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The Financial Situation

Nearly 10 days have elapsed since the authorities, with a great flourish of drums and of trumpets, told the public what they thought it should know or believe about what went on at Yalta. It has been a source of encouragement to us to observe from day to day the growing inclination on almost all sides to inquire more and more closely into the reports of that conference—and to inquire, we may add, with increasing evidence of an inclination to ignore current propaganda and inquire what really was achieved. Few announcements have ever been more carefully "staged" or accompanied by greater effort to be certain that the public would be convinced that miracles had been achieved. Seldom has any announcement, moreover, been received with louder and more universal immediate acclaim. For a time it appeared, for reasons not altogether easy to discern, as if the public would insist upon being badly "taken in."

Military Gains

It is possible that what appear to be real military gains in the conduct of the war against Germany may have been in large part responsible for the enthusiasm which seemed at first to greet this announcement. Right or wrong, many had grown dubious of Russia's intentions as the winter months wore on. When the Red Army at length began to move it appeared to many that the Allies in the West were not ready to move with it. There was a widespread feeling of uneasiness that the military efforts of the armies in eastern Europe and those to the west were not well coordinated—and even some feeling that there was danger of fundamental differences among the Allies which might presently even more seriously interfere with the most effective conduct of the war against Germany. The joint communique following the Yalta conference appears to give solid

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From Washington Ahead of the News

By CARLISLE BARGERON

Unless we are mistaken, there is likely to be anything but peace and serenity in the Congress the next few weeks. On the assumption that these men are close to the people, especially those of the House, and despite the Gallup Polls to the contrary, we are in an awful ferment of doubt, suspicion and distrust. There are some writers and some radio commentators who are making money these days by explaining to us the Axis propaganda. Their explanations are always pretty devious and reflect mostly an adventure into the high stratosphere of intellects.

Carlisle Bargeron

But, as we gather from the members of Congress, a real need is that somebody explain our own propaganda. It is closer to home and more important.

Several weeks ago MacArthur went into Manila and liberated thousands of Americans at Santo Tomas University and at Bilibidi prison. A more stirring and heart-warming story in this war was yet to be written for us. A few weeks elapsed and we have yet to receive more than a fragmentary list of those rescued. We have read, that is, those who closely read the newspapers, that the Japs came back and bombed both the university and the prison. Did they kill a lot of our people, those pathetic souls who after three years of imprisonment now faced release, only to die? Nobody seems to be able to find out what happened.

We should say at this point that we are not reporting what runs through our own mind, but the doubts expressed and the questions raised by members of Congress, the overwhelming number of whom have been inarticulate so far, and who are up against, in so far as their constituents are concerned, the pageantry of the Yalta conference which they in their hearts don't believe means a thing and about which their constituents are asking them the one question:

"When do the boys come home?"

These other thoughts are running through their minds: MacArthur's great success and the more recent headlining of Admiral Nimitz' attack on the mainland of Japan seem to coincide with the Allies not doing so well on the Western front. What are the people to think? One day the Russians are within 30 miles of Berlin. We on the Western front are getting ready for a big

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The Price and Quantity of Money

By REV. BERNARD W. DEMPSEY, S. J.

Regent, School of Commerce and Finance, Saint Louis University

Holding That Economic Values Must Ultimately Be Related to Human Values, Father Dempsey Argues That the Analysis of the Nature of Interest Cannot Yield "a Numerical Natural Rate." Points Out That Since Capital Values Are Not Always the Result of Savings, "Capital Values Bear No Necessary Relation to Antecedent Costs," and the Interest Rates, Therefore, Are Bank Rates and Not What Rates Would Be if Dependent Entirely on Savings. Denies Keynes' Theory That Under Ideal Conditions, Pure Interest Would Be at Zero. Urges Solving Economic Problem Directly by Social Reform

"The Commercial and Financial Chronicle" is to be congratulated on its wisdom in devoting space not only to day-by-day "practical" questions, but also to the fundamental issues which lie behind the practical. At the present time such discussion is not an academic sham battle, but genuine argument in which somebody is wrong. And we need to know who that somebody is.

Rev. B. W. Dempsey

Mr. Potter's "Theory of Interest" ("Chronicle," Dec. 14, 1944), which I am asked to discuss, deals with a twofold subject matter which Mr. Potter rightly seeks to integrate: (a) acute observations on the actual operation of the banking and monetary system in itself and in relation to his own theory of the ultimate basis of value and valuation; and (b) ingenious observation on the ultimate grounds of economic value, and capital value and valuation in particular.

Economic values, since they have meaning only in serving human uses, must ultimately be related to human values. Human life in its fullest development is therefore the supreme economic value. Actually, the initiation and safeguarding of life within the family is the mainspring of economic activity. Children are always the principal investment of each generation, an investment which takes some 20 years to mature. This human investment requires maintenance during the period of maturing and the economy must produce a surplus sufficient to maintain it. The stability of this social framework causes Mr. Potter to see therein a natural constant such as the physical sciences employ; the 20-year development period involves a 5% natural rate of interest.

Actually, such an analysis cannot yield a numerical natural interest rate; rather it yields the practical and weighty conclusion that a healthy economy is one which actively serves these human purposes, is one whose economic institutions are such that basic social institutions like the family flourish and function easily and efficiently. Nor could Mr. Potter's 5% natural interest rate ever be a matter of rigid contractual (cummutative) justice. Contractual justice concerns specific obligations between persons; here we have a relation between a person and the community. The only justice involved here is social justice. Social justice is the great but often neglected obligation of all members of the community to contribute positively to the community, which they need for their own maintenance and development. Such considerations, however radical and true, cannot furnish us with the social equivalent of "pi" or "e" or "i."

In analyzing the actual operations of the banking and monetary system, Mr. Potter's acumen brings to light several valuable considerations. Some of them are new; some of them, though known, have never before been so neatly presented. The first of these is that the liquidity of the banks often conflicts with the liquidity of business; surely they should be

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GENERAL CONTENTS

*These items and reports appeared in our issue of Feb. 19, on pages indicated.

Chester Bowles Says He Has Been Misinterpreted

In Letter to Editor, OPA Administrator Takes Exception to Statement That His Organization Had to Be Given Something to do or "Disintegrate".

In a letter to the Editor dated Feb. 14, Chester Bowles, Administrator of the Office of Price Administration, strongly objects to the comment which appeared in Carlisle Bargeron's weekly column, "Washington Ahead of the News," in the "Chronicle" of Jan. 18, 1945, page 289, and which related to a letter written by Mr. Bowles to Marvin Jones, Food Administrator. Mr. Bowles contends that the comment "seems to me a most unfortunate example of misquoting from a confidential letter" and that the sentences referred to in the letter "have been removed from their context and completely misinterpreted."

Chester Bowles

The text of Mr. Bowles' letter to the Editor follows:

Editor, "Commercial and Financial Chronicle":

I am writing to comment on your piece [refers to article appearing under the "by" line of Carlisle Bargeron.—Editor] in the Jan. 18 issue of the "Commercial and Financial Chronicle," in which you reported that I wrote to Marvin Jones that the morale of the OPA was going to pieces because the agency "felt it was being given the runaround in the Washington bureaucracy. The OPA had to be given something to do, otherwise his organization would disintegrate."

This comment seems to me a most unfortunate example of misquoting from a confidential letter. Not only is the quotation inaccurate, but the sentences to which you refer have been removed from

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"Bretton Woods Agreements Act" Introduced In Congress

Bill Authorizes President to Accept Membership of U. S. in Both International Fund and Bank. Makes Appropriations of Necessary Funds, but Bans Changes in Gold Value of the Dollar. Secretary of Treasury's Power to Change Price of Gold Not to Be Reflected in Par Value of Dollar Fixed by Fund, Without Approval by Congress. Fund Immune From Suits by Individuals, but Suits Against Bank Permitted in Federal Courts. Johnson Act Repeal Limited to Loans of Countries That Are Members of Fund.

In compliance with the President's special message to Congress on February 12, urging the immediate adoption of the Bretton Woods Agreements of July 22, 1944, Senator Robert Wagner (Democrat of New York), and Representative Brent Spence (Democrat of Kentucky), both respectively chairman of the Senate and the House Committees on Banking, introduced in their respective chambers identical bills providing for adherence of the United States to the International Monetary Fund and the International Bank for Reconstruction and Development. Since the acceptance of both institutions is provided in the bill, as the matter now stands, Congress must vote for both the Fund and the Bank jointly, and this would ignore the recommendation of the committees of the leading banking associations which favored the proposal for an international bank, but which urged postponement or defeat of participation in the International Monetary Fund.

An important provision in the proposed measure, which is undoubtedly aimed at allaying Congressional opposition, is the restriction placed on the United States representatives on both the Fund and on the Bank that they shall not consent to any change in this country's quotas, or to a change in the gold value of the dollar without the specific approval of Congress. Though the bill does not directly deprive the Secretary of the Treasury of his present power to set the price for the buying or the selling of gold bullion, it effectively nullifies or suspends this power by the provisions in Section 6, which stipulates that the par of the U. S. dollar in the Fund "shall not be communicated as other than 15 5/21 grains of gold, nine-tenths fine." Thus under the measure, as well as under the plan of the International Fund, other members of the Fund, either without (up to 10 per cent) or, with the consent of the Fund, to a greater amount, might change the value of their currencies in terms of gold. But the gold value of the dollar can be changed only after the consent or approval of Congress. This may tie the hands of the United States representatives in any currency devaluation contest that might develop in the administration of the Fund.

Another provision of the bill (Section 10) provides merely for a partial repeal of the Johnson Act. This act places a ban on the flotation in the United States of loans of foreign governments which are in default on their obligations to the United States. As it is proposed, under the organization of the International Bank, that both the direct and the guaranteed issues of the bank are to be negotitated in the United States capital market, it has become necessary to repeal this law, if the Bank is to function at all. However, the bill provides merely that the ban be removed with respect only to governments or countries that are included in the membership of both the Fund and the Bank.

Another matter which the bill attempts to settle is that relating to the legal status of the International Fund and the Bank, together with its employees, in this country. The measure provides that the Fund, as a governmental agency, can be sued only with its own consent, but the Bank can be sued by individuals, since it is to transact business with the public through issuing its own obligations or guaranteeing the obligations of others. All suits against the Fund and the Bank are placed exclusively under the jurisdiction of the Federal Courts.

Senator Wagner, in addressing the Senate on the introduction of the bill, stated that he and his colleagues in the House of Representatives had three objects in mind. "First, we wanted a bill which would give Congressional approval to United States' participation in the International Fund and the International Bank. In the second place, we wanted to make certain that the bill contained all of the affirmative legislation necessary for the United States to participate in the Fund and the Bank, including the payment of the subscriptions of the United States. And finally, we wanted to prevent any fundamental changes being made in the Fund or the Bank, or in the participation of the United States in these institutions, without the specific approval of Congress."

"We believe," he continued, "that the bill which we are introducing accomplishes all of these objectives. Under it the United States will be enabled to assume its rightful position of leadership in international monetary and financial affairs. Because of the great importance of the bill, I should like to outline briefly the content of its various sections."

The full text of the Wagner-Spencer Bill (S. 540) having the short title "Bretton Woods Agreements Act" follows:

A BILL

To provide for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

Short Title

Section 1. This Act may be cited as the "Bretton Woods Agreements Act."

Acceptance of Membership

Sec. 2. The President is hereby authorized to accept membership for the United States in the International Monetary Fund (hereinafter referred to as the "Fund"), and in the International Bank for Reconstruction and Development (hereinafter referred to as the "Bank"), provided for by the Articles of Agreement of the Fund and the Articles of Agreement of the Bank as set forth in the Final Act of the United Nations Monetary and Financial Conference dated July 22, 1944, and deposited in the archives of the Department of State.

Appointment of Governors and Executive Directors

Sec. 3. The President, by and with the advice and consent of the Senate, shall appoint a governor of the Fund and an alternate, and a governor of the Bank and an alternate. The term of office of each shall be five years. The President, by and with the advice and consent of the Senate, shall appoint an executive director of the Fund and an executive direc-

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Increase of Federal Debt Limit to 300 Billion Sought

Legislation which would raise the public debt limit from $260,000,000,000 to $300,000,000,000 was introduced in the House on Feb. 13 by Representative Doughton (Democrat), Chairman of the House Ways and Means Committee. The proposed figure, it is noted, is about 7 times the prewar level, and the debt is currently some $241,000,000,000. Advices Feb. 13 to the New York "Journal of Commerce" from its Washington bureau noting this said in part:

"At approximately the end of the 1940 fiscal year, when this country started its defense program, the national debt stood at $43,000,000,000.

"At his press conference here today, Secretary of the Treasury Morgenthau revealed that a provision in the bill calling for a debt limit of $300,000,000,000 would have the effect of permitting the Treasury to designate savings and loan associations and credit unions as paying agents of the Federal Government.

"Present law permits the designation of incorporated banks and trust companies. Mr. Morgenthau said the other groups had protested their exclusion. He added that the new group would not be designated "in mass" but the Treasury would proceed selectively in applying the provision if adopted.

"Mr. Morgenthau passed off a question about the possibility of placing Export-Import Bank authority under the Treasury. He said, 'Let's win the war first.' He disclosed that plans for enlarging the scope of the Export-Import Bank have been substantially completed in discussions with Foreign Economic Administrator Crowley."

U. S. Accepts Finland War Debt Payment

Announcement that the United States had finally permitted Finland to pay the Dec. 15 installment, $235,445, on its World War I debt, was made known on Feb. 1, at which time Associated Press advices from Washington stated:

"In addition, the Treasury Department issued licenses for resumption of interest payments to American holders of Finnish Government bonds.

"The payments, both to the United States Government and to the bondholders, will come out of Finland's frozen funds in this country.

"Heretofore, the Treasury has refused to accept payment on the Government debt because it would have been unfair to the American bondholders, whose interest payments were frozen.

"The Finnish Government bond issues on which interest payments now are resumed are City of Helsingfors, 6½% bonds of 1960; Finland's Residential Mortgage Bank, 6% bonds of 1961; Republic of Finland, 6% external loan sinking fund bonds of 1945.

Henry Morgenthau, Jr., Secretary of the Treasury, said the action will bring interest payments on those bonds up to date. That is, payments due in the past now will be made.

The restoration of trading in the Republic of Finland 6% and City of Helsingfors 6½% dollar bonds on the New York Stock Exchange was resumed on Feb. 5, while the Curb Exchange at the same time resumed dealings in Finland Residential Mortgage Bank 5% bonds.

The International Bank—An Appraisal For Investors

By CLARENCE E. HUNTER*
Vice-President, The New York Trust Company

After Outlining the Organization and Functions of the Proposed International Bank for Reconstruction and Development, Mr. Hunter Points Out the Matters of Chief Concern to Investors. States That the Bank Will Be Confronted With the Problem of What Legal Action Can Be Taken Against Sovereign Governments in Case of Default, and Advocates That the Bank Confine Its Own Financing to the Sale of Debentures Rather Than to the Guaranty of Loans. Sees Need of Legislation to Make the Bank's Debentures and Other Obligations Legal for Savings, Trust Funds and Insurance Portfolios.

To investors and students of developments in the capital markets the International Bank proposed in Bretton Woods Final Act is a subject of immediate and vital interest. Congress will soon be asked to consider ratification of our participation in the Bank and in the Monetary Fund which is allied with it. Your interest is chiefly in the Bank; and the Fund, except as its proposed powers and functions bear on the Bank, will not be discussed.

The **Sponsorship** of the Bank will include the United States, United Kingdom and members of the Empire, Russia, China, France, Netherlands, Belgium, Czechoslovakia, Norway, Brazil, and the allied South American and other nations. Neutral nations, such as Sweden and Switzerland, may become members later on. In general the proposal has been well received by the experts and publics of all interested nations and its seems to be accepted that the Bank can play a useful role in post-war reconstruction and development of projects which will contribute to employment and world trade.

The **Management** and board of governors, will undoubtedly be predominantly composed of persons satisfactory to the five largest stockholders.

Capital shall be $10,000,000,000 authorized, of which 2%, payable in gold or U. S. Dollars, and 8%, payable in subscribers' currencies, shall be paid in promptly. A further 10%, payable in subscribers' currencies, may be called by the management. The remaining 80% is subject to call only when required to meet guarantees or obligations of the Bank.

The **Balance Sheet** of the Bank, theoretically, after payment of the first 10% of subscribed capital, will disclose assets—

Gold		$182,000,000
Dollar balances		254,000,000
Sterling balances (£)	26,000,000	104,000,000
Russian balances (Chervonetz)	51,000,000	96,000,000
China balances (Yuan $)	960,000,000	48,000,000
French balances (FF)	1,800,000,000	36,000,000
India balances (Rupees)	105,000,000	32,000,000
Canadian balances ($)	29,000,000	26,000,000
Netherlands balances (Fl)	58,000,000	22,000,000
Belgion balances (BF)	788,000,000	18,000,000
		$818,000,000
Australia, South Africa, Czechoslovakia, Poland, Mexico and other currencies		92,000,000
		$910,000,000
Subscriptions subject to call		8,190,000,000
Total		$9,100,000,000

Liabilities will be to stockholders only.

The gold value of the assets will be protected by the covenant of all stockholders to add adequate sums to preserve the gold value of their contributions if their exchange declines from the rates fixed in agreement with the Fund, the operations of which are intended to determine and stabilize exchange rates.

Loans

While the fundamental purpose of the Bank is to make loans, presumably it may make interim investments in short term securities of the governments whose currencies it holds. Accounts may be maintained with central banks, or designated fiscal agencies of subscribing governments.

The Bank may make, guarantee, or participate in loans to any business, industrial and agricultural enterprise, political subdivision of or a member itself. In addition to the obligation and security furnished by a nonmember borrower, the loans must be guaranteed by the member, or its central bank; hence an investor in such securities will be protected by three or more obligations. The projects must be approved by a competent committee, the rate of interest must be reasonable, the Bank must receive 1% or 1½% as compensation and be permitted to supervise the use of loan proceeds. The country in whose market and in whose currency a loan is floated shall approve or disapprove it. Generally the amount of a loan in a currency foreign to a given country shall not exceed the sum needed to pay for materials and services to be imported.

Three facilities for making loans will be at the Bank's disposal:—the funds paid in, funds borrowed by sale of its own debentures, and guarantees. Loans made in any one currency must not exceed the Bank's borrowings and the portion of its capital funds in the same currency. Special action by members is required to deviate from this sound rule. Total loans, participations and guarantees shall not be increased to exceed 100% of unimpaired capital, surplus and reserves of the Bank. Competent opinion exists that use of debentures rather than guarantees may be found wiser in practice and tend to maintain the Bank's credit and uniformity in the prices and yields upon its obligations. Another sound feature is that the Bank shall have the right to take up immediately in full any obligation it has guaranteed on which default has occurred.

Loan Illustration

As an illustration of the procedure which would probably be followed in making loans, let us refer to the Tyrol Hydroelectric Power Company loan of 1925 which was offered in the United States in the amount of $3,000,000, maturity 1955, interest rate 7½%, offering price 96½ secured by a mortgage on all property, and guaranteed jointly and severally by State of Tyrol and City of Innsbruck. If a similar proposal should be made to the Bank after it is in operation, it would be studied by a competent committee which would also ascertain the

*A paper prepared by Mr. Hunter for the 26th Mid-Winter Trust Conference, Trust Division, American Bankers Association.

amount of foreign exchange needed to buy copper wire, dynamos, other machinery and equipment not obtainable in Austria, and determine to its satisfaction that the project could not be financed on reasonable terms in the capital markets without the guaranty of the Bank, or by loans from the Bank. After approval by the committee and the Bank's management and determination of the security and guarantees, if any, to be supplied by the borrower, repayment provisions and all other usual arrangements, the guaranty of the Austrian federal government, or its national bank, would be required. The amount of the loan would be the sum needed to pay for imports as above mentioned and might consist only of dollars, or dollars, Swiss francs, pounds sterling, and the currency of any other country in which a tranche of the loan is to be offered. The coupon and offering price to the public, if the issue is to be sold with the guaranty of the International Bank, would be determined, all legal requirements in the markets where the issue is to be offered would be complied with, and the consent of the relative governments obtained. The sale of the bonds would be made through the facilities of the issuing house handling the transaction. For its guaranty the International Bank would receive annually 1% or 1½% of the principal sum outstanding.

Should the International Bank decide to make the loan out of funds in hand, the same procedure would be followed except that there would be no public offering and no guaranty of the Bank would be involved. It is possible of course, that public announcement of the loan and its terms would be made by the borrower, or the International Bank with consent of all concerned, in pursuance of a sound policy as to keeping the public informed of the International Bank's activities. Loan transactions with industrial companies and agricultural enterprises would follow the same general pattern.

No Stabilization Loans

Loans in the local currency of a borrower may be made by the International Bank but such loans would be exceptional and to meet unusual or emergency conditions. It is the generally accepted opinion, also, that loans to stabilize currencies, to furnish gold reserves to central banks, and to conduct stabilizing transactions in different currencies are not within the normal field of operations of the International Bank and that certain changes in the Bretton Woods Final Act proposals would have to be made to empower the bank to undertake such loans and operations. At Bretton Woods it was conceded that, in special cases, the powers of the Bank could be interpreted as not excluding stabilization loans. In general the loaning powers of the Bank are very broad. Presumably any huge undertaking, such as the development of the Amazon valley, international highway systems, reclamation and irrigation, or other projects, would have to be of genuine international interest, to merit approval by the loan committee of the Bank.

Liability of Stockholders

Ultimate protection to the investor is given by the Bank's right to call upon all stockholders for funds required to meet its obligations. While calls will be made proportionately, one stockholder is not excused by the failure of the others to respond. Accordingly one could say that as to loans up to $3,175,000,000, the United States is fully obligated; as to a further $2,373,000,000 the British Empire; as to $450,000,000 France; as to $275,000,000 the Netherlands; $225,000,000 Belgium; $125,000,000 Czechoslovakia; $50,000,000 Norway, etc. These alone total $6,675,000,000. Russia will add a further $1,300,000,000.

Any currencies held or acquired by call may be used freely by the Bank to satisfy obligations in other currencies.

Earnings and Reserves

Income from interest and commissions will be used to pay expenses and establish reserves to which defaulted obligations may be charged. These reserve funds, in the interim, are to be conservatively invested.

Credit Risk

The factors discussed to this point may be said to represent the credit risk to be judged by an investor.

Sovereignty and Legal Resources

While the Bank will be confronted with the problem of what legal action can be taken against sovereign governments in the cases of defaults under loan contracts and calls for payments under subscriptions to stock, it will have as strong a position in these matters as can be obtained under the circumstances. This is a risk to be appraised by an investor.

Market Position

Guaranteed obligations generally are less acceptable to investors than direct ones but in many cases the difference in price is very small and in notable cases, as for instance the Austrian League of Nations loan of 1923, the guarantees have substantially raised the market valuation of such obligations. Presumably the Bank's debentures will enjoy high credit but whether all guaranteed obligations will rank equally is most unlikely.

As stated above it would seem to be a wise policy for the Bank's management to confine its own financing to the sale of debentures and use the proceeds to make loans, rather than to guaranty a great variety of loans of political bodies, industrial, and agricultural organizations of different credit standing. Through this practice the debentures would all be of one character as far as credit standing is concerned and would vary only as to coupon rate and maturity. Generally speaking, all tranches of debentures issued in different markets and currencies, should follow the same practice and contain the same general features. The debenture method of financing would demonstrate its superiority to the guaranty method when defaults of underlying debtors occur. Small or no variations in price of all outstanding debentures might happen should a default under one of the Bank's loans be announced. The situation might be different if a wide variety of guaranteed loans were outstanding, in addition to the debentures, and a default arise in connection with a guaranteed issue outstanding in important centers. The debenture method would have the further advantage of flexibility to the Bank's management in the handling of the Bank's debt. Provisions as to call privileges, with appropriate prices, could be included in the debentures which would enable the Bank's management to reduce the cost of financing if the opportunity to refund debentures arose. The Bank can, of course, make capital calls to repay debentures in the case of default of underlying obligations.

Debentures as Trust Investments

Undoubtedly in most states supplementary legislation will be required to constitute the debentures and guaranteed obligations legal investments for savings, trust funds and insurance portfolios. Congress may attempt to establish the investment position of the Bank's obligations on a par with those of instrumentalities of the United States Government and exempt them from Securities and Exchange Commission registration and the preparation of prospectuses. We shall have to await developments in these regards. Obviously to establish the acceptability of the Bank's obligations, debentures and guarantees, in the American markets steps should be taken to qualify such obligations as legal investments for insurance portfolios, savings banks and trust funds. Similar precautions may be advisable in other markets.

An important factor bearing on the market position of the debentures of the Bank and its guaranteed obligations will be the policy it pursues with regard to informing the public as to its activities, loans, defaults, knowledge of economic and financial conditions in various countries, and its own affairs in particular.

