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The Financial Situation

The fighting in Europe is over for this war. The extensive naval operations which have been necessary to guard against the German submarines are no longer necessary. The Japanese appear never to have been able to make their submarines particularly effective, and their navy, including battleships, carriers and other surface craft as well as submarines, appears now to have been reduced to a point where it is hardly a major factor, save possibly in close defense of home shores.

It would be foolish to pretend that the developments of the past few years, and particularly the events of the past six months, have not drastically altered the situation by which we are faced. We are encouraged to observe that the authorities are apparently no longer much disposed to any such pretense. Washington's attitude toward "V-E Day" and any celebration of it, out of step as it was with the attitudes of Russian and British authorities, was perhaps a sort of remnant of the earlier philosophy of dealing with the American people. In any event, steps taken recently suggest a more realistic and wholesome approach to the public concerning problems which will inevitably remain until the situation is much more settled in Europe, and Japan much more nearly brought to her knees.

Encouraging Candor

The apparently quite frank and rather detailed statement of the Army about its needs, its problems, the maximum number of troops it can effectively deploy in the far reaches of the Pacific and in Asia, and its planned procedures is, we hope, an omen of a new and much more desirable attitude toward the public. In the same way and for the same

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Money

Roger W. Babson Prefers Something Else

BABSON PARK, MASS.—Mark Twain would say that money is something like the weather—everyone talks about it; but no one does anything about it. Everyone wants money; only to exchange it for something else. Hence, few do anything to protect it.

What Is Money?

The simple fact is that money of itself is no good. Certainly,



Roger W. Babson

this is true of paper money, which has no use whatsoever except as a medium of exchange. Money is good only for what it can buy in food, clothing, shelter, education and happiness. Yet it is very difficult to interest people in these five important things.

Labor leaders talk some about working conditions, but 90% of this talk is about wages. They almost never discuss what wages will buy. Yet, while they get a 10% wage increase, they lead their union members to adopt some policy which increases prices 15%. Hence, in the end, although the workers get 10% more money, they really get 15% less in food, clothing and shelter.

Most People Are Blind

Labor leaders are not the only ones to mislead the people by talking money, money, money,

Bankers, brokers and others who sell securities are blind also. They say "Give me your money to invest and I will make more money for you." So you let them invest for you. The stock you buy goes up in price or the dividend is increased and you have "made money." But are you any better off? No! During the time you "made money" the cost of living went up more.

But then come along the "smart boys" in Washington who are also blind and say: "Leave it to us. We'll fix prices right where they are so that when you get more money you can take this money to the stores and get more goods. Just leave it to us." Well, we have left it to them, and they fixed the price of butter, sugar, canned goods and other foodstuffs. But with what results? We can't get any!

Why We Can't Get Goods

These Washington boys give as an excuse that these things are going to the Army. Of course the Army is getting foodstuffs, but are these soldiers getting any more than if they were home? How about women's stockings? Before the war you could get good stockings for \$1 at which the price was "fixed." Now you

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Destructive Coercion

"It is high time that the Government departments were told they must confine themselves to presenting their cases on legislative matters to Congress and not turn the Government into a vast public pressure group to destroy our constitutional processes.



Robert A. Taft

"There can be little doubt that the propaganda of the State and Treasury Departments is designed to influence members of Congress in their attitude toward the so-called Dumbarton Oaks and Bretton Woods proposals. In fact, it is carried on on such a tremendous scale as to destroy the whole legislative process of intelligent consideration, and threaten the independence of Congress. . . .

"I have here a large collection of pamphlets issued by the departments, magazine articles by their officers which have been presented for distribution, a reprint from the Federal Reserve Bulletin for distribution, printed copies of radio broadcasts and innumerable speeches by officers of these departments. Every argument in favor is stated and no arguments are stated against."—Sen. Robert A. Taft.

Few thoughtful men will doubt that Senator Taft points to a very serious state of affairs.

This highly skilled and high-powered effort to coerce both the public mind and Congress as regards practically all current issues is a matter which the American people ignore or neglect at their peril.

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a Not available this week.	

Implications of the International Monetary Fund

By EDWIN WALTER KEMMERER*

Emeritus Professor of International Finance, Princeton University
Expert Criticizes Provisions of the International Fund, Contending They Permit Wide Latitude of Currency Valuation. Says Fund Creates Paper Money Standards, Which Are Not Expected to Be Permanent. Holds Provision Permitting Universal Monetary Debasement Will Not Prevent Currency Wars, So That Trend of the Bretton Woods Monetary Plan Would Be Away From, Rather Than Towards, Currency Stability and Free Exchange. Quotes Conflicting Interpretations of Exchange Control Provisions and Offers His Own Plan Based on Universal Adherence to Gold Standard.

The various countries represented at Bretton Woods had widely different motives in their attitudes toward proposals under discussion at the Conference.

Great Britain, for example, was particularly interested in building up her export trade after the war and meeting the very serious difficulties of her new position as a heavily debtor nation. Our principal interest was in international monetary stabilization and the creation of free exchange markets. Russia was primarily concerned with reconstruction capital loans and Latin America with developmental capital loans. A large proportion of the member states were aggressively con-



E. W. Kemmerer

cerned with what they could borrow in one form or another from the United States while we ourselves took little interest in our capacity to borrow. As a result of these differences even the final referendum agreement became an embodiment of numerous compromises, of glossed-over differences on matters for which clear-cut compromises could not be reached, of weasel-worded phrases and of numerous escape clauses. The Plan, therefore, is a very complicated document and no one can read the literature on the subject that has appeared in the different member nations since the Conference, without realizing that there are wide differences of opinion among intelligent people—official and unofficial—as to

*Statement of Professor Kemmerer before the House Banking and Currency Committee, May 2, 1945.

(Continued on page 2094)

Text of President Truman's V-E Day Proclamation

Text of President Truman's radio address in which he proclaimed "complete and final" victory in Europe, as reported in an Associated Press dispatch from Washington, May 8:

This is a solemn but a glorious hour. I only wish that Franklin D. Roosevelt had lived to witness this day. Gen. Eisenhower informs me that the forces of Germany have surrendered to the United Nations. The flags of freedom fly over all Europe.



President Truman

For this victory we join in offering our thanks to the Providence which has guided and sustained us through the dark days of adversity. Our rejoicing is sobered and subdued by a supreme consciousness of the terrible price we have paid to rid the world of Hitler and his evil band. Let us not forget, my fellow Americans, the sorrow and the heartbreak which today abide in the homes of so many of

our neighbors—neighbors whose most priceless possession has been rendered as a sacrifice to redeem our liberty.

We can repay the debt which we owe to our God, to our dead and to our children only by work—by ceaseless devotion to the responsibilities which lie ahead of us. If I could give you a single watchword for the coming months, that word is—work, work, work.

We must work to finish the war. Our victory is but half won. The West is free, but the East is still in bondage to the treacherous tyranny of the Japanese. When the last Japanese division has surrendered unconditionally, then only will our fighting job be done.

We must work to bind up the wounds of a suffering world—to build an abiding peace, a peace rooted in justice and in law. We can build such a peace only by hard, toilsome, painstaking work—by understanding and working with our Allies in peace as we have in war.

The job ahead is no less important, no less urgent, no less difficult. (Continued on page 2093)

From Washington Ahead of the News

By CARLISLE BARGERON

Now that the war in Europe has come to an end you can get most any sort of estimate as to the length of the war with Japan. In the next few months it will come more into focus, there will be a lot of reappraising of the job, a lot of stock taking on the home front. One thing that seems unquestionable is that if the outcome depends upon our landing a conquering force in Japan proper, we are in for a war seemingly without end.



Carlisle Bargeron

There has been a lot of loose and wild talk that this is exactly what will be necessary. For what reason we do not just know. There has also been a lot of propaganda about most of the army in Europe being lifted up bodily and transferred to the Pacific, possibly with a 30 day furlough at home en route. If this is the case we have really taken on a job for a country which has admittedly done wonders. It is mighty different from sustaining an arm in Europe at the size we did, 3,000 miles away and with Britain as a storehouse, than sustaining that same army six and seven thousand miles away, and then with at least 1,500 miles still to go, as in the case of the Philippines, to get to Japan.

The fact is that our military is coming once again to have high hopes in our air forces. There was a time when it was thought they could knock Germany out of the war. They themselves claimed they could do it. When they didn't do it and we had to invade, the air forces and their supporting enthusiasts in the continual debate on the relative importance of the various branches of the armed forces, felt sunburned, and in recent months little or nothing was heard of aircraft being a fully contained and sufficient army in itself. At the outset, the proponents of air power were so loud and demanding that the old line generals and admirals were fearful lest every other branch would be almost scrapped. As it was, there was a neglect of other branches which had to be remedied in the last quarter of the European war. Young aviation cadets, for one thing, were unceremoniously shoved into the infantry.

But with the atmosphere in Europe now slowly beginning to clear, militarily speaking, it is appearing that airpower did, indeed, do a tremendous job. Our air power was what Von Rundstedt, after his capture, attributed Germany's defeat to. It is beginning to appear that air power had fairly demoralized Germany even before our troops landed in Normandy, and continued to be effective as a demoralizing force.

Aside from this, aside from the picture of the deadly job which air power did to Germany, now coming to the fore, there are the confirmed reports of the devastation already wrought on Tokyo and other Japanese cities by our B-29's. In five raids early in March, more than 50% of Tokyo was laid in waste. For the time being, the Japs seem to be keeping our bombers occupied over Okinawa, but this situation is expected to be remedied soon.

Scarcely any one in authority in Washington expects Japan to fold up because Germany has been knocked out of the war, particularly on any unconditional surrender terms. Although there is pretty definite evidence that high business interests of the

island, viewing the destruction that has been wrought in Germany, are bordering on panic, unconditional surrender doesn't offer any relief to them, just as it did not to the Germans. Japan is expected to fight on in the hope that a war weariness and sense of satisfactory accomplishment will sooner or later hit this country. They know, of course, that the political make-up of the country being what it is, most of our real hate was directed at Germany. Their disposition, it is rather generally believed here, will be to hold on in the hope that we will eventually shrug our shoulders and say "Oh nuts, who cares about Japan." It is to be assumed, however, that our propagandists will get to working on this possible state of mind.

So far as Britain is concerned, the belief is that she will treat the war in the Pacific as more or less of a colonial war, something to be taken in a country's stride without too great a bother at home. We certainly have no information on the subject but it will be amazing if Soviet Russia does not come in, not because of any desire to help her allies, or because of any arrangement between Roosevelt and Stalin at Yalta, but simply because it is a good way to grab Manchuria.

In the meantime, the parents of the ground combat troops in the European theatre needn't worry much over the prospects of these boys being sent over to the Pacific day after tomorrow or the next day. The emphasis will be on air forces and technical units. With our combined air and naval forces Japan is in for a bad enough time. The Japs aren't fitted to take it anything as well as the Germans did, and it is being revealed now that the latter really weren't taking it, that they were more or less a nation of living dead.

On one thing there seems to be general agreement around Washington, now that we are to direct our overall attention to Japan: If we do have to pursue the war to the bitter end, we are in for a job against which the undertaking in Europe will seem mild in comparison. Nothing has more annoyed the high military officials than the apparent general feeling that with the end in Germany the job was at least two thirds done. And nothing has seemed to more annoy the civilians than the military's insistence that this is not the case. It will now become apparent that it isn't. The problem of logistics is multiplied many fold. But we are laying great store by what air power can do. So far, there is plenty of evidence that it has been the greatest surprise of the Japs' lives.

Caffrey Member of SEC

At a ceremony held in the ballroom of the former Penn Athletic Club, now occupied by the SEC, James J. Caffrey, administrator of the New York regional office of the Securities and Exchange Commission since 1938, was sworn in as a member of the five-man commission, according to advices to the New York "Times" from Philadelphia, May 2. It was the late President Roosevelt who nominated Mr. Caffrey for the post formerly occupied by Robert H. O'Brien, who resigned to become assistant to the president of Paramount Pictures, the report stated.

Portal-to-Portal Wages For Coal Miners Upheld

The U. S. Supreme Court on May 7 ruled that bituminous coal miners are entitled to portal-to-portal underground wages, says an Associated Press dispatch from Washington (D. C.), which further adds:

Justice Murphy delivered the Court's 5-to-4 decision. Justice Jackson wrote a dissent in which Chief Justice Stone and Justices Roberts and Frankfurter concurred.

The Court on March 27, 1944, ruled that iron ore miners must be paid portal-to-portal wages—that is, pay for the time spent traveling from the mine opening to the actual working place and back again.

The present decision was given on an appeal by the Jewell Ridge Coal Corp., employer of 900 men in two mines in southwest Virginia. The concern protested a decision by the Fourth Federal Circuit Court that such travel time is time worked for which pay is required under the Federal Wage-Hour Law.

The bituminous industry has been operating on a portal-to-portal pay basis under a 1943 wartime agreement.

Justice Murphy said the majority agreed with the Fourth Federal Circuit Court that there was no substantial factual or legal difference between the case involving the bituminous coal miners and that involving the iron ore miners.

"Factually," said Justice Murphy, "underground travel between the portals and working faces" of Jewell's two mines "bears all the indicia of work."

"It is obvious," he said, "that the underground travel is both controlled and required by petitioner (Jewell). Both the man-trip transportation and travel by foot occur solely on petitioner's property and occur only as and when required by petitioner. . . . To conclude that such subterranean travel is not work is to ignore reality completely."

Justice Jackson's dissent said that the decision either invalidates or ignores terms of agreements bargained collectively between the parties "based on a half century of custom in the industry."

"We cannot shut our eyes to the consequence of this decision, which is to impair for all organized labor the credit of collective bargaining, the only means left by which there could be a reliable settlement of marginal questions concerning hours of work or compensation," Justice Jackson asserted.

"We have just held (in a recently decided case) that the individual workman is deprived of power to settle such questions. Now we hold collective bargaining incompetent to do so.

"It is hard to see how the long-range interests of labor itself are advanced by a holding that there is no mode by which it may bind itself to any specified future conduct, however fairly bargained. A genuinely collective bargained agreement as to wages, hours or working conditions is not invalidated by this (wage-hour) Act and both employer and employee should be able to make a reliance upon them, and the courts in deciding such cases should honor them."

Black Leaves P. O. Dept.

Ramsey S. Black has resigned as Third Assistant Postmaster-General to take over his new duties as State Treasurer of Pennsylvania, according to Associated Press advices from Washington, May 1. His resignation, effective May 6, has been accepted by President Truman who has made no announcement as to Black's successor in the Post Office Department.

The State of Trade

The long awaited V-E Day arrived on Monday, May 7, at 2:41 A.M., French time, and on Sunday at 8:41 P.M. Eastern Wartime, when Germany surrendered unconditionally to the Western Allies and the Soviet Union. The document of surrender was signed for Germany by Col. General Gustav Jodl, the new Chief of Staff of the German Army, and for the Supreme Allied Command by Lieut. General Walter Bedell Smith,

Chief of Staff for General Eisenhower. General Ivan Susloparoff and General Francois Sevez affixed their signatures to the document for the Soviet Union and for France, respectively.

Following the signing of full surrender by General Jodl, he completed the act with these brief words:

"With this signature, the German people and armed forces are for better or worse delivered into the victors' hands.

"In this war, which has lasted more than five years, both have achieved and suffered more than perhaps any other people in the world."

The reaction of the stock market to the news of unconditional surrender had slight effect upon prices. After a series of irregular price movements the market at the close reflected a slightly easier tone. The day witnessed a major shifting of emphasis to peace-time issues, and it was in those securities that the best gains appeared. The volume of turnover for the day was the heaviest in about three weeks and approximated close to 2,000,000 shares. The occasion caused much uneasiness for brokers who were concerned about the course the market would take in view of the widespread participation this year by the public, many of whom were comparatively new buyers in the market.

On the industrial front the welcome event of V-E Day provoked fresh thought regarding the problems of cutbacks and reconversion that have suddenly taken on greater significance than ever before. Much remains to be done by the Government before a large proportion of projected V-E Day cutbacks, some of which are already approved by the WPB, finally reach the contractors affected.

It is understood that the various governmental agencies have their general policies formulated with the WPB scheduled to issue its initial important pronouncement of relaxed controls on "V-E Day plus two." The feeling exists in some quarters that the Board will adhere to its original plan to revoke an additional lot of limitation and conservation orders, give some consideration to small manufacturers and "open end" the Controlled Materials Plan by allowing many civilian manufacturers to scramble for steel, aluminum and copper not specifically allocated to war and essential products.

Opposition to the plan has developed on the part of the C. I. O. which voiced its sentiments through its President, Phillip Murray, who stated in part as follows:

"The C. I. O. recognizes and is proud of the great ingenuity of a great many big and little people in many places and we know that freedom of application of this ability is more potent to accomplish the ends we seek than a complex fabric of laws and regulations.

"However, we recognize that in our economic system there will be controls; it is better for them to operate through Government under the full light of publicity, where they will be responsive to the public will, rather than to be operated in secluded places by a small group of powerful financiers."

In a week fraught with important news the portal-to-portal pay question of the soft coal miners projected itself. On Tuesday,

last, in a five to four decision delivered by Justice Murphy, the U. S. Supreme Court ruled that bituminous coal miners are entitled to portal-to-portal underground wages. Under a 1943 wartime agreement the bituminous industry has been operating on a portal-to-portal basis.

Steel Industry — Latest developments in the steel picture early last week gave evidence that the characteristics of the heavy steel order volume for war materials would undergo substantial change in the near future, since the steel industry as a whole at that time had accepted V-E Day as a foregone conclusion, states "The Iron Age" in its current review of the steel trade.

The drop in order volume is expected to be only temporary during the period in which cutbacks are implemented. However, the whole pattern of finished steel production and shipments will be somewhat different than it was when heavy war production held sway. According to the magazine, it is in that segment of steel supplies over and above those needed for the Japanese war, where the greatest change in production patterns will materialize.

Actual reconversion of the steel industry will not be difficult, but the major stumbling block, a temporary one, will center on the unbalance of steel product schedules caused by order suspensions and cancellations. A gradual reduction will occur at first in sharply reducing military needs, but within the next three months a secondary wave of military cutbacks is looked for in many authoritative quarters.

At mid-week military steel needs gave the appearance that in the first three months after V-E Day they would suffer a cut of about 2,800,000 tons. Of this amount more than 2,300,000 tons involves carbon steel, the balance being alloy steel. This contemplated reduction is substantial, since the military on a quarterly basis has recently been taking close to 8,000,000 tons of steel, "The Iron Age" discloses.

Any hopes for immediate large-scale production by manufacturers of ordinary civilian items made from steel may be disappointed, since it is almost a certainty that more than half of the steel to be released by military cutbacks will go to the railroads, farm implement industry and other essential civilian manufacturers. These consumers, according to estimates, will be given about 1,500,000 tons of the steel to be released during the three months' period after V-E Day. The balance, totaling more than 1,200,000 tons, may be available for other than essential needs, but this tonnage does not lend support to any hopes of large-scale civilian activity in the near future, the magazine points out.

A meeting scheduled for Cincinnati the past week, at which time ordnance cutbacks were to be discussed, probably portended their gradual reduction. Observers looked to this meeting to result in a slashing of the heavy shell program. The only Army items which appear to be holding their own against all cutback proposals are big bombs and rockets, and programs for these products are on the increase.

The automobile industry, it is reported, has already placed orders on an if-as-and-when basis for approximately 300,000 tons of sheets, and there is little indication (Continued on page 2099)

Explains Bankers' Opposition To Bretton Woods

National City Bank Says There Are No Objections to Aims and Purposes of the Plans, but Questions Practicability. Protests Charges of "Ulterior Motives" of Bankers, Such as "Isolationism" and "Reactionary." Sees Possibility of Changing Document to Conform to Bankers' Views and Hints at Another Conference.

The May issue of the Monthly Letter of the National City Bank of New York devotes several pages to a discussion of the attitude of bankers to the Bretton Woods Agreements.

With Treasury officials and other Bretton Woods advocates constantly preaching in public addresses, through the press, and over the radio that the Bretton Woods plan is indispensable to post-war currency stability and abandonment of discriminatory exchange practices, it is small wonder, states the "Letter," that people ask, "Why are the bankers opposed?"

The answer is, continues the comment, that the bankers are not opposed, in the sense of being against what Bretton Woods stood for. They are just as much in favor of currency stability and elimination of discriminatory exchange practices as the Treasury or the delegates to the conference. But being in favor of objectives is not enough. There must be a practicable plan. Too often in their zeal to "sell" the American people, the Bretton Woods enthusiasts have talked as though their particular plan offered practically a guarantee of post-war currency stability and freedom from exchange controls. Actually, of course, it does no such thing. No plan could; and certainly it needs but a casual glance through the extended and complicated provisions for changing exchange rates and maintaining exchange controls to see that Bretton Woods is no exception.

Yet such has been the force of propaganda that a large section of public opinion takes criticism having to do wholly with matters of method and technique as evidence of lack of sympathy with objectives. Not to go along with the official program in every particular has been to invite charges of ulterior motives, isolationism, and being a "reactionary."

There is, for example, the charge that bankers are opposing Bretton Woods because they want to make profits out of unstable exchanges. This follows an old familiar formula, based on appeal to popular prejudice and the fact that it is always possible to impress some people by attacking the bankers, especially the "international bankers of Wall Street."

Curiously enough, at the same time that bankers are being attacked by one group of critics for wanting to perpetuate unstable exchanges for selfish reasons, they are being accused by another group of seeking to drag an unwilling world back prematurely to the gold standard and rigid exchanges. Obviously, one of these accusations must be wrong; and it so happens that both are.

Analyzing the nature of the real issues posed by Bretton Woods; the "Monthly Letter" calls attention to changes that might bring about a more general agreement with the views announced by the American Bankers Association.

In the first place, there is—as stated above—already agreement upon objectives. The Association wants free and stable exchanges, and an international monetary organization to help achieve these conditions. Its record in this respect is clear and consistent. More than a year and a half ago, when the first Keynes and White currency stabilization proposals were under discussion, it said in a report by its Economic Policy Commission:

Some international institution is desirable: to help nations in

stabilizing their currencies; to provide a meeting place for the discussion of monetary questions; to collect information which is a necessary basis for sound decisions; and to make arrangements for stabilization credits in cases where they are justified.

