of the bank. Before joining the Connecticut Savings, he was associated with the firm of Frederick M. Ward Co., realtors. Mr. Brown graduated from Yale with a civil engineer's degree, and was a member of the American Society of Civil Engineers.

William Scheerer, former Chairman of the Board of the Fidelity Union Trust Co. of Newark, N. J., died on Oct. 27; he was 89 years old. Mr. Scheerer began his banking career in 1874 with the State Trust Co. of Newark, which later became the State Banking Co. When the latter merged with the Union National Bank of Newark, Mr. Scheerer was Vice-President, and in 1902 became its President.

When, in 1921, the Fidelity Trust Co. merged with the Union National, Mr. Scheerer declined the Presidency of the combined institution and instead became Chairman of the Board of the Fidelity Union Trust Co., Mr. Scheerer held that position until he retired in 1932.

The First National Bank of Philadelphia, Philadelphia, Pa., announced on Oct. 31 that Stephen E. Sayer has been appointed an Assistant Cashier. Mr. Sayer had been an executive of the Household Finance Corp.

The Wheeling Dollar Savings & Trust Co. of Wheeling, W. Va., announces the death on Oct. 20 of George E. Carenbauer, Vice-President and Cashier of the institution.

The Cleveland "Plain Dealer" on Oct. 31 reports the appointment of William H. Waggoner as President of the Second National Bank of Ravenna, Ohio. Mr. Waggoner succeeds to the position vacated by Albert D. Reese, who had been President for seven years and who resigned to accept a post as renegotiator of war contracts for the War Department in the Cleveland Ordnance District.

Previous to his new appointment Mr. Waggoner was Cashier of the bank, a position which has been delegated to Paul E. Sander.

S. J. Poupart Honored

Sidney J. Poupart, for 61 years an active member of the New Orleans Stock Exchange, was honored on Oct. 18 with the presentation of a scroll by the membership naming him first honorary member in the Exchange's 69 year history. The New Orleans "Times Picayune" in reporting this continued:

The presentation was made by Fred N. Ogden, exchange President, at a membership meeting on Oct. 18.

Mr. Poupart joined the exchange in 1883, eight years after its establishment. Before that he had been an employee of an exchange member since 1876.

Louisville Banks Form Credit Group

Organization of a $21,900,000 credit pool in Louisville, Ky., to finance small and medium-sized business in the Louisville area during the post-war period was announced on Oct. 25 by Earl R. Muir, President of the Louisville Trust Co. and member of an American Bankers Association commission promoting the movement.

As has been made known in these columns, the American Bankers Association organized some time ago a Post-War Small Business Credit Commission, and these credit groups are being organized throughout the United States to meet the credit demands of the post-war era. Mr. Muir, a member of the ABA Post-War Small Business Credit Commission, is giving freely of his time and efforts toward furthering this organization, not only in Louisville, but elsewhere, in order that the banks will be in position to render the best possible service in the post-war era.

Donald McWain, Financial Editor of "The Courier-Journal," of Louisville, reporting on Oct. 25 the action taken in that city, said:

"All members of the Louisville Clearing House are participating in the pool, which will be known as the Louisville Bank Credit Group. The Group is set up for a five-year period, but it can be ended any time by a vote of six of its members. Any premature termination of the Group 'shall not affect any loans or commitments theretofore made,' the constitution says.

"The first meeting of the credit committee of the Group is set for Wednesday, Nov. 1. This early action makes the Louisville organization the second Group of its kind to become operative, the first having been a $100,000,000 credit pool formed by the banks of New York City. On the credit committee is one member from each of these banks: Citizens Fidelity Bank & Trust Co., First National Bank, Liberty National Bank & Trust Co., Louisville Trust Co., and Lincoln Bank & Trust Co.

"The limit line of credit will be $2,190,000. The proportion of the total that can be assumed by each bank under the agreement is as follows:

"Citizens Fidelity, 80/219ths; First National, 45/219ths; Liberty National, 25/219ths; Louisville Trust, 25/219ths; Kentucky Trust, 20/219ths; Lincoln, Bank, 15/219ths; Security Bank, 4/219ths; Stock Yards Bank, 3/219ths, and U. S. Trust, 2/219ths.

"Any bank located in the Louisville trade area may become an associate member of the Group, but such associate membership shall be applicable only to such loan or loans originated by any such bank and shall not entitle any such associate member to participation generally in the loans made by the Group, the constitution says."

The Clearing House Association statement said:

"Many of these Groups are in . . . formation throughout the country, and are a part of the program of the Postwar Small Business Credit Commission of the ABA to develop facilities for supplying adequate credit for every legitimate use. It is not proposed that these credit groups make bad or reckless loans, because such loans are of no benefit to the borrower, the bank or the community, but it is proposed that every competent man, firm and corporation needing bank credit for a constructive purpose will get it.