In conclusion, if our Congress, other parliaments, and governments approve the Bank, as proposed, it will be launched with fanfare and the endorsement of 44 United and Allied Nations equipped with substantial funds, prepared to make loans which the capital markets won't undertake on equal terms, with all available collateral and guarantees and the exposure of the debtor to world attention. The likelihood of the fulfillment by sovereign nations of their individual commitments to the Bank, irrespective of the defaults of debtors or any associated subscriber country, will not be overlooked in the financial markets' appraisal of the Bank's obligations.

The State of Trade

Industrial output moved ahead slightly the past week following recessions of previous weeks induced by stormy weather and difficulties encountered in transportation. Manpower shortages were reported in some sections of the country but improvement in some areas was also noted. According to Dun & Bradstreet, orders received by manufacturers were the highest in several weeks and were larger than shipments in some cases. Backlogs too, have mounted.

Progress in the steel industry showed some improvement in output with shipments higher. New order volume continued to pour in at a heavy rate from the various branches of the armed forces, pushing back deliveries from four to five months.

As for car-loadings of revenue freight, they increased in the week from 738,680 cars to 755,436 cars, while electric kilowatt production showed a slight tapering off in output of less than 1% over the week previous. Bank clearings in 23 cities outside of New York as reported by Dun & Bradstreet, dropped to $3,816,554,000 in the five-day week from $4,392,193,000 in the preceding week.

Lumber production in the week increased to the highest level since the week of Dec. 9, 1944, despite its continued shrinkage for civilian uses. Paper and paperboard operations rose, notwithstanding the fact that the nation's paper supply was described as the most stringent since the beginning of the war.

In the textile field output held firm and close to last year's level with production of men's and boys' clothing down slightly. A mild increase occurred in output of leather products over a year ago, but the industry is still confronted with the problem of maintaining an adequate supply of materials.

Miscellaneous industries reflected the increasing demands for war as aluminum sheet output sharply soared to 80,000,000 lbs. a month. In addition, a further tightening of supply, Dun & Bradstreet noted, took place in many of the commonly used chemicals. In contrast, stocks of copper in recent weeks have declined moderately with production of the refined metal down and deliveries off slightly. Meat production likewise showed a mild decline during the week, being about 30% below a year ago.

Reports currently coming to hand tell in glowing terms of the war's great progress on all fronts. Encouraged by the news the security markets the past week displayed marked activity with industrials and rails in the vanguard of the advance. Reflecting the higher trend of values, the Dow-Jones industrial stock price average closed the week at 158.24 as against 155.54 a week ago.

Steel Industry—Pig iron producers the past week were finally permitted to raise the price of all grades, except charcoal, $1 a ton on the base price. The ruling by OPA which became effective Feb. 14 is expected to give some relief to pig iron producers, especially the smaller furnaces which found it difficult because of accumulated raw material costs. The increase is the first overall hike in pig iron ceiling prices since price control began and when the pig iron schedule was issued on June 24, 1941.

Reports tell of the OPA working on a revision of warehouse prices and increases in some categories are looked for soon. The interim steel price increases announced on Jan. 11 applied to mill quotations and left the warehouses to absorb these higher prices on most items.

Most steel districts which had been affected by weather conditions and freight embargoes have seen their steel ingot rate expanded somewhat this week, reports "The Iron Age," in its current summary of the steel trade, with the result that steel ingot operations for the country rose sharply last week. The greatest expansion in raw steel output occurred at Buffalo. Other increases were reflected in the Pittsburgh, Youngstown, Philadelphia, Cleveland, Wheeling, and Detroit areas and for the Eastern district, comprising Chicago, Birmingham, and Cincinnati. The Western district also showed some improvement, but in the case of St. Louis it continued unchanged.

Even though raw steel output has regained some lost ground, this week, Pittsburgh reports that a car shortage there will likely present a difficult problem in shipping finished steel out of the mills, reports "The Iron Age" this week.

The improved war situation in Europe has caused no dwindling in the flood of new orders. During the past two weeks orders have doubled that of shipments, according to one major steel producer. Current emphasis in order volume is on sheets, rails, semi-finished steel and tin plate, and increased use of directives to obtain material promptly appears to be the outstanding pattern in the order situation.

Cleveland steel companies report the biggest backlog since the war began, opinion there holding the number of small orders is impressive because many consumers are hesitant about piling up too much inventory, states the trade magazine. This, it is pointed out, results in last minute hurry-up calls for material which can only be satisfied by more WPB directives.

Locomotive orders placed the past week comprised 500 for France and 690 for Russia. Reports are current that the French order has been increased by 200 more locomotives making a total of 700. The Army, it is said, will also purchase a substantial number of locomotives. These orders resulted in the boiled tube delivery situation becoming tighter than at any time since war began.

Authorized car construction by the WPB included 50, 50-ton flat cars for the Illinois Terminal Railroad. Two orders totaling 665, 40-ton tank cars for Russia were placed by the War Department in addition to orders for 500, 40-ton dump cars placed by the same department.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 96.4% of capacity for the week beginning Feb. 19, compared with 91.4% one week ago. This week's operating rate is equivalent to 1,765,700 tons of steel ingots and castings, compared with 1,673,900 tons last week and 1,750,000 tons one year ago.

Electric Production—The Edison Electric Institute reports that the output of electricity decreased to approximately 4,505,269,000 kwh. in the week ended Feb. 10, 1945, from 4,538,552,000 kwh. in the preceding week. Output for the week ended Feb. 10, 1945, was 0.6% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 192,900,000 kwh. in the week ended Feb. 11, 1945, comparing with 219,000,000 kwh. for the corresponding week of 1944, or a decrease of 11.9%.

Local distribution of electricity amounted to 178,200,000 kwh. compared with 209,300,000 kwh. for the corresponding week of last year, a decrease of 14.9%.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Feb. 10, 1945, totaled 755,436 cars, the Association of American Railroads announced. This was an increase of 16,756 cars, or 2.3% above the preceding week this year and a decrease of 37,745 cars, or 4.8% below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 9,835 cars, or 1.3% is shown.

Interesting Railroad Facts—The railroads of the U. S. handled the greatest volume of freight traffic on record in 1944, in the amount of 738 billion ton miles, or an increase of 1.5% above 1943, the Association of American Railroads reports. Passenger traffic in 1944 was the greatest ever handled by the roads in any one year and totaled 95½ billion passenger miles, or an increase of nearly 9% above the preceding year. In 1944 the carriers moved an average of 1,142 tons of freight per train, the highest on record. Revenue received averaged 0.945 cents for hailing a ton of freight one mile in 1944, compared with 1.116 cents 20 years ago. The average revenue for hailing a ton of freight one mile has been less than 1 cent in each of the past 12 years, and the average haul of freight in 1944 was about 478 miles compared with 469 miles in 1943.

Coal Industry—The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, places total production of soft coal in the week ended Feb. 10, 1945, at 12,185,000 net tons, an increase of 895,000 tons, or 7.9% above the week previous. Production in the corresponding week of 1944 amounted to 12,950,000 net tons.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended Feb. 10, 1945, was estimated at 1,117,000 tons, an increase of 275,000 tons, or 32.7% over the preceding week. When compared with the corresponding week in 1944 a decrease of 307,000 tons, or 21.6% is reflected.

Beehive coke for the week ended Feb. 10, 1945, showed an increase of 20,600 tons above the previous week, but was 37,200 tons less than for the similar week of 1944.

Crude Oil Production — Daily average gross crude oil production for the week ended Feb. 10, as estimated by the American Petroleum Institute, was 4,728,800

(Continued on page 864)

The Financial Situation

(Continued from first page)

assurance in these matters—and that without doubt has been welcome in many quarters.

Some of the enthusiasm concerning gains in the military situation appear for a moment at least to have been carried over to the other parts of the Yalta pronouncement. It was not long, however, before thoughtful observers began to analyze, to compare and to ask questions. They are still doing so—and it may be that a number of influential figures, as for example ex-President Hoover, rather wish they had taken more time for consideration before giving full endorsement on strength of official pronouncements which obviously do not tell all, which bristle with innate inconsistencies, which certainly do not remove the causes of earlier disquiet and disappointment among the rank and file of the American people about post-war settlements and policies, and which are open at so many points to the most serious objection.

Atlantic Charter Twaddle

We hope it is no longer necessary to call attention to the fact that assurances about "full agreement" among the conferees, references to the "principles of the Atlantic Charter," expressions of determination of all to prevent wars in the future, and all the rest of the same sort, do exactly nothing to alter the plight of the Baltic countries, or of Poland, or to bring other policies apparently agreed upon into any reasonable line with the so-called Atlantic Charter which undertook to guarantee to other peoples much that this very conference agrees to take from them. It is now clear that the American people, or many of them, are awakening to these facts without assistance from us.

It may or not be necessary to remind the American people that they would be quite unwise, and the leaders of the United Nations would be quite unwise, to permit natural and often doubtless quite well-warranted anger to blind them to the fact that treatment of the German nation and the German people after the war in the way described in the Yalta pronouncement would, if followed literally, create many more problems than it would solve. Such courses of action would either make slaves of the German millions or leave them to starve or be fed by the people of the United States. It is difficult indeed to believe that this is the road to lasting peace—or that any of the countries concerned, certainly not the United States, would very long adhere to any such line of action. It is, moreover, difficult to avoid the suspicion that greedy eyes are being fastened upon some of the great German industries.

What Indirect Effects?

But deep uneasiness, for which there appeared to us to be real ground a week or more ago, seems less warranted now as second thoughts are opening the eyes of the public. What is not altogether certain is what the outcome of all this is to be in terms of attitudes toward the various post-war international entanglements which the President—and a good many others, for that matter—would have the people of this country enter. It has been clear enough, of course, that the President, shrewd in such matters, as he certainly is, has been trying to make full use of the "favorable" reception of the Yalta activities for the purpose of pressing Congress for action on the International Fund and Bank proposals. It would not be surprising—unless there is a further and quite evident cooling off of the public toward Yalta—to find him presently tying in some of the other programs he wants with respect to post-war international relations.

If the President is trying to give the impression somehow that our agreement at this time to enter into these queer financial schemes of his are necessary for, or would be helpful in assuring the cooperation of Russia and the other countries in his international plans, the obvious and ready answer is that he is getting no such cooperation and can show no indication that he is likely to obtain it in the future. It may be wormwood and gall to hear Hitler's agents say that Stalin was the real victor at Yalta, but there is a very large element of truth in the charge. We do not mean to say that Mr. Stalin is particularly blameworthy in the matter. He is "playing the game" as he and those who have gone before him have always played it, and as we have always had every reason to expect him to play it. We should have been foolish to hope for any other course of action from him. The point is merely that we have given of our treasure and are giving of our blood more than generously in this conflict and have not as yet the assurance of any concessions to our strange and new doctrines worth mentioning—and can point to no particular evidence that we should get more should we go into these post-war schemes of banking and lending which would demand further extensive contributions from us.

No matter when the President chooses to press these international financial measures, or other programs close to his heart in the international field, they should be considered and appraised strictly upon their own merits. We should not for a moment permit ourselves even half consciously to think of trying to buy the friendship or support of any country or group of countries by the adoption of programs of this sort which are inherently unsound and not helpful.

N. Y. Chamber Opposed Anti-Discrimination Bill

Opposing the enactment of the Ives Commission anti-discrimination bills as fomenting "the possibility of race riot," Julian S. Myrick, Chairman of the Public Health and Welfare Committee of the New York State Chamber of Commerce, on Feb. 11 sent a letter to members of the New York Legislature and Governor Dewey urging the defeat of the measures. The letter cited eleven reasons why the Chamber, which went on record in opposition to the proposed bills at its monthly meeting on Feb. 1, believes such legislation would be injurious to the best interests of New York State and the welfare of its citizens. Prominent among these reasons were the following:

"That such a law would encourage an undesirable element from without the state, who could not get jobs elsewhere, to flock to New York to get employment.

"That it would tend to drive existing business from New York State and deter outside industries from locating in the state.

"That it would open up an approach for blackmail by agitators, applicants for jobs, and disgruntled employees.

"That the employment of undesirable persons would 'furnish fuel for intolerance and tend to foment, rather than eliminate the evils associated with the Ku Klux Klan and the Silver Shirt organizations.'"

Mr. Myrick said that the "constitutionality of the proposed legislation was open to serious question" because it would take from the employer the civil right and liberty of choice to enter into proper contracts for the conduct of his business, which has been protected by the fourteenth amendment to the Federal Constitution.

Lift Restrictions on Communications to Baltic

The ban on commercial and business communications with Finland, Poland and other Baltic areas which are no longer under German domination, was lifted on Feb. 15 by the Treasury Department, which stated that "this action coincided with the restoration of postal service with these areas. However, tele-communications with these areas are not permitted at this time. Treasury licenses will still be required to send to these areas communications constituting or containing instructions or authorizations to effect financial or property transactions." The Treasury Department on Feb. 16 further said:

"Today's action took the form of an amendment to General Ruling No. 11, removing the liberated areas concerned from the category of 'enemy territory.' German territories and other areas still under the control of the enemy will continue to be 'enemy territory' and will remain subject to the restrictions contained in the General Ruling. Treasury officials stated that the resumption of communications with other recently liberated areas is now under consideration and that further announcements will be made later."

Wagner Introduces Bill to Reduce Reserve Requirements From 40 to 25%

Legislation to reduce minimum required reserves of Federal Reserve Banks to 25% of combined note and deposit liabilities was introduced on Feb. 12 by Senator Robert F. Wagner (Democrat) of New York.

The present requirement is 40% in gold certificates against Federal Reserve notes in circulation and 35% in gold certificates or other lawful money against deposits.

Senator Wagner is Chairman of the Senate Banking Committee. His bill also would extend indefinitely the authority of the Federal Reserve banks to pledge U. S. Government securities against Federal Reserve notes issued by Federal Reserve agents. Existing authority expires June 30.

Noting that the Reserve Ratio has declined from 91% at the end of 1941 to 49% at the end of last year due to "conditions arising out of the war," Senator Wagner, according to Associated Press accounts from Washington on Feb. 12, added:

"Reduction of reserves has reflected the fact that most of this country's exports have been on Lend-Lease, while our imports have been on a cash basis. Countries that have sold commodities to the United States have not been able to buy goods here, on account of war restrictions, and have either withdrawn or earmarked gold against the time when goods will once more be available for sale."

Mr. Wagner said that "confidence in Federal Reserve notes is well established, and whether the amount of gold back of the notes is 40% or 25% makes no practical difference."

The statement of Senator Wagner, which has just come to us, follows in full:

Reduction in Reserve Ratio and Renewal of Authority to Pledge U. S Government Obligations as Collateral for Federal Reserve Notes

The bill introduced herewith would accomplish the following purposes: (1) Extend indefinitely the authority of the Federal Reserve Banks to pledge U. S. Government securities against Federal Reserve notes issued by the Federal Reserve Agents. Existing authority expires June 30, 1945; and (2) Reduce the requirements of reserves to be held by Federal Reserve Banks from their present level of 40% in gold certificates against Federal Reserve notes in circulation and 35% in gold certificates or lawful money against deposits, to a uniform minimum of 25% in gold certificates against combined note and deposit liabilities.

The need for reducing the high reserve requirements of the Federal Reserve Banks was mentioned by the President in his Budget Message transmitted to the Congress on January 3, 1945.

Pledging of U. S. Government Securities against Federal Reserve Notes. This power was first granted to the Federal Reserve Board in February, 1932, at a time when our gold stock was low and the supply of paper eligible as collateral small. The power was granted for the purpose of enabling the Federal Reserve Banks to engage in open market operations which were necessary at that time in order to help banks get out of debt and to establish conditions in the money market favorable to the recovery of business which was at the depth of depression. The power was renewed from time to time; unless action is taken it will expire on June 30, 1945.

In conditions prevailing today, with Federal Reserve notes outstanding in an amount of 21.7 billion dollars and deposit liabilities of the Federal Reserve Banks in an amount of 16.4 billion, the extension of the power to pledge U. S. Governments is imperative. Without it, the Federal Reserve Banks would be obliged to sell a large enough volume of Government securities to make it necessary for banks to borrow as much as 10 billion dollars from the Federal Reserve Banks at this time and possibly as much as 15 billions by the end of the year. The manner in which this would work is that the banks would sell the securities in the open market; payment for them would take out an equivalent amount of funds from the market, and member banks would have to borrow this amount from the Federal Reserve Banks in order to replenish their reserves. The promissory notes of member banks at the Reserve Banks would be eligible under the law as collateral for Federal Reserve notes. By this process member bank promissory notes secured by United States Government obligations would be substituted for such obligations themselves as collateral held by the Federal Reserve Agents against outstanding Federal Reserve notes. No public interest would be served, but in the process the market for U. S. Government war obligations would be disrupted at a time when the Treasury must still raise vast sums to finance the war. It is clear that this must not occur and that, therefore, the power to pledge Government securities against Federal Reserve notes must be continued.

There is nothing to be gained in placing a time limit on the extension of this authority—since it is impossible to foresee at present when, if ever, conditions will be such as to make it consistent with the public interest to revert to the provision of law, enacted nearly 30 years ago, which limited collateral against Federal Reserve notes to gold certificates, commercial paper, and member bank collateral notes.

Reduction of Reserve Ratio. Conditions arising out of the war have caused the reserve ratio of Federal Reserve Banks to decline from 91% at the end of 1941, soon after our entry into the war, to 49% at the end of 1944. If developments continue at the rate of recent months the ratio will fall almost to the legal minimum by the end of the present calendar year. If gold export or currency withdrawals or both should be greater than in 1944, the legal minimum will be reached sooner. The following table shows the factors in the situation, together with hypothetical projections through 1945 based on probable trends of currency, deposit, and gold movements:

Federal Reserve Bank—	Dec. 31, '41	Dec. 31, '44	Projections June 30, '45	Projections Dec. 31, '45
		(000 omitted)		
Reserves	$20,800,000	$18,700,000	$18,200,000	$17,700,000
Deposits	14,700,000	16,400,000	17,400,000	18,400,000
F. R. notes outstanding	8,200,000	21,700,000	23,700,000	26,700,000
Liabilities requiring reserves	$22,900,000	$38,100,000	$41,100,000	$45,100,000
Reserve ratio	90.8%	49.0%	44.3%	39.2%

It will be seen that the decline in the reserve ratio has been due to a reduction in Federal Reserve Bank reserves and to increases in Federal Reserve note and deposit liabilities. Reduction of reserves has reflected the fact that most of this country's exports have been on lend-lease, while our imports have been on a cash basis. Countries that have sold commodities to the United States have not been able to buy goods here, on account of war restrictions, and

Non Sequitur!

"Ever since the beginning of this war, there has been in America a constant and alarming turnover of workers in industries which are essential to the conduct of the war. In some important industries this turnover has actually amounted to 90% per year. By every means of public exhortation the nation's leaders have stressed the importance of having the workers stay on essential jobs. They have only been partially successful.

* * *

"It has become clear that there is only one remedy to this situation—that of adopting national service legislation to keep men at their war tasks.

"The inevitable result of this failure of American democracy is now becoming apparent at this crisis of the war. Shortages, deadly shortages, are now looming up before us at a moment when every ounce of our power should be thrown into the combat. I mean both shortages of weapons and shortages of manpower caused by the misplacement of our men. Our infantry will run short of its necessary replacements if the places of young men of military age and fitness who are now working in essential war jobs cannot be promptly filled by available men who are older or not physically capable of the job, of the fighting. There is now no legal means of effecting this necessary transposition.

* * *

"I say to you, as the pledge of my official duty, that the passage of this measure by the Senate with its main principles unchanged is needed by the Army and the Navy to supply critical shortages in our essential industrial plants and to help fill the places of young, vigorous workers who may be then sent as replacements to battle-weary troops.—Henry L. Stimson, Secretary of War.

Few question Mr. Stimson's sincerity or, in general, his ability, but many doubt his judgment in this matter.

"Shortages," so far as they actually exist, are not the result of lack of authority on the part of government to order all citizens around. They spring from miscalculations and mismanagement—and an apparently inevitable disinclination to be wholly candid with the public. None of these infirmities would be cured by the legislation Mr. Stimson demands.

have either withdrawn or earmarked gold against the time when goods will once more be available for sale.

Growth of Federal Reserve note circulation has been a part of the general expansion of currency which has accompanied war activity in every country in the world. Expansion of both notes and deposits has reflected growth of Government war expenditures, enlargement of national money income, and advancement of payrolls and trade at higher prices. So long as the Federal Reserve Banks continue to do their part, as they surely must, to assist the Treasury in Government financing and in maintaining stable conditions in the market for U. S. Government securities, these Banks must not be restricted by an arbitrary reserve ratio.

There are several ways to meet the situation, all of which have been carefully considered. One way would be to issue Federal Reserve Bank notes, which require no reserves, in place of Federal Reserve notes; another way would be suspension of reserve requirements by the Board of Governors of the Federal Reserve System, which is authorized by law, and a third way would be a reduction of reserve requirements by the Congress. Other devices, such as issuance of currency by the Treasury, or reduction of member bank reserve requirements, have been reviewed and found to be inadequate or inappropriate. Reduction of the ratio by law, which is proposed in the bill, is the most clear-cut method, as well as the most consistent with the responsibility of the Congress to regulate the country's monetary policy.

Issue of Federal Reserve Bank notes in their present form was authorized by the Emergency Banking Act of March 1933, and the authority will expire when the President declares that the emergency is over. The need for the lower ratio may continue beyond that date. Furthermore, the difference between Federal Reserve notes and Federal Reserve Bank notes gives rise to misunderstanding, and it would be simpler and less confusing to the public if Federal Reserve currency were all of one kind. It would be best at a time like this to have a Federal Reserve ratio that indicated to the Congress and to the people the amount of gold certificates held by the Reserve Banks against their total deposit and note liabilities of all kinds.

The authority in section 11(c) of the Federal Reserve Act to suspend reserve requirements does not appear to be the best method of meeting the situation, because the power was not designed for a situation like the present which is of indefinite duration. Suspension must be for a period not to exceed thirty days, renewable at intervals of fifteen days. It also requires a penalty in the form of a progressive interest rate, to be determined by the Board, and added to the discount rate of the Federal Reserve Banks. At a time like the present, when discount rate charges must fit into the general rate policy adopted for war financing, this would not be the best procedure.

Consequently the bill provides for a direct reduction of the minimum ratio. Such an action would be entirely consistent with the changes in conditions which have occurred since the ratio was first established by the Congress. The original purposes of the ratio were (1) to assure adequate resources for the Reserve Banks to meet demands for gold or lawful money by depositors and note holders, (2) to limit the expansion of Federal Reserve Bank credit, and (3) to assure the public that there was at least 40% in gold back of the Federal Reserve notes which were then being introduced for the first time.

The first purpose is no longer compelling since gold redemption is now not permitted for domestic use, and gold can be exported only under license. While the country's aggregate gold reserves are ample to meet any conceivable foreign demand, a reserve ratio high enough to meet possible demands for both domestic and foreign use is no longer appropriate under present conditions. The second purpose — limitation of Federal Reserve Bank expansion —is not relevant at a time when expansion by the Reserve Banks is essential to the needs of war finance. Thirdly, confidence in Federal Reserve notes is well established, and whether the amount of gold back of the notes is 40% or 25% makes no practical difference.

War conditions have caused all belligerents to reduce or abolish central bank reserve requirements.

A reduction to 25% is proposed because it would be sufficient for all foreseeable contingencies. It would enable the Reserve Banks to meet such additional demands for currency by the public and for reserve balances by member banks as are likely to occur. The currency supply and the bank deposit structure could nearly double before the legal minimum would be reached.

The bill provides for elimination of the distinction made in the present law between reserves required against notes and against deposits both as to percentage and as to composition of the reserves. Since the two liabilities are interconvertible at the option of the owners, the same requirements should apply to both. The provision in the bill that legal reserves should consist only of gold certificates would also eliminate controversy as to what constitutes lawful money, and whether the Federal Reserve Banks could, if so minded, use their own notes (Federal Reserve notes or Federal Reserve Bank notes) as reserves against their own deposits.

A clean-cut uniform requirement of gold certificate reserves of 25% against both notes and deposits appears to be the best solution of the problem.

In conformity with the proposed reduction of the ratio to 25% the bill decreases proportionately the levels of the ratio at which the imposition of the different penalty rates provided in the law when reserves are suspended would be prescribed.

Williams, Chief Nat'l Bank Examiner for St. Louis

Comptroller of the Currency, Preston Delano, announced on Feb. 15 the appointment of Eugene S. Williams as District Chief National Bank Examiner for the Eighth Federal Reserve District, St. Louis, Mo., to succeed Robert Neill, retired. Mr. Williams is a native of Cape Girardeau, Mo. He became an Assistant National Bank Examiner in 1930 and was later promoted to National Bank Examiner. In March, 1941, he was named Assistant Chief National Bank Examiner in the Washington office, in which position he has been serving until the present time.