That the Association is still in favor of these objectives is shown in its report on the Bretton Woods proposals issued on Feb. 1 last, and in statements by Association representatives in hearings on the Bretton Woods Agreement Act before the House Banking and Currency Committee in March.

Secondly, the Association favors an important part of the particular machinery proposed at Bretton Woods for accomplishing these objectives. It endorses the International Bank for Reconstruction and Development as sound and desirable, and recommends its adoption with few changes.

Thus we come to the International Monetary Fund as embodying the main points of disagreement between the ABA and the Treasury. What the ABA wants primarily is more assurance that the Fund will be operated as a stabilization fund should be—that is, concerned only with short-term credits required to iron out temporary irregularities in exchange fluctuations. It fears that the Fund, as proposed, is too elaborate and complicated, and by its system of quotas in an international money pool, managed by an international board, would make credit granting too easy and automatic, leading to bad loans, overborrowing, and postponement in countries experiencing exchange difficulties of those corrective internal measures necessary to insure real currency stability.

Discussing the possibilities of amending the agreements, the Bank states:

The question of the willingness of other countries to accept changes in the Articles of Agreement is of course pertinent, and deserves comment.

The first thing to be said is a reminder that the Bretton Woods plan has not been agreed upon by 44 nations, as so often loosely stated, but represents merely a set of proposals which the Bretton Woods delegations agreed to submit to their respective governments for consideration. The delegations did not even recommend the adoption of the proposals; and, in addition to this general reservation, there were specific reservations on a number of points by several delegations. The governments themselves remain entirely uncommitted.

The second point that needs bringing out is the evidence from comments abroad that other countries are going to take a good long look, including all the fine print, before signing on the dotted line. While the Bank has found general acceptance abroad, the Fund has met with a good deal of criticism and demand for clarification.

The British Chancellor of the Exchequer has characterized it as "a difficult document, inevitably long and technical." "There are," he said, "some obscurities of language in it which have led to misunderstanding and must be clarified."

On the basis of this argument,

the Bank asked "why not another conference?"

We are having two conferences to deal with security proposals—Dumbarton Oaks and San Francisco; and maybe more. In the economic area, other conferences must be held and will be useful in learning each other's point of view. One such conference is essential before long to consider trade arrangements, because trade quotas, tariffs, export bounties, bilateral agreements and the like could completely defeat any program for monetary stabilization. As Assistant Secretary of State, W. L. Clayton, recently told the Congress in testifying on the reciprocal trade agreements program, the Bretton Woods monetary agreements and other plans "won't make sense" without action in the tariff field. Trade policies and monetary policies should logically be considered together.

While we want to do all possible to capitalize and build on the progress of international monetary cooperation already begun, a program as important and complicated as this calls for much more than mere formal inspection and approval by the Congress. We need to give it the same careful study that other countries are going to give it, to the end that we reach an agreement that appeals to public opinion in this and other countries as both fair and practicable, and to which people can give their continuing support.

NYSE Co-operates With 7th War Loan

In conformance with the spirit of the statement issued by the Secretary of the Treasury announcing the Seventh War Loan Drive, the New York Stock Exchange has ruled that prior to July 15, 1945, no member firm may carry on margin Government securities offered during the Seventh War Loan Drive unless the customer

- (1) has no debit balance against war loan bonds previously subscribed for and he agrees to pay off the debit balance against the Seventh War Loan securities within a period of six months or less, and
- (2) does not contemplate selling the securities prior to making such payment.

The spirit of this ruling applies also to speculative purchases of members, partners and member firms.

Inquiries regarding this circular should be directed to the Department of Member Firms, Hanover 2-4200, Extension 272.

Hard Coal Mines Seized

The Government on May 3 seized the nation's anthracite mines, strikebound in a contract dispute, according to an Associated Press dispatch which added:

Acting on orders from President Truman, Secretary of the Interior Ickes proclaimed that he had taken formal possession of the mines and breakers owned by 363 companies, all located in Pennsylvania. (A breaker is an establishment where coal is broken up.)

"A breakdown in wage negotiations threatened a fuel crisis that would impair public health and impede the progress of the war next winter," said a statement issued by the Solid Fuels Administration, headed by Mr. Ickes.

He ordered the U. S. flag raised above these mines.

The operating heads of the coal companies were designated as Federal operating managers.

Wage negotiations between the operators and the United Mine Workers remained deadlocked in New York as the President issued his proclamation.

Work on Tax Relief Program Scheduled After Tariff Bill By House Group

Chairman Doughton (Dem.-N. C.) of the House Ways and Means Committee stated that consideration of a V-E Day tax relief program would probably be gotten under way as soon as work on the tariff bill has been disposed of, according to International News Service report from Washington, May 7. These advices said, however, that Rep. A. Willis Robertson (Dem.-Va.), a ranking Democrat on the Committee, expressed the opinion, that wartime incomes taxes would probably not be reduced until Japan had been defeated, but added that the Ways and Means Committee would start work on a tax program as soon as the tariff measure had been gotten out of the way, possibly within five weeks.

A partial text of the special memorandum prepared by tax experts and submitted to the joint House-Senate Committee on Post-War Tax Problems, as given in advices to the "Wall Street Journal" from Washington, May 2, appears below. (Conjectures as to proposals contained in the memorandum were given in the May 3 issue of the "Chronicle" on page 1974.)

It is suggested that all present tax rates should be retained and that no major changes in taxation should be made until after the defeat of both Germany and Japan. This position, as indicated in part 7 of Studies in Post-War Taxation, is supported on the following grounds:

1. Federal expenditures can be expected to remain at a high level even after victory in Europe, and thus the need for revenue will not be lessened. With the war continuing on one front, it has been estimated that the Federal Government would spend for war alone at the annual rate of about \$71 billion.

2. It appears unlikely that there will be any serious general unemployment during the period of the Pacific War. This period can be expected to be one of reasonably full employment, since the pent-up demand for goods and services is expected to offset the anticipated cutback in war production. Such unemployment as does exist will largely be caused by unavoidable delays in the re-conversion of plants to peacetime production. It is likely to be limited to a few areas in which large cutbacks in war production are made. General tax reductions could do little to help these isolated areas.

3. Inflation will continue to be a danger during the period of the Pacific War. Tax reductions at this time might be an important factor in starting a runaway inflation, since they would increase demand for civilian goods and services already in excess of limited production. Furthermore, tax reductions might weaken other anti-inflationary controls.

4. While the armed forces are still called upon to endure personal and economic hardships, tax reduction would impair morale.

The positive suggestions for tax revision to take effect for the interim period after victory in Europe are as follows:

1. Speed up refunds attributable to carrybacks of net operating losses and of unused excess profits credits.

2. Speed up refunds resulting from the recomputation of deductions for amortization of emergency facilities.

3. Make the post-war credit of 10% of the excess profits tax currently available for tax liabilities of 1944 and subsequent years.

4. Advance to Jan. 1, 1946, the maturity date of outstanding post-war refund bonds.

5. Increase the specific exemption under the excess profits tax from \$10,000 to \$25,000, effective for 1946.

No further changes are suggested for the interim period.

Speeding up the refunds, making the post-war excess profits credits currently available, and advancing the maturity date of

post-war refund bonds involve no change in ultimate tax liabilities but would improve the cash position of business during the interim period. A detailed description of these proposals is presented in part 8 of Studies in Post-War Taxation.

The increase in the specific exemption to \$25,000 would reduce the repressive effects of the excess profits tax upon smaller corporations. A large number of the smaller corporations would be freed from liability under the tax and the burden for the remainder would be reduced, with no considerable loss of revenue.

The other suggestions relating to corporate taxation that have previously been made were suggested only for the period after the end of all major hostilities. The suggestions relate to reduction and repeal at designated appropriate times of the excess profits tax; and the capital stock and declared value excess profits taxes. Additional revisions of the corporate tax structure for the post-war are being studied, including such matters as accelerated depreciation, special treatment of corporate dividends and revision of the corporate tax rate. Consideration is also being given to revisions in the individual income tax, excise taxes, and the estate and gift taxes. In view of the necessity of maintaining high taxes during the interim period, tax changes in these fields were not considered appropriate for that period.

The suggestions in this memorandum are based on our present appraisal of the future economic situation. Subsequent developments might make it necessary to suggest additional changes for the interim period.

It will be observed that the suggestions in this memorandum are intended to take effect during the interim period following the end of hostilities with Germany and prior to the end of the war with Japan. It is not intended thereby to suggest that other legislation may not be desirable during this period to take effect after the end of the war with Japan.

Legislation Proposed to Recognize War Newsmen

A bill has been proposed in Congress to authorize a "distinguished service news medal" for American newspaper men, radio men and news photographers, as a result of a War Department statement that the Medal of Honor can go only to military personnel and cannot be posthumously awarded to Ernie Pyle, according to a United Press report from Washington, May 3. The same source stated that another bill was introduced to provide hospitalization and treatment for accredited war correspondents injured or taken ill in performance of duties overseas and would make correspondents eligible for the same treatment in Army, Navy or veterans' hospitals as that given members of the Armed Forces.

New Argentine Envoy At Washington

The new Argentine Ambassador to the United States, Dr. Oscar Ibarra Garcia, Under-Secretary of Foreign Affairs since Sept. 11, 1943, left for Washington by air, according to advices from Buenos Aires to the New York "Times," April 28. Only 46 years old, he is Argentina's youngest Ambassador, and is said to have already had a brilliant diplomatic career.

The Financial Situation

(Continued from first page)

reason the announcement by the War Production Board of plans for reconversion, and preparations for still more rapid conversion when, as we hope, in the not too distant future, Japan is brought to her knees. The merit of these plans as such is beside the point. That in the case of the Army is a technical matter largely for Army decision; that of the War Production Board must await further study and trial by experience. The point here is that such plans have been drawn and have been laid before the public in a spirit, apparently, of candor — and without the air sometimes in evidence that would suggest that the American public is composed of half-wits.

The remainder of the way through this long hard war will be rendered much less difficult if certain fundamentals are fully understood and constantly borne in mind. One of the first of these which the American public must never for a moment forget or neglect is that major war operations remain, and that a large, though a reduced number of workers must remain in war plants for a considerable further period. It is easy to understand why many of the authorities have certain misgivings about post-V-E Day. What proved to be premature expectation of the end of the war in Europe last autumn and early winter was responsible for a very considerable drift of workers from plants absolutely essential to an effective continuance of the war. It is not strange that authorities responsible for the conduct of the war from this time forward should be uneasy about what V-E Day may do in this connection.

It is a matter for encouragement that apparently officials who must meet this problem now realize that this very real problem is not likely to be solved by merely trying to flim-flam the public. Far more likely is it that the American people will respond to full and frank statements of the facts of the case with an obvious lack of any effort on the part of government to "make a case." It is only human for men and women who have been making their living in plants and offices which will no longer function when peace returns, or will function on a vastly reduced scale, to feel an urge to find employment elsewhere where the outlook for post-war security of employment is better. It may or may not be fully effective merely to call attention to the fact that, however post-war matters may work themselves out, these war establishments must continue until Japan is fully overcome, but we believe that a good start is made

when the American people are dealt with in candor free of baby talk and Alice in Wonderland imagery.

Fair Dealing

It would help all around, too, if we dropped the false notion that, somehow, we should not be fair to the millions who must keep right on fighting in distant lands if we return to a more normal mode of living where conditions no longer require abstention therefrom, or take steps toward a quicker and more satisfactory return to peacetime pursuits when Japan joins Italy and Germany in utter defeat.

The fact is, of course, that when the exigencies of war do not require abstention, a more normal life — whether that means the enjoyment of more of the comforts of life or merely putting a stop to the wasting of essential assets.—can not in any way injure the men fighting a fanatical enemy in Asia. There is no reason whatever to suppose that their morale would be injured by knowledge that their families and their friends at home are no longer under the necessity of enduring the deprivations (even though slight they may have been) essential to the conduct of a world-wide total war. Certainly no better treatment could be devised for these fighting men than to do whatever is feasible, and not inconsistent with full support of them, to make the post-war situation to which they presently will return as comfortable and profitable and in general as desirable as possible.

Onward from V-E Day

Throughout this war we have been much too prone to a vague and ill-defined feeling of discomfort growing out of the fact our lot was far less severe than that of our soldiers at the front, or that of other civilians much nearer than we to battle fronts of Europe. It is one thing to be a cry-baby over essential deprivations and quite another to insist that only those things be given up which are inconsistent with full support of troops in the field. To some it may appear inappropriate for any one to be "frivolous" while thousands are dying in battle. But there should be reason in all things. It is doubtful if anything is to be gained by an enforced asceticism on the part of the American public.

Let us go on from V-E Day calmly, sensibly and without nonsense.

Ins. Cos. Get Better Return on Mortgages

That life insurance companies realized a 51.7% greater return on their mortgage investments in 1943 than from their bonds is indicated by a survey issued May 7 by the research department of the Mortgage Bankers Association of America. It shows that the fifteen largest life insurance companies had a return of 4.4% from mortgages that year as against 2.9% from bonds. Comparable statistics for 1944 cannot yet be compiled but the study says that about the same relative proportions probably will be shown. The 15 companies surveyed owned \$3,879,978,000 of city loans and 12 of them owned \$608,790,000 of farm loans.

According to L. E. Mahan, St. Louis, Association President, life insurance companies are likely to become larger buyers of mortgages in the post-war period than ever before and said he believes that probably as much as 40% of admitted assets of such companies could be profitably employed in mortgage investments if they are available. Based upon the \$41,000,000,000 of admitted assets of these companies at the end of last year, a 40% investment would amount to \$16,400,000,000, which, after deducting the \$6,683,000,000 they now own, would indicate a total potential mortgage buying power for life insurance companies alone of over \$9 billion.

Whether the life companies actually increase their mortgage investments by anything like this amount cannot be predicted, he said, but the assumption is indicative of the vast amount of funds which can be placed in mortgages. The insurance companies are certain to play an important role in post-war mortgage financing, which means that construction after the war will be adequately financed by private institutions which will be able to be a dominant factor in employment and prosperity.

The 15 companies studied had an average of 13.11% of their assets invested in city mortgages. The 12 companies owning farm mortgages had an average of 2.06% of their admitted assets invested in these loans. One of the principal reasons for sponsoring the Purdue Seminar on farm mortgage lending, Mahan said, was a desire to explore the possibilities of life insurance companies increasing their farm mortgage holdings.

New Check Routing Symbol

A new system of routing symbols designed to cut the time required for the collection of checks, reduce the work of sorting, and eliminate to a large extent the bothersome problem of misprints will be recommended to the nation's banks this month jointly by the Federal Reserve Banks and the Bank Management Commission of the American Bankers Association, according to William A. McDonnell, Chairman of the Commission, who is also Vice-President of the Mercantile-Commerce Bank & Trust Co., St. Louis, Mo. The routing symbol was developed over a period of years by the Committee on Collection of the Federal Reserve System and a committee representing the Bank Management Commission. It has been approved both by the American Bankers Association and the Federal Reserve Banks.

Robertson to China

Announcement has been made of the appointment of Walter S. Robertson, former Richmond, Va., stock broker and banker, at Minister to China in charge of economic affairs, it was reported in the Washington "Post," April 27. Mr. Robertson, it is said, is a graduate of Davidson College and the College of William and Mary.

Rosenman Reports on Civilian Supplies Needed for Liberated Northwest Europe

Judge Samuel I. Rosenman, sent by the late President Roosevelt to report on the matter of civilian supplies for the liberated areas of northwest Europe, has submitted his report to President Truman, according to Associated Press advices from Washington, April 30, in which he has stressed as exceedingly grave the situation he found abroad. In the authorized summary of his report, which the Associated Press has given, Judge Rosenman urges the importance of alleviating the dire need of the people in this northwest European area not only from a humanitarian standpoint but because of the internal and international political considerations involved.

The report covers many aspects of the situation including the problems brought about by the wholesale destruction of transportation facilities, the serious shortage of coal, the question of how labor is to be allocated, and of course, foremost, the magnitude of the job of feeding the hungry millions.

Below is given the summary of the highlights of the report which the Associated Press states President Truman has authorized for release:

SUMMARY OF REPORT

1. The immediate and long-range economic situations of these liberated countries are extremely serious. The needs vary from country to country.

Seven million displaced persons, brought into Germany from overrun countries as slave labor, will increase its seriousness. These people have no source of food of their own, and will place a critical burden upon an already severely limited food supply.

Except in the rural, food-raising areas, a dangerously low level of nutrition generally exists; coal production meets not even minimum requirements; ports have suffered great damage by bombing and demolition.

Railroads, canals and highways have been wholly or partially destroyed; and what remains of the usable means of internal transportation have been largely devoted to Allied military use. The resultant lack of adequate transport carries serious consequences.

Physical destruction is greater than in the last war. Manufacturing is paralyzed by destruction or damage, lack of raw materials and inadequate plant maintenance.

Stresses Effect on Economy

2. The needs of northwest Europe's liberated areas are grave, not only from a humanitarian aspect but because they involve internal and international political considerations. The future permanent peace of Europe depends largely upon restoration of the economy of these countries, including a reasonable standard of living and employment. United States economy, too, will be deeply affected unless northwest Europe again resumes its place in the international exchange of goods and services. Furthermore, a chaotic and hungry Europe is not fertile ground in which stable, democratic and friendly governments can be reared.

3. A realistic appraisal of the situation would indicate that the responsibility for providing a substantial share of most civilian supplies will rest on the United States. United States policy should dictate acceptance of this responsibility as far as possible.

4. To be effective, the acceptance of this responsibility as a Government policy should be enunciated by the President himself. The policy should be framed so as to assure that the supplies necessary to meet the minimum requirements of all liberated areas will be met as fully as the successful prosecution of military operations and the maintenance of our essential domestic economy will permit.

5. Once this policy is enunciat-

ed, a high level interdepartmental committee should be maintained to advocate and support the claims presented by the liberated countries, in order to insure that the policy is in fact continuously carried out.

6. The most immediate and urgent needs common to all northwest European countries are certain types of food, coal, coal-mining equipment and the means of internal transportation.

7. The available supply of many kinds of food is insufficient for minimum requirements. To meet the United States share of these needs, a re-examination of total requirements against our supplies should be made. Certain appropriate steps should be taken to assure maximum production of food in the liberated areas. We should examine the situation of those countries liberated by the U. S. S. R. in eastern Europe in order to ascertain what food surpluses may be available there for the deficit areas of western Europe.

Coal an Important Key

8. Coal is one of the most important keys to economic recovery in northwest Europe. Meeting even minimum coal requirements for a year or more after V-E Day will be impossible. Any material alleviation of this situation would require maximum coal production in Germany. This, however, entails certain serious political decisions, because it would mean immediate shipment of coal mining supplies to Germany; rehabilitation of battle-damaged or demolished German mines; restoration of German transport facilities for miners and mining purposes; supply of adequate food, clothing and footwear for German miners; provision of electric power to produce coal even if it entails rehabilitation of some part of local utilities, and the use of forced German labor where necessary. These political questions are not within the province of the mission to answer. Failure to take the steps outlined, however, would place insurmountable limitations on the extraction of German coal for liberated countries. The United States should examine the extent to which it can supply coal to Europe, especially during any period of easier shipping which may develop after V-E Day; for the lack of coal is of gravest political and economic concern.

9. There can be little economic rehabilitation until the internal transportation situation is improved. The liberated area should be given prompt and high priorities for rolling stock, locomotives, maintenance and repair shop supplies, and raw materials for local production of railroad equipment. A survey to determine the availability of Army trucks after V-E Day, for transfer to these countries, should be made; also the possibility of reconditioning used trucks here and abroad should be explored.

10. Port capacity and clearances are now sufficient so that they should not be regarded as restrictions upon procurement by the national governments or upon the allocation of ships to them. The limiting factor in the immediate future is the shortage of supplies. Should shipping develop to a choke-point, the shipping position should be re-examined at the highest level to insure maximum allocation to the liberated areas, consistent, of course, with the successful prosecution of the war and the needs of our other

Allies. Full advantage should be taken of present allocations and any temporary ease of shipping shortly after V-E Day.

11. To supplement the electric power in liberated areas, thus saving coal and transportation, we should seek increased exports of electricity from Germany.

12. Petroleum is essential for economic rehabilitation, particularly for its use in transportation. SHEAF now handles petroleum imports, but the responsibility will ultimately revert to the governments of these areas. Planning for the transition should be undertaken now.

13. Highest level decisions must be made immediately regarding the use of German productive capacity, and the extent, if at all, to which it should be restored and operated for the benefit of liberated countries of northwest Europe.

14. Interim reparations machinery should be established at once to handle the growing problem of removal for needed use in liberated countries the movable goods uncovered in Germany by Allied armies, which SHEAF does not need. It should be integrated with the work of the Reparations Commission.

15. Reparation of displaced persons should be undertaken as speedily as possible.

Asks Mine Removal by Reich.

16. As the land of France and Belgium, and the adjacent seas are filled with German mines, a complete restoration of agriculture, shipping and fishing is severely restricted. As part of the peace terms, Germany should be compelled to furnish the personnel to remove these mines.

17. The military has met the responsibility placed on it for providing sufficient civilian supplies in northwest European liberated countries to prevent disease and unrest. It has done this job well, despite the limitations of shipping, harbors, supply and inland transportation. Military commanders in the field are keenly aware of the necessity of maintaining at least a minimum economy in the path of their communications. These countries will also serve as re-deployment bases after V-E Day. The immediate requirements of these areas, however, go beyond the bare necessities called for by the military in the performance of its responsibility for civilian supplies. This responsibility should be terminated as soon as practicable.

18. It is a new concept that responsibility for the care of civilian populations and temporary Government administration is a necessary part of our Army's military mission. Modern total war has brought the military into direct contact with the political and economic lives of the countries through which it passes and has demonstrated the soundness of this concept.

19. To discharge successfully our responsibility in economic relations with the liberated countries, our embassies should have the necessary personnel, adequately experienced and trained. In this period of emergency, it will be necessary to supplement the trained manpower of the foreign service.

Break-Up of Responsibilities

20. The largest responsibility in dealing with economic problems in the field falls upon the State Department and the FEA. In all cases, the senior economic officer in each embassy should be the joint designee of these agencies, as in Paris and Brussels, where it has proved to be a sound arrangement.