"Bankers . . . believe that the credit resources of the banks are sufficient to meet the credit needs of business, and that through bank credit groups, such as the Louisville Bank Credit Group, the extension of such credit, when needed, will be facilitated. . . .

"If the banks within the Louisville trade area are not in position to meet the full credit requirements of their communities, they may apply to the Louisville Bank Credit Group for the needed credit."

A $100,000,000 bank credit group was organized in New York on Sept. 25, and reference thereto appeared in our Sept. 28 issue, page 1380; a further item in the matter was given in our Oct. 19 issue, page 1700.

ABA Committee to Plan War Veteran Service

That the banks of the nation may be enabled to do all they can to help returning war veterans to resume their places satisfactorily in the life of their communities, the new American Bankers Association Committee on Service for War Veterans, at its first meeting which closed at Chicago on Oct. 28, discussed plans to aid banks in performing this latest war service. The meeting was keynoted by W. Randolph Burgess, President of the Association, who said: "These boys coming back will come to our communities and to our banks. The job we are facing is how to assimilate them into our civilian life with the greatest happiness to them and success to our social institutions."

The committee undertook an exploration of veteran problems, and in this it had the assistance of representatives of veterans' organizations, representatives of the U. S. Army, the Selective Service, the U. S. Manpower Commission and the U. S. Veterans Administration who attended its sessions, outlined the problems of discharged veterans and the plans being made to meet them. The ABA announcement further says:

"It was the consensus of the committee that loan provisions of the GI Bill of Rights law represent only one phase of the service which banks may perform for veterans. It was the opinion of the committee that the responsibilities of the banks fall into three categories, one having to do with the reemployment by banks of their own people returning from the war and employment of other veterans, another phase having to do with the services banks can render to all veterans, including loans, business counsel, trust and guardianship service, etc., and a third, the approach to general community veteran service through cooperation with agencies and organizations set up for that purpose.

"The committee recognized that the service which banks can render to veterans goes beyond the provisions of the GI Bill of Rights law and offers another opportunity to banks to render a war service which would redound to their credit. It felt that bankers can be of assistance to veterans, particularly in the realm of business and financial counsel and guidance. The committee recommended that bankers' committees for service to war veterans be organized in the various States and also where deemed necessary in the local communities. Its program envisions bankers' cooperation with government agencies and veterans' organizations serving the needs of veterans, both at the State and community levels, and that where local groups for the aid of veterans are lacking, the bankers organize necessary committees.

"The program of the committee as it is worked out will be communicated to the banks in the form of bulletins and manuals which will interpret the laws and regulations, acquaint banks with procedures being employed in various sections of the country and keep them generally up to date with information on this subject."

Checking Accounts Manual for Banks

Responding to the need of banks for information on the operation of "special" or "no minimum balance" checking accounts, and to answer the increasing number of inquiries being received on that subject, the Bank Management Commission of the American Bankers Association has prepared and is making available to Association members a manual of operating procedure for handling such accounts.

In introducing the manual, W. A. McDonnell, Chairman of the Commission, who is Vice-President of the Mercantile-Commerce Bank & Trust Co., St. Louis, Mo., said:

"This booklet deals with the subject of special checking accounts in a manner which we hope will be of service to those institutions contemplating the installation of such a banking service."

The manual of operating procedure is devoted entirely to a discussion of the "sell a checkbook plan" of special checking accounts in which the bank sells a checkbook containing 10, 15 or 20 checks to the customer. It discusses rules, regulations and restrictions which should govern such accounts and differences between special and regular accounts, as well as methods for determining fees and charges that should be made for the checks by each individual bank. The manual includes complete directions for the setting up of the special checking account plan in the bank, including reproduction of the forms to be used, as well as bookkeeping and bank procedure necessary to its successful operation, including paying and receiving department instructions.

Copies of the manual, "Special Checking Accounts — Operating Procedure," may be obtained from the Bank Management Commission of the American Bankers Association at 22 East 40th St., New York, N. Y.

FDR in Armistice Day Proclamation

In his proclamation issued Oct. 27 President Roosevelt called upon the people of the nation to observe Armistice Day, Nov. 11, "by rededicating themselves to the tasks of waging this second World War to a victorious conclusion and establishing an enduring peace." In his proclamation, the President said:

Whereas the peace has again been broken, and we and our Allies, uniting to reestablish peace under liberty, have deployed our forces by land, sea and air, and are confident of victory; and

Whereas under God we are resolved that the victories of this second World War shall produce not merely an armistice but also institutions capable of establishing a peace which shall endure; and

Whereas Senate Concurrent Resolution 18 of the 69th Congress, passed June 4, 1926 (44 Stat., 1932), requests the President of the United States to issue a proclamation calling for the observance of Nov. 11 as Armistice Day;

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby call upon the people of the United States to observe Nov. 11, 1944, as Armistice Day by rededicating themselves to the tasks of waging this second World War to a victorious conclusion and establishing an enduring peace; and I direct that the flag of the United States be displayed on all Government buildings on that day.