Pass Bill to Exempt Insurance Business From Trust Acts Until January, 1948

The House, on Feb. 14, by a vote of 315 to 58, passed the bill providing for the exemption of insurance business from the Sherman and Clayton Anti-Trust Acts until Jan. 1, 1948. A similar bill was approved by the Senate on Jan. 25, that measure, however, making June 1, 1947, the effective date of exemption from the Sherman Act, and Jan. 1, 1948, the exemption date as to the Clayton Act. The Senate action was noted in our issue of Feb. 8, page 651.

Regarding the House action on the bill, advices to the New York "Journal of Commerce" from its Washington bureau Feb. 14 said in part:

Technically, the measure which passed was the McCarran-Ferguson bill (S. 340), which passed the Senate two weeks ago, with amendments recommended by the House Judiciary Committee. Actually, the bill contains only the enacting clause of (S. 340) and the body of the legislation is the most recent Walter bill (H. R. 1973).

The Senate and House versions will go to a conference committee of three members from each body which will seek to reconcile the differences.

Proponents of the bill urged immediate passage on the grounds that the Supreme Court decision of last June holding that insurance is in interstate commerce had resulted in "confusion and chaos" and because lack of legislative direction from Congress would prevent many States from collecting taxes from insurance companies doing business within their borders.

Congressman Francis E. Walter (Dem., Pa.), who steered the bill, admitted on the floor that the measure was a "compromise."

"The companies, however, are at a loss to know where they stand," Mr. Walter said. "Personally I would prefer the bill which passed the House last session, which affirmed that it was never the intent of Congress to have the Sherman and Clayton acts apply to the insurance business. Under this bill we are just asking a moratorium to permit the States to adjust their laws to conform to the Supreme Court decision."

Congressman Clarence E. Hancock (Rep., N. Y.) and John W. Gwynne (Rep., Iowa) added that Congress must pass legislation maintaining the right of States to tax insurance companies. Mr. Gwynne estimated such taxes produced $120,000,000 revenue for all the States annually.

Principal opposition came from Congressmen Clinton P. Anderson (Dem., N. M.) and Emmanuel Celler (Dem., N. Y.), who asserted that the bill was not acceptable to the Department of Justice and that the bill presented had not been indorsed by representatives of the insurance industry or the National Association of Insurance Commissioners.

A motion by Representative John J. Cochran (Dem., Mo.) to recommit the bill to the Judiciary Committee with instructions to delete the section exempting insurance from provisions of the Federal Trade Commission Act and the Robinson-Patman Act was defeated 171 to 62.

Pointing out that the exemption would not apply to cases involving boycott, coercion or intimidation, special advices to the New York "Times" from Washington Feb. 14 said in part:

The House measure made important revisions in the previously passed Senate version, striking out a Senate section which had implied, as its House critics read it, that the States could expect Congress to come forward with regulatory legislation.

The remaining important variation was that the House version would make the Sherman and Clayton Anti-Trust Acts inoperative over insurance companies until January, 1948, while, in the case of the Sherman Act, the Senate version proposed a moratorium only until June 1, 1947.

The report of the House committee that brought the measure to the floor today thus described its purposes:

"To declare that the continued regulation and taxation by the several States of the insurance business is in the public interest; and to assure a more adequate regulation of this business in the States by suspending the application of the Sherman and Clayton acts for approximately two sessions of the State Legislatures. . . ."

"It should be noted," the report added, "that this . . . does not repeal the Sherman and Clayton acts but opportunity will have been granted for the States to permit agreements and contracts by insurance companies which might otherwise be in violation of the Sherman and Clayton acts."

Ill. Bankers Ass'n Cancels Convention

The 55th Annual Convention of the Illinois Bankers Association has been cancelled. Plans had been made to hold this meeting in St. Louis, Missouri, May 2, 3 and 4. In keeping with the pledge made by the bankers of Illinois on December 8, 1941, that they would cooperate wholeheartedly in every way possible to bring this war to a speedy and successful conclusion, four weeks ago, Floyd M. Condit, President of the Association and President of the First National Bank at Beardstown, Illinois, announced that the annual Mid-Winter Conference and Dinner which was to have been held at the Palmer House, Chicago, February 8, had been cancelled.

The association's advices of Feb. 13 further reported quoted Mr. Condit as saying: "Yesterday the Council of Administration at a special meeting decided that the plans for the annual Convention should be abandoned and that the officers of the Association, with the exception of the Treasurer, should continue in office until the Convention which will be held in May, 1946. The Treasurer's office expires by fiat on May 31 of this year and will be filled by an election to be held by the Council at that time.'"

The officers of the Association who will remain in their offices are: President Floyd M. Condit, First National Bank, Beardstown, Ill.; Vice-President Barney J. Ghiglieri, Citizens National Bank, Toluca, Ill., and Secretary Harry C. Hausman.

N. Y. Savings Banks Gain in Deposits

January net gains of 37,976 in accounts and $87,920,548 in savings deposits of the 131 New York State savings banks were reported on Feb. 13 by the Savings Banks Association, which states:

"This brings the total number of accounts to 6,443,153 and total deposits to $7,204,128,939 as of the end of last month, exclusive of Christmas Clubs and other special-purpose accounts. In January a year ago, the number of accounts increased by 32,882. Growth in deposits in that month was $52,810,602. Deposits in New York State savings banks crossed the seven billion dollar mark last December, as the result of a 15.4% gain for the year."

"Bretton Woods Agreements Act" Introduced In Congress

(Continued from page 858)

tor of the Bank, who shall also serve as provisional executive directors for the purposes of the respective Articles of Agreement. The term of office of each shall be two years, but they shall continue in office until their successors are appointed. Each executive director shall, with the approval of the President, appoint an alternate. Governors and their alternates shall be eligible to appointment either as executive directors or as their alternates. No person shall be entitled to receive any salary or other compensation from the United States for services as a governor, executive director, or alternate.

Reports

Sec. 4. The President from time to time, but not less frequently than every six months, shall transmit to the Congress a report with respect to the participation of the United States in the Fund and the Bank.

Certain Acts Not to Be Taken Without Authorization

Sec. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States (a) request or consent to any change in the quota of the United States under article III, section 2, of the Articles of Agreement of the Fund; (b) propose or agree to any change in the par value of the United States dollar under article IV, section 5, or article XX, section 4, of the Articles of Agreement of the Fund, or approve any general change in par values under article IV, section 7; (c) subscribe to additional shares of stock under article II, section 3, of the Articles of Agreement of the Bank; (d) accept any amendment under article XVII of the Articles of Agreements of the Fund or article VIII of the Articles of Agreement of the Bank; (e) make any loan to the Fund or the Bank. Unless Congress by law authorizes such action, no governor or alternate appointed to represent the United States shall vote for an increase of capital stock of the Bank under article II, section 2, of the Articles of Agreement of the Bank.

Par Value of United States Dollar

Sec. 6. When the United States is requested by the Fund to communicate the par value of the United States dollar, such par value shall not be communicated as other than 15 5/21 grains of gold nine-tenths fine.

Depositories

Sec. 7. Any Federal Reserve bank which is requested to do so by the Fund or the Bank shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

Payment of Subscriptions

Sec. 8. (a) Subsection (c) of section 10 of the Gold Reserve Act of 1934, as amended (U. S. C., title 31, sec. 822a), is amended to read as follows:

"(c) The Secretary of the Treasury is directed to use $1,800,000,000 of the fund established in this section to pay part of the subscription of the United States to the International Monetary Fund; and any repayment thereof shall be covered into the Treasury as a miscellaneous receipt."

(b) The Secretary of the Treasury is authorized to pay the balance of $950,000,000 of the subscription of the United States to the Fund not provided for in subsection (a) and to pay the subscription of the United States to the Bank from time to time when payments are required to be made to the Bank. For the purpose of making these payments, the Secretary of the Treasury is authorized to use as a public-debt transaction not to exceed $4,125,000,000 of the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection of the subscription of the United States to the Fund or the Bank and repayments thereof shall be treated as public-debt transactions of the United States.

(c) For the purpose of keeping to a minimum the cost to the United States of participation in the Fund and the Bank, the Secretary of the Treasury, after paying the subscription of the United States to the Fund, and any part of the subscription of the United States to the Bank required to be made under article II, section 7 (i), of the Articles of Agreements of the Bank, is authorized and directed to issue special notes of the United States from time to time as par and to deliver such notes to the Fund and the Bank in exchange for dollars to the extent permitted by the respective Articles of Agreement. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this sub section, but such notes shall bear no interest, shall be nonnegotiable, and shall be payable on demand of the Fund or the Bank, as the case may be. The face amount of special notes issued to the Fund under the authority of this subsection and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the Fund, and the face amount of such notes issued to the Bank and outstanding at any one time shall not exceed in the aggregate the amount of the subscription of the United States actually paid to the Bank under article II, section 7 (i), of the Articles of Agreement of the Bank.

(d) Any payment made to the United States by the Fund or the Bank as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

Obtaining and Furnishing Information

Sec. 9. So long as the United States is a member of the Fund or of the Bank, the President may require at any time, in the manner and under the penalties provided in section 5 (b) of the Trading With the Enemy Act, as amended (U. S. C., title 50 App., sec. 5), the furnishing of—

(a) any data that may be requested by the Fund under Article VIII, section 5, of the Articles of Agreement of the Fund; and

(b) any data of the type which may be required under section 5 (b) of the Trading With the Enemy Act, as amended, and which in his judgment is essential for the guidance of the United States in it sparticipation in the Fund or the Bank.

Financial Transactions with Foreign Governments in Default

Sec. 10. The Act entitled "An Act to prohibit financial transactions with any foreign government in default on its obligations to the United States", approved April 13, 1934 (U. S. C., title 31, sec. 804a), is amended by adding at the end thereof a new section to read as follows:

"Sec. 3. While any foreign government is a member both of the International Monetary Fund and of the International Bank for Reconstruction and Development, this Act shall not apply to the sale or purchase of bonds, securities, or other obligations of such government or any political subdivision thereof or of any organization or association acting for or on behalf of such government or political subdivision, or to the making of any loan to such government, political subdivison, organization, or association."

Jurisdiction and Venue of Actions

Sec. 11. For the purpose of any action which may be brought within the United States or its Territories or possessions by or against the Fund or the Bank in accordance with the Articles of Agreement of the Fund or the Articles of Agreement of the Bank, the Fund or the Bank, as the case may be, shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which either the Fund or the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When either the Fund or the Bank is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

Status, Immunities and Privileges

Sec. 12. The provisions of article IX, sections 2 to 9, both inclusive, and the first sentence of article VIII, section 2 (b), of the Articles of Agreement of the Fund and the provisions of article VI, section 5 (i), and article VII, sections 2 to 9, both inclusive, of the Articles of Agreement of the Bank shall have full force and effect in the United States and its Territories and possessions upon acceptance of membership by the United States in, and the establishment of, the Fund and the Bank, respectively.

Asks Delay of International Fund

New York State Bankers Find Same Faults With the Stabilization Set Up as Did ABA Group. Committee Maintains That Economic Stability Should Precede Currency Stabilization, and Points to Conflicting Views of British and American Delegates Regarding Purposes of Fund's Plan. Sees Exodus of American Dollars in the Practical Operation of the Fund.

In a 62-page report the Committee on International Monetary matters of the New York State Bankers Association made public on Feb. 15, its views on the Bretton Woods Proposals. Following much the same lines as a similar committee of the American Bankers Association, which published its findings on Feb. 5, (see the "Chronicle" of Feb. 8, page 650), the New York bankers' experts approve, in general terms, the creation of an International Bank, but recommend that the International Monetary Fund be not adopted, pending a full consideration of alterations in its set-up and its proposed operations. It proposes a postponement of any plan of multilateral exchange stabilization until economic stability and domestic currency stabilization throughout the world be firmly established. The Report analyses in considerable detail the specific provisions of the International Fund and points out defects and shortcomings. It stresses the divergent views of Lord Keynes, the British delegate, and those of the American representatives as portending difficulties to be encountered, and maintains that the plan of the Fund would lead to "a great exodus of dollars." The conclusion of the Report is that "the greatest single contribution that the United States can make to world stability is to maintain the integrity of the American dollar."

The New Yok State Bankers Association committee, which drew up the report, is headed by Percy H. Johnston, Chairman of Chemical Bank & Trust Co., and includes among others the association's president, C. George Niebank, president of Bank of Jamestown; George Whitney, president of J. P. Morgan & Co., Inc.; D. S. Iglehart, director of Grace National Bank; William C. Potter, chairman of the executive committee of Guaranty Trust Co.; H. Donald Campbell, president of Chase National Bank, and Gordon S. Rentschler, chairman of National City Bank.

Commenting on the defects of the International Fund the committee remarks that "the establishment of the Fund prior to the restoration of favorable underlying conditions would not result in the achievement of economic stability or the elimination of exchange controls. On the contrary, we believe the Fund would tend to perpetuate exchange controls and other restrictions on the free movement of trade. There are implications of permanent exchange controls running throughout the Fund in spite of the fact that one of its proclaimed purposes is to eliminate them.

"We doubt whether the safeguards are adequate to insure the sound use of the Fund's resources. The system of credits based upon quotas seems unrealistic and impractical. Neither will the Fund be able to concentrate its resources effectively in the places where the need is greatest.

"We believe that within a few years, as the result of financing the continuation of unstable conditions that it is intended to remedy, the Fund might become unable to function effectively if the trade balance were to run strongly in favor of the United States and the supply of dollars in the Fund were to become scarce.

"Another doubt as to the feasibility of the Fund arises from the lack of agreement on the interpretation of its provisions. Opinions are far apart as to the degree of elasticity of parity rates that ought to be allowed. The basic differences arise in part from the great uncertainties of the transition period, and reinforce our conclusion that the adoption of the Fund at this time would be unwise.

"We are convinced that the divergence of conditions in the various countries is so great that the stabilization of each currency must be treated as an individual problem. We do not think it is possible to develop a workable formula that can be applied to all cases. Too much depends upon the will and the efforts of the individual country for the overall approach to achieve the success anticipated by the authors of the Monetary Plan."

Regarding the divergence of views between British and Americans regarding the restrictions imposed by the Fund, the report states that "while the general objective of the Plan is the gradual elimination of exchange controls over trade and service transactions, the powers of the Fund are in the nature of the case limited and not very specific. The possibilities of the disagreements are great. In a letter to "The Times" (London) of Aug. 24, 1944, Lord Keynes said there was nothing in the Bretton Woods Plan to prevent 'our requiring a country from which we import to take in return a stipulated quantity of our exports. . . . Equally there is nothing to prevent other countries from requiring us to take their imports as a condition of receiving our exports.' To us, however, such an arrangement would seem to be not only contrary to the spirit of the Monetary Plan but also in direct violation of the provision which states that 'no member shall, without approval of the Fund, impose restrictions on the making of payments and transfers for current international transactions.' It is apparent that there has been no meeting of minds on this issue."

And the report adds: "The Plan is presented in the United States as a measure for stabilizing exchange rates, but in Britain it is presented as a device that contemplates flexibility of rates. In America it is looked upon as consistent with the gold standard, but in British official circles it is considered the opposite of the gold standard. The British Chancellor of the Exchequer has emphasized repeatedly that the Plan would not mean the restoration of the gold standard. Lord Keynes goes further and calls it the precise opposite of the gold standard:

"For instead of maintaining the principle that the internal value of a national currency should conform to a prescribed de jure external value, it provides that its external value should be altered if necessary so as to conform to whatever de facto internal value results from domestic policies, which themselves shall be immune from criticism by the Fund. Indeed, it is made the duty of the Fund to approve changes which will have this effect. That is why I say that these proposals are the exact opposite of the gold standard."

Finally, in considering the general principle of the International Fund, the Report refutes the contention that it would remedy unsound domestic and monetary conditions in a member country or permanently stimulate international trade.

"One of the major purposes of the Plan," the Committee states, "is to stimulate international trade and general prosperity. The stimulation of trade and investment, it is contended, will work toward the balancing of international payments at a level of activity which increases employment and living standards in all countries. In the early part of this report we quoted from the official Plan the six purposes of the Monetary Fund. The second of those purposes reads as follows:

"To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to development of the productive resources of all members as primarly objectives of economic policy."

"Apparently the experts feel," remarks the Committee, "that stabilization can be accomplished through impersonal credits which would stimulate trade expansion and create prosperity and full employment in the member countries. Instead of allowing trade to determine the amount of credit required they would stimulate trade by a credit policy. Stability through expansion is the term sometimes used to express this viewpoint. Instead of restricting their purchases and living within

Purchasing Cooperatives Study Issued by National Tax Equality Association

A study of purchasing cooperatives just published by the Research Department of the National Tax Equality Association, Chicago, reveals that regional cooperative wholesales did an estimated business of $457,000,000 in 1943, and it is stated that legal tax avoidance on this business cost the Federal Treasury approximately $14,300,000. The Association further says:

"Financing of these great super-cooperative corporations is accomplished largely by adding untaxed profits to capital, instead of returning the money to members as cash patronage dividends. Of $22,000,000 profits in 1943, $15,000,000 was used in this way.

"Biggest gross among the regional co-ops was done by Cooperative Grange League Federation, Ithaca, New York, totaling $138,472,000. Seventeen of the large co-op corporations alone account for about 80% of the total volume of business transacted by all purchasing wholesales. Net worth of the associations amounted to $49,309,000 at the close of 1943, $35,631,000 of which represented tax-free accumulations retained out of prior earnings."

Incidentally the Association observes that:

"Cooperation, for the most part a farm-marketing movement in the United States, is now turning to the consumer philosophy, which has been its stronghold in European countries. Recently, many labor unions have organized consumer cooperatives, primarily in the fields of retail groceries, service stations and credit unions.

"BOTH CIO and AFL have established departments to study cooperation with the possibility of setting up chains of city stores to furnish food and other supplies to members at low costs that are made possible by avoidance of the Federal income taxes that independent stores must pay."

As to its study of the 17 co-operatives referred to above, the Association has the following to say:

"Data for the same 17 associations for 1942 and 1941 indicate that they are doubling in size every three years by retaining tax-free profits in their capital structure. Taxpaying business, under similar circumstances, would pay these profits in Federal income tax.

"In addition to super wholesales, over 6,000 local co-ops sold to members and customers commodities valued at $1,023,000,000 in 1943. Total purchasing volume thus was $1,480,000,000 for that year.

"At the end of 1943, an estimated 2,700 co-op stores were in operation, selling groceries, meats, clothing, shoes, dry goods, furniture, bakery goods, coal and wood, dairy products, hardware, electric appliances, books, drugs, cosmetics and household items. Petroleum service stores numbered 1,475 and there were 1,283 farm supply purchasing cooperatives. Commodities handled by the latter included most items sold by co-op stores plus paint, lumber, building materials, feed, seeds, fertilizer and other farm supplies. Similar activities were carried on by about 600 purchasing departments of farmers' marketing cooperatives.

"The development of large cooperative wholesaling corporations completed the cooperative invasion of commodity distribution channels and prepared the way for the cooperatives' entry into manufacturing.

"The co-op wholesale movement has developed chiefly since 1930. Beginning in that year, three major trends have characterized the American cooperative movement. Some observers believe that these trends are leading to the formation of a cooperative commonwealth in the United States in the comparatively near future.

"Many farmers' cooperative associations have returned to the consumer philosophy. Successful in marketing agricultural produce, the farmer co-ops have made enormous strides in purchasing farm supplies and other consumer goods. Increasing purchasing activities of marketing associations indicates, however, that development of the movement will find continued growth of consumer functions and lessening of emphasis on marketing.

"Another major trend is a fundamental change in the cooperative field. It is a trend toward vertical integration. By pyramiding profits, cooperatives have formed super distributing and manufacturing organizations. At an increasingly rapid rate, they are buying petroleum refineries, oil wells, saw mills, timber tracts, canneries, fertilizer plants, feed mills and many other kinds of productive facilities. They have entered the field of banking through the establishment of a financial credit association.

"The last-named trend has characterized cooperative operations in the past five years and has gained significance during the war.

"Through the development of these major trends, cooperatives have entered successfully three of the four fields which, doctrinally, they deem necessary for the establishment of a Cooperative Commonwealth — distribution, manufacturing, banking and agriculture itself."

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their means, the debtor countries would be provided with more buying power, and the balance would be created by expansion in the creditor countries."

As to the position of the United States in using the Fund as a means for expanding foreign trade, the Committee points out that "ultimately United States loans abroad can be paid back only in goods and services. This country must recognize the fact that in the long run it must buy from foreign countries as much as it sells to them. The more it sells to them on credit today, the more they must repay it later in goods and services. The United States can accept gold for some of its exports, but the amount of gold other nations are willing to part with, as well as the amount that the United States can advantageously receive, is limited. Loans and credits are essential at times, but this country cannot finance a large export balance indefinitely and expect to be repaid."

And it adds: "The great exodus of dollars now contemplated through existing and proposed agencies, when considered in connection with the $20,000 million of gold and dollar balances held abroad, might impose a severe strain on the economy of this country and add substantially to inflationary influences. There is also the danger that the United States may overstimulate trade for a few years, as it did in the 1920's, and then experience a collapse of the boom. A great expansion would doubtless be followed by a severe decline, regardless of any plans or intentions to the contrary. There is little in past experience with artificial stimulation through credit expansion that justifies high hopes for permanent benefits from such a policy. A sound and orderly growth of trade, without excessive stimulation, would be more lasting."

New Bedford Residents Oppose Labor Draft

The War Manpower Commission's order transferring 500 textile workers to work in the Fisk and Firestone tire factories was declared "contrary to law and contrary to the Constitution" by labor, management and civic leaders of New Bedford, Mass., said an Associated Press dispatch from that city on Feb. 18, which went on to say:

At a meeting of the New Bedford Citizen's Committee, the action, termed by Mayor Arthur M. Harriman as New England's first "forced labor draft," was branded as "unfair, unnecessary and un-American."

The Citizen's Committee, composed of businessmen, industrialists and labor officials, was organized when a previous attempt was instituted by the WMC to handle New Bedford's critical manpower shortage in war plants.

New Bedford, a city with a population of 110,341, is principally a textile mill center.

Protests against the transfer have been sent to President Roosevelt, Undersecretary of War Patterson, War Manpower Commission Chairman Paul V. McNutt, and Massachusetts Senators Walsh and Saltonstall and Congressman Gifford, of New England.

Antonia England, local director of the Textile Workers Union of America, CIO, said he would seek an injunction in Federal Court on Feb. 19 to restrain the textile mills from discharging workers in compliance with WMC order.

The WMC order, effective Wednesday, Feb. 21, would cause a loss of pay for many workers, force night work upon them and destroy seniority rights, Mr. England said.

The CIO and AFL said in joint statement at the meeting that they "regard the action as an attempt to use New Bedford as a guinea pig to work out a system of labor draft without any further authorization by Congress."

A manpower survey in the New Bedford mills was made several weeks ago and an attempt to recruit workers voluntarily failed two weeks ago.

S. F. Clearing House Elects New Officers

The San Francisco Clearing House Association elected the following officers at it annual meeting on Feb. 13:

President, James K. Lochead, President, American Trust Company; Vice-President, George J. Kern, Vice-President, Crocker First National Bank of San Francisco; Secretary, Earle H. LeMasters, Vice-President, Pacific National Bank of San Francisco.

The following were elected as members of the Clearing House Committee: James K. Lochead (Ex-officio); George J. Kern (Ex-officio); L. M. Giannini, President, Bank of America N. T. & S. A.; I. W. Hellman, President, Wells Fargo Bank & Union Trust Co.; J. J. Hunter, President, The Bank of California, N. A.; W. H. Thomson, President, The Anglo California National Bank of San Francisco.

C. K. McIntosh, who has completed 38 years of service with the Association, the past sixteen of which were as President, asked to be relieved of further duties. Mr. Lochead, the newly elected President, moves up from the Vice-Presidency of the Association. Mr. Kern is the newly elected Vice-President of the Association and has been serving as a member of the Clearing House Committee. The Manager of the San Francisco Clearing House is Russell W. Schumacher; Assistant Manager is Howard H. Huxtable.

Hitler Should Be Exiled and Germany Given Hard Peace, Says Dean Gildersleeve

Dean Virginia C. Gildersleeve of Barnard College, only woman delegate to the United Nations conference to be held at San Francisco on April 25, said on Feb. 15 that Adolf Hitler should spend the rest of his days on a "remote island and all Germany should suffer a hard peace," according to the New York "Herald Tribune" of Feb. 16, which indicated as follows other remarks of Dean Gildersleeve:

The world peace structure which will be built at San Francisco, in Miss Gildersleeve's judgment, may not be perfect, but it will be "a thousand times better than nothing," and so must command the support of the American people. The Dumbarton Oaks plan, she believes, will provide a better basis for permanent peace than anything the world knew 25 years ago, when she first began to be interested in international peace organization.

In an interview at her Barnard office, Broadway and 119th Street, Miss Gildersleeve discussed the prospects of a better world after the war, with Germany somehow shorn of its militaristic tendencies and the solid new "G. I. O."—General International Organization—to make doubly certain that no future Hitler shall threaten world peace. Asked what fate she thought the Nazi leader should suffer, she said:

"I should like to see Hitler taken to a remote island and kept there while he lives — quite quietly. I should prefer that to having him executed, for I consider him a madman, and I do not like the idea of executing a madman. However, I should not feel too dreadfully if some other procedure should be adopted.