21. The present liberated areas committee should be designated as the advocate of the claimant countries referred to in Section V. At present, it is under the chairmanship of an Assistant Secretary of State, with comparable membership of FEA, Treas-

ury, War and Navy Departments. It is essential that the level of original membership be maintained. It should have an outstandingly able Secretariat adequately staffed, capable of exercising general coordinating responsibility for the members and do the day-to-day work of the committee.

22. The Washington machinery for allocating supplies to liberated areas should be simplified and streamlined. The President should designate someone to examine this machinery and to recommend changes designed to eliminate the complexities which now exist.

23. UNRRA's supply activities in northwest Europe are comparatively unimportant. In the problem of displaced persons, however, UNRRA should be encouraged to greater participation compatible with military necessities and the liberated countries' own decisions. UNRRA's needs will increase. It is essential, therefore, that it be given appropriate consideration for supplies, transport and ocean shipping.

Organizations in Helpful Roles

24. The European Economic Committee, European Central Inland Transport Organization, European Coal Organization and United Maritime Authority, if created and thereafter supported, can perform helpful roles. The State Department, fully aware of their possible contribution, is following their development closely with the purpose of expediting their establishment on a basis acceptable to the countries most directly concerned.

25. Discussions with the Governments of the liberated countries relating to financial assistance for rehabilitation and reconstruction should be undertaken several months hence. These countries are not yet ready for such discussions. In the meantime, data are being assembled on the extent of destruction, cost of reconstruction and available foreign assets. Substantial benefit will come from the passage of Bretton Woods legislation, repeal of the Johnson act and the amendments relating to the Export-Import Bank. Facilities for credits to the liberated countries should be established at the earliest possible date.

26. Since allocation of civilian supplies to liberated countries, in all probability, will cut into the ration of the American consumer, a widespread official and public campaign should be undertaken to inform the American people of the gravity of the needs of our Allies in liberated Europe.

Conversely, there is no adequate understanding by the ordinary civilians in these liberated areas of what the Americans and British have done for the civilian population of these countries. Nor do they realize that in the United States, too, there are grave shortages. We should improve the transmission abroad of the story of the American war effort and of American sacrifices to improve the lot of our Allies.

Maverick Again Named To Head SWPC

Maury Maverick of Texas has been nominated by President Truman for another term as Chairman of Smaller War Plants Corporation, according to Associated Press advices from Washington, May 3. Legislation extending the life of the SWPC was recently enacted.

President Truman also sent to the Senate names of the following as directors of the corporation, the Associated Press reports: Patrick W. McDonough, of California; James T. Howington, of Kentucky; Lawrence F. Arnold, of Illinois; and C. Edward Rowe, of Massachusetts. McDonough and Howington are now serving as directors.

House Tariff Hearings

The House Ways and Means Committee hearings on the Doughton bill to extend and strengthen the Reciprocal Trade Act are proceeding with a clash of opinion continuing to be expressed by various groups and individuals.

Speaking as Chairman of the Executive Committee of the Committee on International Economic Policy, Clark H. Minor, President of the International General Electric Co., described the proposed bill as an "essential tool for post-war commerce," according to the "Journal of Commerce," May 7.

Another proponent of the measure is the General Federation of Women's Clubs, states the Associated Press from Washington, April 30.

Wool growers and manufacturers, on the other hand, through their national organizations, asked for defeat of legislation to extend the trade act, and proposed instead that Congress itself re-assume the function of writing tariff rates instead of delegating the authority to the Executive, describing the present program as "a continuous threat to the domestic sheep industry," according to Associated Press advices from Washington, May 4.

The National Association of State Agricultural Commissioners, charged that the reciprocal trade programs has been injurious to agriculture, and said they wanted trade dealings with other nations to assure parity prices for American farmers, the Associated Press reported from Washington, May 1. In a further report, May 4, the existence of a rift in organized agriculture was intimated with the announcement that the American Farm Bureau Federation had come to the support of the trade extension measure, telling the House Committee that legislation extending the act for three years, with more duty-reducing power, is needed to maintain a prosperous post-war agriculture.

(Testimony at earlier hearings of the House Committee were referred to in our issue of May 3, page 1976.)

Truckloading Volume In March Increased

The volume of freight transported by motor carriers in March increased 14.4% above February and was 5.5% above March, 1944, according to American Trucking Association, Inc., which further announced as follows:

Comparable reports received by ATA from 247 carriers in 42 States showed these carriers transported an aggregate of 2,141,412 tons in March, as against 1,871,948 tons in February and 2,030,531 in March of 1944.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 205.16 in March.

Approximately 78% of all tonnage transported in the month was hauled by carriers of general freight. The volume in this category increased 14.5% above February and was 6.2% above March of 1944.

Transportation of petroleum products, accounting for about 14% of the total tonnage reported, showed an increase of 13.6% above February but was 1.4% below March of last year.

Carriers of iron and steel products hauled about 4% of the total tonnage. Their traffic volume was 8.9% above February and 20.9% above March of 1944.

About 4% of the total tonnage reported consisted of miscellaneous commodities, including tobacco, milk, textile products, coke, bricks, building materials, cement and household goods. Tonnage in this class increased 21.1% above February and was 5.5% above March of 1944.

Text of President Truman's V-E Day Proclamation

(Continued from first page)

cult than the task which now happens is done.

I call upon every American to stick to his post until the last battle is won. Until that day, let no man abandon his post or slacken his efforts.

The President then read the following:

A Proclamation

The Allied armies, through sacrifice and devotion and with God's help, have won from Germany a final and unconditional surrender. The Western world has been freed from the evil forces which for five years and longer have imprisoned the bodies and broken the lives of millions upon millions of free-born men. They have violated their churches, destroyed their homes, corrupted their children, and murdered their loved ones. Our armies of liberation have restored freedom to these suffering peoples, whose spirit and will the oppressors could never enslave.

Much remains to be done. The victory won in the West must now be won in the East. The whole world must be cleansed of the evil from which half the world has been freed. United, the peace-loving nations have demonstrated in the West that their arms are stronger by far than the might of dictators or the tyranny of military cliques that once called us soft and weak. The power of our peoples to defend themselves against all enemies will be proved in the Pacific as it has been proved in Europe.

For the triumph of spirit and of arms which we have won, and for its promise to peoples everywhere who join us in the love of freedom, it is fitting that we, as a nation, give thanks to Almighty God, who has strengthened us and given us the victory.

Now, therefore, I, Harry S. Truman, President of the United States of America, do hereby appoint Sunday, May 13, 1945, to be a day of prayer.

I call upon the people of the United States, whatever their faith, to unite in offering joyful thanks to God for the victory we have won and to pray that He will support us to the end of our present struggle and guide us into the way of peace.

I also call upon my countrymen to dedicate this day of prayer to the memory of those who have given their lives to make possible our victory.

In witness whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington this eighth day of May, in the year of our Lord 1945, and of the independence of the United States of America the 169th.

HARRY S. TRUMAN.

Warning to the Japanese People

Mr. Truman also issued the following warning to Japan.

Nazi Germany has been defeated.

The Japanese people have felt the weight of our land, air and naval attacks. So long as their leaders and the armed forces continue the war the striking power and intensity of our blows will steadily increase and will bring utter destruction to Japan's industrial war production, to its shipping and to everything that supports its military activity.

The longer the war lasts the greater will be the suffering and hardships which the people of Japan will undergo—all in vain. Our blows will not cease until the Japanese military and naval forces lay down their arms in unconditional surrender.

Just what does the unconditional surrender of the armed

forces mean to the Japanese people?

It means the end of the war. It means the termination of the influence of the military leaders who have brought Japan to the present brink of disaster.

It means provision for the return of soldiers and sailors to the families, their farms, their jobs.

It means not prolonging the present agony and suffering of the Japanese in the vain hope of victory.

Unconditional surrender does not mean the extermination or enslavement of the Japanese people.

Cars Loaded Heaviest Since April, 1943

The average loading of railroad merchandise freight per car was heavier in February than in any preceding month for nearly two years, the Office of Defense Transportation announces. The increased loading made more box cars available for use in hauling grain or other bulk commodities and helped to ease the box-car shortage in the grain belt, the ODT said.

Figures for February show for Class I steam railroads, a total weight of 8,206,273,821 pounds of merchandise moved in that month as compared with 8,266,296,216 pounds in February, 1944; and 421,219 merchandise cars loaded as compared with 441,665 in February, 1944. The 20,446 fewer cars used for merchandise loadings were made available for such purposes as the movement of grain, the ODT pointed out.

While the total amount of merchandise decreased, the average weight carried per car in February, 1945, was 19,482 pounds as compared with 17,716 in February, 1944. The February, 1945, average was the highest attained in any month since April, 1943, and showed considerable improvement over the preceding months—13,503 pounds per car in January, 1945, and 17,914 in December, 1944.

The heavier loading per car, said ODT, was reported in accordance with ODT General Order No. 1 and indicates the better utilization of box cars in line with ODT loading requirements.

Neutrals Hear of Hitler's Death

In making a personal call at the German legation in Eire, Prime Minister Eamon de Valera expressed his condolences for Adolf Hitler's death to German minister Dr. Eduard Hempel. Hitler's death was widely discussed in that country, and newspapers gave big spreads to the incident.

While in Portugal the government ordered two days of mourning for Adolf Hitler at which time flags were to be flown at half mast.

Uniformed Spanish Fascists or "Falangists" mourned Hitler's death by forming a long line outside the German Embassy in Madrid, and left calling cards or signed the guest book as an evidence of their condolence.

New April ABA Members

Increase in membership in the American Bankers Association continued during April when 40 banks were received as new members as a result of the activities of the Association's Organization Committee, according to R. L. Dominick, Chairman of the committee, who is also Vice-President, Traders Gate City National Bank, Kansas City, Mo.

Implications of the International Monetary Fund

(Continued from first page)

the meaning of many of the Plan's important provisions.

What I shall have to say in this direct statement concerning the Plan will be limited to the stabilization provisions of the Monetary Fund which in my judgment are by far the most important features of the entire Bretton Woods Plan. Important because they involve the determination for an indefinite future of the monetary units of most of the countries of the world. For the United States this means the future value of the dollar in terms of which will be payable at par all our bonds, government and corporate, all mortgages, all life insurance and all bank deposits. It is, moreover, the dollar in which all wages are paid. It is difficult to imagine anything of greater economic importance than this to the people of the post-war world. Your decision concerning it is a task of momentous responsibility.

National Monetary Units

The Monetary Plan provides for a collection of national managed paper-money standards. While each country would have its own monetary unit, as at present, e.g., the United States the dollar, England the pound, France the franc, and so forth, these units would be tied together by mutual agreement and would be subject to controls administered by an international board of governors appointed by the governments of the respective member countries.

At the proper time, which for some members may be soon after the war is over and for others long delayed, the Fund is to request each member to communicate to it the par value it desires for its currency, namely, the value in terms of gold, based on the rate of exchange prevailing at a designated date. This value is to become the real par value for the time being, unless within a specified time the member desires a change or unless the Fund itself insists on one.

The gold par values of member currencies when once adopted are not expected to be permanent. In fact, in sharp contrast to the gold standard, frequent changes of par value seem to be contemplated as an important instrument of monetary policy. Such changes are divided into two classes. (1) Changes in the par value of the monetary unit of individual members and (2) uniform changes by all members. Let us consider these separately.

Individual Changes in Monetary Pars

A member is permitted to change the gold par of its currency only "after consultation with the Fund" and in order "to correct a fundamental disequilibrium." The Plan provides, however, that, "if the proposed change, together with all previous changes, whether increases or decreases, does not exceed 10% of the initial par value of the Fund shall raise no objection." Initially, the optional range is obviously 20%, since the change may be made to the extent of 10% from par in either direction. But this is only the beginning. It is provided that if the change goes beyond 10% but not beyond 20%, the Fund may either concur or object, but must declare its attitude within 72 hours, and if it goes beyond 20% the Fund may either concur or object, but is allowed more time to make its decision.

The great liberality of these provisions is insured by the requirement that the Fund must agree to a proposed change without any stated limits provided that it is "satisfied that the

change is necessary to correct a fundamental disequilibrium"—whatever that may mean—and, further, that the Fund cannot object to a proposed change on the grounds that it disapproves of "the domestic social or political policies" for the carrying out of which the member is proposing the change.

These provisions would seem to open the door wide to any member state, whenever it should so desire, to debase its monetary unit, i.e., to reduce its gold par. The variations readily permitted are large. The conditions, "necessary to correct a fundamental disequilibrium," can mean all things to all men. Can anyone conceive of a situation in which a nation desiring to change the par value of its monetary unit would not be doing so, or, at least, claiming to be doing so, to "correct a fundamental disequilibrium" and also to be doing so, or claiming to be doing so, largely by reason of its "domestic social or political policies"? It is precisely by reason of expansive domestic social and political policies that nations usually spend beyond their means, incur heavy budget deficits, borrow excessively, inflate their currencies and then finally recognize the inflation as a *fait accompli* by formally debasing their monetary unit. This is the way debasement has usually happened throughout the ages.

Adam Smith, in his "Wealth of Nations," published in 1776, said:

"When national debts have once been accumulated to a certain degree, there is scarce, I believe, a single instance of their having been fairly and completely paid. The liberation of the public revenue, if it has been brought about at all, has always been brought about by a bankruptcy; sometimes by an avowed one, but always by a real one, though frequently by a pretended payment. "The raising of the denomination of the coin has been the most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment.

"The honour of a state is surely very poorly provided for, when in order to cover the disgrace of a real bankruptcy, it has recourse to a juggling trick of this kind, so easily seen through, and at the same time so extremely pernicious.

"Almost all states, however, ancient as well as modern, when reduced to this necessity, have, upon some occasions, played this very juggling trick."

Would not the term "domestic social or political policies" include such things as social insurance, minimum wages, governmentally guaranteed employment, many public works, socialized medicine, public education and scores of other social reform measures, also a great variety of political measures such as building up war munitions, accumulating stock piles, protective tariffs and government subsidies galore?

Since for a number of years at least, most of the member nations will be borrowing members—buying members if you prefer—and since the United States will be the only important lending member—selling member if you prefer—the pressure on the Fund is likely to be strong for resolving doubts on such questions in favor of debtor nations. In this connection it is interesting to note that over two-fifths of the 44 States represented at Bretton Woods were in default when the war broke out in 1939 on dollar loans made to them by the United States.

Here is a situation that would make currency debasement wars

among nations easy to start and difficult to stop. One nation, for example, seeks a competitive advantage in its export trade by debasing its currency and, at once, competing nations strike back and debase their currencies. A monetary debasement war is on and every step is alleged to be taken "to correct a fundamental disequilibrium" and in furtherance of "domestic social or political policies." What is to stop it? The debtor nations are in a large majority. If they do not meet their obligations to the Fund, who is to kick them out? In any case, how effective would the penalty of expulsion be, since the member would, long before, have probably borrowed heavily from the Fund, and if it should be expelled the collection of its debt to the Fund would not be easy. The sanctions of the Fund Plan are generally admitted to be very weak.

To any one who is at all familiar with the causes and processes of currency inflation and consequent later formal debasements of monetary units throughout the world for countless generations, a plan like this for stabilizing the world's currencies must seem very unrealistic. Things just don't happen in the way apparently contemplated by the Plan. A nation usually slides into the valley of currency debasement, more or less unconsciously to the public, down a political toboggan, and it usually receives its initial push, as well as other pushes on the way down, by unsound, domestic social and political policies, involving the exploitation of its currency system for fiscal purposes.

Uniform Changes in Monetary Pars

In addition to the provisions of the Plan authorizing changes in the gold par values of the monetary units of individual members, there is a provision to enable all members acting together to make uniform changes at one and the same time. Specifically, the provision is that the Fund may make uniform proportionate changes in the par values of the currencies of all the members provided that the par value of the currencies of all the members provided that the par value of any member's currency shall not be changed if the member objects within 72 hours of the Fund's action. This action requires only a majority of the total voting power if there is an affirmative vote of every member which has 10% or more of the total capital. Only three members have that much, namely, the United States, the United Kingdom and Russia, and together they have more than a majority of the total votes.

In international debasement wars, if one nation holds back and does not fight for itself, it is likely to be submerged. How long could the United States retain the statutory gold value of its dollar in the face of such debasement competition?

Since nearly all the members will be debtor nations and since public opinion is usually strongly resistant to deflation, this provision for uniform changes in gold pars, realistically speaking, is one to make by political action worldwide debasement and resulting inflation dangerously easy.

Such a uniform currency debasement would facilitate on a large scale the exploitation of creditors by their debtors. It would operate very unevenly among the member states, because when gold pars are reduced different types of prices respond very unevenly to the reduction, some types responding quickly and some with high degrees of lag. The responses would be very different; for example, in countries that were highly agricultural than in those that were highly manufacturing. Wage scale responses would be very different also between countries where labor was highly organized and those where there was little or-

ganization, and between skilled labor and unskilled labor.

Of provisions for the easy debasement of the world's monetary units Lord Keynes said in his speech in the House of Lords of May 23, 1944, shortly before the Bretton Woods Conference convened to discuss the so-called Experts' Plan:

"We are determined that, in future, the external value of sterling shall conform to its internal value as set by our domestic policies, and not the other way around. . . . [And these domestic policies 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. They lay down by international agreement the essence of the new doctrine, far removed from the old orthodoxy."

Concerning this statement of Lord Keynes, the "London Economist" in its issue of April 29, 1944, said: "Indeed by implication, the new proposal seems to suggest that changes of exchange rates instead of being, as originally the one prohibited method of adjustment, shall be the normal means."

Bretton Woods and Monetary Nationalism

Realistically speaking, therefore, and for the reasons just given, the trend of the Bretton Woods Monetary Plan would be away from currency stability, free exchange and internationalism, and toward currency debasement, exchange controls, paper-money standards and monetary nationalism. In other words, it would be in the direction exactly opposite to the primary purpose of the Fund as contemplated by its leading American proponents.

A good picture of the evils of such economic warfare by Assistant Secretary of State, Dean Acheson, has recently been published in the Department of State Bulletin (March 25). It was there advanced as an argument in favor of Bretton Woods. The author spoke of an international competition in which all nations would use "every device for increasing their exports and getting what imports they can from other people. The devices by which they will do that are . . . manipulation of currencies [of a character that] would have a devastating effect upon recovery from the war." In such a situation he said we would "face the disintegration of the whole world system into a state of economic warfare, with each nation trying to climb to some sort of security over the back of its neighbors, each one believing that if it manipulates its currency in some way or other, it can export the misery which exists in its own country to some other country and attain some temporary advantage. Each nation will believe that the advantage will be permanent. But it will not be permanent, because neighboring countries will undertake exactly the same steps. So we shall have progressive hostility between countries and progressively hostile action against countries."

Gentlemen, it is largely because I believe that this sorry picture is a true picture of what, realistically speaking, the adoption of the Bretton Woods Monetary Plan would give us, and from which the adoption of a sound international gold standard alone can save us, that I am opposing Bretton Woods and advocating a return to gold.

The only hope of international monetary stability on a wide scale is in a return to the international gold standard. If, on that proposition, there are some doubting nations at the present time, their doubts will rapidly evaporate as a result of the experiences of war-ridden countries with managed inconvertible paper-money standards during the years imme-

diately following the war and before effective stabilization on any plan would be possible on a large scale. The time will soon arrive, as it did after the last war, when the public everywhere will be sick and tired of politically managed paper-money schemes and of the resulting inflationary evils, and will long to get back to a solid monetary standard, to something in which they have confidence. In such a distracted world there is no commodity in which they will have so much confidence as gold—the most highly exchangeable and the most widely prized single commodity in the world. This will then be again recognized as true, as it was by the International Financial Conference of Brussels in 1920, at which all the important nations of the world—39 in number—were represented. The Conference resolved unanimously: "It is highly desirable that the countries which have lapsed from an effective gold standard should return thereto. . . . This is sound doctrine for the world today. The only prospect at this time, as then, for a truly international standard is gold, and the only realistic monetary internationalists are the advocates of a return as soon as possible to the time-tested international gold standard. In the task of rehabilitating that standard and of making it a continually better standard we should generously cooperate with other nations. As the world's only important post-war creditor nation, however, and the nation to whom monetary stability means most, we should refuse to be jockeyed into a grandiose global scheme for a conglomeration of politically managed paper-money standards—a scheme in which debtor nations would call the tune and Uncle Sam would ultimately pay the fiddler.

Exchange Control

Let us now pass from the subject of changes in the sizes of the monetary units themselves, i.e., their gold pars, to a brief consideration of the closely related subject of exchange stabilization at the level of the gold parities prevailing at a particular time. This is an important subject from both the economic and the political points of view. Concerning it, Hayek says:

"The extent of the control over all life that economic control confers is nowhere better illustrated than in the field of foreign exchanges. Nothing would at first seem to affect private life less than a state control of the dealings in foreign exchange, and most people will regard its introduction with complete indifference. Yet the experience of most continental countries has taught thoughtful people to regard this step as the decisive advance on the path to totalitarianism and the suppression of individual liberty. It is, in fact, the complete delivery of the individual to the tyranny of the state, the final suppression of all means of escape—not merely for the rich but for everybody. Once the individual is no longer free to travel, no longer free to buy foreign books or journals, once all the means of foreign contact can be restricted to those of whom official opinion approves or for whom it is regarded as necessary, the effective control of opinion is much greater than that ever exercised by any of the absolutist governments of the seventeenth and eighteenth centuries."

One of the declared purposes of the Plan is the very worthy one of assisting in "the establishment of a multilateral system of payment . . . and in the elimination of foreign exchange restrictions which hamper the growth of world trade."

It will be helpful, says the United States Treasury Department,³ to think of the Fund's

All footnotes at end of article.

operations in two steps. "First, the Fund will be an international organization through which all member countries will cooperate to bring about stable currencies, freedom in exchange transactions, and the elimination of discriminatory currency practices." The second is that it will be a financial institution.

It is with the first purpose that we are concerned here. The second is largely a means for attaining the first. Pursuant to this declared purpose, the Plan (IV, 4a) provides that each member shall undertake "to collaborate with the Fund to promote exchange stability, to maintain orderly exchange arrangements with other members and to avoid competitive exchange alterations. To this end it is provided (IV, 3) that in the case of spot exchange transactions between the currencies of members the maximum and minimum rates shall not differ from parity by more than 1%.

This is all to the good. It looks like freedom of exchange on a multilateral basis—the elimination of discriminatory exchange controls. And this has long been the dominant American policy.

Before passing judgment, however, let us turn to the specific exceptions and to other possible escapes. Here are some of them briefly summarized.

I. On the post-war transitional period restrictions may be retained five years⁴ if needed and presumably much longer.

Concerning this provision one critic of the Fund says:⁵

"The pattern of post-war trade and exchange is likely to be set during the so-called transition period, and the Fund agreement by conceding the right of each country to maintain its exchange controls so long as it considers them necessary, reduces to nothing but a pious hope any prospect of a return to free exchange and multilateral or free trade."

On this same subject Edward B. Brown, an official American delegate at Bretton Woods, in the article previously mentioned (p. 206), says: "It must be admitted that the teeth given the Fund to enforce the withdrawal of restrictions on current payments now in effect are weak."

II. The Plan, although putting a limit of 2% on the possible variations in spot exchange rates, places no statutory limits whatsoever on the rates for time exchange. That matter is left to the administrative discretion of the Fund. By shifting its exchange business increasingly from a spot basis to a time basis, therefore, a member could largely escape the statutory limitation of 2% (IV, 3, ii).

III. Although the Fund is primarily concerned with exchange transactions for current business (with the exception of its dealings with Russia), and although the use of its resources is not permitted "to meet a large or sustained flow of capital," these resources may be used for capital transactions of reasonable amounts required for the expansion of exports in the ordinary course of trade, banking or other business and, within limits which are only mildly restrictive, "members may exercise such controls as are necessary to regulate international capital movements . . ." (VI, 3). But capital payments, and current payments are frequently exceedingly difficult to distinguish, and one may be converted into the other, usually without difficulty, since the Fund will finance passive balances of payments rather than specific transactions. On this subject the New York State Bankers Association Report on Bretton Woods Proposals says (p. 48): "To exercise adequate control over capital transfers would necessitate supervision over all international transactions, including the registration of all gold and foreign exchange holdings of members and their nationals. . . . Instead of resulting

in the elimination of exchange controls, the effective enforcement of these provisions would require permanent machinery for exchange supervision."⁶

IV. If a nation's currency becomes increasingly scarce, say, because its exports are exceeding its imports, and the difference is not being covered by foreign loans, and if certain possible measures specified in the Plan for meeting such a situation have not successfully met it, then that creditor nation's currency may be formally declared by the Fund to be "a scarce currency" (VIII). A formal declaration of the Fund to this effect operates "as an authorization to any member, after consultation with the Fund, temporarily to impose limitations on the freedom of exchange operations in the scarce currency." The Plan provides that with certain minor qualifications, "the member shall have complete jurisdiction in determining the nature of such limitations . . ." (VII, 3b).

These provisions of the Plan, it was generally recognized, were directed particularly at the United States, the only country that for many years following the war is likely to be an important creditor country. It is, therefore, the one country whose currency for some time to come would be likely to become scarce.

In explanation of this striking provision, which has encountered much criticism in the United States, we may cite two eminent official delegates from the British Empire to Bretton Woods. The first is J. E. Holloway from the Union of South Africa.⁷ He says:

"It is well known that during the inter-war period the U. S. dollar was a continuing scarce currency. The balance of payments of the U. S. A. remained favourable for a lengthy period. Exports remained at a high level while imports were discouraged by a high tariff. Owing to various factors such as inexperience of U. S. bankers in foreign lending, political instability in many countries and the generally prevailing condition of international economic warfare, the scarcity of the U. S. dollar was not sufficiently offset by [American] foreign lending."

To the same effect is the frequently quoted statement made by Lord Keynes in his House of Lords speech of May 23, 1944:

"There is another advantage to which I would draw your Lordships' special attention. A proper share of responsibility for maintaining equilibrium in the balance of international payments is squarely placed on the creditor countries. This is one of the major improvements in the new plan. The Americans, who are the most likely to be affected by this, have, of their own free will and honest purpose, offered us [sic] a far-reaching formula of protection against a recurrence of the main cause of deflation during the inter-war years, namely, the draining of reserves out of the rest of the world to pay a country which was obstinately borrowing and exporting on a scale immensely greater than it was lending and importing. Under clause VI of the plan a country engages itself, in effect, to prevent such a situation from arising again, by promising, should it fail, to release other countries from any obligation to take its exports, or, if taken, to pay for them . . ." (bold face supplied).

Those are very severe penalties to place on the United States for the crimes of not curtailing its exports, not increasing its imports or for refusing to lend more dollars to foreign countries, on terms that are satisfactory to those countries as determined by the Fund's board of governors—a board on which the United States will have at most, roughly, one vote in three.

Conflicting Interpretation of Exchange Control Provisions

Is it surprising that, with so many exceptions and escapes, the authorities of various prospective member states are by their words and their actions interpreting these provisions with reference to exchange control very differently. Here are a few of many possible examples.

United States

Henry Morgenthau, Secretary of the Treasury: (1) "The monetary fund sets up standards which will prevent discrimination in foreign exchange practices . . ." (Radio address, Detroit, Feb. 26, 1945). (2) "The Fund is not an investment institution at all. It will be concerned exclusively with fluctuations in the exchange market" (Minneapolis address, March 12, 1945). (3) "It has been proved, as far as I am concerned, that people in the international banking business cannot run successfully foreign exchange markets. It is up to the Governments to do it. We propose to do this if and when the legislative bodies approve Bretton Woods." (Comment quoted in New York "Times," Feb. 10, 1945).

Great Britain

Sir John Anderson and Lord Keynes. "Both Sir John Anderson, Chancellor of the Exchequer, and Lord Keynes have declared that the British Government will adjust the value of the pound whenever Whitehall considers it necessary."

"The Chancellor even said that the policy pursued here would be similar to that in 1933. He said that the Government would commit itself only to consult the international monetary fund before changing the value of the pound sterling, reserving its right to persist with its intention should the Fund refuse consent. Both Sir John Anderson and Lord Keynes have expressed the view that the proposed fund Act does not rule out bilateral trade pacts."⁸ (New York "Times," Jan. 19, 1945). "Lord Keynes himself has admitted that there is nothing to prevent nations, if so inclined, from pursuing policies so destructive of multilateral trade as to make Bretton Woods rather a waste of time." (New York "Tribune," March 3, 1945).

L. S. Amery, Great Britain's Secretary of State for India. He is quoted as calling in a speech in Birmingham for the abandonment or at least the drastic reduction of the most favored nation clause in international trade after the war. He added: "We must give effective priority to purchases from the sterling area⁹ as well as to our exports to that area." (New York "Times," Feb. 22, 1945).

A few significant examples of how this British policy is now being carried out in practice may be cited. According to Sumner Welles,⁹ it was on Mr. Churchill's insistence that the words here underlined were inserted in Article IV of the Atlantic Charter:

"They will endeavor with due respect for their existing obligations, to further the enjoyment by all States, great or small, victor or vanquished of access on equal terms to the trade and to the raw materials of the world which are needed for their economic prosperity."

Since Jan. 1, 1940, Great Britain had made bilateral trade and exchange agreements with 20 countries outside of the British Empire, a few of which have been rendered ineffective by war, but most of which are still in operation.¹⁰ In addition to these agreements with foreign countries, England still retains her earlier preferential agreements with countries within the British Empire.¹¹

The total area covered by all these British discriminatory agreements is estimated to cover today about 40% of the earth's land surface and is rapidly growing. Broadly speaking, the par-

ties to these agreements agree in connection with their export trade to discriminate in favor of payments in pounds sterling which can be spent freely only within the "sterling area."

Henry Chalmers, Consultant on Commercial Policy, Bureau of Foreign and Domestic Commerce of the United States, recently said¹² that during the latter half of 1944, the Government of the United Kingdom had announced the conclusion of long-term contracts with New Zealand and Australia for the bulk purchases of their entire exportable surpluses of meats and dairy products. These arrangements, he said, were from two to four years.¹³ These provisions regarding guaranteed prices and payment irrespective of deliveries, he said resembled "less normal peacetime commercial arrangements, than those which were typical of the procurement contracts and economic support arrangements resorted to by various of the belligerent countries under the exceptional conditions of the early war period." Somewhat similar arrangements, he reported, were made with Canada in May for the purchase during the next two years by the British of specified quantities of meat and cheese—quantities greatly exceeding the pre-war shipments. The British Ministry of Food, he tells us, had indicated that the extension of bulk purchasing arrangements to Argentina and other South American countries was contemplated.

Just prior to the outbreak of the war the London funds of 15 sterling area countries were said to amount to about £216 millions. Today the figure is around £3,000 million. On this subject a recent writer says:¹⁴ "The size of the abnormal sterling balances is hardly a bull point for the United Kingdom; but is a bull point for the maintenance of the sterling area."

Russia

Russia is clearly in a class by herself when it comes to the subject of exchange controls. Her foreign trade will be handled by the Government, much of it will be done in terms of foreign currencies and will be essentially barter. The State will exercise complete exchange control. Under the Bretton Woods Agreement she is given a practically free hand as regards rates of exchange, exchange regulations and the use of money borrowed from the Fund. Speaking of Russia's unique position in the Fund, Edward E. Brown, one of our American official experts at Bretton Woods, has said: "To give her a credit of \$1,200,000,000, with the realization that it will be used to buy foreign capital goods and not for strictly stabilization purposes, is not too high a price to pay for her cooperation."¹⁵ Concerning Russia's position in the Fund, one capable analyst says:¹⁶

"Russia did not trouble to hide the fact that her interest in the Fund consisted in what she could get out of it. Her state socialist economy and complete state control of foreign trade and exchange, renders her indifferent to the stability of world exchanges or to the revival of multilateral world trade. . . . She cannot free her exchange without destroying her economic system."

Latin America

Apropos of the attitude of Latin America toward free exchange, the following recent developments are straws that show the direction of the wind.

In February it was announced (New York "Times," Feb. 15, 1945) that Peru had recently taken action requiring import licenses on all shipments arriving after March 1. Concerning this action H. C. Wallich, a member of the Research Department of the Federal Reserve Bank of New York, said: "The last more or less free exchange system was thereby eliminated from the South Amer-

ican scene [and one must expect exchange control to be] a permanent feature of Latin American trade."¹⁷ To the same effect was the recent statement of Raymond L. Hoadley, writing on Latin America for the New York "Herald Tribune" (March 18, 1945):

"Import controls are rapidly being established by many Latin American nations to prevent the draining off of their large exchange balances through the purchase of non-essential goods. This trend, it was indicated at the Mexico City meeting, has the approval of State Department officials. . . ."

This sketchy story of recent trends in discriminatory exchange and trade controls in different parts of the world and of the conflicting interpretations made by different authorities in the United States and abroad of the provisions of the Bretton Woods Plan as regards such discriminatory policies, offers little support to those who expect Bretton Woods in the near future to accomplish much in the direction of its fourth declared purpose. This you will recall is: "To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade."

Conclusion

If Bretton Woods is not the solution of our post-war international monetary and credit problems, you will ask: What is the answer? That is an enormous question. From what I have said you doubtless see the general character of the solution I would favor. Very briefly, it may be epitomized in the following propositions.

I—Money

I. The first requirement of any post-war monetary standard that can be wisely adopted internationally and maintained for any considerable time is that it shall have the confidence of the people. To this end it should be simple and be a development out of a long, common experience. This requirement alone should put the Bretton Woods Stabilization Plan out of the running. That Plan is so complicated that even very few economists pretend to understand it, and among those few there is much disagreement. There is wisdom in the old companion proverb: "The greatest truths are the simplest," and "The people distrust what they do not understand."

II. No sound currency can long exist anywhere unless it rests firmly upon the foundations of a balanced budget and otherwise sane fiscal policies. The financial structure must be built up from the bottom, not down from the top. The Report of the Genoa International Economic Conference a quarter of a century ago, well said: "So long as there is a deficiency in the annual budget of the State which is met by the creation of fiduciary money or bank credits, no currency reform is possible. . . . The balancing of the budget will go far to remedy an adverse balance of external payment, by reducing internal consumption. But it is recognized that in the case of some countries the adverse balance is such as to render the attainment of equilibrium in the budget difficult without the assistance in addition of an external loan."

III. The subject is an international one and its satisfactory solution demands a high degree of international cooperation which should begin at once and continue indefinitely. It should include small nations as well as large ones.

IV. My next point was well stated in the 1931 Report of the

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Implications of International Monetary Fund

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MacMillan Committee of 14 eminent British economists and financiers, including John Maynard Keynes. It said: "There is, perhaps, no more important object in the field of human technique than that the world as a whole should achieve a sound and scientific monetary system. But there can be little or no hope of progress at an early date for the monetary system of the world as a whole except as a result of a process of evolution starting from the historic gold standard."

V. All three of the principal types of the gold standard, i.e., gold coin, gold bullion and gold-exchange standard should be used; every country selecting the type it considers best suited to itself.

VI. The length of time that will necessarily elapse before stabilization on a gold basis will be possible will vary greatly among different countries. In a few it can be done fairly soon and in some a long delay will be required. As war time exchange and price controls are gradually removed, and trade becomes increasingly free, exchange rates and prices will slowly approach their "natural levels." When these levels appear to be reached there can be a try-out *de facto* stabilization, and if and when such a stabilization seems to be firmly effective, it should be made *de jure*, and supported by gold convertibility.

VII. The monetary unit should be established in each country after a conference with other countries, but without any compulsion from them whatever. The determination of the size of a nation's monetary unit is affected with such a great public interest and is so highly prized as a prerogative of sovereignty that it is impracticable to subject it to outside interference. If compulsory inference from outside is undertaken it is not likely to be effective.

VIII. While there should be some management of the gold standard, both international and national, this management should be kept as small as possible and should be superimposed upon a system that is fundamentally automatic in its operation.

IX. There should be a high degree of freedom in the international movement of goods and services. The gold standard can function over high tariff barriers, as it has many times in the past, but high tariff barriers are obstacles to international trade and to the smooth and orderly functioning of any monetary standard. Existing discriminatory exchange restrictions and controls should be removed as rapidly as possible.

X. The principal monetary authority in each country should be a central bank possessing the exclusive right to note issue.

XI. The United States Government should promptly declare its intention to rehabilitate its own gold standard after the war, and should, in due time, call an international monetary conference of all other countries desiring to return to a gold basis, with the object of formulating plans for the restoration of the international gold standard and for international cooperation to make that standard a better standard.

XII. Among the central banks there should be maintained a close though largely informal and non-statutory cooperation directed toward the orderly functioning of the international exchanges.

II—The World Bank

XIII. If we are to have a world bank for making reconstruction and developmental capital loans, the Bretton Woods Plan is a reasonably good one, but we do not need such a world bank. Its declared purposes, in so far as

they are legitimate, can better be met by simpler means.

Under any plan it is the rehabilitation needs of the next 10 years or so with which we are most concerned. During those years the United States as the world's only important creditor nation will have to provide most of the funds in any case. Since we shall have to assume the principal risk, we should control the terms of the investments, adapting them on an *ad hoc* basis in accordance with credit worthiness.

XIV. A considerable number of countries will come out of the war in a fairly strong financial position and with substantial gold and dollar reserves. Those countries can depend for their new capital on private loans. There are other countries that will be hard hit by the war but whose credit worthiness is so high on the basis of their past records and their prospects that they likewise will be able to get a reasonable amount of capital funds from private sources. In this group are such countries as the United Kingdom, Holland and Finland.

XV. The United States through UNRA and otherwise, should be generous in giving urgent but temporary relief to war-ravaged countries.

XVI. The Export and Import Bank should be authorized in meritorious cases to grant, or participate in, stabilization loans, on an *ad hoc* basis.

XVII. It is desirable that American investments abroad should be increasingly in the form of equity capital in enterprises in which the nationals of the respective countries would participate.

XVIII. An international gold standard will call for an international bank with which the central banks of all gold-standard countries should be affiliated and to which they should contribute the necessary capital.

It should be a central bank of central banks. The bank should not make long-time loans to its member banks nor otherwise enter the field of fiscal operations.

Its principal functions should be (1) to serve as an international clearing house for the member central banks; (2) to hold part of the reserves of the member central banks; (3) to collect, organize and otherwise help interpret for its members international credit, monetary and other financial information; (4) to serve as a meeting place for conferences, both formal and informal, and (5) to cooperate with the participating governments through their central banks and otherwise in re-establishing, maintaining and improving their respective gold standard systems.

To these ends the Bank for International Settlements should be reorganized or absorbed in a new international bank.

1. Referring to the Clause "domestic social and political policies," Gottfried Haberler of Harvard University, a proponent of the Bretton Woods Plan, says the term also covers financial policies "because they can always be construed as adjuncts of social and political policies." *The Review of Economic Statistics*, November, 1944, p. 178, note 4.

2. *The Road to Serfdom*, p. 92.

3. Questions and Answers on the Fund and Bank, p. 4.

4. After this five year period it is provided (XIV, 4, and XV, 2a) "The Fund may, if it deems such action necessary in exceptional circumstances, make representation to any member that conditions are favorable for the withdrawal of any particular restriction, or for the general abandonment of restrictions, inconsistent with the provisions of any other articles of this Agreement. The member shall be given a suitable time to reply to such representation. If the Fund finds that the member persists in maintaining restrictions which are inconsistent with the purposes of the Fund", the Fund may declare the member ineligible to use the Fund's resources. In its relations with the members the Fund is required to give the members the benefit of any reasonable doubt.

5. *Mount Washington Labored*, Issued by the American International Underwriters Corporation, New York City, p. 27.

6. On this subject see also *League of*

Nations, *International Currency Experience*, pp. 172-176.

7. *Op. cit.*, p. 213.

8. "I have wondered in reading some of the British comment whether what they want is to be able to isolate themselves from international pressures through an entire depression, to protect themselves from one originating abroad and have a free hand for one arising at home. Granting, as I have sought to indicate, that there are at times strong grounds for such a course, this surely cannot be called an international solution of the problem of stability. Carried that far it would amount to giving up the search. It would be ironical if in the name of international monetary stabilization we achieved such a result." John H. Williams, *American Economic Supplement*, March 1944, p. 376.

9a. After the breakdown of the international gold standard in the early thirties "there emerged a wide area of exchange stability known as the Sterling Area. Its boundaries were not formally defined; but there were two main characteristics by which countries belonging to it could be identified. First, these countries maintained their currencies in a fixed relationship with the pound sterling. Secondly, they tended to keep their exchange reserves largely if not wholly in the form of sterling balances and other liquid assets in London.

"When the pound depreciated in September 1931, a group of countries decided from the outset to keep their exchanges stable in terms of sterling rather than gold. This group comprised in the first instance the British Commonwealth of Nations... (except Canada and Newfoundland). A few non-British countries, such as Portugal, also joined the sterling group immediately. Others joined it later: (including the Scandinavian countries, Iran and Latvia). In addition there were several countries, including Japan and the Argentine, which for many years kept their official exchange rates fixed in sterling, but which were not generally regarded as members of the sterling bloc.

"In the autumn of 1933, most of the non-British member countries gave up their link with the pound, and the sterling area became practically co-extensive with the British Commonwealth of Nations, again with the exception of Canada. War-time exchange control transformed the sterling area into a more coherent organization and gave it a more precise and formal status." *League of Nations, International Currency Experience*, p. 47.

Speaking of the situation as it existed prior to the war, the same author says: "With the effective and continuous central management which had been developed in the British credit system, there was little scope for any element of 'automatism' that did not suit the purpose of the British monetary authorities." *Ibid.*, pp. 62-63.

9. *Time for Decision*, p. 176.

10. These include Argentina, Brazil, Bolivia, Chile, Greece, Paraguay, Peru, Portugal, Spain, Sweden, Turkey, Uruguay, Belgium (Oct. 1944), Egypt (Jan. 1945), France (March, 1945) and Holland.

11. See Sumner Welles, *Time for Decision*, p. 176.

12. *Foreign Commerce Weekly*, Feb. 24, 1945, p. 12.

13. "In announcing the arrangements with Australia and New Zealand in September, the Minister of Food declared that the Government was making them 'as part of its policy for safeguarding food supplies for the United Kingdom for the next few years.' Nevertheless, there has been considerable discussion recently in British publications and commercial circles of the danger of bulk buying being retained as the regular method of satisfying the country's import requirements in primary products. The concern expressed has been on the grounds of the undesirable principles of commercial policy such a program would perpetuate, as well as over the unnecessary replacement of governmental operations for competitive importations by private trading firms." *Ibid.*, p. 12.

14. *The Banker* (London, March 1945, p. 134).

15. *The Journal of Business of the University of Chicago*, October 1944, p. 202.

16. *The American International Underwriters Corporation*, Mount Washington Labored, p. 52.

17. *Commercial and Financial Chronicle*, March 15, 1945, pp. 1170-1171.

Proposed Tax-Free Allowance for Members of House

The House Appropriations Committee has recommended, in a \$50,722,147 appropriation bill to finance legislative operations for the next fiscal year, a tax-free \$2,500 annual incidental expense allowance for each member of the House, the Associated Press reported from Washington, May 3, stating that the committee report said that Congressmen's incomes have been subjected to heavy strain to meet expenses incidental to the conduct of their offices.

It was reported by the Associated Press that although the proposed legislation contained no similar provision for Senators, they are expected to make their own provisions when the bill reaches them.

Wallace Takes Control Of Surplus Goods

Official assumption of responsibility for the Office of Surplus Property by the Commerce Department was acknowledged by Secretary Henry A. Wallace who said that he planned no important changes in regional and field organization of the system, advising those interested in the sale of surplus consumer goods to continue doing business with the same personnel and offices throughout the country, advises from the Herald Tribune Bureau stated from Washington, May 1. The report continues that A. U. Fox, director of the Office of Surplus Property under the Treasury Department, will remain in that capacity under the Commerce Department, and Wallace said that Fox's staff had been transferred virtually without exception.

Meanwhile, the Herald Tribune report goes on to say, the independent three-man Surplus Property Board announced in a special order that ammunition, gases, guns, tanks and other combat vehicles and secret military equipment no longer needed by the War Department should in many cases be disarmed or demilitarized before being offered for disposal as surplus property.