"This is the third time within the memory of persons now living that Germany has brought war to the civilized world, and now I am all for demilitarizing Germany. If that is a hard peace, I'm for it.

"I have no wish to destroy the German people—that is, I think they should have a reasonable chance to eat and to work. I assume that the armies of occupation will eliminate the most poisonous Nazi—somehow. Then, I suppose, the armies will control the schools, for a while at least. Democratic ideas cannot be imposed by force, of course, nor will alien teachers be successful in destroying Nazi ideas, but the armies can control what is taught.

"You and I know there used to be Germans of virtue and merit. But even these good Germans have got to learn to take responsibility for their government and to choose the right kind of people to rule over them. Yes, I knew such people. I had friends in Germany before the war. They may be dead now."

Miss Gildersleeve said further that she had been thankful that what she called the "Anglo-Saxon type agreement" had prevailed at the recent Crimea conference at Yalta, when President Roosevelt, Prime Minister Churchill and Premier Stalin arrived at many "great decisions."

"We Anglo-Saxons," she said, "are used to that kind of give and take. I was glad to see compromises arrived at. We got something out of that conference. It was wonderful to see so many running sores healed."

Asked about the Russian proposal for unanimity among the great powers on world peace enforcement, Miss Gildersleeve declined to comment, saying she understood a "formula had been worked out." She added that she felt it not quite proper to comment on details of the agenda which might come before the San Francisco conference.

She had prefaced her remarks with the admission that she had not yet received any formal notification or invitation from the State Department and that all she knew about her appointment was what she read in the papers.

"However, I gather I am going to be appointed, and if invited I shall accept," she smiled. "I am a little staggered, but very pleased, for this is a field I know something about. I hope I am being appointed not as a woman but as an expert in international affairs.

"For 25 years I have been extremely interested in international affairs, not so much from the political angle as in cultural and educational fields, but since 1939 I have been a member of the Commission to Study the Organization of Peace, and have learned a lot about the constitutional and legal side of international affairs."

As a former President of the International Association of University Women, she added that she had learned "how things are done" in gatherings of individuals from many nations.

She had no knowledge of how she came to be appointed to the conference, she said, except that her name is on the roster of qualified women selected by leaders of women's organizations last spring in anticipation of frequent international conferences. She assumed that the Washington office of the American Association of University Women had suggested her for this particular position.

Since the last war, she said, she had studied world peace organizations, and served as a member of the American National Committee on International Intellectual Cooperation, a participating body in the international committee established by the League of Nations. Long before that, however, she said, she had attended the dinner at which Woodrow Wilson first enunciated his Fourteen Points.

"If the United States Senate," she smiled, "had taken the advice of the students of Barnard College, America would have joined the League of Nations."

Dodge Construction Contracts Awarded In January

Continuation of declines in publicly owned construction in the thirty-seven states east of the Rocky Mountains is revealed in the record of contracts awarded during January, F. W. Dodge Corporation reports. At the same time it is made known that privately owned nonresidential and heavy engineering construction during the month exceeded that reported in the first month of 1944.

Nonresidential construction in the thirty-seven eastern states, measured by contracts awarded during January, amounted to $81,614,000 as compared with a total of $67,908,000 during January of last year. Residential construction declined from a total of $40,997,000 in January, 1944, to $19,536,000 in January, 1945. Total construction volume during the first month of 1944 aggregated $159,238,000 as compared with $140,949,000 last month.

In January privately owned nonresidential construction represented 55% of the total, as compared with 14% of the total during the corresponding month of 1944; privately owned residential construction last month represented 79% of the total as compared with 61% in January, 1944. In January, 1944, heavy engineering construction privately owned amounted to 5% of the total, but last month it represented 15%.

The State of Trade

(Continued from page 859)

barrels. This represented an increase of 5,400 barrels per day above the preceding week, but was 28,000 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of February, 1945. When compared with the corresponding week last year, crude oil production was 329,650 barrels per day higher. For the four weeks ended Feb. 10, 1945, daily output averaged 4,728,250 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,770,000 barrels of crude oil daily and produced 14,996,000 barrels of gasoline. Kerosene output totaled 1,563,000 barrels with distillate fuel oil placed at 4,565,000 barrels and residual fuel oil at 9,237,000 barrels during the week ended Feb. 10, 1945. Storage supplies at the week-end totaled 47,882,000 barrels of civilian grade gasoline, 44,573,000 barrels of military and other gasoline; 7,896,000 barrels of kerosene; 30,544,000 barrels of distillate fuel oil and 48,845,000 barrels of residual fuel oil.

Lumber Shipments—The National Lumber Manufacturers Association reports that lumber shipments of 472 reporting mills were 5.8% above production for the week ended Feb. 10, 1945, while new records for these mills were 5.9% more than production. Unfilled order files amounted to 97% of stocks.

For the year-to-date shipments of reporting identical mills exceeded production by 6.8% and orders ran 17.3% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 42.8% greater, shipments 32.2% greater, and orders 25.2% greater.

Paper Production—Paper production for the week ended Feb. 10 was 90.2% of capacity, as against 88.8% of capacity for the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. The rate during the week ended Feb. 12, last year, was also 88.8% of capacity. As for paperboard, production for the same period was reported at 93% of capacity, or an increase of 1 point over the previous week.

Silver—The London market was unchanged at 95½d. for basis .999 silver. The New York Official for foreign silver continued at 44¾c. and 70⅝c. for domestic silver.

January Building Permits—Total value of building permits issued during January moderately exceeded that for December, and rose substantially above the volume for the first month of 1944, Dun & Bradstreet reported. Estimated cost of permits for 215 cities of the United States totaled $44,767,043 in January, representing a rise of 13.5% above December, 1944, with $39,433,287, and was 31.9% greater than the $33,942,794 recorded in January of last year.

Business Failures—Commercial and industrial failures in the week ended Feb. 15 turned upward, bringing them close to their number in the comparable week of last year. Concerns failing, Dun & Bradstreet, Inc., reported, numbered 23, as compared to 14 in the previous week and 25 a year ago. Failures in commercial service jumped to seven from last week's one, while in all other industry and trade groups except wholesaling there were moderate increases. Large failures with liabilities of $5,000 or more numbered 13, as against nine a week ago and 19 in the like week a year ago. Canadian failures numbered three, as compared with two in the previous week and none in the corresponding week of 1944.

Food Price Index—The Dun & Bradstreet wholesale food price index for Feb. 13 advanced 1 cent further to $4.11, the highest since the war-time peak of $4.12 was reached on May 18, 1943. The current level represents a rise of 2.0% above the $4.03 recorded on the corresponding 1944 date. Advances during the week occurred in oats, potatoes, steers, sheep, and lambs, while declines were registered in flour, rye, and eggs.

The index represents the sum total of the price per pound of 31 foods in general use.

Commodity Price Index—Leading commodity markets showed little change during the week in the general level of prices as individual movements continued within a narrow range. According to Dun & Bradstreet, Inc., its daily wholesale commodity price index closed at 175.50 on Feb. 13, from 175.33 a week earlier and 172.12 on the corresponding date a year ago.

The grain markets exhibited an irregular trend with futures lower after a show of early strength. Virtually all cash markets held firm. A smaller volume of trading was noted in leading domestic cotton markets last week with the price movement narrow and irregular. Spot sales reflected a decided slump, with mills cautious and buyers generally adopting a waiting position, due to the uncertainty over future developments. In the Boston wool market trading showed a further quieting last week. New wool commitments were reluctantly made by buyers and the general disposition was to avoid accumulating heavy stocks of domestic wool at this time. Activity marked foreign wool trading induced by the scarcity of spot offerings and shortly to arrive lots. In the primary wool markets new purchasing also registered declines.

Conditions of retail trade were varied in the past week for the country at large but sales volume rose above that of the previous week. Bad weather in some sections affected sales adversely, but in the main, moderated temperatures were favorable to the purchasing of seasonal lines. Especially was this true in the case of advanced buying of women's apparel and millinery. Shortages continue to be an important factor of trade with departments handling white goods and other staples being crowded. A good volume was enjoyed in the week by main floor departments with activity fairly well distributed. Retail inventories continued at a low level with new shipments quickly absorbed by the public.

Women's accessories, cosmetics and costume jewelry enjoyed a good demand as interest in spring dresses, suits and coats increased. With the winter well on its way, winter goods continued in good demand despite low inventories and the difficulty encountered in making stock replacements. The seasonal trek to more sunny climes has begun, resulting in heavy sales of bathing suits in beachwear departments. Handbags sales also moved upward. Frilly white blouses continued in excellent demand and the volume in men's wear and furnishings was better than in previous weeks and over a year ago.

Furniture departments affected by shortages in medium and lower-priced lines saw sales drop behind that of the week preceding. Drapery sales, however, forged ahead and the volume of floor covering was on the rise. Better quality linens attracted wide inquiry as well as sheets, towels and other staple cotton items. Rayon and cotton yardage sales for home sewing held at a high level.

With most retail lines displaying a moderate gain compared with the relatively heavy buying of a year ago, retail volume for the country was estimated from 8 to 12% over a year ago. Regional percentage increases were: New England, 4 to 6%; East, 7 to 10%; Middle West, 11 to 17%; Northwest, 7 to 10%; South, 10 to 14%; Southwest, 12 to 16%; Pacific Coast, 9 to 15%.

Food distribution continued spotty. This was especially true of meats and dairy products. Sales are holding about even with the levels prevailing one year ago.

In wholesale lines, delayed shipments have been a handrance and deliveries have fallen considerably behind and reorders in many lines are difficult to fill. However, there was a slight increase in volume in spite of shortages in many staple items. As for inventories, reports coming to hand place both wholesale and retail stocks below that of a year ago.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 22% ahead of a year ago for the week ended Feb. 10, 1945. This compared with 11% in the preceding week. For the four weeks ended Feb. 10, 1945, sales increased 15% and for the year to date by 13%.

Retail trade in New York was notably active last week with sales of specialty shops especially large. On Monday of the current week the WPB set up a new textile control program for the purpose of providing civilians with their minimum needs in essential clothing around the prices they paid in 1943. The new textile order is designated as Order M-388 and provides that mills must set aside specified percentages of all their apparel fabrics the cloth left after military and industrial demands have been met — for makers of a list of essential garments selling in the low and medium-priced brackets. In the wholesale field during the week summer lines of dresses and sportswear were withdrawn with manufacturers requesting long deliveries. As in the case of stocks of goods for the country as a whole, the general supply situation continued extremely tight.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Feb. 10, 1945, increased by 19% over the same period of last year. This compared with an increase of 13% (revised figure) in the preceding week. For the four weeks ended Feb. 10, 1945, sales rose by 13% and for the year to date by 10%.

Record-Breaking United States Foreign Trade

The Bureau of the Census, Department of Commerce, announced on Jan. 31 that the value of United States export trade broke all records during the calendar year 1944 and that the value of the United States import trade reached a 15-year high. The Bureau also released for the first time information on the physical volume of these record-breaking import and export totals showing that the shipping weight of exports in 1944 reached a total of 185 billion pounds, an increase of 12 billion pounds over the already very high year of 1943. At the same time United States imports in 1944 had a total shipping weight of 119 billion pounds, a substantial increase from the 100 billion pounds in 1943.

	1943	1944
Total export value	$12,714,000,000	$14,065,000,000
Percent Lend-Lease	80	80
Total export shipping weight (pounds)	173,135,000,000	185,391,000,000
Percent Lend-Lease	34	42
Total import value	$3,372,000,000	$3,911,000,000
Total import shipping weight (pounds)	100,444,000,000	118,844,000,000

Total exports in December, 1944, for the first time in nine months, dropped below the one billion dollar mark to a total of $948,000,000, as compared with an average monthly level of $1,172,000,000 for 1944. The total exports of $14,065,000,000 for the year 1944 were considerably higher than the $6,234,000,000 in 1917, the largest export year during World War I., and $8,228,000,000 in 1920, the year of highest exports prior to 1943, when the total reached $12,714,000,000. The value of general imports in December was $336,000,000, bringing the total during 1944 to $3,911,000,000, compared with $3,372,000,000 in 1943 and $4,399,000,000 in 1929.

The value of Lend-Lease exports during 1944 was $11,287,000,000, or 80% of total exports. Lend-Lease exports represent a far smaller percentage of the physical volume of the United States exports, totaling 78 billion pounds in 1944, or only 42% of the total export weight. The percentage of Lend-Lease in the physical volume of export trade at 42% was higher than in 1943, when the percentage was 34%. Lend-Lease materials tend to run a higher value per pound than non-Lend-Lease exports. Both Lend-Lease and total exports include shipments by vessel, rail, truck, air, etc., and the non-Lend-Lease part of the total exports include a higher proportion of coal and other bulky commodities of low value. Lend-Lease exports at 80% of the value of all exports in 1944 compares with 14% in 1941 when the Lend-Lease program was first started, 61% in 1942, and 80% in 1943.

The figures quoted on United States exports do not include shipments to United States armed forces abroad and are not adjusted for changes in price level.

The Bureau also announced that imports of newsprint in 1944 totaled 2,491,000 short tons, compared with 2,637,000 in 1943, 2,921,000 in 1942, and 2,982,000 in 1941.

Certain delayed figures on trade with Latin America and Canada and on trade in gold and silver were also made available to the public for the first time under security regulations. These are shown in the tables which follow:

TABLE 1.—VALUE OF UNITED STATES EXPORTS, 1941-1944

(In thousands of dollars)

Year and Month—	*Total Domestic and Foreign Merchandise	*Domestic Merchandise	Lend-Lease Domestic and Foreign Merchandise	Percent of Lend-Lease to Total Exports
Total 1941	5,147,151	5,019,877	741,000	14
Total 1942	8,035,416	7,959,539	4,894,000	61
†Total 1943	12,713,885	12,590,538	10,106,637	80
†Total 1944	14,065,237	13,968,149	11,287,139	80
1943—				
January	730,498	722,315	535,057	73
February	719,176	710,691	528,535	74
March	938,512	973,805	777,060	79
April	979,166	969,583	774,685	79
May	1,084,790	1,076,047	847,956	78
June	1,001,739	995,427	790,198	79
July	1,261,299	1,253,499	1,032,173	81
August	1,202,392	1,191,354	985,878	62
September	1,235,230	1,218,517	1,004,249	81
October	1,194,972	1,187,250	951,715	79
November	1,072,064	1,060,330	856,819	80
December	1,244,047	1,231,722	1,022,312	82
1944—				
January	1,090,235	1,081,542	923,943	85
February	1,083,719	1,074,874	900,977	83
March	1,156,166	1,146,493	951,445	82
April	1,189,629	1,179,809	986,717	83
May	1,422,664	1,413,351	1,193,139	84
June	1,277,336	1,268,840	1,035,383	81
July	1,197,185	1,190,134	936,479	78
August	1,187,934	1,180,724	928,105	78
September	1,189,677	1,183,499	953,632	80
October	1,137,767	1,132,481	892,766	78
November	1,184,845	1,176,434	900,746	76
December	948,079	939,966	683,806	72

*Including Lend-Lease merchandise.

†Totals represent sum of unrounded figures, hence may differ slightly from sum of rounded amounts.

TABLE 2.—VALUE AND SHIPPING WEIGHT OF UNITED STATES IMPORTS OF MERCHANDISE, 1943-1944

(Values in thousands of dollars: shipping weight in millions of pounds)

Year and Month—	*General Imports Value	*General Imports Shipping Weight	†‡Imports for Consumption Value
Total 1941	3,345,084	‡	3,221,954
Total 1942	2,742,014	‡	2,766,425
§Total 1943	3,372,087	100,444	3,380,879
§Total 1944	3,911,234	118,844	3,869,968
1943—			
January	228,878	5,438	246,240
February	233,866	6,343	244,899
March	249,342	6,515	264,058
April	257,712	6,953	267,588
May	281,345	8,093	285,449
June	295,304	10,005	287,654
July	301,698	9,151	295,980
August	315,859	10,850	306,796
September	286,352	8,623	285,259
October	329,168	10,181	317,293
November	311,084	9,414	302,022
December	281,480	8,877	277,640
1944—			
January	300,122	8,959	304,569
February	313,178	9,373	304,567
March	358,498	9,753	357,252
April	360,146	10,947	356,273
May	386,386	11,660	372,697
June	331,377	10,388	323,188
July	294,467	9,284	290,002
August	301,591	10,163	296,369
September	280,426	9,841	278,273
October	327,178	10,155	330,278
November	321,922	9,404	323,779
December	335,943	8,917	332,721

*General imports include entries for immediate consumption and entries into bonded customs warehouses.

†Imports for consumption include entries for immediate consumption and withdrawals from bonded customs warehouses for consumption.

‡Shipping weight data not available.

§Totals represent sum of unrounded figures, hence may differ slightly from sum of rounded amounts..

TABLE 3.—VALUE OF UNITED STATES IMPORT AND EXPORT TRADE, 1915-44

(In thousands of dollars)

Year—	Exports of Domestic and Foreign Merchandise	*General Imports
1915	$3,554,671	$1,778,597
1916	5,482,641	2,391,635
1917	6,233,513	2,952,468
1918	6,149,088	3,031,213
1919	7,920,426	3,904,365
1920	8,228,016	5,278,481
1921	4,485,031	2,509,148
1922	3,831,777	3,112,747
1923	4,167,493	3,792,066
1924	4,590,984	3,609,963
1925	4,909,848	4,226,589
1926	4,808,660	4,430,888
1927	4,865,375	4,184,742
1928	5,128,356	4,091,444
1929	5,240,995	4,399,361
1930	3,843,181	3,060,908
1931	2,424,289	2,090,635
1932	1,611,016	1,322,774
1933	1,674,994	1,449,559
1934	2,132,800	1,655,055
1935	2,282,874	2,047,485
1936	2,455,978	2,422,592
1937	3,349,167	3,083,668
1938	3,090,440	1,960,428
1939	3,177,176	2,318,081
1940	4,021,146	2,625,379
1941	5,147,151	3,345,084
1942	8,035,416	2,742,014
1943	12,713,885	3,372,087
1944	14,065,237	3,909,504

*General imports include entries for immediate consumption and entries into bonded customs warehouses.

Trustee of Foundation

Basil O'Connor, Chairman of the Executive Committee of the Georgia Warm Springs Foundation, of which Franklin D. Roosevelt is President, announced recently the election of Harold V. Smith, President of the Home Insurance Company, as Trustee.

The Price and Quantity of Money

(Continued from first page)

governed by the same factors, but liquid banks can easily mean frozen inventories. The process by which banks render themselves liquid, i.e., calling or failing to renew loans, can render business illiquid by failing to provide funds to move goods. The second is that the theory of innovations, now commonly accepted as important in the theory of interest, gains in concreteness when contrasted with the inevitably concomitant obsolescence which works obvious effects upon capital values.

The paramount value of Mr. Potter's discussion, however, centers in his definition of "pure" interest as interest unaffected by price changes, as it would be "if loans were in fact dependent entirely on savings," or as that return (apart from price changes) "which investments must yield to maintenance capital values," i.e., as that rate of interest and associated capital values which would maintain if prices changed only in response to cost factors and not to monetary factors as well. This is the level at which "all investments would equate efficiency" and produce a meaningful rate of interest.

The quest for this "pure" interest is a difficult one. "Capital values bear no necessary relation to antecedent costs" for two reasons. First, a true innovation can be evaluated only after its capacity to produce income is known by experience and capitalized at a prevailing rate of interest. Second, and much more important, capital values bear no necessary relation to antecedent cost because they are frequently financed by funds which have never been income and therefore could not have been saved. If a venture launched under the second conditions is successful, the capital asset will be owned by someone who did no **antecedent** savings, and the value of the assets will be extracted from the community by means of shifts in income distribution or shifts in prices which cause changes in the value of income received.

Inevitably, the interest discussions of practical men will be fruitless as long as they use ideas and habits of mind that were common and valid in the remote day when hard money had a cost of production, and the volume of loanable funds, though capable of some expansion, had perceptible limits. To use these concepts in a Keynesian world where, "under ideal conditions, with risk eliminated and abundance of savings, interest should be zero," is evidently to talk at cross purposes. The sterility of the discussion is due to "the fact that the rates under discussion are **bank** rates and not at all what rates would be if loans were in fact dependent entirely upon savings."

Every value item is arrived at by a price-times-quantity (p-q) process. In general, the relation between these is inverse: the greater the quantity, the lower the price. For any particular commodity, the business man's experience enables him to judge with great accuracy the probable effect of changes of one factor upon the other. This accuracy is possible because **q** is governed by objective considerations of time, space, and available materials. But when we speak of interest as at present administered, we are without these guides, because **q**, the quantity of money, is governed by no objective factors. The productive capacity of the United States has definite dimensions—so many tons, bales, carloads, in February or March, at Honolulu or Hoboken. The number of dollars and bonds and, therefore, debts representing claims, current or deferred, on this capacity, has no objective limits; and the p-q value relationship, however important it may be to us practically, has no meaning except that which the monetary authorities choose to give. The importance of what has here been overlooked may be demonstrated by anyone who will attempt to construct a **weighted** index of interest as a price.

"Keynes has rendered Marx unnecessary" is a formula that is becoming commonplace. The meaning is that the government which has complete control of the currency subject to no objective criteria can endlessly borrow claims of its own creation. Having this complete control of the supply of money, and combining it with a flexible tax system, the government can produce any desired wage and price effect as Hitler demonstrated. This Fiscal Fascism renders Marx unnecessary because it enables those who handle the controls to determine the size and value of the income and the value of the savings of the marionettes for whom the decisions are being made.

The one thing that can reasonably be demanded of a price structure is that it be accurate, that it faithfully record the relative valuations by the community of all the commodities and services purchasable. Within the price structure is the rate of interest, a price of peculiar importance in manifesting the state of the economy. Pump-priming, deficit financing, compensatory spending and cyclically balanced budgeting are all attempts to establish some price level other than that established in reaction to some **previous** period in which loans had been made from expanded credit. Newly created funds never having been income, could never have been saved; therefore, the loan of such funds could have none of those qualities which economists and moralists alike have looked to as a justification of interest payments. Granting that some sections of the economy may present qualities grievously disturbing, the remedy is not to falsify our principal guide to economic truth, but to attack these problems directly by social reform. We may then look for the result in an altered price, wage and income structure. To achieve proximate ends by belying the price structure is to create a situation of hopeless confusion.

Pure interest, in Mr. Potter's sense, is the means by which the efficient and frugal pass from a proletarian to a propertied estate. Widespread loans of funds that are not savings means the disappearance of pure interest. Though under a program of forced saving through government investment the benefits of saving must still be present in the economy, they will not accrue to those who have saved. Even if saving and investing are made government monopolies as they were in Russia, where no one was permitted economic security except on the State's terms, the benefits and the costs are still uncorrelated.

John Hicks concludes his recent important study (**Value and Capital**, p. 302) on the following dubious note: "One cannot suppress the thought that perhaps the whole Industrial Revolution of the last two hundred years has been nothing else but a vast secular boom largely induced by the unparalleled rise in population. If this is so, it would help to explain why, as the wisest hold, it has been such a disappointing episode in human history." A much simpler explanation that would fit the same facts more snugly is that the Industrial Revolution was a vast secular boom induced by over-investment that was based on forced saving, cumulative income displacement, and cumulative maldistribution of income.

Landis Resigns as Director of Economic Operations

Favors Removal of World Trade Controls

James M. Landis has resigned as Director of Economic Operations and principal American representative in the Middle East to return to his former post as dean of Harvard Law School. This was made known in press advices from Washington Jan. 12

Mr. Landis recently returned from Cairo, after concluding a mission which covered over a year duration. President Roosevelt's acceptance of his resignation, made public at the White House Jan. 12, said:

"I accede to your wishes only as I know full well that Harvard University can no longer spare you from our heavy and important responsibilities as dean of Harvard Law School.

"During your period of service with the Department of State and the Foreign Economic Administration, with personal rank of minister, you have contributed greatly in resolving the numerour and intricate economic problems which under conditions of war have beset the countries of the Middle East. At the same time, you have added prestige to the American economic position in that part of the world."

Before going to the Middle East, Mr. Landis was Director of the Office of Civilian Defense and before that Chairman of the Securities and Exchange Commission.

With his return from Cairo Mr. Landis was reported on Jan. 9 in Washington advices to the New York "Times" as expressing a hope for speedy conversion of trade to normal channels and freer world commerce in the post-war era.

From the "Times" account we also quote:

"Valuable experience in restoring normal trade, said Mr. Landis, had been gained by the mission, and he hoped it would help in the progressive removal of controls and barriers throughtout the world as conditions permit.

"In the Middle East, he said, lend-lease for civilian goods had been virtually eliminated, and only those controls required to insure equitable distribution of the goods imported were retained.

"The mission," he said, "was organized under my direction to bring together under one responsible head the economic activities of the United States in the conviction that peace and prosperity in the area (Middle East) could be better assured by the elimination of artificial barriers of trade and the encouragement of free commerce among nations.