Other reconversion developments, according to the Herald Tribune, were:

The Office of Price Administration announced all orders establishing ceiling prices for surplus war goods sold by the Procurement Division of the Treasury Department will apply to the same items when sold by the Department of Commerce.

Cutbacks and easing of some war-production schedules in scattered localities were reflected in the War Man-Power Commission's revised labor market classification, effective today, in which these was a shift of only one area into Group I, the designation for acute labor shortages. The addition to Group I, from Group II, was Mansfield, Ohio.

U. S. Altitude Firm Regarding Poland

Representative Dingell (D., Mich.), after a call at the White House, told the House that President Truman "has definitely served notice upon Russia, Mr. Stalin, Mr. Molotov and upon the entire world, that he stands uncompromisingly for the fulfillment of the understanding entered into under the Yalta agreement," according to Associated Press advices from Washington, May 3. These advices continued that Mr. Dingell described the Russian attitude in the deadlock at San Francisco in the seating of a delegate from the Polish Lublin Government as "untenable and impossible", and expressed the hope that "in the near future all differences between the Allies will be dispelled and that a generally democratic government, comprising all elements, shall be established at Warsaw."

The same day in the Senate Senator Ferguson (R., Mich.), the Associated Press went on to say, urged that Russia permit the free and unimpeded circulation of American press representatives throughout Russian occupied areas of Eastern Europe and report frankly on conditions in the interest of promoting fullest understanding between Americans and Russians.

Electric Output Figures Delayed

The electric output figures for the week ended May 5, 1945, have been delayed on account of observance of V-E Day, on Tuesday, May 8.

Plans for Shift From Two to One-Front War Economy Submitted

A new production schedule, revised on the basis of Pacific (without European) war needs, has been submitted by the Army Air Forces to the War Production Board's production readjustment committee, whose approval is required, which may cut the monthly output of military planes from the current 7,000 to 5,000 by the end of the year, an Associated Press report from Washington, May 1, states, adding, however, that Navy production is expected to continue at present or even higher levels for the time being, due in large measure to a growing number of carriers.

WPB estimates the shift of the economy from a two-front to a one-front war basis can be accomplished in from four to six months after V-E Day, the Associated Press report continues. A tentative blueprint has been prepared to meet that schedule.

When the shift is completed, the present complex system of priorities and materials control will have vanished. Replacing it will be two simple priority ratings—"MM" for military orders and "CC" for important civilian goods.

The plan was drafted by WPB's committee on period one, recently created to chart the relaxation of controls in "period one," the interim between Germany's collapse and the fall of Japan.

The report "leaked" to news-men almost simultaneously with announcement by J. A. Krug, WPB Chairman, that such a report had been prepared, approved in general by a score of Government agencies, and would be adopted and made public after getting Mr. Krug's final approval. A new draft has been prepared and some changes made, WPB officials said, but the bulk of the recommendations are unchanged from the tentative draft.

Result of Treasury Bill Offering

The Secretary of the Treasury announced on May 7 that the tenders of \$1,300,000,000 or thereabout of 91-day Treasury bills to be dated May 10 and to mature Aug. 9, 1945, which were offered on May 4, were opened at the Federal Reserve Banks on May 7. The details of this issue are as follows:

Total applied for, \$2,012,770,000.
Total accepted, \$1,307,303,000 (includes \$54,382,000 entered on a fixed price basis at 99.905 and accepted in full).

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

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.364% per annum.

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

(61% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 10 in the amount of \$1,309,856,000.

Mail to Netherlands

Postmaster Albert Goldman announced on May 2 that information had been received from the Post Office Department, Washington, D. C., that, effective at once, letters (which may not exceed one ounce in weight) and non-illustrated post cards addressed for delivery in the portion of the Netherlands to which limited mail service has been resumed, may be accepted for registration. The registry fee is 20 cents, in addition to the regular postage.

U. S. and Britain Aim for "Planned Economy and Full Employment" Boston First Nat'l Says

"Employment for all those willing and able to work is the goal set for the post-war period by various groups in this country and in Great Britain," says The First National Bank of Boston in its current New England Letter.

Continuing the Bank says, "Discussion of the subject centers around the idea that every person who wants to work has a right to a job, and that the Government should assume responsibility for the fulfillment of this objective. Various Federal officials have set at 60,000,000 the number of jobs to be provided in the first year of the post-war period. To implement this goal, a bill has been introduced in Congress known as the Full Employment Act of 1945. This bill establishes as a national policy the program of assuring full employment in a free competitive society through the united efforts of industry, agriculture, and State, local, and Federal governments. In order to carry out this policy the President shall draw up each year an annual production and employment budget including specific estimates of the number of persons to be employed, the necessary expenditures to provide full employment, and the aggregate volume of expenditures by all private sources and by Federal, State and local governments. If the estimated total expenditures will not be sufficient to provide jobs for all, then the gap is to be regarded as a prospective deficiency in the National Budget. To make up any deficiency, the President is to recommend legislation that will stimulate and encourage private enterprise to spend more money or he may recommend direct Federal expenditures for public works. At any rate, it will be the responsibility of Government to see that the gap is filled.

Construction Expenditures In First Quarter

Construction expenditures in continental United States for the first three months of this year were lower than first quarter expenditures in any year since the outbreak of war in Europe, Secretary of Labor Frances Perkins reported on May 5. "New construction expenditures of \$1.06 billion for January through March 1945 were only slightly less than those for the first three months of 1944," she said, "but were 56% less than the \$2.4 billion spent in the first quarter of 1943.

"Although private construction expenditures of \$581 million showed a gain of approximately 15% over the first quarters of both 1943 and 1944, the \$479 million spent for public construction was 16% less than the public construction expenditures for the same period in 1944 and 75% less than for the first quarter of 1943.

"Expenditures of \$84 million for community facilities such as stores, hospitals and educational institutions in war-congested areas are practically double the \$43 million spent for such facilities during the first quarter of 1944.

"Private residential (nonfarm) construction, on the other hand, dropped to \$125 million from the level of \$178 million in 1944. This decline is attributable to the stringent wartime controls on non-essential building and to the scarcity of lumber. Expenditures for farm and for public utility construction remained virtually unchanged from a year ago.

"The sharpest decline in public expenditures was a \$65 million drop in the construction of military and naval facilities. Highway construction amounting to \$40 million in the first three months of 1945 was 30% less than that for the corresponding period in 1944. Miscellaneous Federal construction expenditures decreased \$7 million, while State and local activity remained at the same level as in the first quarter of 1944."

Wall St. Brokers in Seventh War Loan

K. Kenneth Stephenson, Chairman of the War Street Broker-Dealer Syndicate, which has undertaken a Seventh War Loan quota of one billion dollars, announced recently following an organization meeting, that the Syndicate's sales will be reported on May 18, June 1, 19 and 30 and that the sales of the 10 leading broker-dealers will be highlighted in box-score form, with dollar totals related to the number of Super-Fortresses financed, in keeping with the Syndicate's slogan of SPEED THE WALL STREET ARMADA TO TOKYO—1600 B-29's.

The New York Stock Exchange, Mr. Stephenson reported, will place two Seventh War Loan overhead street burners, each 30 feet across by 20 feet deep, one from the Exchange's building on Wall Street to the Bankers Trust Co. and the other from its Broad Street building to that of J. P. Morgan & Co., Inc. The Chase National Bank will install an authoritative reproduction of Federal Hall in the form of a bond booth in front of the Sub-Treasury building. The Bank of the Manhattan Co. is building a 32-foot high dimensional reproduction of the two Jima flag raising scene for display in its main lobby; and a scale size model of a tank for use as a bond sales booth, will be placed at Nassau and Wall Street by the Bankers Trust Co., among outdoor exhibits now under construction by the community, according to Mr. Stephenson.

As an indication of untapped War Bond sources Mr. Stephenson pointed out the sales experiences this week of the Irving Trust Co., which together with Bendix, Luitweller & Co., and Halsey, Stuart & Co., undertook a continuing and productive War Bond canvass of stevedores operating on the New York docks.

Red Cross Campaign Breaks Previous Mark

In terms of voluntary participation and media support all previous records were shattered in the 1945 Red Cross War Fund appeal, Mr. Colby Chester, national chairman of the campaign, said on April 27 in a statement announcing a further oversubscription and expressing gratitude over the public's response.

"To date \$224,013,000 has been reported subscribed against an objective of \$200,000,000," said Mr. Chester. "Preliminary reports from chapters indicate that more than 30,000,000 individuals contributed.

"In carrying the Red Cross message to the people, 4,000,000 persons served as campaign solicitors in the 3,756 local chapters. This outpouring of voluntary leadership and manpower represents a 20% increase in workers over any previous Red Cross appeal.

"Moreover, in interpreting the Red Cross program and needs to the American people," Mr. Chester added, "the press, radio, outdoor advertising, motion picture industry and other recognized media, implemented the 1945 campaign with an overall coverage which was from 20 to 30% greater than in any fund drive in Red Cross history."

F. Carroll to Head Red Cross in Europe

Basil O'Connor, Chairman of the American Red Cross, recently announced the appointment of Mr. Frederick A. Carroll of Boston, as the organization's Commissioner for Great Britain and Western Europe. Preparatory to his departure overseas, Mr. Carroll is spending this week in Washington conferring with Red Cross officials.

In assuming this post, Mr. Carroll will succeed Mr. Harvey D. Gibson, well known New York banker, who took over American Red Cross operations in Great Britain in August, 1942. The retiring Commissioner is President on leave of the Manufacturer's Trust Company of New York and has gained an international reputation for his outstanding Red Cross service abroad.

"Mr. Gibson has remained at his post at considerable sacrifice during recent months," Mr. O'Connor said. "His record of accomplishment is well known to all Allied nations as well as to the armed forces of the United States.

"In the appointment of Mr. Carroll, however, the American Red Cross is fortunate in finding a very worthy and able successor for this important overseas assignment. I am confident he will carry out the program admirably and in keeping with Red Cross traditions."

For many years Mr. Carroll has been identified prominently in banking and legal circles. He is President of the Trust Division, a member of the Executive Council and the Administrative Committee of the American Bankers Association. Since 1924 the new Red Cross executive has served as Vice-President and counsel of the National Shawmut Bank of Boston. In his new assignment Mr. Carroll has been granted a leave of absence from his banking duties.

Agriculture Dept. Appropriation Bill

A \$600,000,000 appropriation bill for the Agriculture Department for the 1946 fiscal year has been finally acted upon by Congress and sent to the White House, according to an Associated Press report from Washington, April 30, which stated further:

The action followed Senate adoption of a conference report on the measure, after tacking \$18,291,827 onto the House bill and winning House approval. The biggest addition was \$10,000,000 for purchase of soil conservation materials to be furnished farmers in the first six months of 1946. Also added was \$3,000,000 for construction of forest roads and trails needed for the war-booming lumber industry.

The measure also provides \$14,198,950 for the extension service; \$7,547,500 for experiment stations and \$14,986,472 for the War Food Administration.

Truman Welcomes Vigil on Own Administration

Senator Brewster (R., Me.), a member of the Senate War Investigating Committee, reported after calling at the White House that President Truman had invited the committee to keep the same vigil on his administration as he kept on the late President Roosevelt's, Associated Press advised from Washington state on April 27.

Brewster said he told the President that if the latter followed all the advice he gave when he was chairman of the committee, there would be no doubt of the success of his Administration.

Average of \$6,798,000 Received Daily By Life Insurance Holders in 1944

American families received an average of \$6,798,000 daily from their life insurance companies during 1944, making an aggregate of \$2,481,257,000 in benefits for the year, the Institute of Life Insurance reported on Feb. 28. This it stated compares with a daily average of \$6,480,000 and an annual total of \$2,365,249,000 in 1943. The Institute added:

"Death benefits paid in 1944 were \$1,204,718,000, up 10% over the previous year and 19% over the pre-war 1941 figure. Since 1941, however, total life insurance owned by American families has increased 19%, so that the ratio of death benefits to insurance in force was about the same last year as in 1941.

"This is some measure of the outstanding health job done on the home front during the war," Holgar J. Johnson, president of the Institute, said. "While war death claims on service men have risen each year of the war, accounting for about 5% of the total death benefits paid during the period, civilian death claims have not increased in the same proportion as life insurance ownership." The Institute also states:

"Direct payments to living policyholders, exclusive of calls for policy cash surrender values, amounted to \$1,047,228,000 in 1944, a new high point in the history of the business. Last year's total was 7% greater than that for the previous year and 10% above 1941. Payments of matured endowment policies topped a third of a billion for the first time at \$354,644,000, up 11% over 1943 and 36% over 1941. Annuity payments totaled \$175,536,000, up 5% over 1943 and 12% over 1941. Dividends to policyholders in 1944 totaled \$431,114,000.

"Calls for policy cash surrender values, \$229,311,000 in the past year, were 21% under 1943 and less than half the 1941 total, reflecting the improvement in family financial conditions and consequent reduced demand for emergency financial aid."

Payments for the years 1944 and 1943 were as follows:

	1944	1943
	(Thousands of Dollars)	(Thousands of Dollars)
Death Benefits.....	\$1,204,718	\$1,098,486
Matured Endowments.....	354,644	318,126
Annuities.....	175,536	166,803
Disability.....	85,934	88,759
Surrender Values.....	229,311	289,073
Policy Dividends.....	431,114	404,002
Total.....	\$2,481,257	\$2,365,249

Plan Trade Mission to Philippine Islands

The Foreign Economic Administration is reported by the New York "Herald-Tribune," May 1, to be organizing a mission of non-military government officials and business men to go to the Philippines to study conditions pertaining to trade resumption in that area. The report states further that the proposed mission, to be headed by an FEA official, is expected to be similar in purpose to the U. S. mission that went to French Africa and the Middle East last year to investigate conditions there with relation to resumption of private trade between the U. S. and the countries studied; this mission returned with first-hand reports on existing conditions and future prospects.

Pauley and Lubin Named

Edwin W. Pauley, of Beverley Hills, Calif., former treasurer of the Democratic National Committee, has been appointed by President Truman as American member of the Allied Reparations Commission, which is expected to meet at Moscow shortly after May 10, according to Associated Press advices from Washington, April 28. The report also stated that Isador Lubin had been named an associate on the commission, with the rank of minister, while Pauley will have the rank of ambassador. Russia and Great Britain will also be represented on the commission.

President Supports Union Penalty In Ship Strike

A National War Labor Board order withdrawing "all rights and privileges enjoyed by" Local 68 of the International Association of Machinists (not to any individual members of it) "under the terms of employment existing at the United Engineering Company, Ltd., San Francisco, Cal., at the time it was seized by the Navy April 25," has been signed by President Truman, according to an Associated Press report from Washington, May 3. The plant was taken over by the Navy after a jurisdictional dispute, involving 191 machinists, had tied up repair work on war needed ships.

The rights specifically denied to Lodge 68, according to the WLB order, were those accruing to it under the San Francisco ship repair agreement between the yard management and the unions, the Associated Press stated.

The lodge also was denied "the right of access" to the facilities of the United Engineering Company, but there was no immediate clarification here of that point.

Local 68 had been involved with American Federation of Labor Union, Local 6 of the International Brotherhood of Boilermakers, in a jurisdictional dispute over engine room rigging. A strike ensued.

The President, in ordering seizure of the plant, said the strike and threatened strikes were due to failure of Lodge 68 to comply with two WLB orders.

Railway Workers Up To 1,422,041 in March

Employees of Class I railroads of the United States, as of the middle of March, 1945, totaled 1,422,041, an increase of 1.59% compared with the corresponding month of 1944, and 0.65% over February, 1945, according to a report issued by the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission.

A gain over March, 1944, is shown in the number of employes for every reporting group with the exception of transportation (train and engine service), which shows a decrease of 0.13%. The percentages of increase are:

Executives, officials and staff assistants, 2.30; professional, clerical, and general, 1.78; maintenance of way and structures, 4.52; maintenance of equipment and stores, 0.31; transportation (other than train, engine, and yard), 2.48, and transportation (yardmasters, switchtenders, and hostlers), 1.39.

NAM Would Eliminate System of Cartels

The National Association of Manufacturers urges that the Economic and Social Council of the United Nations, scheduled to be set up at the San Francisco conference, give early consideration to the importance of eliminating the monopolistic system of international cartel agreements, the Journal of Commerce, Washington, states on April 28. The report goes on to say that the NAM proposes that the United States Government take the lead in preventing the formation of new agreements and seeking to abrogate those now existing.

Guaranty Trust Doubts Peacetime Level of Wartime Employment

Says Government Spending Would Be Merely a Palliative, and Is Not a Road to Peacetime Prosperity, but Sees Aid in Reconversion From Accumulated Deferred Demand for Goods and Relinquishment of Controls and Restrictions.

Spectacular military gains in Europe and the Far East have increased the urgency of the numerous problems related to the outlook for the post-war period. It is only natural that most thinking on this subject should be strongly affected by the sweeping but partly temporary economic changes brought about by the war, states the Guaranty Trust Company of New York in the current issue of "The Guaranty Survey," its monthly review of business and financial conditions in this country and abroad, published on April 24.

"Foremost among these changes in the United States," "The Survey" continues "are the sharp increase in industrial production, the rapid expansion of the labor force, and the staggering growth of the national debt. It is not surprising, therefore, to find discussions of post-war prospects centering around the question whether the national income can be maintained at a level high enough first, to provide jobs for all those who are able and wish to work, and second to meet the annual charges on a public debt more than ten times as large as that after the first World War."

Assumed Permanence of Wartime Levels

"There is a strong tendency in these discussions to project wartime conditions into the peacetime future," says "The Survey." "Government officials have declared a national objective of sixty million jobs after the war. This is equal to the estimated number employed in January of this year, including the eleven million in the armed forces, and is only three million below the estimated average for 1944 (also including the armed forces) when the number employed was nearly twenty million larger than in 1938, the last full pre-war year.

"A similar tendency is evident in forecasts of national income or national product. Projections of the latter run as high as \$239 billion, which compares with an officially estimated total of slightly less than \$200 billion in 1944. The Department of Commerce, pointing out that 'the national output has reached a level which few people believed possible three years ago,' concludes that 'there remains the job of distributing an output of civilian goods equal to present wartime production.'"

Questionable Assumptions

Such assumptions concerning post-war possibilities seem only partly justified, according to "The Survey." "It is quite true," the article states, "that the war is demonstrating the vast productive capacity of the United States as it has never been demonstrated before. It is equally true that the labor force has been augmented by millions of emergency recruits and that some, though by no means all, of these will wish to remain in gainful employment after the war. It is apparently true that technological development has been greatly stimulated by war needs, giving promise of further increases in efficiency and new channels of consumer demand when the wartime inventions are fully utilized for civilian production. It is unquestionably true that the public debt will have increased to a level at which a large national income will be required if the debt is to be serviced without a crushing burden of taxation.

"With full recognition of these factors, it remains very doubtful whether wartime totals of employment and income can be fully maintained in the post-war pe-

Foreign Trade Group Favors Doughton Bill

Endorsement of the Doughton Bill by the National Foreign Trade Council, following formal action by the board of directors, was announced on May 4 by Eugene P. Thomas, President of the Council.

"The Doughton Bill provides not only for renewal of the Reciprocal Trade Agreements Act, but also for essential additional negotiating power in making tariff adjustments to accord with our national needs," Mr. Thomas stated.

"This endorsement by the Council reflects the attitude toward the Doughton Bill of the many elements of American business, which are concerned with the healthy development of our foreign trade. These include numerous manufacturers, agricultural interests, surface and air transportation companies, banks and insurance companies.

"A revitalized Reciprocal Trade Agreements program will prove of vital aid to the maintenance of a high level of employment in this country and to the encouragement of economic well-being and peace beyond our borders. Many countries of the world are looking to the United States for economic and political leadership at this time.

"Passage of the Doughton Bill will serve notice upon these foreign countries that our cooperation can be depended upon after the war as well as during the war."

WPB Revokes Six Orders

The War Production Board on April 30 announced revocation of six more of its less important limitation and conservation orders and 15 schedules. This brings to 45 the total number of orders and schedules rescinded since last Thursday. The revocations are in line with WPB's announced policy of eliminating restrictive controls on industry as war conditions permit.

WPB officials pointed out, however, that the revocations do not necessarily mean immediate civilian production of the products affected, as in many cases other orders and regulations limit the amount of materials that may be used in their manufacture, while producers will continue to be guided in filling their orders by preference ratings, controlled materials plan allotments and by directives. In addition, manpower ceilings in tight labor areas and remaining scarcities of many materials will serve to limit production.

changes, as in mobilization for war and perhaps in reconversion to peacetime operation the fluctuations may tend to become excessively violent unless temporary restraints are imposed. In such instances, public policy should never lose sight of the fact that the restrictions constitute interference with natural and necessary processes. Readjustments may be cushioned, but they cannot be permanently prevented.

"In the coming transition period, a temporary but very important aid will be present in the large volume of deferred demand that has accumulated during the war as a result of high incomes, controlled prices and limited supplies of goods for civilians. This demand should facilitate and accelerate reconversion, and reduce to a minimum the period during which special controls will be necessary. If the demand remains effective while the major readjustments are being made the transition may be completed with less disturbance than is generally expected. In that event an early opportunity will be provided for the relinquishment of the controls and restrictions which, as long as they exist, will constitute a weakness in the foundation for post-war prosperity."

Changes in Holdings of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The New York Stock Exchange announced on April 16 that the following companies have reported changes in the amount of stock held as heretofore reported by the Department of Stock List:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
American Ice Company, 6% preferred.....	1,400	1,601
American Locomotive Company 7% preferred.....	20,900	21,400
Associates Investment Company, 5% preferred.....	73	118
Atlas Corporation, common.....	80,430	80,501
Borden Company (The), common.....	177,294	180,294 (1)
Cuban-American Sugar Company, The, 7% preferred.....	5,650	5,680
Davega Stores Corporation, 5% preferred.....	200	200 (2)
Firestone Tire & Rubber Company, The, common.....	303,124	303,916
General Motors Corporation, common.....	95,214	103,514 (3)
Gimbel Brothers, \$4.50 cumulative preferred.....	11	15,976 (3)
International Minerals & Chemical Corp., common.....	101,659	98,609
Johnson & Johnson, common.....	33,387	33,225 (4)
2nd preferred.....	1,462	1,456
National Cylinder Gas Company, common.....	1,462	1,456
Newport News Shipbuilding & Dry Dock Co., \$5 preferred.....	37,800	38,300
Plymouth Oil Company, common.....	2,119	3,719
Radio-Keith-Orpheum Corporation, 6% preferred.....	2,999	3,699
Rustless Iron and Steel Corporation, common.....	3,220	4,650
W. A. Sheaffer Pen Co., common.....	10	12
W. A. Sheaffer Pen Co., common.....	6,234	6,230
Twentieth Century-Fox Film Corp., \$1.50 preferred.....	67,550	74,450
United Merchants and Manufacturers, common.....	27,309	54,618 (5)
Universal Laboratories, Inc., 7% preferred.....	210	300
Wilson & Co., preferred.....	3,427	26,397
York Corporation, capital.....	2,535	2,910

NOTES

- (1) Acquired 5,000 shares and issued 2,000 shares under Officers & Employees Stock Option Plan.
- (2) Acquired 100 retired 300.
- (3) Reclassified from \$6 preferred to \$4.50 cum. preferred March 21, 1945.
- (4) Decrease represents shares delivered under Employee Extra Compensation Plan.
- (5) Increases due to split-up.

The New York Curb Exchange made available on April 21 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
Air Investors, Inc., convertible preference.....	45	80
American Cities Pw. & Lt. Corp., conv. A opt. div. ser.....	50	100
American General Corp., common.....	420,847	427,081
Carman & Co., Inc., class A.....	605	655
Crown Central Petroleum Corp., common.....	606	609
Dejay Stores, Inc., common.....	18,806*	37,612†
Derby Oil Company, common.....	70,871	70,830
Detroit Gasket & Mfg. Co., 6% preferred.....	11,291	None
Equity Corp., \$3 convertible preferred.....	73,445	73,820
General Water, Gas & Elec. Co., \$3 preferred.....	420	582
International Utilities Corp., common.....	223	248
Knott Corp., common.....	11,379	11,035
Merritt-Chapman & Scott Corp., 6 1/2% A preferred.....	890	1,430
Mojud Hosiery Co., Inc., common.....	23,193	None
Nehi Corp., first preferred.....	44	46
Ogden Corp., common.....	465	470
Sterchi Bros. Stores, Inc., 5% 2nd preferred.....	None	20
Trunz, Inc., common.....	19,825	19,835
Utility Equities Corp., \$5.50 div. pr. stock.....	12,650	12,700

*"Old." †"New."

Airport Bill Action Deferred for Study

Consideration of a bill to provide \$500,000,000 in postwar Federal aid airport construction involving the use of only one United States airline for international air transport has been postponed to give senators more time for study of the measure, with the consent of its sponsor, Senator McCarran (D-Nev.), according to an Associated Press report from Washington, May 3.

During the week opposition to the bill had been expressed by the U. S. Chamber of Commerce, through its transportation and communication department manager, Alvin B. Barber, the Associated Press reported, and by the CIO, through Richard Frankenstein, Vice-President of the United Auto Workers, according to the Journal of Commerce from Washington, May 2. Mr. Frankenstein declared that controlled competition would be of greater benefit to U. S. aircraft manufacturing than would the proposed monopoly plan. The Associated Press said that Mr. Barber had stated: "We see no necessity for a monopoly on international transport."

Further consideration of the measure is anticipated upon Sen. McCarran's return from the West in about three weeks.

Lilienthal Renamed to TVA

President Truman has announced the reappointment of David Lilienthal as director of the Tennessee Valley Authority for another nine years, according to Associated Press advices from Washington, May 2, which stated further that Mr. Lilienthal's reappointment had been opposed by Senators McKellar and Stewart,

Panama Arrears Ctf. Exchange Time Extended

Holders of Republic of Panama Arrears Certificates issued pursuant to the service readjustment plan dated Nov. 23, 1933, are being notified that the time within which these certificates may be exchanged for Republic of Panama 3% External Sinking Fund bonds, due May 1, 1947, under an offer published as of May 1, 1941, has been extended from May 1, 1945 to May 1, 1946.

Holders of Scrip Certificates for Republic of Panama 3% External Sinking Fund bonds are being notified that the period for exchange of these certificates in multiples of \$50 principal amount for bonds bearing Nov. 1, 1941 and subsequent coupons has also been extended from May 1, 1945 to May 1, 1946.

Copies of the offer and the required form of letter of transmittal may be obtained from The National City Bank of New York, 20 Exchange Place, New York City.

Hitler's Reported Death Brings Condolences

The reported death of Adolf Hitler brought official condolences on the part of Spanish Foreignists calling at the German Embassy at Madrid, according to Associated Press advices from that city, May 2, and the same day from Dublin came a United Press report that Prime Minister Eamon de Valera called personally at the German legation to express condolences. In Portugal two days of official mourning were reported ordered.

Tennessee Democrats, but supported by other Southern Democrats including Alabama Senators Hill and Bankhead.

The State of Trade

(Continued from page 2090)

tion in the trade as to how soon such tonnage can be produced. Sheet backlogs and current sheet demand for war purposes, reports the trade paper, are so heavy as to pose a serious problem, if automobile sheets are to be produced in any quantity in the near future.

With respect to steel prices, the situation last week was slowly approaching the point of actual announcement by OPA of permissible increases. Its decision, however, must be cleared with "higher ups" in the Government. An announcement is expected by about May 15. Moderate increases, it appeared last week, would soon be allowed the steel industry on hot rolled sheets, plates, wire rods, steel bars, nails, fencing and semi-finished steel. No increase on cold rolled sheets and strip, pipe and tinplate are looked for, and there was some question as to whether hot rolled strip and structural steel prices would be adjusted. Meanwhile the non-integrated steel group comprising 40 small steel companies continued this week to exert pressure on Congressional members for the purpose of forcing OPA price action.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 95.1% of capacity for the week beginning May 7, compared with 95.8% one week ago. This week's operating rate represents a decrease of .7 of a point from last week's rate, and is equivalent to 1,741,900 net tons of steel ingots and castings, compared to 1,754,700 net tons last week and 1,780,500 tons one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended April 28, 1945, totaled 899,221 cars, the Association of American Railroads announced. This was an increase of 35,153 cars, or 4.1% above the preceding week this year and an increase of 48,780 cars, or 5.7% above the corresponding week of 1944. Compared with a similar period of 1943, an increase of 110,432 cars, or 14.0%, is shown.

Railroad Earnings—Class I railroads of the U. S. in March, 1945, had an estimated net income, after interest and rentals, of \$62,800,000, compared with \$53,652,620 in March, 1944, according to reports filed by the carriers with the Bureau of Railway Economics of the Association of American Railroads.

In the first three months of 1945 estimated net income, after interest and rentals, declined to \$139,500,000 from \$148,220,978 in the corresponding period of 1944. Net railway operating income, before interest and rentals for the same period was placed at \$99,384,567, compared with \$93,853,327 in March, 1944. In the first three months of 1945 the carriers had a net railway operating income, before interest and rentals, of \$248,063,085, compared with \$236,065,755 in the same period of 1944. In the 12 months ended March 31, 1945, the rate of return on property investment averaged 3.94%, compared with a rate of return of 4.63% for the like period on March 31, 1944.

Operating revenue for the month of March totaled \$813,327,614, compared with \$797,029,215 in March, 1944, while operating expenses totaled \$544,309,878, compared with \$527,433,356 in the same month of 1944. Total operating revenues in the first three months of 1945 increased to \$2,277,470,711 from \$2,273,006,410 in the same period of 1944, or by 0.2%, while operating expenses in the same period of 1945 rose to \$1,574,685,640 from \$1,523,540,259 in the correspond-

ing period of 1944, or an increase of 3.4%.

In the first three months of 1945 the Class I carriers paid \$414,993,245 in taxes, compared with \$436,580,160 in the same period of 1944. For the month of March alone their tax bill amounted to \$153,839,948, or a decrease of \$4,942,766, or 3.1% under March, 1944. Twenty-six Class I roads failed to earn interest and rentals in the first three months of 1945, of which 13 were in the Eastern District, two in the Southern Region, and 11 in the Western District.

Electric Production—The Edison Electric Institute reports that the output of electricity increased to approximately 4,415,889,000 kwh. in the week ended April 28, 1945, from 4,411,325,000 kwh. in the preceding week. Output for the week ended April 28, 1945, was 1.8% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 167,100,000 kwh. in the week ended April 28, 1945, comparing with 197,800,000 kwh. for the corresponding week of 1944, or a decrease of 15.5%.

Local distribution of electricity amounted to 163,300,000 kwh., compared with 197,600,000 kwh. for the corresponding week of last year, a decrease of 17.4%.

Coal, Coke and Crude Oil Production—For weekly coal and coke production statistics and daily average crude oil production figures for the week ended April 28, 1945, see subsequent pages of this section.

Lumber Shipments—The National Lumber Manufacturers Association reports that lumber shipments of 476 reporting mills were 1.8% below production for the week ended April 28, 1945, while new orders for these mills were 78% less than production. Unfilled order files amounted to 111% of stocks.

For the year-to-date shipments of reporting identical mills exceeded production by 8.6% and orders ran 14.4% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 15.2% greater, shipments 2.5% greater, and orders were 1.5% less than production.

Paper Production—Paper production for the week ended April 28 was 87% of capacity, as against 90.7% of capacity for the preceding week and 89.3% for the comparable week a year ago, the American Paper and Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 99% of capacity, or an increase of one point over the previous week and for the corresponding week a year ago.

Silver—The London market for silver was unchanged at 25½d. The New York Official for foreign silver continued at 44¾c. and 70¾c. for domestic silver.

Wholesale Food Price Index—The wholesale food price index, compiled by Dun & Bradstreet, Inc., registered \$4.10 as of May 1, unchanged from the previous figure, but a rise of 1.7% above the corresponding date a year ago, when it stood at \$4.03. Advances this week occurred in potatoes and sheep, while rye, oats, and steers showed declines.

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

Wholesale Commodity Index—The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., moved slightly higher this week, reaching a new war-time peak of 176.99 last Thursday. The index closed at

176.81 on May 1, which compared with 176.67 a week previous, and with 171.77 on the corresponding date a year ago.

Grains maintained a firm tone, although prices fluctuated irregularly during the week. Cash wheat receipts expanded considerably, with good demand holding prices at ceilings. Corn futures averaged higher despite a sharp increase in offerings of cash corn. Oats advanced under a broad demand despite heavy imports of Canadian oats. Large speculative interest in rye sent futures prices to the highest level in 17 years. Cold and wet weather has retarded growth of small grains and slowed seeding of spring wheat in the United States and Canadian Northwest. Trading in lard was quiet as available stocks continued at a low level. Hog prices remained at ceilings, with no improvement noted in current market receipts.

Continuing the upward trend which began in the last week of March, cotton futures prices advanced this week to further new high levels for 17 years, while average spot prices reached the highest since 1925. Sales in spot markets rose sharply over those of a week earlier. Mill price-fixing against textile awards and the rather gloomy outlook for this year's crop were the main influences in the rise.

Spotty conditions dominated the Boston wool market last week as mills showed considerable hesitation in stocking wool for third quarter requirements due to talk of possible contract cancellations. Spot foreign wools were in demand, but sales continued slow due to lack of offerings. Purchasing in Australia continued at an active rate. In Buenos Aires prices receded somewhat following an uninterrupted rise since Feb. 1.

Retail and Wholesale Trade—Bad weather last week induced a generally lower level of retail volume for the country at large as compared with a week earlier. The quantity of some spring merchandise, particularly wearing apparel, piece goods, and house-furnishings, was below last year, but notwithstanding this fact, practically all lines had sales volume above that for the corresponding period of a year ago. Indications point to shoppers purchasing more conservatively and with more discrimination than heretofore.

Interest in women's sportswear and summer dressy clothing was dampened slightly by the cool weather. A steady, if late, demand for spring suits and coats continued. Cotton dresses and sportswear were very popular. Retailers specializing in evening gowns and graduation dresses were reported experiencing one of the best weeks in several years.

Women's unrationed shoes sold well but deliveries to stores have been very slow. Volume in women's accessories, cosmetics and costume jewelry for Mother's Day gifts increased slightly over last year and last week. Sales of men's clothing and furnishing stores were reported about even or slightly below a year ago, because of the inability of dealers to obtain seasonal apparel in sufficient quantities.

Housefurnishings moved rapidly, but the difficulty in obtaining replacements of merchandise curtailed volume. Paints and cleaning items were in good demand. Garden shops sales continued exceptionally high. Hardware and allied lines sold very well, with volume of seasonal items about 5% to 10% above a year ago. Consumer interest in awnings and summer flood coverings continued large.

Food products sales held up to the previous week's volume. Fresh meats and some canned

goods, however, were scarce and in many cases caused curtailed volume.

Retail volume for the country was estimated 9% to 13% above a year ago. Regional percentage increases were: New England, 3 to 12; East, 11 to 15; Middle West, 3 to 7; Northwest, 4 to 8; South, 15 to 20; Southwest, 12 to 13; Pacific Coast, 9 to 14.

A mild increase in buyers' attendance slightly expanded the volume of transactions in wholesale markets last week but failed to overcome the attitude of cautiousness. Volume was estimated about 5% above a year ago. Retailers continued to call for increased allotments. Merchandise of all kinds was in constant demand, but distributors reported that they only have goods with which to fill a small portion of the requests. Inventory replacements are becoming more difficult with each succeeding week, and stocks in some lines are at a very low point.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 10% ahead of that of a year ago for the week ended April 28, 1945. This compared with a gain of 18% in the preceding week. For the four weeks ended April 28, 1945, sales increased by 3%, and for the year to date by 14%.

The long drawn out session of rainy weather here in New York worked to the disadvantage of retail trade the past week. Sales volume totals for department and retail stores, however, continued well above one year ago. In the wholesale grocery line sales showed improvement over a week ago as more merchants dug into surplus stocks in the belief that V-E Day was imminent. Due to shortages of meat and poultry, retail food volume declined somewhat.

The garment industries are continuing to wage their campaign against M-388 and MAP, but manufacturers plan a limited number of showings of fall lines of coats, suits and dresses later in the month. The general outlook, however, continues confused, with no easing of the tight textile situation during the week. It appeared likely that dry goods jobbers would obtain larger quantities of yard goods for over-the-counter sales as a result of their reclassification to group two under MPR-127. The assertion made by converters, however, was to the effect that the scarcity of gray goods is more acute now than at any time since the war began.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to April 28, 1945, increased by 14% above the same period of last year. This compared with a gain of 19% in the preceding week. For the four weeks ended April 28, 1945, sales rose by 9%, and for the year to date by 15%.

New Cuts in Food Rations

The Office of War Information announced on May 1 a sharp reduction in consumers' rations of sugar necessitated by reduced world supplies and tremendously increased requirements for liberated Europe as well as a rate of civilian consumption exceeding allocations.

The Inter-Agency Committee on Foreign Shipments, headed by Foreign Economic Administrator Leo T. Crowley, predicted a 5 to 10% slump this year in U. S. food production, according to the Associated Press from Washington, May 1, and intimated that rationing adjustments in certain foods will be likely. The Committee said, however, that "our food supply is adequate to keep America healthy and vigorous."

Money

(Continued from first page)

go to the store to get these same stockings and the clerk says: "Sorry, but we haven't got any of those stockings." She offers you only a new brand, the price of which hasn't yet been "fixed."

It is easy enough to "fix" the price of some one grade of stockings, cotton dresses or handbags; but just as soon as the smart boys do this the manufacturers stop making that grade and get out another grade, or shape, or color, the price of which has not yet been "fixed." "All right," you say, "then fix the price of every grade, shape and color." Well, dear reader, if you did this then the manufacturers would stop making them all. Under similar conditions farmers would stop raising food. If they must pay more wages they must in some way get more money for their goods, or else quit.

Cost of Living

However, the purpose of this article is not to criticize my Washington friends. They are doing the best they can. Only they should honestly tell you that while they can fix prices, they cannot fix both the cost of living and the standard of living. So long as people think only of money, one of these goes down just as sure as the other goes up. Jesus knew this when He told the world 2,000 years ago that the "love of money is the root of all evil."

"Well, what is the answer?" you ask. The answer is that we should worship money less and work harder. There is only one way to get more food, clothing and shelter. That is by raising more vegetables in your back yard, making more of your own clothes and building more houses. Our standard of living will never permanently be raised by getting more money. It will be raised only by thinking harder and working harder. I also get this answer from the Bible: Jesus said: "Give good measure." Paul said: "Unless a man work he shall not eat." It is okay for everyone to have a higher standard of living and better working conditions, but it is very foolish to have money which gives neither.

Dow, Jones & Co. Appoints Executives

Dow, Jones & Co., Inc., publishers of The Wall Street Journal, announced the appointment of executives to several newly created management posts, as follows:

William H. Grimes, editor of The Wall Street Journal, is also made editorial director of all publishing activities of Dow-Jones and affiliated companies.

Robert M. Feemster is made Assistant General Manager in charge of sales of all publications and services of these companies. He has been director of advertising of The Wall Street Journal (New York and Pacific Coast editions) and Barron's.

J. J. Ackell, previously Production Manager of The Wall Street Journal, becomes Assistant General Manager in charge of all operations.

These appointees with J. C. Hoskins, Secretary and Treasurer of Dow, Jones & Co., Inc., are named members of a newly formed central executive committee.

Other appointments announced are Leslie Davis, special assistant to the publisher, previous Circulation Promotion Manager of The Wall Street Journal, and Thomas F. Mowle, CPA, Comptroller, formerly of Lybrand, Ross Bros. & Montgomery.

National Fertilizer Assoc. Fractional Advance Takes Commodity Price Index to New High Peak

The weekly wholesale commodity prices index, compiled by The National Fertilizer Association and made public on May 7, advanced fractionally to 140.4 in the week ending May 5, 1945, to the highest point this index has ever reached, from 140.3 in the preceding week. The index had held at the average of 140.3 for three consecutive weeks. A month ago the index stood at 140.2, and a year ago at 137.1, based on the 1935-1939 average as 100. The Association's report added:

The farm products group advanced fractionally to a new all-time peak with the cotton subgroup showing a small rise; the grains subgroup advancing with higher quotations for corn and wheat more than offsetting lower quotations for rye; and the livestock subgroup remaining steady with declining prices in calves and lambs just offsetting the higher prices for live poultry. The foods index also advanced fractionally because of higher prices for potatoes and dressed fowl. The textiles index showed a small advance. All other groups of the index remained unchanged.

During the week 6 price series in the index advanced and 3 declined; in the preceding week there were 5 advances and 4 declines; in the second preceding week there were 5 advances and 4 declines.

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

%	Each Group Bears to the Total Index	Group	Latest Week	Preceding Week	Month Ago	Year Ago
			May 5, 1945	Apr. 28, 1945	Apr. 7, 1945	May 6, 1944
25.3	Food	141.8	141.6	141.8	138.8	
	Fats and Oils	145.3	145.3	145.3	146.1	
	Cottonseed Oil	163.1	163.1	163.1	159.6	
23.0	Farm Products	167.2	167.0	166.4	155.8	
	Cotton	213.5	212.8	207.4	198.9	
	Grains	163.6	163.1	162.8	164.9	
	Livestock	160.8	160.8	161.1	145.8	
17.3	Fuels	130.4	130.4	130.4	130.1	
10.8	Miscellaneous Commodities	133.7	133.7	133.7	132.2	
8.2	Textiles	156.9	156.8	156.1	152.0	
7.1	Metals	104.7	104.7	104.7	104.4	
6.1	Building Materials	154.4	154.4	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	104.3	
100.0	All groups combined	140.4	140.3	140.2	137.1	

*Indexes on 1926-1928 base were: May 5, 1945, 109.4; April 28, 1945, 109.3; and May 6, 1944, 106.8.

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—	U. S. Govt. Bonds	Avg. Corporate Rate*	Corporate by Ratings*				Corporate by Groups*			
Daily Averages			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
May 8	122.38	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41	
7	122.38	115.24	120.84	118.40	115.43	107.09	112.19	114.27	119.41	
5	122.38	115.24	120.84	118.40	115.43	107.09	112.19	114.27	119.41	
4	122.38	115.24	120.84	118.40	115.24	107.09	112.00	114.27	119.41	
3	122.38	115.04	120.63	118.40	115.24	106.92	112.00	114.27	119.41	
2	122.38	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41	
1	122.36	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41	
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20	
20	122.44	115.04	120.84	118.40	115.04	106.56	111.81	114.27	119.20	
13	122.59	115.04	120.84	118.60	115.04	106.56	111.81	114.46	119.20	
6	122.21	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20	
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20	
23	122.19	115.04	121.04	118.40	114.85	106.21	111.44	114.27	119.41	
16	122.25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.41	
9	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41	
2	122.05	114.66	120.43	118.60	114.46	106.21	110.70	114.27	119.61	
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41	
16	121.97	114.46	120.02	118.60	114.27	105.69	110.15	114.08	119.41	
9	121.58	114.27	119.82	118.40	114.08	105.69	109.97	114.08	119.20	
2	121.33	114.08	119.82	118.00	113.89	105.34	109.60	114.08	118.80	
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60	
High 1945	122.59	115.24	121.04	118.80	115.43	107.09	112.19	114.46	119.61	
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20	
1 Year Ago										
May 8, 1944	119.52	111.81	118.40	116.80	111.62	101.64	105.52	113.70	116.61	
2 Years Ago										
May 8, 1943	119.06	109.97	118.00	115.43	110.52	97.31	101.64	112.93	115.82	

MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices)										
1945—	U. S. Govt. Bonds	Avg. Corporate Rate*	Corporate by Ratings*				Corporate by Groups*			
Daily Averages			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
May 8	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68	
7	1.63	2.89	2.61	2.74	2.88	3.33	3.05	2.94	2.68	
5	1.63	2.89	2.61	2.73	2.88	3.33	3.05	2.94	2.68	
4	1.63	2.89	2.61	2.73	2.89	3.33	3.06	2.94	2.68	
3	1.63	2.90	2.62	2.73	2.89	3.34	3.06	2.94	2.68	
2	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68	
1	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68	
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69	
20	1.63	2.90	2.61	2.73	2.90	3.36	3.07	2.94	2.69	
13	1.62	2.90	2.61	2.72	2.90	3.36	3.07	2.93	2.69	
6	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69	
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69	
23	1.65	2.90	2.60	2.72	2.91	3.38	3.09	2.94	2.68	
16	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.68	
9	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68	
2	1.69	2.92	2.63	2.72	2.93	3.38	3.13	2.94	2.67	
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68	
16	1.69	2.93	2.65	2.72	2.94	3.41	3.16	2.95	2.68	
9	1.72	2.94	2.66	2.73	2.95	3.41	3.17	2.95	2.69	
2	1.73	2.95	2.66	2.75	2.96	3.43	3.19	2.95	2.71	
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72	
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74	
Low 1945	1.62	2.89	2.60	2.71	2.88	3.33	3.05	2.93	2.67	
1 Year Ago										
May 8, 1944	1.85	3.07	2.73	2.81	3.08	3.65	3.42	2.97	2.82	
2 Years Ago										
May 8, 1943	1.93	3.17	2.75	2.88	3.14	3.92	3.65	3.01	2.86	

*These prices are computed from average yields on the basis of one "typical" bond (3 1/2% 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.