"It did away with the continuation of credit lend-lease of civilian goods to British colonies and mandates in this region on the theory that lend-lease to them was not longer demanded by the exigencies of the war. And, in eliminating lend-lease as a method of procurement in other areas, it restored the importation of goods to normal trade channels."

Jan. Cotton Consumption

The Census Bureau at Washington on Feb. 15 issued its report showing cotton consumed in the United States, cotton on hand and active cotton spindles in the month of January.

In the month of January, 1945, cotton consumed amounted to 849,945 bales of lint and 128,781 bales of linters, as compared with 760,740 bales of lint and 120,498 bales of linters in December and 818,724 bales of lint and 98,887 bales of linters in January, 1944.

In the six months ending Jan. 31, cotton consumption was 4,877,181 bales of lint and 743,798 bales of linters, compared with 5,091,116 bales of lint and 652,171 bales of linters in the corresponding period a year ago.

There were 2,291,251 bales of lint and 289,596 bales of linters on hand in consuming establishments on Jan. 31, 1945, which compares with 2,318,656 bales of lint and 270,851 bales of linters on Dec. 31, 1944, and with 2,380,963 bales of lint and 466,281 bales of linters on Jan. 31, 1944.

On hand in public storage and at compresses on Jan. 31, 1945, there were 12,991,042 bales of lint and 27,259 bales of linters, which compares with 13,396,441 bales of lint and 25,747 bales of linters on Dec. 31, 1944, and 12,114,990 bales of lint and 82,577 bales of linters on Jan. 31, 1944.

There were 22,260,628 cotton spindles active during January, 1945, which compares with 22,219,768 cotton spindles active during December, 1944, and with 22,216,202 active cotton spindles during January, 1944.

Legislation to Prevent Race and Creed Discrimination Opposed by Comm.-Ind. Group

Proposed legislation to prevent and eliminate practices of discrimination in employment and otherwise because of race, creed, color or national origin, if passed, will prove to be most harmful to the people of New York State, in the opinion of the Commerce and Industry Association of New York, Inc., in a statement proposing certain amendments, submitted to members of the State Assembly, and released on Feb. 15 by Association Secretary Thomas Jefferson Miley. In making its "constructive recommendations for improvement of the pending bill" the Association's statement declares:

"We do not wish to conceal our doubts as to the wisdom of the proposed legislation, even with the amendments suggested, or our fears that the proposed legislation may produce serious dangers to the people and the business of the State of New York.

"The harm which is likely to result to the country, as well as to the State of New York, if the proposed legislation is adopted in this State and not in other States, by immigration from other States and by the accompanying changes, such as the creation of additional problems of employment, relief and housing, is so serious that we venture to suggest that the entire question ought to be submitted to the Council of State Governments, to the end that uniform legislation on this subject may be adopted in the several States if it is to be considered at all.

"Stated generally, the proposed legislation should be drawn along lines more moderate than those of the bill as now introduced by the Commission and should rely upon education and conciliation rather than upon force.

"The problem of discrimination is complicated and cannot be solved by the use of an axe. Not all discrimination is wrong. Every employer owes it to himself, to his business and its efficiency, and, above all, to his employees, to use discrimination in selecting his employees, to the end that those shall be employed for a particular job whom a discriminating judgment shows to be best fitted for that job.

"Even an employee's race or religion may in a proper case enter into the choice. A supplier of ecclesiastical vestments to Catholic churches, or an architect building such churches will require employees steeped in the Catholic tradition. A kosher butcher cannot employ gentiles. Who can legitimately object to an all-French or an all-Scandinavian restaurant or an all-Negro show? A salesman or insurance solicitor dealing with a particular class of foreigners who is one of them will obviously have better chances of success than one who is not. . . .

"These, and other differences in the needs and characteristics of different businesses and different jobs, must not be lost sight of by laying down a rigid general rule against discrimination in every case; to ignore them would be unrealistic as well as unjust. We have studied the proposed legislation with great care and if it is to be enacted into law we believe it should be amended."

The Association proposes seven amendments.

Bill for Commission to Report on Tax Structure Approved by Credit Men

General endorsement of the bill now before Congress, H. R. 1410, to establish a Commission on Taxation, is given in his Monthly Business Review by Henry H. Heimann, Executive Manager of the National Association of Credit Men, which was released on Feb. 15. This bill to create a tax commission follows the recent declaration of the NACM Committee on Taxation, Mr. Heimann points out, and expresses the viewpoint of a large number of the members of the National Association of Credit Men. "The conflict between the various taxing bodies, the present overlapping of our tax measures, the confusion and economic effect of taxation schedules, all seem to indicate that such a commission would be most advisable," Mr. Heimann points out. "This bill (H. R. 1410)," he says, "would authorize the commission to compile, analyze and report upon facts in relation to our overlapping inter-governmental tax structure. There are other provisions in this bill which are worthy of note. It would have the Commission seek to define the sphere of taxation function among the three different levels of government."

"The purposes of this bill so parallel the resolution adopted by our own organization," Mr. Heimann said, "that it is only natural we have a great interest in it. We believe it is worthy of study and deserving of support. If we can get our taxation muddle cleared away, such action would contribute tremendously to the welfare of the nation." As a means of further centralizing its effort on the question of taxation, Mr. Heimann pointed out that a special questionnaire is now being prepared to elicit facts which can be presented to the proper Congressional Committee considering the tax commission bill.

Pointing out that the severe winter might bring blessing or disaster, the chief of the credit men's organization offered the suggestion that any preventive work that might be done in the areas blanketed by record snows so as to bring protection against floods, should be attempted at once. "Certainly here is a critical need for labor and no one would deny that the utilization of labor in this respect would be a significant contribution to the war effort for much of the production as well as the food of the nation is found within the areas covered by these heavy snows. Permanent protection against floods requires long range planning, but there is some protection that can be had through temporary measures and these should be undertaken without delay."

Conference on Dumbarton Oaks Proposals To Be Held at San Francisco April 25

The Dumbarton Oaks proposals for a world security organization will be the subject of a United Nations Conference to be held at San Francisco on April 25. Announcement of the plans for the conference followed President Roosevelt's message to Congress on Feb. 12 in which he referred to his budget message of Jan. 9, calling attention to the need for immediate action on the Bretton Woods proposals for an international monetary fund and an international bank for reconstruction and development. It is my purpose in this message, the President told Congress Feb. 12, to indicate the importance of these international organizations in our plans for a peaceful and prosperous world. In his Feb. 12 message the President likewise said:

If we are to measure up to the task of peace with the same stature as we have measured up to the task of war, we must see that the institutions of peace rest firmly on the solid foundations of international political and economic cooperation. The cornerstone for international political cooperation is the Dumbarton Oaks proposal for a permanent United Nations.

The President further stated that the United States should act promptly upon the plan for the international bank, which will make or guarantee sound loans for the foreign currency requirements of important reconstruction and development projects in member countries.

At the same time the President recommended prompt action by the Congress to provide the subscription of the United States to the international monetary fund and the legislation necessary for our membership in the fund. He added:

The international fund and bank together represent one of the most sound and useful proposals for international collaboration now before us. On the other hand, I do not want to leave with you the impression that these proposals for the fund and bank are perfect in every detail.

The President's Feb. 12 message to Congress came just as the report of the Crimea Conference of President Roosevelt, Prime Minister Churchill and Premier Stalin was made available, and in Associated Press advices from Washington on Feb. 13 it was stated:

The dark curtains of secrecy were drawn from the conference late yesterday. This revealed that the Big Three had agreed not only on mighty new blows to crush Nazism and permanently disarm Germany, but also on several pieces of specific peace machinery to guarantee independence and self-determination to the small countries of Europe. A formula for creating a new Government in Poland which will be acceptable to all three powers is included.

The three leaders apparently compromised the split between the United States and Russia over the voting rights of the Great Powers in the proposed Dumbarton Oaks security plan. This cleared the way for the United Nations conference and they decided to call it for San Francisco on April 25. That is the date by which Russia must denounce her non-aggression treaty with Japan if it is not to run for another five years.

Diplomatic officials here discounted the significance of this fact, terming it a coincidence. But it raised all over again speculation that Stalin had now declared to Roosevelt and Churchill an intention to enter the war in Asia when military conditions in Europe permit.

The Big Three announcement, covering nine major points, was hailed at the Capitol by both Republicans and Democrats.

In indicating the names of the delegates who will represent the United States at the San Francisco Conference, special advices from Washington Feb. 13 to the New York "Times" stated that the delegation will include Cordell Hull, former Secretary of State, who will serve as its senior adviser; four members of Congress, and two others. The latter six are:

Senator Tom Connally, Democrat, of Texas, Chairman of the Committee on Foreign Relations; Senator Arthur H. Vandenberg, Republican, of Michigan, author of the resolution proposing an immediate agreement by the Allies for keeping Germany and Japan permanently demilitarized; Representative Sol Bloom, Democrat, of New York, Chairman of the House Committee on Foreign Affairs; Representative Charles A. Eaton, Republican of New Jersey, ranking minority member of the House Committee; Commander Harold Stassen, former Governor of Minnesota and a strong advocate of international collaboration for peace, and Dean Virginia Gildersleeve of Barnard College.

The designation of Mr. Hull indicated that the former Secretary, who has been a patient at the Naval Hospital at Bethesda, Md., would be able to leave the hospital before the meeting date of the conference.

From the "Times" advices of Feb. 13 we also quote:

It also projected the possibility that he would be chairman of the conference, inasmuch as President Roosevelt in accepting his resignation as Secretary of State referred to him as the father of the United Nations and expressed the hope that he would serve as chairman of the conference, which even then was being planned.

Mr. Hull exercised a guiding hand in the Dumbarton Oaks Conference, at which Mr. Stettinius presided.

The selection of members of Congress was made in recognition of the part which the Senate would play in approving the charter of the security organization to be drafted at San Francisco.

In that respect the delegation is similar to the one appointed for the Inter-American Conference, which will convene in Mexico City on Feb. 21. Furthermore, the same pattern has been followed in the appointment of a woman member of the delegation. Representative Edith Nourse Rogers, Republican, of Massachusetts, is a member of the delegation to the Mexico City conference. . . .

President Roosevelt, Prime Minister Churchill and Premier Stalin during the Crimean meeting at Yalta cabled to Mr. Hull their wishes for "speedy recovery." The message, sent by Secretary Stettinius, said:

"I have been instructed to transmit the following message to you on behalf of the undersigned who were guests of the Prime Minister this evening at dinner:

"'We have missed you at this conference and send to you our affectionate greetings. We wish for you a speedy recovery in order that all of us may have the benefit of association with you again.

"'Signed: Roosevelt, Stalin, Churchill, Molotoff, Eden, Stettinius.'"

Mr. Hull replied as follows:

"I am in receipt of your cable of Feb. 11 transmitting a most cordial message of greeting from President Roosevelt, Prime Minister Churchill, Marshal Stalin, Mr. Eden, Mr. Molotov and yourself. Please convey my grateful appreciation to each of them, together with my fervent wish for the fullest measure of success in their immense undertaking now and in the future."

Senator Connally, when informed of his selection as a delegate, said:

"The President recognizes the functions of the Senate and his action indicates his desire to have the utmost cooperation between the Senate and the Executive. I feel that the members of the Senate designated by the President as members of the delegation to the United Nations Conference will cooperate with the Executive Department in striving to secure the best possible organization for world peace and security."

Stettinius to Head U. S. Group Attending Inter-American Conference in Mexico City

Secretary of State Edward R. Stettinius heads the United States group of delegates participating in the conference of American Republics on war and post-war problems scheduled to open in Mexico City yesterday (Feb. 21). In addition to four members of Congress slated to attend the conference, officials of organizations representing many segments of the American community will also be official participants, according to Carl Levin, in Washington advices to the New York "Herald Tribune" on Feb. 10, which also said in part:

The members of Congress who will go to the meeting, starting Feb. 21, as special advisers to the United States delegate, Edward R. Stettinius, Jr., Secretary of State, are Senator Tom Connally (Dem.-Texas), Chairman of the Senate Foreign Relations Committee; Senator Warren R. Austin (Rep.-Vt.), also a member of the Senate Committee; Representative Sol Bloom (Dem.-N. Y.), Chairman of the House Foreign Affairs Committee, and Representative Edith Nourse Rogers of Massachusetts, a ranking minority member of the House Committee.

In the event that Mr. Bloom is unable to make the trip, he will be replaced by Representative Luther A. Johnson of Texas, the next highest ranking majority member of the Committee.

From the list of 38 persons who will go to Mexico City for the conference it is evident that Secretary Stettinius intends to go prepared not only for political discussions but also for economic discussions of a nature which may show the other American republics how closely their future is tied to that of the United States.

Under date of Feb. 10, United Press accounts from Washington appearing in the "Herald Tribune" said:

Mexico has proposed that membership in the world security organization be "universal and obligatory"—thus including present enemies, but with rights restricted in the beginning, it was revealed tonight.

Mexico proposed 28 changes in the Dumbarton Oaks plans in a handbook for delegates to the forthcoming "Inter-American Conference on Problems of War and Peace." The Pan American Union published the book and included commentaries from nine Latin-American nations.

The Dumbarton Oaks plan calls for a peace and security organization which would include a large assembly and a small security council, the latter the decision-making body.

The Latin Americans believe the plans "suffer from the capital defect of ignoring the assembly"—the body in which all nations would have seats and an equal vote. They believe the powers of the proposed eleven-nation council should be matched with increased authority for the assembly in matters relating to security.

In any event, all the Latin-American nations believe Latin America should have a guaranty of representation on the council. Some want a permanent seat, while others want assurances that Latin America will occupy three or four of the non-permanent seats.

Brazil, Venezuela and Mexico objected to the name "United Nations." Brazil said it was "inexpressive" and suggested "union of nations"; Mexico proposed "permaient union of nations," and Venezuela said the war-time connotation of "United Nations" was not very appropriate for a peace organization.

The highlights Mexico's recommendation follow:

Powers for the assembly corresponding to its representative character in a democratic system.

Designation of council members "according to their degree of international responsibility for the maintenance of peace."

A prohibition against voting on its own case by a big power which is party to a dispute.

A pledge by all states to incorporate international law into their national law.

Adoption by the world organization of a declaration on the international rights and duties of man, and creation of a special organ to supervise its observance.

Provision that at least one of the pacific procedures provided in the plan shall be applied before the application of force whenever an international dispute arises.

Compulsory registration of treaties with the organization's secretariat.

Exclusion of the proposed world court from the "essential organs" of the organization and inclusion of the economic and social council.

Provision for a security council meeting at least every three months.

Secretary Stettinius, who participated in the recent "Big Three" Crimea conference, met in advance of that gathering with Harry Hopkins in Rome, Italy. Under date of Jan. 31 Associated Press advices from Rome stated:

Their (Messrs. Stettinius and Hopkins) flying visits were said by Mr. Hopkins to be part of the preliminaries leading to the Roosevelt-Stalin-Churchill meeting. An official announcement of the conferences was issued after Secretary Stettinius and Mr. Hopkins, who is the President's personal representative, boarded planes and left this war theatre.

Mr. Hopkins went to Allied Headquarters yesterday from conferences in Rome in which he saw Italian Foreign Minister De Gasperi, had an audience with Pope Pius and conferred with Alexander Kirk, United States Ambassador to Italy. By his own statement he looked closely into records relating to Allied political affairs in Italy.

The report on the "Big Three" conference appeared in our Feb. 15 issue, page 746.

Representative Assailed by "Pravda" for Criticism of Yalta Declaration on Poland

Representative Alvin E. O'Konski, Republican of Wisconsin, was assailed on Feb. 18 by "Pravda," in his criticism of the Yalta declaration on Poland, it was disclosed in an Associated Press dispatch from Moscow on Feb. 18, which said:

The Communist party newspaper also attacked former Premier Stanislaw Mikolajczyk, of the London Polish Government, who, the Russian Army paper, "Red Star," had hinted might participate in a reorganized Warsaw regime.

"Pravda" spoke out on the eve of negotiations here to revise the Warsaw Government. The Crimea Conference called for "a broader democratic basis, with the inclusion of democratic leaders from Poland itself and from Poles abroad."

O'Konski, "Pravda" said, had repeated "a dirty insinuation of Fascist propaganda concerning liberated Poland and the Baltic."

"Against a background of unprecedented unanimity of view toward the Crimea Conference in the United States and England, the speech of Rep. A. E. O'Konski attracted general attention," "Pravda" said. "From the tribune of the House of Representatives he spoke like Goebbels (German Propaganda Minister Dr. Paul Joseph Goebbels). Most surprising was that some Republicans in the House approved this political buffoonery. Mr. O'Konski is opposed to a long list of prominent members of the American Congress, including former isolationists, who welcomed the Crimea decisions."

Mr. O'Konski told the House last Tuesday (Feb. 13) that the settlement over Poland represented a success for Goebbels "second only to that of Munich." The son of Polish-born parents, he declared "the selling out of Poland is a stab in the back to freedom . . . a denunciation of the Atlantic Charter."

[In reply to the "Pravda" attack Mr. O'Konski said Sunday at Milwaukee: "If any one else called me a Fascist I would be very worried. I despise Fascists and Nazis with my whole soul, but when 'Pravda' calls me a Fascist I am not worried, because they call any one that who does not agree with the Russian position on anything."]

"Pravda" said the Polish Government in London had "been acting in unison with Berlin," and added: "Mikolajczyk has aligned himself with Arciszewski (Tomasz Arciszewski, Premier in the London regime), having made a statement against the Crimea decisions in the press."

[In a letter to "The London Daily Herald" last Friday, Mikolajczyk urged that the City of Lwow and the Galician oilfields remain within Poland's borders, contrary to the Crimea Conference's proposed Curzon line settlement, which would give both Lwow and the oilfields to the Soviet Union.]

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on Feb. 19 that the tenders of $1,300,000,000 or thereabouts, of 90-day Treasury bills to be dated Feb. 23 and to mature May 24, 1945, which were offered on Feb. 16, were opened at the Federal Reserve Banks on Feb. 19.

The details of this issue are as follows:

Total applied for $1,887,678,000.

Total accepted $1,308,371,000 (includes $65,660,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.906, equivalent rate of discount approximately 0.376% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.360% per annum.

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

(77% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 23 in the amount of $1,313,528,000.

Steel Operations Again Rise—Buying Less Active—Present Delivery Situation Tight

"Although steel order volume through the first half of February appears to be from 20% to 30% less than in the corresponding January period, such statistics are far from significant in appraising the apparent hectic condition in the steel delivery situation," states "The Iron Age" in its issue of today (Feb. 22), which further goes on to say: "Furthermore, such a decline even if continued at the same rate will have little or no effect upon already over-extended deliveries.

"Much of the order volume in recent weeks has been far beyond the steel industry's capacity to produce, and the War Production Board this past week found on its hands requirements for more than 140,000 tons of sheets which it cannot schedule for several months even with the aid of directives. As a further indication as to what the accelerated war picture has done to the steel industry, tens of thousands of tons of new sheet business has been turned away in the past week.

"With some producers delivery schedules have become so extended as to be almost meaningless. Drum sheet schedules are filled through to the end of this year, while most producers can give no closer promises than December for galvanized sheets. Carbon bars have become so tight that November deliveries are being promised. Because of this situation, which is similar for many other steel products, some steel sources believe it to be extremely doubtful that orders for those products, which are so far extended, will ever be completed, especially if the war in Europe should suddenly end.

"While the present order and delivery situation represents one of the tightest, if not the tightest, periods since the war began, the danger of a complete breakdown of the present method of scheduling steel orders may not be as close as some sources believe. Undoubtedly the fact that many plans and projects were cut back last fall when victory in Europe was expected, has caused a far larger safety factor in the form of inflated war demands than eventual needs will probably prove necessary. Nevertheless, such action must be taken since it is the price to be paid for a war of such gigantic proportions. The orders now on the books, even though they may in part turn out later to be unnecessary, do, today, represent realities.

"The combination of a tremendous order volume, increased backlogs and substantial carryovers will in themselves probably cause, within the near future, a complete reappraisal of the steel demand situation.

"The shell steel production directive is expected to be boosted again in March and the increase in tonnage will be considerable. The significance of such an expansion will make it more difficult to honor allotment tickets for rails, semi-finished steel and structural products."

The American Iron and Steel Institute on Feb. 19 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 96.4% of capacity for the week beginning Feb. 19, compared with 91.4% one week ago, 91.2% one month ago and 97.7% one year ago.

These rates of operation are based on capacity rating as of Jan. 1, 1945, which is somewhat higher than rated capacity as of July 1, 1944. The revised rates of operation for the first seven weeks of 1945 are: Jan. 1, 94.3%; Jan 8, 91.6%; Jan. 15, 92.2%; Jan. 22, 91.2%; Jan. 29, 88.7%; Feb. 5, 87.9%, and Feb. 12, 91.4%.

The operating rate for the week beginning Feb. 19 is equivalent to 1,765,700 tons of steel ingots and castings, compared to 1,675,900 tons one week ago, 1,670,300 tons one month ago, and 1,750,000 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 19, stated in part as follows:

"Steel orders continue heavy but the peak of the current buying movement appears to be over. Requirements for most of the important new programs have been covered for months in advance, with ordnance buying over the past 60 days heaviest for any comparable period since early 1943, when war machinery was first planned in volume. Demand now shows signs of tapering and this trend may continue for some time.

"At the same time further heavy commitments are in sight, including large combat tank requirements and special types of ammunition and aircraft. Based on assurances by Washington that cutbacks following V-E day will be much smaller than previously expected, plenty of work appears ahead. Backlogs show little change, with extension of delivery dates in some products and easing in others. Better transportation conditions have aided movement of raw materials and finished steel in all lines.

"Extent of interference with steel production by weather conditions in January is reflected in shipments of finished steel by the United States Steel Corp. The January total of 1,569,115 net tons, was 198,485 tons less than in December and 161,672 tons less than in January, 1944. The tonnage was lowest for any month since June, 1943, and the smallest January figure since 1940. Average daily shipments were 58,115 tons, compared with 67,984 tons daily in December.

"Steelmaking scrap situation improved with better transportation performance, but the situation is not easy and material from reserves still is being used. Dealers continue to avoid undue accumulation, fearing a setback if the European war ends suddenly. Cast grades are in small supply and put an added burden on pig iron. Borings, more plentiful as the shell program increases, continue weak and are almost the only grade below ceilings. Some allocating is being done to relieve shortages in essential cases."

January Rayon Shipments

Domestic shipments of rayon yarn and staple fiber during January totaled 63,500,000 pounds, divided 49,800,000 pounds of filament yarn and 13,700,000 pounds of staple fiber, states the February "Rayon Organon," published by the Textile Economics Bureau, Inc., which states that "these data compare with December, 1944, shipments of 49,000,000 pounds of yarn and 13,600,000 pounds of staple or a total of 62,600,000 pounds of rayon. Comparative figures for January, 1944, show total rayon shipments of 55,400,000 pounds made up of 41,500,000 pounds of yarn and 13,900,000 pounds of staple fiber." The Bureau's advices Feb. 8 further said:

"Total rayon stocks in producers' hands on Jan. 31st aggregated 9,400,000 pounds. Of this quantity, 6,700,000 pounds represented yarn and 2,700,000 pounds was staple fiber. Year end 1944 stocks stood at a low of 8,800,000 pounds, of which 6,100,000 pounds was rayon yarn and 2,700,000 pounds was staple fiber.

"While rayon production and shipments were at a new high level last year, much of this increase came in the viscose tire yarn program, a 100% war program," says the "Organon." It adds:

"After taking out all rated and programmed uses of rayon, from total shipments, the 'free supply' of rayon yarns available in the second half of 1944 amounted to only 168,000,000 pounds compared with 210,000,000 pounds in the first half of 1941 and an average 1939 six months' total of over 175,000,000 pounds. Based on known rated and programmed uses during the first six months of 1945, the 'Organon' estimates that this 'free supply' will decline to under 150,000,000 pounds. These data do not give effect to the rating of essential civilian rayon cloths under WPB proposed Order M-400."

Chester Bowles Says He Has Been Misinterpreted

(Continued from first page)

their context and completely misinterpreted.

I did write Marvin Jones on Nov. 10, saying that I thought we should reconsider the whole problem of rationing meat and processed foods. I stated that the effectiveness of the existing rationing programs was being undermined by the fact that there was an insufficient amount both of meat and of processed foods under rationing to make the system workable, and that supplies were likely to get worse during 1945. I said that we either ought to unration these foods altogether or to put a sufficient volume of both processed foods and meat back under ration controls to make it possible to do a decent job.

I made this very clear in several parts of my letter. The following quotation from the first page is appropriate:

"I think it is vital that we consider the problem, for it is truly serious. Maldistribution of rationed food products in stores is very bad and getting worse. Public criticism is increasing. The 7,300 paid employees and thousands of additional volunteers working on food rationing in the Local Boards, District, Regional and National Offices are thoroughly conscious that a poor job is being done. Resignations are at a high point and are increasing, particularly among our key people."