Moody's Common Stock Yields

For yields in prior years see the following back issues of the "Chronicle": 1941 yields (also annually from 1929), Jan. 11, 1942, page 2218; 1942 yields, Jan. 13, 1943, page 202; 1943 yields, March 16, 1944, page 1130; 1944 yields, Feb. 1, 1945, page 558.

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1945	4.4	6.3	5.2	3.3	3.6	4.6
February, 1945	4.2	5.9	5.0	3.3	3.4	4.3
March, 1945	4.4	6.2	5.1	3.6	3.5	4.6
April, 1945	4.1	5.5	4.8	3.4	3.4	4.3

Steel Production Declines 0.7%—Purchases Decline But Exceed Output and Shipments

The American Iron and Steel Institute on May 7 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 95.1% of capacity for the week beginning May 7, compared with 95.8% one week ago, 94.3% one month ago and 99.4% one year ago. The operating rate for the week beginning May 7 is equivalent to 1,741,900 tons of steel ingots and castings, compared to 1,754,700 tons one week ago, 1,728,100 tons one month ago, and 1,780,500 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 7 stated in part as follows: "Although steel buying continues to exceed production and shipments, there appears to be a drop in the rate and some mills recently booking double production capacity now are receiving not more than 70%.

"Cancellations show no increase and in some cases April brought less than March, one factor probably being that cut-backs have not yet reached the subcontracting level, another being that claimant agencies may be holding positions on mill books for later needs.

"Steel consumers are cautious and further cancellations are expected. While Washington is working fast on its transition planning, a substantial drop is expected before civilian production is well under way.

"Limitations orders are being noticeably relaxed and more than half those recently in effect are expected to be revoked within a short time, affecting steel and other materials and allowing moderate increase in civilian production. A step in this direction is restoration of the spot authorization plan on a nationwide basis. While manufacturers permitted to operate under this plan will not

be given allocations at present on prime materials they will be allowed greater access to idle and excess steel.

"Cutbacks to this time have affected plates most importantly, with producers now able to quote 60 to 90 days delivery. Platemakers believe most of their cutbacks are past, a situation not existing in other leading products, notably in sheets and bars. There have been cancellations and adjustments in both these but not to the same degree and deliveries still are well extended. Where cancellations have been made they have fallen principally on future positions.

"Pig iron supply is lowest in 18 months, War Production Board reports, and plans are in making for relighting idle blast furnaces when coke supply and manpower are available. One stack in the Youngstown, O., district will be blown in soon, after being idle since last fall. Limited supply of steelmaking scrap has caused increased use of pig iron, a main cause of the shortage. Of 214 available blast furnaces 207 were in production April 1, WPB reports.

"April movement of Lake Superior iron ore set the second highest mark for that month, with 7,782,074 gross tons, 1,993,995 tons greater than in April, 1944, and exceeded only by the record of 7,857,106 tons shipped in April, 1942."

N. Y. Chamber of Commerce Holds 177th Annual Meeting on May 3rd

The 177th Annual Meeting of the Chamber of Commerce of the State of New York was held on May 3 at 65 Liberty Street, New York City.

At the meeting the chamber unanimously adopted a report urging enactment of the Byrd bill (S.469) to bring Government-owned corporations and their transactions and operations under the annual scrutiny of Congress and to provide current financial control of such corporations.

The report pointed out that there are at least forty-two such corporations, that they are tax free and without adequate audit or control, and that their operations cover a wide range of business activity involving the expenditure of billions of dollars. Robert F. Loree, Chairman of the Executive Committee, presented the report.

A factual report on the renewal of the Reciprocal Trade Agreements act and the Doughton bill evoked sharp criticism from William J. Schieffelin, Jr., member of the Committee on Taxation, because of the failure of the Chamber to take a position on the pending legislation.

"I hate to see the Chamber pussyfooting on this great subject," Mr. Schieffelin said after he had pointed out that the 50% further tariff reduction sought in the Doughton bill could apply to only one-sixth of the total number of items in the tariff schedules.

"Are we ready to show the world that we are prepared to go part way in trying something new? This is the first test. I

should like to ask Mr. Burgess if he will be good enough in the course of his address to answer the following question:

"What is the good of international monetary machinery unless merchandise moves between nations?"

(During his address W. Randolph Burgess, President of the American Bankers Association, referred to Mr. Schieffelin's question and said it must be admitted that the ability of nations to repay loans depended upon the flow of trade.)

Two other reports unanimously adopted defended the rate-making powers of the Interstate Commerce Commission and criticized the use of the anti-trust laws by the Department of Justice to undermine regulation of railroad freight rates by the commission. One report endorsed the Bulwinkle bill (H. R. 2536) which would exempt ICC-approved rate agreements and the railroads making them from application of the anti-trust laws. The other report opposed the Johnson bill (H. R. 2041) which would amend the ICC act by establishing a uniform scale of class rates for railroad

Europe Will Have Heavy Food Requirements

Stating that nearly 250,000,000 people in Europe will have to receive supplemental food "just to exist," Leo T. Crowley, Foreign Economic Administrator, declared that "the United States must of necessity be the main source of supply," the Associated Press reported from Washington, May 3. Crowley stated that no commitments had been made and that no food would be shipped to Europe for relief feeding until prior requirements had been met, including first, food for our own Army, then a reasonable diet for civilians of the United States, and continuation of lend-lease food shipments.

The Department of Agriculture has estimated that Continental Europe will need 12,000,000 tons of imported food in the year beginning August, 1945, if starvation is to be averted in enemy as well as liberated territory, according to the Associated Press from Washington, May 6, which gave the following details:

This total could consist largely of wheat, the department said, but also should include substantial quantities of fats, meats, eggs, dairy products and sugar. Except for wheat, world supplies of these commodities are far short of demands.

In a report prepared by its Office of Foreign Agricultural Relations, the department said European production during the current season is expected to drop from 5 to 10% below last year's level, which would be the lowest since the outbreak of the war.

ABA Booklet on Term Loan

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended April 28, 1945, is estimated by the Bureau of Mines at 11,980,000 net tons, an increase of 730,000 tons, or 6.5%, over the preceding week, according to the United States Department of the Interior. Output in the corresponding week of 1944 was 12,337,000 tons. The total production of soft coal from Jan. 1 to April 28, 1945, is estimated at 194,321,000 net tons, a decrease of 8.0% when compared with the 211,309,000 tons produced during the period from Jan. 1 to April 29, 1944.

Production of Pennsylvania anthracite for the week ended April 28, 1945, as estimated by the Bureau of Mines, was 1,363,000 tons, an increase of 22,000 tons (1.6%) over the preceding week. When compared with the output in the corresponding week of 1944 there was an increase of 19,000 tons, or 1.4%. The calendar year to date shows a decrease of 12.6% when compared with the same period in 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended April 28, 1945 showed an increase of 24,800 tons when compared with the output for the week ended April 21, 1945; but was 9,000 tons less than for the corresponding week of 1944.

	Week Ended			Jan. 1 to Date	
	Apr. 28, 1945	Apr. 21, 1945	Apr. 29, 1944	Apr. 28, 1945	Apr. 29, 1944
Bituminous coal & lignite—					
Total including mine fuel—	11,980,000	11,250,000	12,337,000	194,321,000	211,309,000
Daily average—	1,997,000	1,875,000	2,056,000	1,928,000	2,066,000

	Week Ended			Calendar Year to Date	
	Apr. 28, 1945	Apr. 21, 1945	Apr. 29, 1944	Apr. 28, 1945	May 1, 1944
Penn. anthracite—					
Total incl. coll. fuel—	1,363,000	1,341,000	1,344,000	18,961,000	21,685,000
Commercial produc.—	1,308,000	1,287,000	1,290,000	18,202,000	20,818,000
Beehive coke—					
United States total—	131,200	106,400	140,200	1,870,200	2,606,400

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

State—	Week Ended		
	Apr. 21, 1945	Apr. 14, 1945	Apr. 22, 1944
Alabama	186,000	136,000	358,000
Alaska	7,000	6,000	6,000
Arkansas and Oklahoma	62,000	63,000	86,000
Colorado	150,000	126,000	163,000
Georgia and North Carolina	1,000	1,000	1,000
Illinois	1,448,000	1,297,000	1,528,000
Indiana	460,000	336,000	532,000
Iowa	39,000	34,000	45,000
Kansas and Missouri	118,000	143,000	153,000
Kentucky—Eastern	968,000	766,000	953,000
Kentucky—Western	363,000	372,000	372,000
Maryland	37,000	38,000	39,000
Michigan	3,000	5,000	2,000
Montana (bitum. & lignite)	70,000	60,000	90,000
New Mexico	28,000	30,000	37,000
North & South Dakota (lignite)	39,000	33,000	28,000
Ohio	666,000	585,000	666,000
Pennsylvania (bituminous)	2,667,000	2,260,000	3,039,000
Tennessee	114,000	55,000	150,000
Texas (bituminous & lignite)	1,000	2,000	2,000
Utah	134,000	134,000	140,000
Virginia	353,000	335,000	374,000
Washington	26,000	26,000	28,000
†West Virginia—Southern	2,045,000	2,116,000	2,228,000
†West Virginia—Northern	1,088,000	1,137,000	1,005,000
Wyoming	177,000	179,000	185,000
§Other Western States		1,000	
Total bituminous & lignite	11,250,000	10,270,000	12,210,000

Construction Volume \$40,576,000 for Week

Civil engineering construction volume in continental United States totals \$40,576,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 26% higher than in the preceding week and 10% above the previous four-week moving average, but 3% below the total reported to "Engineering News-Record" for the corresponding 1944 week. This report issued on May 3, went on to say:

Private construction for the week tops a week ago by 149% but is down 3% compared with a year ago. Public construction gains 2% over last week as a result of the 79% gain in State and municipal work. The public volume, however, is 3% lower than in the 1944 week despite the 75% climb in State and municipal volume. Federal work is 14 and 18% lower, respectively, than last week and last year.

The current week's construction brings 1945 volume to \$561,162,000 for the eighteen-week period, a decrease of 12% from the \$637,018,000 reported for the opening eighteen weeks of 1944. Private construction, \$170,681,000, is 22% higher than last year, but public construction, \$390,481,000, is down 22% due to the 27% drop in Federal volume.

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

	May 4, 1944	Apr. 26, 1945	May 3, 1945
Total U. S. Construction	\$41,856,000	\$32,332,000	\$40,576,000
Private Construction	13,512,000	5,240,000	13,038,000
Public Construction	28,344,000	27,092,000	27,538,000
State and Municipal	4,675,000	4,568,000	3,185,000
Federal	23,669,000	22,524,000	19,353,000

In the classified construction groups, gains over the preceding week are in waterworks, bridges, industrial, commercial and public buildings, earthwork and drainage, and streets and roads. Increases reported over the corresponding 1944 week are in waterworks, sewerage, bridges, commercial and public buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: waterworks, \$838,000; sewerage, \$317,000; bridges, \$364,000; industrial buildings, \$8,069,000; commercial building and private mass housing, \$3,177,000; public buildings, \$16,104,000;

earthwork and drainage, \$877,000; streets and roads, \$5,965,000, and unclassified construction, \$4,865,000.

New capital for construction purposes for the week totals \$11,147,000. It is made up of \$9,912,000 in State and municipal bond sales, and \$1,235,000 in corporate security issues. The week's new construction financing brings 1945 volume to \$289,840,000 for the eighteen-week period, a total 29% below the \$405,598,000 reported a year ago.

Post-War Construction Planning Volume \$20.4 Billion

Identified and recorded engineering construction projects proposed for construction in the post-war years total \$20,418,890,000 according to reports to "Engineering News-Record" in the period from Jan. 1, 1943 through April 26, 1945. On post-war projects valued at \$8,497,406,000, 41½% of the total, plans are under way or completed, and on \$1,164,546,000 worth of projects all financing arrangements have been completed.

Trading on New York Exchanges

The Securities and Exchange Commission made public on May 2 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 April 14, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended April 14 (in round-lot transactions) totaled 1,812,975 shares, which amount was 15.56% of the total transactions on the Exchange of 5,824,290 shares. This compares with member trading during the week ended April 7 of 1,202,050 shares, or 15.91% of the total trading of 3,776,330 shares. On the New York Curb Exchange, member trading during the week ended April 14 amounted to 456,885 shares, or 15.53% of the total volume on that exchange of 1,471,235 shares. During the April 7 week trading for the account of Curb members of 318,535 shares was 14.10% of the total trading of 1,129,115.

WEEK ENDED APRIL 14, 1945		
1. Total Round-Lot Sales:		
Short sales	181,870	
†Other sales	5,642,420	
Total sales	5,824,290	
3. 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	496,100	
Short sales	91,160	
†Other sales	409,130	
Total sales	490,290	3.38
2. Other transactions initiated on the floor—		
Total purchases	225,260	
Short sales	20,200	
†Other sales	200,900	
Total sales	221,100	3.83
3. Other transactions initiated off the floor—		
Total purchases	198,986	
Short sales	25,500	
†Other sales	165,739	
Total sales	191,239	3.35
4. Total—		
Total purchases	910,346	
Short sales	126,860	
†Other sales	775,769	
Total sales	902,629	15.56

WEEK ENDED APRIL 14, 1945		
A. Total Round-Lot Sales:		
Short sales	21,745	
†Other sales	1,449,490	
Total sales	1,471,235	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	116,725	
Short sales	10,705	
†Other sales	123,700	
Total sales	134,405	8.54
2. Other transactions initiated on the floor—		
Total purchases	36,425	
Short sales	7,000	
†Other sales	40,550	
Total sales	47,550	2.85
3. Other transactions initiated off the floor—		
Total purchases	48,270	
Short sales	750	
†Other sales	72,760	
Total sales	73,510	4.14
4. Total—		
Total purchases	201,420	
Short sales	18,455	
†Other sales	237,010	
Total sales	255,465	15.53
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
†Customers' other sales	56,182	
Total purchases	56,182	
Total sales	41,211	

*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."

Bank Ass'ns Meet

The Corporate Fiduciaries, Safe Deposit, Savings, Comptrollers and Auditors, of St. Louis and St. Louis County, held a joint conference of St. Louis Bankers' Associations at the Coronado Hotel, Wednesday, April 25, 1945.

The purpose of this meeting was to provide an opportunity to discuss operational procedure pertinent to various problems of banking and to promote better service to customers.

These discussions were led by Joseph W. White, Vice-President, Mercantile-Commerce Bank and Trust Company, with a panel arrangement of varied subjects. The after dinner session was featured by an address entitled, "Things to Come," by Hilton Ira Jones, Ph.D., research chemist, Chairman of the Chicago Chapter American Institute of Chemists and Managing Director of the Hixone Research Laboratories, Wilmette, Ill. Winston G. Etting, Assistant Comptroller, Mercantile-Commerce Bank and Trust Company, St. Louis, was General Chairman of the conference, and William C. Tompkins, Comptroller and Auditor, First National Bank of St. Louis, acted as Toastmaster.

Krug Asks Full Work Day When V-E Comes

Whenever V-E Day comes, J. A. Krug, Chairman of the War Production Board, requested on April 29 that all war plants maintain a full work schedule for the day, so that not letup in continuous production will occur. Mr. Krug further said:

"Our forces all over the world have been provided with the greatest supply of weapons in the history of war. For this the full credit must go to American labor and American management. But the fighting is not over. There is a long, hard job ahead in the Pacific, in China, in Japan itself. We at home must not falter, even for a day, in our support of the men who will be doing the 'dirty, bloody work that is the price of peace.'"

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 3 a summary for the week ended April 21 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

Week Ended April 21, 1945		
Odd-Lot Sales by Dealers (Customers' purchases)	Total	
Number of orders	34,030	
Number of shares	1,021,243	
Dollar value	\$42,480,515	
Odd-Lot Purchases by Dealers (Customers' sales)		
Number of Orders:		
Customers' short sales	347	
Customers' other sales	32,796	
Customers' total sales	33,143	
Number of Shares:		
Customers' short sales	11,320	
Customers' other sales	889,398	
Customers' total sales	900,718	
Dollar value	\$34,638,072	
Round-Lot Sales by Dealers—		
Number of Shares:		
Short sales	230	
†Other sales	210,290	
Total sales	210,520	
Round-Lot Purchases by Dealers:		
Number of shares	314,030	

*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."

Daily Average Crude Oil Production for Week Ended April 28, 1945 Increased 6,900 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended April 28, 1945 was 4,804,815 barrels, an increase of 6,900 barrels per day over the preceding week and a gain of 373,515 barrels per day over the corresponding week of last year. The current figure, however, was 22,985 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of April, 1945. Daily output for the four weeks ended April 28, 1945, averaged 4,799,410 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 4,780,000 barrels of crude oil daily and produced 14,633,000 barrels of gasoline; 1,526,000 barrels of kerosine; 4,636,000 barrels of distillate fuel, and 9,379,000 barrels of residual fuel oil during the week ended April 28, 1945; and had in storage at the end of that week 50,966,000 barrels of civilian grade gasoline; 43,102,000 barrels of military and other gasoline; 7,772,000 barrels of kerosine; 28,273,000 barrels of distillate fuel, and 39,813,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations April	*State Allowables Begin April	Actual Production Week Ended Apr. 28, 1945	Change from Previous Week	4 Weeks Ended Apr. 28, 1945	Week Ended Apr. 29, 1944
Oklahoma	367,500	367,500	363,550	+ 16,200	365,950	333,850
Kansas	274,000	269,400	264,600	- 8,550	265,350	273,650
Nebraska	1,000	---	1,900	---	950	1,100
Panhandle Texas	---	---	90,000	---	90,000	91,100
North Texas	---	---	150,000	---	150,000	143,850
West Texas	---	---	489,500	---	489,500	374,000
East Central Texas	---	---	138,550	- 7,000	143,800	127,250
East Texas	---	---	378,100	---	378,100	362,300
Southwest Texas	---	---	352,150	---	352,150	293,050
Coastal Texas	---	---	565,250	---	565,250	518,800
Total Texas	2,170,000	2,170,278	2,163,550	- 7,000	2,168,800	1,910,350
North Louisiana	---	---	71,300	+ 250	71,100	75,350
Coastal Louisiana	---	---	295,000	---	295,000	282,500
Total Louisiana	360,000	400,800	366,300	+ 250	366,100	357,850
Arkansas	80,000	80,317	79,800	- 100	80,200	79,550
Mississippi	53,000	---	52,400	---	52,100	42,900
Alabama	300	---	500	+ 200	350	50
Florida	---	---	15	---	---	---
Illinois	205,000	---	200,050	- 6,800	198,200	206,250
Indiana	12,500	---	11,650	+ 250	11,700	13,750
Eastern— (Not incl. Ill., Ind., Ky.)	68,200	---	64,050	- 100	63,150	74,000
Kentucky	32,000	---	27,000	+ 1,850	23,200	19,900
Michigan	47,000	---	48,000	+ 4,700	47,950	52,100
Wyoming	100,000	---	108,900	+ 850	106,250	96,650
Montana	23,000	---	20,500	+ 700	19,950	21,400
Colorado	10,500	---	10,250	+ 1,200	9,600	8,300
New Mexico	105,000	105,000	104,800	+ 50	104,750	112,100
Total East of Calif	3,909,000	---	3,885,415	+ 3,700	3,885,650	3,603,800
California	918,800	918,800	919,400	+ 3,200	913,750	827,500
Total United States	4,827,800	---	4,804,815	+ 6,900	4,799,410	4,431,300

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

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. April 26, 1945. ‡This is the net basic allowable as of April 1 calculated on a 30-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 STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED APRIL 28, 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 Crude Runs			Pro-duction of Gasoline	Stocks of Gas Oil	Stocks of Residual Fuel Oil	Stocks of Gasoline	Stocks of Gasoline
	Refining to Still	Capac-ity Re-ported	Age-erated					
East Coast	89.5	74.3	93.9	2,075	5,796	5,961	6,588	7,463
Appalachian—								
District No. 1	76.8	108	74.0	289	415	172	1,147	1,122
District No. 2	81.2	64	128.0	162	106	160	588	854
Ind., Ill., Ky.	87.2	767	89.5	2,856	3,798	1,759	6,765	16,321
Okla., Kans., Mo.	78.3	383	82.9	1,430	1,803	1,163	1,924	7,616
Inland Texas	59.8	243	73.6	1,007	930	777	1,227	1,675
Texas Gulf Coast	89.3	1,158	93.6	3,519	5,955	5,817	9,692	5,346
Louisiana Gulf Coast	96.8	221	85.0	619	1,496	1,362	2,340	2,339
No. La. & Arkansas	55.9	93	65.9	258	688	232	950	1,967
Rocky Mountain—								
District No. 3	17.1	12	92.3	36	11	36	20	55
District No. 4	72.1	101	63.5	296	295	603	444	1,944
California	85.5	891	89.6	2,086	7,580	21,751	11,417	4,264
Total U. S. B. of M. basis April 23, 1945	85.6	4,780	88.0	14,633	28,273	39,813	43,102	50,966
Total U. S. B. of M. basis April 21, 1945	85.5	4,676	86.1	14,677	28,219	40,492	43,487	51,617
G. S. Bur. of Mines basis April 29, 1944	4.329	---	---	13,016	30,146	50,631	36,758	51,547

*Includes aviation and military grades, finished and unfinished, title to which still remains in the name of the producing company; solvents, naphthas, blending stocks currently indeterminate as to ultimate use, and 11,486,000 barrels unfinished gasoline this week, compared with 11,640,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. †Stocks at refineries, at bulk terminals, in transit and in pipe lines. ‡Not including 1,526,000 barrels of kerosine, 4,636,000 barrels of gas oil and distillate fuel oil and 9,379,000 barrels of residual fuel oil produced during the week ended April 28, 1945, which compares with 1,494,000 barrels, 4,576,000 barrels and 9,303,000 barrels, respectively, the previous week and 1,555,000 barrels, 4,364,000 barrels and 8,483,000 barrels, respectively, in the week ended April 29, 1944.