Two other direct quotations from my letter to Marvin Jones are appropriate. They indicate clearly that the central problem was not "a result already of Mr. Bowles' desire for his bureau to do something and not disintegrate . . ." but rather of my wish to have a clear decision as to whether we were going to attempt to ration meats effectively or not at all. The quotations follow:

"In spite of the very poor distribution of meat today, I think that unquestionably the program is doing **some** good in distributing meat. But I question seriously if it is doing **enough** good to justify the employment of a large paid staff and the time and attention of thousands of volunteers, in the light of the fact that the program falls so far short of achieving the purposes of consumer rationing.

"The maldistribution we are witnessing today would only be slightly more aggravated if we were to remove all meat items from rationing. It seems to me that we must decide whether, in the public interest, we should not either put this program back on a basis to provide reasonably good distribution of meat, or **eliminate it entirely**—with the possible exception of sugar and butter."

Our local board organization and our price, rent and enforcement departments are sadly understaffed. This leads to many unfortunate delays in getting necessary answers to business men, landlords and others who seek information or individual decision.

If it had been possible to abandon the rationing program on meats and canned foods entirely we would have been able to transfer sufficient personnel to take care of our requirements in other departments. This in turn would have made it unnecessary for us to appeal to Congress for a deficiency appropriation as we were forced to do last week.

Finally, you comment that I admitted we made a mistake in cancelling the blue stamps. This is a complete misunderstanding. I haven't said it was a mistake to cancel excess rationing stamps. If we had lacked the courage to take this obviously distasteful step the equitable distribution of meats and canned food would have been absolutely impossible in view of the present shortages. I said it was a mistake to make a commitment, either directly or by inference, that we would not cancel in view of the ever-present uncertainties in wartime supplies.

I am sure that Marvin Jones, to whom I am sending a copy of this letter, will object as I do to the misinterpretation of my letter in your Jan. 18 article.

CHESTER BOWLES,
Administrator.

Office of Price Administration,
Washington, D. C.,
Feb. 14, 1945.

Headquarters of Nat'l Assn. of Bank Auditors & Comptrollers To Be in Chicago

Incident to its increasing membership, and in preparation for postwar expansion, the National Association of Bank Auditors and Comptrollers will, on March 1, establish its headquarters office in Chicago. It will be transferred from Cleveland where it has been located during the past five years. It is believed the new headquarters in Chicago will provide national office facilities centrally located and easily accessible to each member bank. The office will be located in the First National Bank Building.

The organization is presently represented throughout the country with 50 organized Conferences, and one inactive Conference in Manila, Philippine Islands. It is certain, says the Association, that when the war is ended and normal travel conditions prevail, a number of new organized Conferences will result from the present large increase of Associate Members who will then desire to receive the additional advantage available to Conference members.

The headquarters office was opened in Cleveland Jan. 1, 1940, when Darrell R. Cochard, formerly with The Cleveland Trust Company as Corporate Trust Auditor, became N.A.B.A.C.'s first full time Managing Editor of "National Auditgram," the Association's official publication. Mr. Cochard is presently Assistant Secretary and Managing Editor, having been appointed Assistant Secretary at the last annual meeting. Mr. Cochard will move to Chicago with the headquarters office on March 1. Prior to Jan. 1, 1940, "National Auditgram" was edited for five years by A. L. McLean (now deceased), formerly Auditor, Society for Savings in Cleveland. For the first ten years, 1924-1934, the Editor was A. H. Laning, now Vice-President and Cashier, Federal Reserve Bank of Cleveland.

The Association's President is John C. Shea, Assistant Vice-President, Whitney National Bank, New Orleans, La. Other officers are: First Vice-President—Ben N. Jenkins, Assistant Vice-President, First National Bank & Trust Co., Oklahoma City, Okla.; Second Vice-President—Arthur R. Burbett, Comptroller, First National Bank, Baltimore, Md.; Secretary—Mills B. Lane, Jr., First Vice-President, Citizens & Southern National Bank, Atlanta, Ga.; Treasurer—Paul D. Williams, Comptroller, Corn Exchange National Bank & Trust Co., Philadelphia, Pa.

From Washington Ahead of The News

(Continued from first page)

push. The end is near. Thirteen thousand of our bombers pulverizing Berlin.

Then, switch, the headlines go to MacArthur and Nimitz and the Yalta conference, and the tremendous story of the imminent crushing of Germany is pushed into a secondary position. We come up from the welter of news about MacArthur and Nimitz and about that matter of tremendous significance, the Yalta Conference, and ask, oh yes, Germany must be about crushed by now.

Instead, we get a directive from Assistant President Jimmy Byrnes just back from Yalta where he went, according to his own explanation, to help the President in telling Stalin about the conditions on our home front, saying that all places of amusement and recreation, including clubs and bars, must be closed beginning Monday at midnight. We people simply must sacrifice, says Jimmy. You get the impression that Stalin said to Jimmy: "That's nothing like the conditions on our home front, why not get in the big leagues of sacrificing?" Anyhow, Jimmy, who a few weeks ago was burning up at what he considered to be the inefficiency of the Army and Navy heads, comes back imbued with the spirit of sacrifice.

Others of our sacrifice imposers have been over to Russia and all of them have come back feeling a little ashamed that the leaders over there could impose more sacrifices than the leaders over here.

One Congressman, right influential but a quiet sort of a fellow, said to us:

"What is worrying me is that my little 10-year-old daughter said to me the other day: Daddy, we have 140 million people, the Russians 180 million; the French have some 45 million and Britain has about that many, why can't we go ahead and lick Germany with only 80 million?"

What further worried the Congressman is that that very day he had figured out, and had it confirmed by the military, that of the 11 million men we have in the armed forces, because of the distances at which they are fighting, only one million are available for combat. Bringing this down, we are told by returning war correspondents that at no time do we have more than 150,000 in the lines on the Western front.

But you've got to admit that the world "has shrunk," that any country, regardless of how remote, is always in danger from another country, that we have come to be a "closely knit unit"—aviation, we understand, has brought us that way—you've got to admit it, because this country, not any other country, however, has proved it, and at a ghastly sacrifice, and is having an awful time proving it.

Weekly Coal and Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Feb. 10, 1945, is estimated at 12,185,000 net tons, an increase of 895,000 tons, or 7.9%, over the preceding week. Output in the corresponding week of 1944 amounted to 12,950,000 net tons. For the calendar year to Feb. 10, 1945, soft coal production totaled 69,840,000 tons, a decrease of 9.9% when compared with the 77,510,000 tons produced in the calendar year to Feb. 12, 1944.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Feb. 10, 1945, was estimated at 1,117,000 tons, an increase of 275,000 tons (32.7%) over the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 307,000 tons, or 21.6%. The calendar year to date amounted to 5,832,000 tons, as against 7,512,000 tons in the corresponding period in 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended Feb. 10, 1945, showed an increase of 20,600 tons when compared with the output for the week ended Feb. 3, 1945, but was 37,200 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

Bituminous coal & lignite—	Week Ended Feb. 10, 1945	†Feb. 3, 1945	Feb. 12, 1944	Jan. 1 to Date ‡Feb. 10, 1945	Feb. 12, 1944
Total, including mine fuel	12,185,000	11,290,000	12,950,000	69,840,000	77,510,000
Daily average	*2,031,000	1,882,000	2,158,000	1,962,000	2,112,000

*Average based on six working days, although some coal was mined on Sunday, Feb. 4, in Coal Act Districts 7 and 8. †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended ‡Feb. 10, 1945	§Feb. 3, 1945	Feb. 12, 1944	Calendar Year to Date Feb. 10, 1945	Feb. 12, 1944	Feb. 13, 1937
Penn. anthracite—						
*Total incl. coll. fuel	1,117,000	842,000	1,424,000	5,832,000	7,512,000	6,357,000
†Commercial produc.	1,072,000	808,000	1,367,000	5,598,000	7,212,000	6,039,000
Beehive coke—						
United States total	119,700	99,100	156,900	602,400	985,700	409,000

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

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, 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 Feb. 3, 1945	Jan. 27, 1945	Feb. 5, 1944
Alabama	385,000	380,000	397,000
Alaska	7,000	7,000	5,000
Arkansas and Oklahoma	106,000	112,000	102,000
Colorado	172,000	176,000	192,000
Georgia and North Carolina	*	1,000	1,000
Illinois	1,516,000	1,518,000	1,655,000
Indiana	572,000	550,000	590,000
Iowa	56,000	65,000	50,000
Kansas and Missouri	183,000	204,000	188,000
Kentucky—Eastern	1,013,000	1,080,000	1,003,000
Kentucky—Western	393,000	388,000	370,000
Maryland	30,000	35,000	40,000
Michigan	2,000	3,000	8,000
Montana (bitum. & lignite)	105,000	103,000	105,000
New Mexico	31,000	35,000	39,000
North & South Dakota (lignite)	67,000	72,000	51,000
Ohio	626,000	660,000	698,000
Pennsylvania (bituminous)	2,218,000	2,340,000	3,070,000
Tennessee	153,000	152,000	168,000
Texas (bituminous & lignite)	4,000	5,000	4,000
Utah	150,000	152,000	148,000
Virginia	395,000	410,000	423,000
Washington	31,000	31,000	35,000
†West Virginia—Southern	2,124,000	2,267,000	2,278,000
‡West Virginia—Northern	757,000	715,000	1,020,000
Wyoming	194,000	218,000	209,000
§Other Western States	*	1,000	1,000
Total bituminous & lignite	11,290,000	11,680,000	12,850,000

†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.

President Roosevelt In Message to Osmena Says Americans Rejoice in Liberation of Manila

Conveying to President Osmena of the Philippines, a message with the return of the American forces to Manila, President Roosevelt declared that "the American people rejoice with me in the liberation of your capital." Referring to the "magnificent strides toward freedom of our forces and those of the Philippines at Leyte, Mindoro, Lingayen Gulf, and now Manila," the President called upon "the Japanese and other enemies of peaceful nations" to take warning that "their world of treachery, aggression and enslavement cannot survive against our world of freedom and peace." The President's message, made public at the White House on Feb. 4, follows:

"The American people rejoice with me in the liberation of your capital.

"After long years of planning our hearts have quickened at the magnificent strides toward freedom that have been made in the last months—at Leyte, Mindoro, Lingayen Gulf and now Manila.

"We are proud of the mighty blows struck by General MacArthur, our sailors, soldiers and airmen; and in their comradeship-in-arms with your loyal and valiant people who in the darkest days have not ceased to fight for their independence. You may be sure that this pride will strengthen our determination to drive the Jap invader from your islands.

"We will join you in that effort—with our armed forces, as rapidly and fully as our efforts against our enemies and our responsibilities to other liberated peoples permit. With God's help we will complete the fulfilment of the pledge we renewed when our men returned to Leyte.

"Let the Japanese and other enemies of peaceful nations take warning from these great events in your country; their world of treachery, aggression and enslavement cannot survive in the struggle against our world of freedom and peace."

The message was made public at the White House, President Roosevelt having at the time been absent incident to his conference with Prime Minister Churchill and Premier Stalin.

National Fertilizer Association Commodity Price Index Moves in Narrow Range

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on Feb. 19, declined fractionally to 140.0 in the week ending February 17, 1945, from 140.1 in the preceding week. For the past eight weeks the index has been moving in a very narrow range with a low point in that period of 139.9 and a high point of 140.1. A month ago the index was 139.9 and a year ago it stood at 137.4, based on the 1935-1939 average as 100. The Association's report added:

Two of the composite groups of the index declined during the week and one advanced. The food index continued its downward trend and is at its lowest point since October 7, 1944. The seasonal decline in egg prices more than offset the further advance in the prices for potatoes. Higher quotations for cotton and for wheat and rye were not enough to offset the declining prices for cattle, lambs and eggs, with the result that the farm products group declined moderately. The textiles group again advanced because of the higher prices for raw cotton. There was a small advance in the price for phosphate rock mined in Tennessee but this was not enough to change the fertilizer materials index. All other groups in the index remained the same.

During the week 4 price series in the index declined and 5 advanced; in the preceding week there were 4 declines and 7 advances; in the second preceding week there were also 4 declines and 7 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Feb. 17, 1945	Preceding Week Feb. 10, 1945	Month Ago Jan. 20, 1945	Year Ago Feb. 19, 1944
25.3	Food	142.7	142.9	143.6	139.2
	Fats and Oils	145.3	145.3	144.9	146.1
	Cottonseed Oil	163.1	163.1	161.8	159.6
23.0	Farm Products	164.6	165.0	164.5	157.4
	Cotton	205.8	203.4	206.4	198.5
	Grains	162.9	162.7	159.0	164.8
	Livestock	158.8	159.9	159.6	148.4
17.3	Fuels	130.4	130.4	130.4	130.1
10.8	Miscellaneous Commodities	133.4	133.4	133.4	131.4
8.2	Textiles	155.9	155.5	156.0	151.7
7.1	Metals	106.4	106.4	106.4	104.4
6.1	Building Materials	154.1	154.1	154.2	152.4
1.3	Chemicals and Drugs	125.4	125.4	125.4	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.2
100.0	All groups combined	140.0	140.1	139.9	137.4

*Indexes on 1926-1928 base were: Feb. 17, 1945, 109.1; Feb. 10, 1945, 109.1; and Feb. 19, 1944, 107.0.

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)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Feb. 20	121.87	114.46	120.02	118.60	114.46	105.86	110.34	114.08	119.41
19	121.94	114.46	120.02	118.60	114.27	105.86	110.34	114.27	119.20
17	121.93	114.46	120.02	118.60	114.27	105.86	110.15	114.08	119.41
16	121.97	114.46	120.02	118.60	114.27	105.69	110.15	114.08	119.41
15	121.97	114.46	120.02	118.60	114.27	105.86	110.15	114.08	119.41
14	121.70	114.27	120.02	118.40	114.27	105.69	110.15	114.08	119.20
13	121.64	114.27	120.02	118.40	114.08	105.69	109.97	114.08	119.20
12	Stock Exchange Closed.								
10	121.59	114.27	119.82	118.40	114.08	105.69	109.97	114.08	119.20
9	121.58	114.27	119.82	118.40	114.08	105.69	109.97	114.08	119.20
8	121.55	114.27	119.82	118.40	114.08	105.52	109.97	114.08	119.20
7	121.53	114.08	119.61	118.20	114.08	105.52	109.79	113.89	118.80
6	121.44	114.08	119.82	118.20	113.89	105.52	109.79	114.08	118.80
5	121.44	114.08	119.82	118.00	113.89	105.52	109.79	113.89	118.80
3	121.37	114.08	119.82	118.20	113.89	105.34	109.60	114.08	118.80
2	121.33	114.08	119.82	118.00	113.89	105.34	109.60	114.08	118.80
1	121.11	113.89	119.61	118.00	113.70	105.34	109.42	113.89	118.80
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
19	121.09	113.70	119.20	118.00	113.70	105.00	108.88	113.70	118.60
12	121.25	113.70	119.00	118.00	113.50	104.83	109.06	113.70	118.40
5	120.66	113,50	119,00	117.80	113.50	104.66	108.70	113.89	118.20
High 1945	121.97	114.46	120.02	118.60	114.46	105.86	110.34	114.27	119.41
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago									
Feb. 19, 1944	119.96	100.49	118.20	116.41	111.07	100.49	104.31	113.50	116.41
2 Years Ago									
Feb. 20, 1943	117.11	109.06	117.60	115.43	110.15	95.01	99.68	112.93	115.13

MOODY'S BOND YIELD AVERAGES

(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Feb. 20	1.70	2.93	2.65	2.72	2.93	3.40	3.15	2.95	2.68
19	1.60	2.93	2.65	2.72	2.94	3.40	3.15	2.94	2.69
17	1.69	2.93	2.65	2.72	2.94	3.40	3.16	2.95	2.68
16	1.69	2.93	2.65	2.72	2.94	3.41	3.16	2.95	2.68
15	1.71	2.93	2.65	2.72	2.94	3.40	3.16	2.95	2.68
14	1.71	2.94	2.65	2.73	2.94	3.41	3.16	2.95	2.69
13	1.72	2.94	2.65	2.73	2.95	3.41	3.17	2.95	2.69
12	Stock Exchange Closed.								
10	1.72	2.94	2.66	2.73	2.95	3.41	3.17	2.95	2.69
9	1.72	2.94	2.66	2.73	2.95	3.41	3.17	2.95	2.69
8	1.72	2.94	2.66	2.73	2.95	3.42	3.17	2.95	2.69
7	1.72	2.95	2.67	2.74	2.95	3.42	3.18	2.96	2.71
6	1.73	2.95	2.66	2.74	2.96	3.42	3.18	2.95	2.71
5	1.73	2.95	2.66	2.75	2.96	3.42	3.18	2.96	2.71
3	1.73	2.95	2.66	2.74	2.96	3.43	3.19	2.95	2.71
2	1.73	2.95	2.66	2.75	2.96	3.43	3.19	2.95	2.71
1	1.75	2.96	2.67	2.75	2.97	3.43	3.20	2.96	2.71
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
19	1.75	2.97	2.69	2.75	2.97	3.45	3.23	2.97	2.72
12	1.74	2.97	2.70	2.75	2.98	3.46	3.22	2.97	2.73
5	1.79	2.98	2.70	2.76	2.98	3.47	3.24	2.96	2.74
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.69	2.93	2.65	2.72	2.93	3.40	3.16	2.95	2.68
1 Year Ago									
Feb. 19, 1944	1.83	3.72	2.74	2.83	3.11	3.72	3.49	2.98	2.83
2 Years Ago									
Feb. 20, 1943	2.06	3.22	2.77	2.88	3.16	4.07	3.77	3.01	2.88

*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.

Business Failures in Jan.

Business failures in January were lower in number but higher in amount of liabilities involved than in December and, when compared with January a year ago, the same is true. Business insolvencies in January, according to Dun & Bradstreet, Inc., totaled 80 and involved $5,883,000 liabilities, as compared with 93 in December, involving $1,804,000 liabilities and 120 involving $1,708,000 in January a year ago.

The commercial service group was the only group showing more failures in January than in December. When the amount of liabilities is considered, the wholesale and retail groups were the only groups reporting less liabilities in January than in December.

Manufacturing failures in January numbered 34, involving $2,128,000 liabilities, compared with 36 in December with $1,076,000 liabilities. Wholesale failures numbered two against 11 in December and liabilities were $24,000 against $235,000 in December. In the retail trade section insolvencies decreased to 26 from 36 and liabilities to $254,000 from $385,000. Construction failures numbered 10 in January with $855,000 liabilities, as against four in December with $41,000 liabilities. Commercial service failures rose to eight with $2,622,000 liabilities in January from six with $67,000 liabilities in December.

When the country is divided into Federal Reserve districts it is found that the Richmond, St. Louis, Minneapolis and San Francisco Reserve districts had more failures in January than in December; the Atlanta and Chicago Reserve districts had the same number, while the remaining districts had fewer failure in January than in December. When the amount of liabilities is considered, it is found that the Philadelphia, New York and Kansas City reserve districts had less liabilities involved in January than in December, while the remaining districts had more liabilities involved.

Hart Succeeds Maloney As U. S. Senator From Connecticut

Admiral Thomas C. Hart, Republican, was sworn in on Feb. 15 as United States Senator from Connecticut, filling the post left vacant by the death on Jan. 12 of Francis T. Maloney, a Democrat. Admiral Hart, who retired from the Navy on Feb. 14, will serve as Senator until November, 1946. He received the appointment from Gov. Raymond E. Baldwin on Feb. 8. (Reference to Mr. Maloney's death appeared in our issue of February 19, page 816.)

Higgins Class B Director of Phila. Reserve Bank

The election of Charles A. Higgins as a Class B director of the Philadelphia Federal Reserve Bank was announced on Feb. 9. He will fill the unexpired term of the late Henry L. Cannon, which ends Dec. 31, 1947. Mr. Higgins is President of the Hercules Power Co. of Wilmington, Del.

Moody's Daily Commodity Index

Tuesday, Feb. 13, 1945	254.4
Wednesday, Feb. 14	254.4
Thursday, Feb. 15	254.6
Friday, Feb. 16	254.8
Saturday, Feb. 17	254.5
Monday, Feb. 19	254.6
Tuesday, Feb. 20	254.7
Two weeks ago, Feb. 6	254.0
Month ago, Jan. 20	253.0
Year ago, Feb. 19, 1944	249.4
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Jan. 8	255.3
Low, Jan. 24	252.1

Civil Engineering Construction $43,908,000 for Week—Gains Over Last Week and 1944 Week

Civil engineering construction volume for the week in continental United States totals $43,908,000. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 113% above the preceding week's total, 18% higher than in the corresponding 1944 week, and 72% higher than the previous four-week moving average as reported to "Engineering News-Record." The report made public on Feb. 15, continued as follows:

Public construction for the week tops last week by 239%, and is 17% above the week last year. Private work is down 64% compared with a week ago, but is 36% higher than a year ago. Federal construction is 306 and 16% higher, respectively, than in the preceding week and the 1944 week, and is primarily responsible for the public gain.

The current week's construction brings 1945 volume to $181,408,000 for the seven weeks, a decrease of 28% from the $252,235,000 reported for the 1944 period. Private work, $51,454,000, is 2% above a year ago, but public construction, $129,954,000, is down 36% due to the 43% decline in Federal construction. State and municipal volume, $21,421,000, is 71% higher than in the seven-week 1944 period.

Civil engineering construction volumes for the 1944 week, last week, and the current week are:

	Feb. 17, 1944	Feb. 8, 1945	Feb. 15, 1945
Total U. S. Construction	$37,043,000	$20,591,000	$43,908,000
Private Construction	2,293,000	8,569,000	3,120,000
Public Construction	34,750,000	12,022,000	40,788,000
State and Municipal	1,219,000	2,451,000	1,943,000
Federal	33,531,000	9,571,000	38,845,000

In the classified construction groups, gains over last week are in waterworks, public buildings, and earthwork and drainage. Gains over their respective 1944-week totals are reported in waterworks, industrial and public buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $1,351,000; sewerage, $40,000; bridges, $25,000; industrial buildings, $1,891,000; commercial building and large-scale private housing, $1,098,000; public buildings, $33,662,000; earthwork and drainage, $1,766,000; streets and roads, $650,000; and unclassified construction, $3,425,000.

New capital for construction purposes for the week totals $1,670,000. It is made up of $1,420,000 in State and municipal bond sales, and $250,000 in corporate security issues. The week's new construction financing brings 1945 volume to $190,693,000, a total 22% above the $155,824,000 reported for the seven-week 1944 period.

Electric Output for Week Ended Feb. 17, 1945 Decreased 0.9% Below Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Feb. 17, 1945, was approximately 4,472,298,000 kwh., which compares with 4,511,562,000 kwh. in the corresponding week a year ago, and 4,505,269,000 kwh. in the week ended Feb. 3, 1945. The output of the week ended Feb. 17, 1945, was 0.9% below that in the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Feb. 17	Feb. 10	Feb. 3	Jan. 27
New England	*0.0	*1.9	2.3	1.8
Middle Atlantic	*4.0	*3.7	*2.0	*0.2
Central Industrial	1.5	1.6	2.2	4.1
West Central	6.0	9.2	8.4	9.8
Southern States	5.1	4.9	5.6	6.4
Rocky Mountain	*11.9	*11.5	*10.8	*12.6
Pacific Coast	*5.5	*4.5	*2.5	*5.4
Total United States	*0.9	*0.6	0.3	1.2

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Nov. 4	4,354,939	4,413,863	— 1.3	3,761,961	1,520,730	1,798,164
Nov. 11	4,396,595	4,482,665	— 1.9	3,775,878	1,531,584	1,793,584
Nov. 18	4,450,047	4,513,299	— 1.4	3,795,361	1,475,268	1,818,169
Nov. 25	4,368,519	4,403,342	— 0.8	3,766,381	1,510,337	1,718,002
Dec. 2	4,524,257	4,560,158	— 0.8	3,883,534	1,518,922	1,806,225
Dec. 9	4,538,012	4,566,905	— 0.6	3,937,524	1,563,384	1,840,863
Dec. 16	4,563,079	4,612,994	— 1.1	3,975,873	1,554,473	1,860,021
Dec. 23	4,616,975	4,295,010	--	3,655,926	1,414,710	1,637,683
Dec. 30	4,225,814	4,337,287	— 2.6	3,779,993	1,619,265	1,542,000

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
Jan. 6	4,427,281	4,567,959	--	3,952,587	1,602,482	1,733,810
Jan. 13	4,614,334	4,539,083	+ 1.7	3,952,479	1,598,201	1,736,721
Jan. 20	4,588,214	4,531,662	+ 1.2	3,974,202	1,588,967	1,717,315
Jan. 27	4,576,713	4,523,763	+ 1.2	3,976,844	1,588,853	1,728,203
Feb. 3	4,538,552	4,524,134	+ 0.3	3,960,242	1,578,817	1,726,161
Feb. 10	4,505,269	4,532,730	— 0.6	3,939,708	1,545,459	1,718,304
Feb. 17	4,472,298	4,511,562	— 0.9	3,948,749	1,512,158	1,699,250
Feb. 24		4,444,939		3,892,796	1,519,679	1,706,719

Note—Because the same week a year ago contained the New Year holiday, no percentage comparison is available for the week ended Jan. 6.

Wholesale Prices for Week Ended Feb. 10 At New Peak

"Seasonally higher prices for fruits and vegetables—particularly oranges, apples, onions and potatoes—together with fairly substantial increases in the livestock and poultry markets brought the Bureau of Labor Statistics' index of commodity prices in primary markets up 0.2% to a new wartime peak," the U. S. Department of Labor reported on Feb. 10, which stated that "the level for the week was 0.2% above four weeks ago and was 104.9% of the 1926 average. It was 1.7% higher than at the same time last year." The Department further said:

"**Farm Products and Foods**—Average prices of farm products at the primary market level advanced 0.9% during the week. Increases of from about [illegible] to 3% were reported in prices for potatoes at New York and [illegible] rye, cotton, cows, sheep and live poultry. Apples at Portland, Ore., advanced 8.7%, sweet potatoes rose 12%, onions over 13% and [illegible] more than 36%. Eggs and lemons declined seasonally, and apples at New York and white potatoes at Chicago dropped nearly 2%. Since the middle of January, average prices for farm products have advanced 0.4% to a level 4% higher than at this time last year.

"Led by the seasonal advance in prices for fresh fruits and vegetables, together with higher quotations for dressed poultry at New York and for rye flour, average prices for foods in primary markets rose 0.6% during the week. Aside from the declines for eggs, lemons, apples at New York and white potatoes at Chicago, there were no important decreases in food prices. The food index has risen 0.2% since the middle of last month and was nearly 1% higher than a year ago.

"**Industrial Commodities**—Industrial commodity markets were relatively steady during the week ended Feb. 10. Quotations for shearlings rose 2.7%. A further decline occurred in prices for mercury when it was rumored that metal from Spain would again be offered in the United States. Turpentine advanced 1.2% and minor fluctuations were reported in prices for Western pine lumber and maple floorings. Slightly higher prices were also reported for certain soap products."

The Labor Department included the following notation in its 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. The indexes must be considered as preliminary and subject to such adjustment and revisions as required by later and more complete reports.

The following tables show: (1) index numbers for the principal groups of commodities for the past three weeks, for Jan. 13, 1945 and Feb. 12, 1944, and the percentage changes from a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from Feb. 3, 1945 to Feb. 10, 1945:

WHOLESALE PRICES FOR WEEK ENDED FEB. 10, 1945

(1926=100)

Commodity Groups—	2-10 1945	2-3 1945	1-27 1945	1-13 1945	2-12 1944	Percentage change to Feb. 10, 1945 from— 2-3 1945	1-13 1945	2-12 1944
All commodities	104.9	104.7	104.7	104.7	103.1	+0.2	+0.2	+ 1.7
Farm products	126.8	125.7	125.8	126.3	121.9	+0.9	+0.4	+ 4.0
Foods	104.9	104.3	104.4	104.7	104.0	+0.6	+0.2	+ 0.9
Hides and leather products	118.0	117.9	117.9	117.9	117.8	+0.1	+0.1	+ 0.2
Textile products	99.1	99.1	99.0	99.0	97.2	0	+0.1	+ 2.0
Fuel and lighting materials	84.0	84.0	83.9	83.9	83.5	0	+0.1	+ 0.6
Metals and metal products	104.2	104.2	104.3	104.0	103.8	0	+0.2	+ 0.4
Building materials	116.7	116.7	116.7	116.4	113.7	0	+0.3	+ 2.6
Chemicals and allied products	94.9	94.9	94.9	94.9	95.1	0	0	— 0.2
Housefurnishing goods	106.2	106.2	106.1	106.1	104.4	0	+0.1	+ 1.7
Miscellaneous commodities	94.1	94.1	94.0	94.0	93.0	0	+0.1	+ 1.2
Raw materials	116.0	115.3	115.3	115.6	112.4	+0.6	+0.3	+ 3.2
Semimanufactured articles	94.8	94.8	94.8	94.7	93.2	0	+0.1	+ 1.7
Manufactured products	101.6	101.6	101.6	101.4	100.6	0	+0.2	+ 1.0
All commodities other than farm products	100.1	100.1	100.0	99.9	99.1	0	+0.2	+ 1.0
All commodities other than farm products and foods	99.3	99.3	99.3	99.2	98.1	0	+0.1	+ 1.2

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM FEB. 3, 1945 TO FEB. 10, 1945

Increases

Fruits and vegetables	4.1	Hides and skins	0.6
Other farm products	1.4	Grains	0.2
Livestock and poultry	0.7	Meats	0.1
Paint and paint materials	0.1		

Decreases

Other foods	0.3

Non-Ferrous Metals — Demand for Copper and Zinc Active — Spanish Quicksilver Sold Here

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 15, states: "Demand for both copper and zinc continued at top levels throughout the week, notwithstanding favorable war developments. January copper deliveries turned out to be smaller than estimated, but this was attributed solely to manpower shortages and transportation difficulties. Producers had requests for at least 160,000 tons of copper for January delivery. Zinc deliveries established a new high in the first month of the year. Lead consumers are regulating their buying to a greater extent, conforming with WPB regulations. Quicksilver was unsettled on offerings of substantial quantities at lower prices for shipment from Spain." The publication further went on to say in part as follows:

Copper

Manpower shortages and transportation difficulties combined to retard production and make for smaller deliveries of copper in January than earlier estimates indicated. [See "Commercial and Financial Chronicle" of Feb. 15, 1945, page 757—Ed.]

Production of alloyed and unalloyed brass-mill products in December amounted to 199,180 tons against 192,743 tons in November, according to the Copper Division. WPB Production of brass-mill products in 1944 totaled 2,506,600 tons, against 2,805,013 tons in 1943. Plate, sheet, and strip accounted for 1,636,464 tons of the 1944 total, and 1,997,409 tons in the previous year.

Lead

Though demand for lead remains fairly active, some sellers report that buying has not been as brisk as in recent months. The lead restrictions and inventory regulations are beginning to exert an influence on the market, authorities believe. March requests for lead are expected to fall below both January and February. Consumers, it is felt, now have a better understanding of the supply situation and realize that WPB means business in controlling consumption. The stockpile has been reduced to around 75,000 tons.

WPB placed collapsible tubes, storage batteries, and foil on the list of items now under import control, by amending Order M-63.

Sales of lead for the last week amounted to 6,712 tons, against 12,366 tons in the preceding week.

Zinc

Demand for zinc continued active throughout the week.

Shipments of slab zinc in January amounted to 92,804 tons, the largest on record. Included in this total were 2,504 tons for export. The previous monthly high in shipments was 84,431 tons in March, 1944. The rate of production for January showed a modest gain, averaging 2,274 tons daily, against 2,259 tons daily in December, the American Zinc Institute reports. The daily average for 1944 was 2,463 tons.

With shipments substantially higher than production, stocks were reduced 22,312 tons, totaling 215,208 tons at the end of January. The peak in stocks in the Institute's compilation was 246,217 tons (revised) at the end of November last year.

The December and January slab zinc statistics, in tons, are summarized as follows:

	Jan.	*Dec.
Stock at beginning	237,520	246,217
Production	70,492	70,035
Shipments:		
Domestic	90,300	78,710
Export	2,504	22
	92,804	78,732
Stock at end	215,208	237,520
Unfilled orders	27,546	21,332

*Revised.

Totals covering production, shipments, and stock on hand for 1944 were revised as follows: Production, 901,332 tons; shipments, 837,322 tons; stock at end, 237,520 tons.

Vanadium

Production of vanadium in the United States in 1944, mine shipments) amounted to about 3,500,000 lb., according to an estimate by the Bureau of Mines. Mine shipments contained 5,586,492 lb. of vanadium in 1943; 4,429,130 lb. in 1942; and 2,512,051 lb. in 1941. The ore-purchasing program of the government was reduced appreciably during the last year, which accounts for the drop in production.

Aluminum

Production of primary aluminum in November amounted to 88,900,000 lb., against 96,800,000 lb. in October, WPB reports. Production of secondary aluminum in November was 48,000,000 lb., against 43,400,000 lb. in October.

Tin

Details of the agreement to purchase Bolivian tin concentrates on the basis of 63½¢ per pound of tin contained have been completed. The settlement terms have been amended to encourage producers to ship better than 18% material. Patino is expected to ship a fairly large tonnage to the Texas smelter this year, according to trade authorities, thereby increasing our supply of high grade concentrate.

Straits quality tin continues at 52¢ per pound, with shipment prices nominally as follows:

	Feb.	March	April
February 8	52.000	52.000	52.000
February 9	52.000	52.000	52.000
February 10	52.000	52.000	52.000
February 12		Holiday	
February 13	52.000	52.000	52.000
February 14	52.000	52.000	52.000

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

Quicksilver

The market for quicksilver was upset last week by an announcement on Feb. 8 to the effect that Mercurio Europeo, the marketing agency of European producers, is offering Spanish metal for shipment on the basis of $160 per flask, New York, duty paid. Metal Traders, Inc., were named sales agents. Later in the week it was reported that Spanish metal sold, in quantity, for March shipment at $155, subject to availability of steamer space. Metal is expected to arrive early in April.

This news unsettled quotations and business was placed at prices ranging from $165 to $170 per flask. Most producers decided to do nothing pending developments, largely because they refused to believe that Spain could arrange for regular shipments under existing conditions. Spanish supplies, however, are known to be large.

The Bureau of Mines statistics for December furnished another surprise. Consumption in that month was reported as unchanged at 3,900 flasks. Some observers regard that figure as entirely too low. An increase in stocks resulted from importations as well as withdrawals from the stockpile.

Silver

The London market last week was unchanged at 25½d. The New York Official for foreign silver was unchanged at 44¾¢, with domestic at 70⅝¢.

Daily Average Crude Oil Production for Week Ended Feb. 10, 1945, Increased 5,400 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Feb. 10, 1945, was 4,728,800 barrels, an increase of 5,400 barrels over the preceding week, and a gain of 329,650 barrels over the corresponding week of last year. The current figure, however, was 28,000 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of February, 1945. Daily production for the four weeks ended Feb. 10, 1945, averaged 4,728,250 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 4,770,000 barrels of crude oil daily and produced 14,996,000 barrels of gasoline; 1,563,000 barrels of kerosine; 4,565,000 barrels of distillate fuel, and 9,237,000 barrels of residual fuel oil during the week ended Feb. 10, 1945; and had in storage at the end of that week 47,882,000 barrels of civilian grade gasoline; 44,573,000 barrels of military and other gasoline; 7,896,000 barrels of kerosine; 30,544,000 barrels of distillate fuel, and 48,845,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations February	*State Allowables Begin. Feb. 1	Actual Production Week Ended Feb. 10, 1945	Change from Previous Week	4 Weeks Ended Feb. 10, 1945	Week Ended Feb. 12, 1944
Oklahoma	360,000	360,500	†363,550	— 250	362,950	327,200
Kansas	274,000	269,400	†252,800	— 4,600	263,500	281,750
Nebraska	1,000	----	†950	----	950	1,100
Panhandle Texas			88,700	----	88,700	102,000
North Texas			143,150	----	143,150	139,950
West Texas			478,600	----	478,600	362,000
East Central Texas			144,050	----	144,050	110,250
East Texas			392,000	— 8,700	391,050	390,600
Southwest Texas			342,350	----	342,350	288,250
Coastal Texas			552,600	----	552,600	516,600
Total Texas	2,140,000	‡2,143,749	2,141,450	— 8,700	2,140,500	1,909,650
North Louisiana			68,250	— 50	68,400	77,200
Coastal Louisiana			289,200	----	289,200	283,100
Total Louisiana	360,000	396,800	357,450	— 50	357,600	360,300
Arkansas	80,000	80,317	81,600	+ 50	81,550	78,800
Mississippi	53,000		46,800	— 1,350	47,850	43,950
Alabama	300		250	— 50	250	----
Florida	----		50	----	50	----
Illinois	198,000		205,750	+11,250	199,900	203,850
Indiana	12,000		13,050	— 150	12,850	14,350
Eastern— (Not incl. Ill., Ind., Ky.)	68,200		59,250	+ 1,100	59,650	69,450
Kentucky	32,000		30,300	+ 100	30,100	22,900
Michigan	47,000		45,250	— 1,550	45,300	53,400
Wyoming	100,000		99,550	+ 4,700	98,050	98,500
Montana	23,000		19,650	----	20,000	20,950
Colorado	9,500		9,550	+ 200	9,600	8,450
New Mexico	105,000	105,000	103,150	----	103,150	113,050
Total East of Calif.	3,863,000		3,830,400	+ 700	3,833,800	3,607,650
California	893,800	§893,800	898,400	+ 4,700	894,450	791,500
Total United States	4,756,800		4,728,800	+ 5,400	4,728,250	4,399,150

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

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Feb. 8, 1945.

‡This is the net basic allowable as of Feb. 1 calculated on a 28-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 2 to 14 days, the entire state was ordered shut down for 6 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 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED FEB. 10, 1945

(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 Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	Gasoline Stocks Military and Other	Gasoline Stocks Civilian Grade
East Coast	100.0	741	101.6	1,927	6,173	4,983	6,675	6,126
Appalachian— District No. 1	83.9	96	73.8	288	327	245	1,321	1,387
District No. 2	87.2	60	127.7	178	156	226	593	987
Ind., Ill., Ky.	85.2	756	92.8	2,822	4,264	2,495	6,372	15,374
Okla., Kans., Mo.	80.2	377	90.2	1,378	1,786	1,209	2,161	6,835
Inland Texas	66.9	235	84.5	927	366	667	1,131	1,758
Texas Gulf Coast	90.5	1,190	102.1	3,624	5,815	8,256	10,329	5,257
Louisiana Gulf Coast	95.5	271	112.0	1,029	1,460	1,428	2,816	2,194
No. La. & Arkansas	68.0	77	74.0	218	805	255	937	2,026
Rocky Mountain— District No. 3	17.0	11	84.6	36	15	28	15	67
District No. 4	69.5	100	69.9	379	326	582	578	1,345
California	89.9	847	103.7	2,190	9,051	28,471	11,645	4,526
Total U. S. B. of M. basis Feb. 10, 1945	87.5	4,770	97.0	14,996	30,544	48,845	*44,573	47,882
Total U. S. B. of M. basis Feb. 3, 1945	87.2	4,662	95.0	14,535	32,370	50,451	43,374	47,660
U. S. Bur. of Mines basis Feb. 12, 1944		4,276		13,044	35,121	52,419	36,212	45,666

*Includes aviation, military, solvents and naphthas, and gasoline blending stocks currently indeterminate as to ultimate use, and 11,934,000 barrels of unfinished gasoline this week, compared with 11,576,000 barrels a year ago. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,563,000 barrels of kerosine, 4,565,000 barrels of gas oil and distillate fuel oil and 9,237,000 barrels of residual fuel oil produced during the week ended Feb. 10, 1945, which compares with 1,325,000 barrels, 4,559,000 barrels and 9,377,000 barrels, respectively, in the preceding week and 1,585,000 barrels, 4,121,000 barrels and 8,894,000 barrels, respectively, in the week ended Feb. 12, 1944.

Note—Stocks of kerosine at Feb. 10, 1945, amounted to 7,896,000 barrels, as against 8,796,000 barrels a week earlier and 7,642,000 barrels a year before.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Feb. 14 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 27, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 27 (in round-lot transactions) totaled 2,102,428 shares, which amount was 15.12% of the total transactions on the Exchange of 7,331,930 shares. This compares with member trading during the week ended Jan. 20 of 2,994,259 shares, or 14.83% of the total trading of 10,095,210 shares. On the New York Curb Exchange, member trading during the week ended Jan. 27 amounted to 615,980 shares, or 14.70% of the total volume on that exchange of 2,094,510 shares. During the Jan. 20 week trading for the account of Curb members of 725,845 shares was 13.90% of total trading of 2,544,895 shares.

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

WEEK ENDED JAN. 27, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	207,360	
‡Other sales	7,124,570	
Total sales	7,331,930	
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	580,630	
Short sales	70,230	
‡Other sales	553,670	
Total sales	623,900	8.21
2. Other transactions initiated on the floor—		
Total purchases	285,100	
Short sales	18,900	
‡Other sales	276,210	
Total sales	295,110	3.96
3. Other transactions initiated off the floor—		
Total purchases	207,630	
Short sales	25,050	
‡Other sales	199,186	
Total sales	224,235	2.95
4. Total—		
Total purchases	1,073,360	
Short sales	114,180	
‡Other sales	1,029,065	
Total sales	1,143,245	15.12

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

WEEK ENDED JAN. 27, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	21,935	
‡Other sales	2,072,575	
Total sales	2,094,510	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	166,060	
Short sales	9,805	
‡Other sales	160,090	
Total sales	169,895	8.02
2. Other transactions initiated on the floor—		
Total purchases	74,425	
Short sales	5,100	
‡Other sales	53,375	
Total sales	58,475	3.17
3. Other transactions initiated off the floor—		
Total purchases	43,515	
Short sales	2,700	
‡Other sales	100,910	
Total sales	103,610	3.51
4. Total—		
Total purchases	284,000	
Short sales	17,605	
‡Other sales	314,375	
Total sales	331,980	14.70
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	67,665	
Total purchases	67,665	
Total sales	60,661	

*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."

79th Congress

The 79th Congress convened on Jan. 3, both Houses, it is stated, opening its sessions promptly at noon. With a bust of former Secretary of State Cordell Hull standing on the rostrum, the Senate, said the Associated Press, began its ceremonies with the presentation of election credentials for Homer Capehart, Indiana Republican; Forrest Donnell, Missouri Republican, who was not present, and William J. Fulbright, Arkansas Democrat.

The Associated Press advices, as reported in the New York "Sun," said:

"On the House's brief calendar for opening day was the routine re-election of Sam Rayburn (D.-Tex.) to his fourth term as Speaker. The Democrats were ready to speed their organization by choosing today their members of the biggest standing committees—particularly those dealing with the war and Government spending.

"Mr. Rayburn was re-elected by a roll-call vote of 224 to 168 over Representative Joseph W. Martin, Jr. (R.-Mass.), who automatically resumed his role as leader of the Republican minority.

"Accepting his fourth term as Speaker, Mr. Rayburn appealed for national unity. 'In times like these,' he told the House, 'our thoughts must run to awful things. Today we're being tested whether free government will live on this earth—yea, even civilization."

Under date of Dec. 30 the Associated Press stated:

"In name only will the Seventy-ninth be a new Congress. More than 80% of the 435 House and 96 Senate seats will be occupied for the next two years by veterans of the Seventy-seventh and Seventy-eighth 'war Congresses.'

"Ranking high on the program of legislation awaiting consideration are these subjects, in addition to peacetime conscription:

"Broadening of the Social Security program.

"Revision of the war-weighted tax structure.

"Reconversion of industry from war to peace, and planning for full-time employment.

"Wage stabilization and price controls.

"Continued financing of the war and curbing of the mounting national debt.

"Strengthening of labor laws, particularly those dealing with the War Labor Board.

"And possibly the drafting of a 'lasting peace' plan."

Kanter Elected Director Of Detroit Branch Of Chicago Reserve

Charles A. Kanter, President of Manufacturers National Bank of Detroit, Mich., was recently elected a director of the Detroit Branch of the Federal Reserve Bank of Chicago for a two-year term. Mr. Kantor has spent most of his business lifetime as a Detroit banker and represents the third generation of his family in Michigan banking.

Carey N. J. Bank Commissioner

Lawrence B. Carey (Republican) was sworn in on Feb. 14 as New Jersey Commissioner of Banking and Insurance to serve for a 3-year term; his appointment to the post, to succeed Eugene E. Agger of New Brunswick, was confirmed by the State Senate on Feb. 12. In entering upon his new duities Mr. Carey resigned as President of the Plainfield National Bank, of Plainfield, N. J.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 14 a summary for the week ended Feb. 3 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 Feb. 3, 1945

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	28,094
Number of shares	825,748
Dollar value	$32,326,578
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	275
*Customers' other sales	28,353
Customers' total sales	28,628
Number of Shares:	
Customers' short sales	8,796
*Customers' other sales	785,839
Customers' total sales	794,635
Dollar value	$27,163,418
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	50
†Other sales	190,720
Total sales	190,770
Round-Lot Purchases by Dealers:	
Number of shares	252,500

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

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

Revenue Freight Car Loadings During Week Ended Feb. 10, 1945 Increased 16,756 Cars

Loading of revenue freight for the week ended Feb. 10, 1945, totaled 755,436 cars, the Association of American Railroads announced on Feb. 16. This was a decrease below the corresponding week of 1944 of 37,745 cars, or 4.8%, and a decrease below the same week in 1943 of 9,835 cars, or 1.3%.

Loading of revenue freight for the week of Feb. 10 increased 16,756 cars, or 2.3% above the preceding week.

Miscellaneous freight loading totaled 363,345 cars, a decrease of 353 cars below the preceding week, and a decrease of 2,266 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 96,763 cars, an increase of 3,027 cars above the preceding week but a decrease of 2,607 cars below the corresponding week in 1944.

Coal loading amounted to 176,013 cars, an increase of 18,449 cars above the preceding week but a decrease of 9,946 cars below the corresponding week in 1944.

Grain and grain products loading totaled 41,347 cars, a decrease of 385 cars below the preceding week and a decrease of 12,453 cars below the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of Feb. 10 totaled 27,715 cars, a decrease of 1,310 cars below the preceding week and a decrease of 9,924 cars below the corresponding week of 1944.

Livestock loading amounted to 13,571 cars, a decrease of 460 cars below the preceding week and a decrease of 1,242 cars below the corresponding week in 1944. In the Western Districts alone, loading of livestock for the week of Feb. 10 totaled 9,839 cars, a decrease of 613 cars below the preceding week and a decrease of 968 cars below the corresponding week in 1944.

Forest products loading totaled 38,902 cars, a decrease of 4,547 cars below the preceding week and a decrease of 5,792 cars below the corresponding week in 1944.

Ore loading amounted to 10,757 cars, an increase of 542 cars above the preceding week but a decrease of 3,202 cars below the corresponding week in 1944.

Coke loading amounted to 14,738 cars, an increase of 483 cars above the preceding week but a decrease of 237 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding week in 1944 except the Pocahontas, Southern and Central Western. All districts reported increases compared with 1943 except the Eastern, Allegheny and Southwestern.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
Week of February 3	738,680	805,714	755,514
Week of February 10	755,436	793,181	765,271
Total	4,495,660	4,757,595	4,431,423

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 10, 1945. During this period only 51 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED FEB. 10

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	301	261	262	1,546	1,540
Bangor & Aroostook	2,422	2,153	2,450	622	283
Boston & Maine	5,409	6,414	5,020	14,306	14,758
Chicago, Indianapolis & Louisville	1,312	1,422	1,353	2,446	2,078
Central Indiana	31	27	38	41	43
Central Vermont	1,005	975	891	2,909	2,221
Delaware & Hudson	4,443	4,869	6,356	12,864	12,823
Delaware, Lackawanna & Western	6,274	7,538	7,558	9,686	10,188
Detroit & Mackinac	142	217	210	123	111
Detroit, Toledo & Ironton	1,624	1,993	1,808	2,414	1,817
Detroit & Toledo Shore Line	370	300	292	3,517	3,717
Erie	10,015	12,797	12,054	15,989	20,332
Grand Trunk Western	4,002	3,754	3,867	9,558	9,696
Lehigh & Hudson River	143	193	184	4,194	3,111
Lehigh & New England	1,644	1,941	1,966	1,433	1,476
Lehigh Valley	6,462	8,551	8,305	11,212	15,072
Maine Central	2,206	2,373	2,457	4,028	4,110
Monongahela	4,441	6,526	6,451	268	304
Montour	2,051	2,471	2,624	17	28
New York Central Lines	42,709	45,446	43,495	51,141	57,002
N. Y., N. H. & Hartford	7,854	9,567	9,478	17,418	18,415
New York, Ontario & Western	685	1,218	1,018	2,178	2,640
New York, Chicago & St. Louis	5,942	6,317	7,189	15,306	17,245
N. Y., Susquehanna & Western	409	500	448	2,281	2,533
Pittsburgh & Lake Erie	6,218	7,493	7,374	5,817	8,005
Pere Marquette	4,889	4,559	4,261	8,984	8,161
Pittsburg & Shawmut	762	950	735	8	29
Pittsburg, Shawmut & North	268	358	360	242	252
Pittsburgh & West Virginia	1,003	1,143	798	2,938	2,683
Rutland	336	340	296	804	1,032
Wabash	6,123	6,021	5,799	13,366	12,567
Wheeling & Lake Erie	5,044	4,887	4,942	4,828	4,843
Total	136,539	153,590	151,240	222,484	239,116
Allegheny District—					
Akron, Canton & Youngstown	719	650	780	1,769	1,321
Baltimore & Ohio	36,179	43,353	38,898	30,920	28,402
Bessemer & Lake Erie	2,420	3,181	3,331	1,653	1,580
Buffalo Creek & Gauley	†	†	316	†	†
Cambria & Indiana	1,580	1,710	2,009	2	10
Central R. R. of New Jersey	6,077	6,949	6,617	18,808	22,318
Cornwall	338	589	488	46	72
Cumberland & Pennsylvania	197	223	252	7	14
Ligonier Valley	109	159	98	27	58
Long Island	1,029	1,240	948	3,652	3,745
Penn-Reading Seashore Lines	1,606	1,631	1,552	2,201	2,696
Pennsylvania System	70,899	77,600	74,106	62,378	66,174
Reading Co.	13,294	14,796	14,536	29,150	31,571
Union (Pittsburgh)	18,099	20,113	20,955	4,125	4,515
Western Maryland	3,618	4,608	3,958	15,188	14,930
Total	156,164	176,802	168,844	169,926	177,407
Pocahontas District—					
Chesapeake & Ohio	31,202	29,884	28,150	13,584	12,162
Norfolk & Western	23,769	22,753	22,651	11,256	8,246
Virginian	5,177	4,886	5,114	2,300	2,299
Total	60,238	57,523	55,915	27,140	22,707

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Southern District—					
Alabama, Tennessee & Northern	322	315	333	350	373
Atl. & W. P.—W. R. R. of Ala	753	867	833	2,715	2,692
Atlanta, Birmingham & Coast	931	798	675	1,684	1,575
Atlantic Coast Line	13,164	13,337	14,731	12,699	11,581
Central of Georgia	3,731	3,697	4,010	5,951	5,207
Charleston & Western Carolina	405	355	440	1,854	1,846
Clinchfield	1,658	1,726	1,683	3,363	3,951
Columbus & Greenville	303	289	355	277	320
Durham & Southern	110	115	112	708	921
Florida East Coast	2,957	3,385	3,243	1,486	2,012
Gainesville Midland	34	39	40	130	147
Georgia	981	980	1,507	2,762	2,504
Georgia & Florida	404	357	428	770	906
Gulf, Mobile & Ohio	4,592	4,104	3,724	4,157	4,460
Illinois Central System	27,239	28,727	28,331	18,266	18,213
Louisville & Nashville	27,087	25,410	25,123	12,684	11,977
Macon, Dublin & Savannah	219	173	167	925	954
Mississippi Central	323	364	214	579	645
Nashville, Chattanooga & St. L.	3,482	3,163	3,354	5,289	4,942
Norfolk Southern	901	1,127	1,204	1,537	1,834
Piedmont Northern	536	383	346	1,455	1,878
Richmond, Fred. & Potomac	445	402	381	10,774	11,944
Seaboard Air Line	9,814	10,875	10,796	9,538	9,905
Southern System	23,857	22,112	22,021	27,479	26,114
Tennessee Central	733	648	505	784	1,091
Winston-Salem Southbound	153	133	111	1,565	1,072
Total	125,134	123,881	124,667	129,781	129,064
Northwestern District—					
Chicago & North Western	15,116	15,684	14,390	14,264	14,213
Chicago Great Western	2,476	2,759	2,459	3,628	3,514
Chicago, Milw., St. P. & Pac.	20,687	20,596	18,826	11,331	19,487
Chicago, St. Paul, Minn. & Omaha	3,310	3,772	3,646	4,072	4,076
Duluth, Missabe & Iron Range	1,361	1,512	1,241	314	279
Duluth, South Shore & Atlantic	762	811	543	673	635
Elgin, Joliet & Eastern	9,230	8,570	9,101	12,524	11,292
Ft. Dodge, Des Moines & South	336	443	415	85	120
Great Northern	10,343	11,755	9,575	5,862	5,304
Green Bay & Western	484	522	470	972	966
Lake Superior & Ishpeming	232	298	213	64	74
Minneapolis & St. Louis	‡1,906	2,105	1,863	‡2,497	2,337
Minn., St. Paul & S. S. M.	4,429	4,837	4,444	3,530	3,774
Northern Pacific	9,097	10,378	8,353	6,034	5,471
Spokane International	*244	137	43	*614	796
Spokane, Portland & Seattle	2,291	2,458	1,537	3,387	2,746
Total	82,304	86,637	77,119	69,851	66,084
Central Western District—					
Atch., Top. & Santa Fe System	22,951	21,501	20,571	13,784	13,174
Alton	3,594	2,919	3,031	4,590	4,164
Bingham & Garfield	350	481	537	49	71
Chicago, Burlington & Quincy	20,121	20,559	17,526	12,300	10,894
Chicago & Illinois Midland	3,136	2,871	2,767	861	817
Chicago, Rock Island & Pacific	12,107	11,670	11,845	13,825	12,771
Chicago & Eastern Illinois	2,814	2,761	2,300	4,108	6,109
Colorado & Southern	693	785	748	2,087	2,177
Denver & Rio Grande Western	4,034	3,534	3,705	6,478	5,324
Denver & Salt Lake	726	927	909	20	8
Fort Worth & Denver City	951	787	1,007	1,453	1,370
Illinois Terminal	2,269	1,949	1,753	2,126	1,718
Missouri-Illinois	891	967	870	610	512
Nevada Northern	1,434	1,896	2,068	101	140
North Western Pacific	724	812	960	975	846
Peoria & Pekin Union	1	13	27	0	0
Southern Pacific (Pacific)	27,380	29,850	26,289	14,867	15,875
Toledo, Peoria & Western	288	380	268	2,193	1,889
Union Pacific System	16,515	15,220	13,565	15,935	15,721
Utah	591	677	608	3	11
Western Pacific	1,706	1,459	1,961	4,466	2,515
Total	123,276	122,018	113,315	100,831	96,207
Southwestern District—					
Burlington-Rock Island	244	275	683	301	498
Gulf Coast Lines	6,349	7,832	6,651	2,442	2,578
International-Great Northern	2,431	1,930	3,414	3,605	4,004
Kansas, Oklahoma & Gulf	288	252	357	1,017	1,189
Kansas City Southern	4,983	5,466	4,920	2,946	2,592
Louisiana & Arkansas	3,722	3,208	3,934	2,928	2,717
Litchfield & Madison	328	322	319	1,219	1,233
Midland Valley	632	807	654	461	437
Missouri & Arkansas	115	215	141	551	451
Missouri-Kansas-Texas Lines	7,001	5,395	6,147	4,959	4,910
Missouri Pacific	17,293	16,745	16,723	18,760	21,358
Quanah Acme & Pacific	53	116	113	361	340
St. Louis-San Francisco	9,218	8,199	9,140	8,793	10,227
St. Louis Southwestern	3,448	2,961	3,634	7,226	7,212
Texas & New Orleans	10,549	13,452	13,348	5,492	5,680
Texas & Pacific	4,929	5,465	3,872	8,478	8,256
Wichita Falls & Southern	89	71	85	42	58
Weatherford M. W. & N. W.	32	19	27	26	44
Total	71,704	72,730	74,162	69,607	73,784

*Previous week's figure. †Included in Baltimore & Ohio RR. ‡Figure for week ended Jan. 27, 1945 (latest available).

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	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
1944—Week Ended				Current	Cumulative
November 4	207,817	157,644	535,745	96	94
November 11	141,154	158,266	515,738	96	94
November 18	135,644	156,667	494,062	96	94
November 25	110,144	149,062	450,898	91	94
December 2	189,731	154,682	484,811	94	94
December 9	173,669	154,822	501,946	95	94
December 16	137,936	152,695	480,929	94	94
December 23	126,115	149,031	451,891	94	94
December 30	109,895	88,105	471,289	57	93
Period 1945—Week Ended					
January 6	189,769	125,882	532,194	80	80
January 13	149,921	150,011	524,308	95	87
January 20	131,901	150,876	503,240	94	89
January 27	159,885	152,075	510,931	95	91
February 3	204,550	148,139	565,064	92	91
February 10	149,590	151,307	560,960	93	92

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.

ABA Subcommittee on Agricultural Credit

Members of the American Bankers Association Subcommittee on Agricultural Credit, which is part of the Association's Committee on Federal Legislation, met in Washington for four days ending Feb. 4 for the purpose of reviewing the whole farm credit situation. John N. Thomson, Vice-President and Cashier of the Bank of Centerville, Centerville, S. D., presided as chairman of the subcommittee. A thorough study was made of the latest developments in the farm credit field. Consideration was given to potential legislation, and steps were taken to prepare for the proposed investigation of the Farm Credit Administration, which the Committee on Agriculture of the House of Representatives is expected to undertake soon. In the course of their deliberations, the committee conferred with legislators, spokesmen for government departments, and farmer leaders. All of the members of the Subcommittee on Agriculture Credit except one were in attendance. These were: John N. Thomson, Vice-President and Cashier, Bank of Centerville, Centerville, S. D.; John H. Crocker, Vice-President, Citizens National Bank, Decatur, Ill.; R. P. Holding, President, First-Citizens Bank & Trust Company, Smithfield, N. C.; Edgar McBride, President, Commercial Bank, Blue Hill, Neb.; C. T. O'Neill, Vice-President and trust officer, National Bank & Trust Company, Charlottesville, Va.; W. L. Smith, Vice-President and cashier, First National Bank, Lake Geneva, Wis.; N. V. Torgerson, President, Farmers State Bank, Adams, Minn.; J. C. Wilson, President, First Bank & Trust Company, Perth Amboy, N. J., and L. C. Wright, President, Security Bank, Blackwell, Okla.

In addition, the conference was attended by W. Randolph Burgess, President of the American Bankers Association and Vice Chairman of Board of the National City Bank of New York; Frank C. Rathje, Vice-President of the American Bankers Association and Chairman of Board and President of the Chicago City Bank and Trust Company, Chicago, Ill.; Frank G. Addison, Jr., Chairman of the Committee on Federal Legislation, and President of the Security Savings and Commercial Bank, Washington, D. C.; C. W. Bailey, Chairman of the Agricultural Commission, and President of the First National Bank, Clarksville, Tenn.; A. L. M. Wiggins, former Chairman of the Committee on Federal Legislation, immediate past President of the A.B.A., and President of the Bank of Hartsville, Hartsville, S. C., and Harold Stonier, executive manager of the Association, New York.

Lumber Movement Week Ended Feb. 10, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 472 mills reporting to the National Lumber Trade Barometer were 5.8% above production for the week Feb. 10, 1945. In the same week new orders of these mills were 5.9% more than production. Unfilled order files of the reporting mills amounted to 97% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 6.8%; orders by 17.3%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 42.8% greater; shipments were 32.2% greater; and orders were 25.2% greater.

Items About Banks, Trust Companies

Guaranty Trust Company of New York announced on Feb. 16 the appointment of Walter H. Potter as a Second Vice-President. Mr. Potter has returned to his former duties at the bank after more than two years in military service, during which he served with the Army Medical Corps in this country and overseas with the rank of Lieut.-Colonel. Prior to the war he was an Assistant Treasurer of the Guaranty Trust Company, and with his reinstatement and promotion he continues to be identified with the Banking Department at the Main Office.

Directors of the Fulton Trust Company of New York on Feb. 15, elected Walter N. Stillman to the board. Mr. Stillman, senior partner of the New York Stock Exchange firm of Stillman, Maynard & Co., has been in the financial district since 1905, when he graduated from Yale. He is President of the Union Club and a trustee of the Society for the Relief of the Destitute Blind and of the Downtown Association.

Manufacturers Trust Company, New York, has established a banking office at the Navy medical supply depot which is located at the corner of Pearl and Sands Streets, Brooklyn, and serves as a warehouse distributing center for medical supplies and equipment of the U. S. Naval Forces, ashore and afloat.

At a meeting held on Feb. 20 by the Board of Directors of Bankers Trust Company of New York, Harold C. Strait was elected an Assistant Treasurer. Mr. Strait will continue his assignment at the 57th Street Office of the Company.

Charles S. Brown of Brown, Wheelock, Harris, Stevens, Inc., was elected a Trustee of The Bank for Savings in the City of New York at the February meeting of the Board. His father was a Trustee of the Bank for over 40 years. Mr. Brown is a Director of City & Suburban Homes Co., Fulton Trust Co. and Mercantile Insurance Co.

The election of Fergus F. Wallace, as a trustee of the Bay Ridge Savings Bank, Brooklyn, N. Y., was announced on Feb. 14. Reporting this, the Brooklyn Daily "Eagle" stated that Mr. Wallace is President of Wessel, Duval & Co., Inc. of New York City. The Bay Ridge Savings Bank is a $71,000,000 institution with over 92,000 depositors.

Charles Margett, of Jackson Heights, has been elected to the board of directors of the Flushing National Bank, of Flushing, Long Island. Mr. Margett is former President of the Long Island City Lawyers Club, former President of the Queens County Legal Club, and a member of the board of managers of the Queens County Bar Association. He is also President of the Lawyers Club of the Federation of Jewish Philanthropic Societies of Queens and Treasurer and director of the Community Services of Queens and Nassau.

Matthew Bender has been elected a trustee of the Home Savings Bank of Albany, N. Y., succeeding the late Noel S. Bennett, it was announced following the monthly meeting of the board of trustees on Feb. 13. The Albany "Times Union" in reporting this further said: "Mr. Bender becomes the 14th member of the Home Savings bank board. He is Vice-President of Matthew Bender & Co., who have been law book publishers in Albany since 1877. He is also a director of the Consolidated Car Heating Co.

Frederick H. Bidwell, Assistant Cashier of the First National Bank of Hartford, Conn., was elected Cashier by the bank directors at their meeting on Feb. 7, filling the vacancy caused by the death of Stephen G. Pierce. Mr. Bidwell, says the Hartford "Courant" began his banking career in 1916 with the National Exchange Bank, which was afterwards absorbed by the First National. He was elected Assistant Cashier in 1926. He was President of Hartford Chapter, American Institute of Banking in 1926 and has taken a prominent part in its activities.

Robert Dudley Chapin, Secretary of the Hartford National Bank & Trust Co., Hartford, Conn., and a member of the bank's staff and its predecessors for 50 years, died on Jan. 25 at the age of 68 years. The Hartford "Courant' 'on Jan. 26 reported that at the time of his death Mr. Chapin was senior member of the Hartford Aviation Commission, on which he had served three terms as President.

Three officials of the Union National Bank of Newark, N. J., who have been given new titles, have been with the institution since its organization in 1925, it was made known by the Newark "Evening News" of Feb. 10, from which we quote:

"They are William Dunkel, who was promoted to Executive Vice-President from Vice-President and Cashier; Arthur B. Irwin, who was promoted to Cashier from Assistant Cashier, and Joseph S. Havis, who was promoted from a teller to Assistant Cashier. Another Assistant Cashier named is Leslie Coffman.

David E. Williams, President of the Corn Exchange National Bank and Trust Company, of Philadelphia, has been notified of the approval by the Comptroller of the Currency of the increase in the bank's capital from $4,550,000 to $5,687,500. The Comptroller's action permits the addition to capital of a portion of the funds derived from the sale of 56,875 additional shares of stock. The remainder of the funds from the sale of the additional shares was apportioned to the bank's surplus. It is announced that at the close of 1944, Corn Exchange Nat'l Bk. and Trust Co.'s capital was $4,550,000, surplus $7,500,000 and undivided profits $2,880,000. The apportionment from the sale of stock, plus a transfer of $362,500 from undivided profits will make the capital funds of the bank as of Feb. 19, 1945—capital, $5,687,500; surplus, $9,000,000 and undivided profits approximately $2,700,000. The increase in capital funds, Mr. Williams said, "will enable the bank to take greater advantage of the present excellent opportunity to enlarge the scope of its business." Following a recommendation of the bank's Board of Directors, Corn Exchange stockholders on Jan. 9, voted approval of the proposed capital stock increase. The additional shares were offered to stockholders of record Jan. 11, 1945, on the basis of one share for each four shares held at a price of $40 per share. On Feb. 16, Mr. Williams certified to the Comptroller of the Currency that the bank had received all of the funds from the sale of additional shares of stock.

George L. C. Scheirer has been elected Cashier of the National Capital Bank of Washington, D. C., it was announced on Feb. 15 by President Geo. A. Didden, Jr., according to advices in the Washington "Post," by S. Oliver Goodman, from which we also quote:

"Mr. Scheirer fills the position left by the recent resignation of S. Wilson Earnshaw.

"Mr. Scheirer, a newcomer with the National Capital Bank, formerly was Assistant Vice-President of the Bank of Commerce & Savings. Previously, he was employed by the National City Bank of New York and prior to that was associated with the Continental Illinois National Bank & Trust Co. of Chicago.

Edward W. Talbott, former President of the Patapsco National Bank in Ellicott City, Md., died on Feb. 12 at 77 years of age. Mr. Talbott retired as President of the bank on Jan. 1 after holding that position for 26 years.

Edward W. Masterson and William H. Coy have been elected Assistant Cashiers of the LaSalle National Bank in Chicago, President C. Ray Phillips announced.

Richard S. Banfield, President of the Aberdeen, S. D., National Bank since 1939, has been elected Vice-President of the First National Bank of Minneapolis and will join the staff of the latter on March 1, Lyman E. Wakefield, President, announced on Feb. 7. In indicating this the Minneapolis "Star-Journal" said:

"Entering employ of First National Bank of Austin, Minn., in 1915, he [Mr. Banfield] became its Vice-President in 1926. From 1934 to 1939 he was President of First National Bank of Owatonna, Minn.

"Mr. Banfield will be succeeded at Aberdeen by L. H. Ickler, Jr., former President of the National Bank of Jamestown, N. D. He in turn will be succeeded by F. L. Durand, since 1930 Manager of the Credit Department of First Service Corporation, operating affiliate of First Bank Stock Corporation."

The Kansas City (Mo.) "Star" reported on Feb. 7 that a few days after the 33rd anniversary of her start with the Commerce Trust Company of Kansas City, Miss Emma Hall on Feb. 6 was elected an Assistant Vice-President of the institution. It is added that she is the first woman ever to occupy such a high position in any Kansas City bank.

The resignation of Clay McCandless, as President of the Stock Yards Bank of Louisville, Ky., was announced on Feb. 6 by L. M. Sanders, Executive Vice-President of the institution. Mr. McCandless, one of the original incorporators of the bank in 1904, was elevated to Chairman of the Board, a position vacated by Foster H. Embry, who becomes President. Reporting this the Louisville "Courier-Journal" of Feb. 7 also said in part:

"Mr. McCandless was impelled to resign because of advancing years (he was one of the few octogenarian bank Presidents in the State) and because of increasing duties of the position. Under his administration as President, the total resources of Stock Yards Bank have grown from less than $1,000,000 in 1932 to the present total of approximately $5,000,000. Mr. McCandless' predecessor in the position was the late C. H. Wulkop.

"The new President is a son of the late Henry F. Embry, who inspired organization of the bank. Foster H. Embry has been a director of the institution for the last 30 years.

"Mr. Embry is President of Peoria (Ill.) Union Stock Yards; Lafayette (Ind.) Union Stockyards; Dayton (Ohio) Stock Yards; Green-Embry & Co., Cincinnati, and Tatum, Embry and Huddleston, Montgomery, Ala. He is Vice-President and Chairman of the Board of Evansville (Ind.) Union Stock Yards. He also is a director of Union Stock Yards, Montgomery, Ala.; Union Stock Yards, Wichita, Kan.; Emmart Packing Company and Bourbon Stock Yard Company.

Comer J. Kimball, Vice-President and investment officer of the First National Bank, Palm Beach, Fla., for the past five years, was added to the Board of Directors at the annual stockholders meeting, according to advices Feb. 14 from R. E. Conn, Vice-President of the bank. Mr. Kimball is a graduate of the University of Virginia and has had 16 years of experience in the banking and investment field. All other officers and directors were reelected. At the directors' meeting following, the regular monthly dividend of $1 and an extra one of 50 cents per share was voted for stockholders of record Feb. 25. It was announced that the bank has gained 43 places in a national banking poll and has now reached 320th in the list of banks in this country, based on deposits. Its deposits as of Dec. 31 were given as more than $45,000,000. Increase in capital funds from about $2,500,000 to $3,000,000 in the past year was reported.

Completion of the plan of the National Bank of Commerce in New Orleans (La.) to retire all of its $1,200,000 of preferred stock was announced on Feb. 13 by Oliver G. Lucas, President, it is learned from the New Orleans "Times-Picayune" of Feb. 14, which also stated:

"Monday [Feb. 12], the Comptroller of the Currency at Washington authorized the bank to put the recapitalization plan into effect.

"Under the new plan, the bank starts business today with $3,000,000 of capital stock and $1,500,000 of surplus and undivided profits and capital reserves of approximately $741,000.

"Last January, the bank shareholders approved the plan under which each of the 4,200 shareholders were given the right to subscribe a 2-3 of a share of common stock at a cost of $18. At the same time, a $500,000 stock dividend was declared. Of the 50,000 additional common share offered to stockholders, all but 4,497 shares were taken by subscription. These shares were sold Saturday afternoon to the highest bidders. A premium of $17,000 was realized, the average price paid being $26.28 per share.

Following the annual meeting of the stockholders of the First National Bank, Houston, Tex., the four top officials of the bank were advanced, as follows, according to the Dallas "Times-Herald":

"John T. Scott, Chairman of the Board for 15 years, was named Chairman of the Advisory Committee. He is succeeded by F. M. Law, President for 15 years.

"William A. Kirkland, now on leave as Commander in the United States Navy, was named Chairman of the Executive Committee. F. P. Butler, who came to the bank May 1, 1944, as Executive Vice-President, was elected President.

Announcement has been made of plans for the merger of the Guardian Trust Co. of Houston, Tex., with the Second National Bank, of that city, as to which it is stated that only last November the Second National completed a merger with the San Jacinto National Bank of Houston. Advices in the Dallas "Times-Herald" by Alvin Du Vall from Houston further report, in part:

"Stockholders of the Second National and Guardian Trust will meet March 8 to consider and ratify a contract for consolidation of the two institutions. The contract was entered into by unanimous action of the boards of directors of both institutions on Dec. 30, 1944, Col. W. B. Bates, Chairman of the Board of the Second National Bank, said.

"The consolidated bank will have a capital of $3,250,000, a surplus of $3,250,000 and 'appropriate' undivided profits, with deposits of approximately $130,000,000.

"Colonel Bates said the consolidation will give the Second National one of the largest trust departments of any bank in Texas.

"L. R. Bryan, President of the Second National Bank, said it would be some time before the actual combining of the two banks can take place because the Second National's quarters will have to be further enlarged to house the added personnel and serve the combined customers."

The appointment of three new Assistant Vice-Presidents of the First National Bank of Dallas, Tex., was announced by Nathan Adams, Chairman of the Board of the bank on Feb. 13, it is learned from the Dallas "Times-Herald," which reports the appointments as follows:

"M. W. Barrett and A. J. Kutner, Jr., have been made Assistant Vice-Presidents, and are assigned to the bank's new business department. Severne P. Rawlins, manager of the bank's fiscal agency at Camp Howze, Tex., also has been given the title.

The net profits of the Westminster Bank, Ltd., of London, for the past year, after providing for rebate and taxation, and after appropriations to the credit of contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, amount to £1,366,907. This sum added to £545,340 brought forward from 1943 leaves available the sum of £1,912,247. The advices from the bank also report:

"The dividends of 9% paid in August, last, on the £4 shares and 6¼% on the stock, absorb £388,481. A further dividend of 9% is now declared in respect of the £4 shares, making 18% for the year; and a further dividend of 6¼% on the stock will be paid, making the maximum of 12½% for the year.

"The dividends will be payable (less income tax) on Feb. 1 to those shareholders and stockholders whose names were registered in the books of the company on Dec. 31, last.

"£300,000 has been transferred to bank premises reinstatement and rebuilding account and £300,000 to officers' pension fund, leaving a balance of £535,285 to be carried forward."

The directors of the Midland Bank, Ltd., of London, announced on Feb. 2 that Stanley Christopherson, who accepted the Chairmanship of the Board until the appointment in due course of a permanent Chairman, has now relinquished that position, but retains his seat on the Board. It is also announced that the Marquess of Linlithgow, who joined the Board in May, 1944, has been elected Chairman of the bank and of the Midland Bank Executor and Trustee Co., Ltd.

The Lloyds Bank, Ltd., London, England, reported in its statement of condition as of Dec. 31, 1944, that total deposits were £819,273,880 and total resources £876,918,242 compared, respectively, with £727,903,279 and £775,739,715 a year ago. Cash in hand and with the Bank of England was shown as £93,628,018, against £76,816,596 and balances with other British banks, £31,969,611, compared with £32,125,163 on Dec. 30, 1943. Treasury deposit receipts were £315,000,000, against £225,000,000 while investments stood at £204,087,424, against £215,805,908, of which £178,743,795, against £191,283,220 (for last year) represent obligations of or guaranteed by the British Government. Loans and advances were shown to be £104,232,012, against £112,675,816.