Note—Stocks of kerosine at April 28, 1945, amounted to 7,772,000 barrels, as against 7,688,000 barrels a week earlier and 6,683,000 barrels a year before.

Wholesale Prices Up 0.1% for Week Ended April 28

Substantial increases in primary market prices for fresh fruits and vegetables—particularly apples and potatoes—resulted in a further advance of 0.1% in the Bureau of Labor Statistics all-commodity index for the last week of April, the U. S. Labor Department announced, in its weekly report on Commodity prices issued May 3 which further said: "Prices for industrial commodities remained steady. The advance in agricultural commodity prices brought the all-commodity index to a new high, 105.7% in the 1926 average. In the past four weeks average prices for the commodities included in the index have risen 0.6% and were nearly 2% higher than at this time last year.

The report continued:

"Farm Products and Foods—OPA action in increasing ceiling prices for white potatoes at certain country shipping points together with higher quotations for cotton and a seasonal advance for apples largely accounted for an increase of 0.8% in primary market prices for farm products during the week. Increases of between 13% and 26% were reported in prices for white potatoes in eastern markets while apples ranged from 11% higher at New York to nearly 23% higher at Portland (Oreg.). Livestock and poultry rose 0.1% because of higher prices for ewes. In the grain markets an increase for rye was more than offset by slightly lower quotations for corn and wheat. Hay also declined. Average prices for farm products were 2.5% higher than at the end of March and 6% higher than at the end of April, 1944.

"Food prices in primary markets also rose 0.8% during the week as a result of the increase in the fresh fruit and vegetable markets. Lower prices were reported for rye flour, for onions and for white potatoes in the Portland (Oreg.) market. During the four weeks of April prices for foods advanced 1.6% to about the level at which they stood this time last year.

"Industrial Commodities—Prices for most industrial commodities were steady during the last week of April. The indexes for the hides and leather products, textile products, fuel and lighting materials, metals and metal products, building materials, chemicals and allied products, housefurnishing goods and miscellaneous commodities groups remained unchanged from the level for the previous week."

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 revision as required by later and more complete reports.

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for March 31, 1945 and April 29, 1944, and (2) the percentage changes in subgroup indexes from April 21, 1945 to April 28, 1945.

WHOLESALE PRICES FOR WEEK ENDED APRIL 28, 1945

(1926=100)

Commodity Groups—	Index					Percentage change to April 28, 1945 from—		
	4-28 1945	4-21 1945	4-14 1945	3-31 1945	4-29 1944	4-21 1945	3-31 1945	4-29 1944
All commodities	105.7	105.6	105.5	105.1	103.7	+0.1	+0.6	+1.4
Farm products	130.5	129.5	128.9	127.3	123.1	+0.8	+2.5	+6.0
Foods	106.5	105.7	105.5	104.8	104.7	+0.8	+1.6	+1.7
Hides and leather products	113.3	118.3	118.3	118.3	117.6	0	0	+0.6
Textile products	99.1	99.1	99.1	99.2	97.3	0	-0.1	+1.8
Fuel and lighting materials	83.9	83.9	84.0	83.9	83.7	0	0	+0.2
Metals and metal products	104.3	104.3	104.3	104.3	103.8	0	0	+0.5
Building materials	117.0	117.0	117.0	116.9	114.7	0	+0.1	+2.0
Chemicals and allied products	94.9	94.9	94.9	94.9	95.5	0	0	-0.6
Housefurnishing goods	105.2	105.2	105.2	105.2	106.0	0	0	+0.2
Miscellaneous commodities	94.6	94.6	94.6	94.4	93.3	0	+0.2	+1.4
Raw materials	118.2	117.7	117.3	116.2	113.2	+0.4	+1.7	+4.4
Semimanufactured articles	94.8	94.8	94.8	94.9	93.5	0	-0.1	+1.4
Manufactured products	101.9	101.9	102.0	101.9	101.0	0	0	+0.9
All commodities other than farm products	100.3	100.3	100.4	100.3	99.5	0	0	+0.8
All commodities other than farm products and foods	99.5	99.5	99.5	99.4	98.5	0	+0.1	+1.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM APRIL 21, 1945 TO APRIL 28, 1945

Commodity Groups—	Increases		Decrease
	Fruits and vegetables	Other farm products	
Fruits and vegetables	4.6	1.5	0.1
Livestock and poultry	---	---	0.1
Grains	---	---	0.4

Non-Ferrous Metals — Copper and Zinc Quiet On Drop in War Demands — Lead Fairly Active

"E. & M. J. Metal and Mineral Markets," in its issue of May 3, stated: "The War Production Board last week estimated that the shift of the economy from a two-front to a one-front war basis can be accomplished in four to six months after V-E Day. When the shift has been completed, it was stated, the present complex system of priorities and materials control will have vanished. In its place, two simple priority ratings will govern the flow of critical materials for military orders and important civilian products. Buying of copper and zinc remained inactive last week. Fabricators were engaged in adjusting operations to reduced war demands. Lead buying continued in good volume. Quicksilver was unchanged. Antimony and cadmium remain tight." The publication further went on to say in part:

Copper
Buying of copper last week again was on the quiet side, with consumers engaged in the process of adjusting their inventories to meet the reduced war demands. WPB officials estimated that the

Lead
Consumers of lead are not greatly concerned over the inventory problem, judging by the continued fairly active demand for the metal. Sales for the week amounted to 7,601 tons, against 4,026 tons in

Silver
The London silver market was quiet and unchanged at 25½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70¾c.

the week previous. Call for anti-monial lead was brisk. Battery makers, observers believe, are counting on an early resumption of activity in the automobile industry.

Receipts of lead in ore and scrap by United States smelters amounted to 46,690 tons in March, against 45,251 tons in February and 48,169 tons in January, the American Bureau of Metal Statistics reports.

Receipts of lead and tin scrap (chiefly lead scrap) by dealers amounted to 22,406 tons in February, against 23,339 tons in January, and 21,354 tons in February last year, the Bureau of Mines reports. Stocks in dealers' hands at the end of February totaled 39,043 tons, against 32,216 tons a year ago. Battery plates accounted for 27,506 tons of the total on hand.

Zinc

At the hearing on the bill extending the Reciprocal Trade Agreements Act on April 27, Ernest V. Gent, secretary of the American Zinc Institute, declared that the industry has already suffered severe tariff reductions and is alarmed at further threats to its future existence. Should the bill as it stands become law, the State Department would possess the power to reduce the import tariff on slab zinc to 0.4375c. per pound. The zinc industry, in opposing the measure, recommends that, because of the uncertainty of the times, any extension of the Act should be limited to one year and no additional powers to reduce tariff rates should be delegated to the President and the State Department.

Tin

Whether the tin smelter at Texas City will continue to operate after V-J Day arrives depends on various factors that are difficult to determine at this time, the trade believes. Production of tin concentrate in the Far East is expected to resume before the smelters in that area and elsewhere can be reconstructed. It follows that such concentrate, when available, will move to Texas City for treatment to augment the world's supply of tin. After the smelting industry has been rebuilt, either competitive conditions or inter-governmental arrangements will play a part in fixing the need for the Texas smelter.

The market for "Grade A" or Straits quality tin was unchanged last week at 52c. per pound. Forward quotations were nominally as follows:

	May	June	July
April 26	52.000	52.000	52.000
April 27	52.000	52.000	52.000
April 28	52.000	52.000	52.000
April 30	52.000	52.000	52.000
May 1	52.000	52.000	52.000
May 2	52.000	52.000	52.000

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

Quicksilver

Trading in quicksilver again was quiet, but in the absence of any selling pressure prices were easily maintained at the previous week's levels. Quotations in New York continued at \$156 to \$159 per flask, spot and nearby delivery. As the week ended some sellers were inclined to ask \$157 for spot metal, reporting that not much metal was available.

Spanish quicksilver held at the recently advanced basis of \$155 per flask, duty paid, New York, May shipment from abroad.

Consolidated Mining & Smelting Co. of Canada produced 8,052 flasks of quicksilver in 1944, against 22,133 flasks in 1943, the annual report to stockholders states.

Producers report the Pacific Coast market unchanged at \$151 to \$153 per flask, Coast basis.

Revenue Freight Car Loadings During Week Ended April 28, 1945, Increased 35,158 Cars

Loading of revenue freight for the week ended April 28, 1945 totaled 899,221 cars, the Association of American Railroads announced on May 3. This was an increase above the corresponding week of 1944 of 48,780 cars, or 5.7%, and an increase above the same week in 1943 of 110,432 cars or 14.0%.

Loading of revenue freight for the week of April 28 increased 35,158 cars, or 4.1% above the preceding week.

Miscellaneous freight loading totaled 411,284 cars, an increase of 10,876 cars above the preceding week, and an increase of 20,201 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 113,977 cars, an increase of 315 cars above the preceding week and an increase of 6,770 cars above the corresponding week in 1944.

Coal loading amounted to 175,626 cars, an increase of 10,492 cars above the preceding week, and an increase of 1,967 cars above the corresponding week in 1944.

Grain and grain products loading totaled 52,725 cars, an increase of 1,416 cars above the preceding week and an increase of 14,852 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of April 28 totaled 35,531 cars, an increase of 1,701 cars above the preceding week and an increase of 13,011 cars above the corresponding week in 1944.

Livestock loading amounted to 16,563 cars, an increase of 1,162 cars above the preceding week and an increase of 1,059 cars above the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of April 28 totaled 12,823 cars, an increase of 1,161 cars above the preceding week, and an increase of 1,203 cars above the corresponding week in 1944.

Forest products loading totaled 40,986 cars, a decrease of 1,558 cars below the preceding week and a decrease of 1,900 cars below the corresponding week in 1944.

Ore loading amounted to 72,921 cars, an increase of 11,774 cars above the preceding week and an increase of 5,446 cars above the corresponding week in 1944.

Coke loading amounted to 15,139 cars, an increase of 681 cars above the preceding week, and an increase of 385 cars above the corresponding week in 1944.

All districts reported increases compared with the corresponding weeks in 1944 and 1943.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
Week of April 7	764,763	787,985	789,019
Week of April 14	845,391	798,683	780,908
Week of April 21	864,063	838,737	794,163
Week of April 28	899,221	850,441	788,789
Total	13,444,306	13,504,699	12,964,789

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended April 28, 1945. During the period 81 roads showed increases when compared with the corresponding week a year ago.

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

Railroads	1945	1944	1943	Total Revenue Freight Loaded	Total Loads Received from Connections
Eastern District—					
Ann Arbor	278	238	262	1,639	1,422
Bangor & Aroostook	1,988	2,109	1,129	454	263
Boston & Maine	7,258	7,299	6,229	15,226	15,163
Chicago, Indianapolis & Louisville	1,136	1,346	1,422	2,286	2,306
Central Indiana	23	41	27	36	31
Central Vermont	1,165	1,042	1,047	2,299	2,194
Delaware & Hudson	5,059	5,015	5,188	13,571	12,512
Delaware, Lackawanna & Western	7,968	8,271	6,815	11,580	10,890
Detroit & Mackinac	245	303	292	119	114
Detroit, Toledo & Ironton	1,686	1,826	1,828	1,412	1,288
Detroit & Toledo Shore Line	428	369	291	3,438	2,802
Erie	12,881	13,980	11,865	17,687	18,020
Grand Trunk Western	4,412	3,914	3,754	8,972	8,401
Lehigh & Hudson River	167	194	185	2,894	3,117
Lehigh & New England	2,282	2,143	1,886	1,624	1,650
Lehigh Valley	8,512	9,756	6,843	12,646	16,410
Maine Central	2,453	2,228	2,187	3,797	3,386
Monongahela	6,507	5,876	3,566	302	335
Montour	2,775	2,708	903	25	17
New York Central Lines	51,559	51,596	53,941	56,800	56,276
N. Y., N. H. & Hartford	11,090	10,354	9,804	18,947	20,477
New York, Ontario & Western	1,056	1,238	895	3,877	3,336
New York, Chicago & St. Louis	6,969	6,765	6,220	15,894	16,136
N. Y., Susquehanna & Western	518	478	536	2,495	2,055
Pittsburgh & Lake Erie	8,424	8,464	6,721	9,549	9,361
Pere Marquette	5,265	5,033	4,806	8,151	7,619
Pittsburgh & Shawmut	316	760	848	22	20
Pittsburgh, Shawmut & North	286	326	283	246	250
Pittsburgh & West Virginia	1,155	1,280	1,019	3,112	2,965
Reading	395	444	357	1,212	1,079
Wabash	6,858	5,028	5,611	13,302	12,279
Wheeling & Lake Erie	6,238	6,240	4,515	5,097	4,175
Total	167,872	166,664	151,275	238,721	250,349
Allegheny District—					
Akron, Canton & Youngstown	749	679	827	1,336	1,154
Baltimore & Ohio	48,271	45,279	37,682	30,655	29,334
Bessemer & Lake Erie	6,865	6,098	2,932	2,029	2,435
Buffalo Creek & Gauley					3
Cambria & Indiana	1,658	1,741	940	7	6
Central R. R. of New Jersey	6,777	7,310	6,672	22,830	20,753
Cornwall	533	15	654	73	74
Cumberland & Pennsylvania	170	222	206	5	10
Elgin Valley	98	146	127	46	39
Long Island	1,546	1,249	1,194	4,463	3,516
Penn.-Reading Seashore Lines	1,973	1,622	1,719	2,658	2,645
Pennsylvania System	92,249	88,789	77,576	69,083	69,447
Reading Co.	16,283	14,628	14,767	31,979	28,628
Union (Pittsburgh)	22,291	20,665	22,149	7,767	7,308
Western Maryland	4,325	4,314	3,810	15,298	12,913
Total	203,788	192,757	171,585	188,229	178,262
Peachontas District—					
Chesapeake & Ohio	30,019	29,504	25,449	16,031	13,556
Norfolk & Western	22,161	21,706	18,258	8,993	7,863
Virginian	4,751	4,663	4,093	2,670	1,571
Total	56,931	55,873	47,800	27,694	22,990

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Southern District—					
Alabama, Tennessee & Northern	400	309	281	344	468
Atl. & W. P.—W. R. R. of Ala.	708	792	741	2,503	2,218
Atlanta, Birmingham & Coast	1,117	748	803	1,545	1,547
Atlantic Coast Line	12,518	13,524	14,135	10,585	10,887
Central of Georgia	3,608	3,275	4,202	4,668	4,578
Charleston & Western Carolina	1,468	380	408	1,530	1,863
Clinchfield	1,727	1,597	1,515	2,936	3,177
Columbus & Greenville	228	234	366	243	254
Durham & Southern	105	144	99	666	700
Florida East Coast	2,551	3,352	2,869	1,393	1,800
Gainesville Midland	48	43	42	143	130
Georgia	1,190	1,078	1,286	2,399	2,792
Georgia & Florida	351	433	346	700	623
Gulf, Mobile & Ohio	4,862	4,086	3,619	4,006	4,079
Illinois Central System	29,848	30,387	25,999	20,767	20,285
Louisville & Nashville	27,492	25,365	21,076	11,835	11,692
Macon, Dublin & Savannah	219	189	219	1,019	1,070
Mississippi Central	425	218	215	526	675
Nashville, Chattanooga & St. L.	3,621	3,238	3,105	4,777	4,478
Norfolk Southern	1,064	1,094	1,198	1,724	1,574
Piedmont Northern	422	413	370	1,148	1,137
Richmond, Fred. & Potomac	556	468	425	11,801	11,876
Seaboard Air Line	11,607	10,534	11,096	9,203	9,111
Southern System	25,590	22,936	21,580	27,128	23,650
Tennessee Central	788	827	493	779	919
Winston-Salem Southbound	156	146	97	1,586	1,041
Total	131,670	125,810	116,585	125,954	122,718
Northwestern District—					
Chicago & North Western	20,782	18,315	20,415	14,722	13,463
Chicago Great Western	2,675	2,493	2,646	3,558	3,102
Chicago, Milw., St. P. & Pac.	20,922	20,808	20,066	11,221	10,945
Chicago, St. Paul, Minn. & Omaha	3,970	3,183	3,162	3,938	4,091
Duluth, Missabe & Iron Range	26,289	22,221	15,791	207	283
Duluth, South Shore & Atlantic	983	520	979	547	500
Elgin, Joliet & Eastern	9,289	8,936	8,218	10,679	11,354
Fl. Dodge, Des Moines & South	415	372	447	76	105
Great Northern	19,739	20,071	15,468	7,516	6,153
Green Bay & Western	416	535	517	1,063	804
Lake Superior & Ishpeming	2,784	2,099	744	71	55
Minneapolis & St. Louis	2,099	1,928	1,947	2,929	2,454
Minn., St. Paul & S. S. M.	7,002	6,125	5,957	3,142	4,112
Northern Pacific	10,415	9,969	10,214	6,166	5,457
Spokane International	289	136	142	707	740
Spokane, Portland & Seattle	2,466	2,687	2,237	3,724	3,276
Total	130,635	120,398	108,950	70,266	66,924
Central Western District—					
Atch., Top. & Santa Fe System	25,411	20,181	23,048	16,321	12,762
Alton	4,116	2,810	2,828	4,387	3,501
Bingham & Garfield	361	437	494	64	88
Chicago, Burlington & Quincy	20,532	18,152	18,624	12,492	12,790
Chicago & Illinois Midland	3,165	3,506	2,359	1,097	802
Chicago, Rock Island & Pacific	12,971	10,500	12,900	15,419	13,368
Chicago & Eastern Illinois	3,068	2,757	2,562	4,882	6,482
Colorado & Southern	647	714	772	2,200	2,151
Denver & Rio Grande Western	3,324	3,078	2,942	7,778	5,236
Denver & Salt Lake	513	677	629	28	18
Fort Worth & Denver City	1,022	858	629	1,636	1,619
Illinois Terminal	2,184	2,071	1,604	2,261	1,756
Missouri-Illinois	1,239	986	983	587	484
Nevada Northern	1,414	1,873	2,030	95	114
North Western Pacific	761	810	975	706	691
Peoria & Pekin Union	5	2	14	0	0
Southern Pacific (Pacific)	32,733	30,404	29,605	15,251	13,855
Toledo, Peoria & Western	333	324	315	2,112	1,954
Union Pacific System	16,655	13,996	13,462	19,089	15,970
Utah	558	534	580	7	4
Western Pacific	2,076	1,965	1,808	5,167	4,102
Total	133,088	116,635	119,163	111,579	97,747
Southwestern District—					
Burlington-Rock Island	377	307	1,122	464	440
Gulf Coast Lines	7,327	7,249	7,127	2,639	2,691
International-Great Northern	2,816	2,558	2,157	4,429	4,934
Kansas, Oklahoma & Gulf	256	207	427	450	983
Kansas City Southern	5,103	6,183	6,132	3,080	2,752
Louisiana & Arkansas	3,204	3,795	3,437	3,210	2,826
Litchfield & Madison	280	309	289	1,632	934
Midland Valley	620	713	834	777	484
Missouri & Arkansas	77	200	167	306	330
Missouri-Kansas-Texas Lines	6,822	6,078	5,944	4,483	4,786
Missouri Pacific	17,218	14,463	17,701	23,146	20,916
Quannah Acme & Pacific	49	106	70	509	321
St. Louis-San Francisco	9,467	7,915	7,581	10,810	10,514
St. Louis Southwestern	3,538	3,092	3,563	6,829	7,261
Texas & New Orleans	12,271	13,008	12,626	5,671	5,447
Texas & Pacific	5,697	5,983	4,142	9,308	8,223
Wichita Falls & Southern	89				

Items About Banks, Trust Companies

James G. Blaine, President of The Marine Midland Trust Co. of New York, announced May 9 that David G. Baird had been elected a member of the bank's board of directors.

Mr. Baird is Vice-President of Marsh & McLennan, Inc., 70 Pine Street. He is a director of United Cigar Whelan Stores Corp. and other companies. Long active in charitable organizations, he is also on the board of the Long Island College of Medicine and the Henry Street Settlement.

At the regular meeting of the Board of Directors of The National City Bank of New York held on Tuesday, May 8, Nicholas W. Vancil was appointed an Assistant Vice-President.

Charles B. McCabe and Frank J. Scott were elected directors of the Morris Plan Industrial Bank, New York, on May 3.

Mr. McCabe is publisher of the New York "Daily Mirror" while Mr. Scott is President of the Morris Plan Insurance Society.

Claude H. Beaty, former Vice-President of the Chase National Bank of New York, died on April 29. Mr. Beaty, who retired in 1942, was 59 years old when he died. Aside from his position with the Chase National, Mr. Beaty also served as Comptroller of the Currency, National Bank Examiner in the New York, Chicago and Pittsburgh districts, and was Vice-President of the National Park Bank when it merged with the Chase in 1929.

At the Bank of the Manhattan Company, New York, F. Abbot Goodhue, President, announced that Fred G. Huber, Secretary and Treasurer of the Eberhard Faber Pencil Co., was appointed a member of the bank's Brooklyn Committee.

Mr. Huber is a director of the Brooklyn Chamber of Commerce, a member of their Manufacturers Committee, President of the New York Association Foremen's Club.

In the annual mail poll of the New York State Bankers Association, Bernard E. Finucane, President of the Security Trust Co., Rochester, N. Y., is expected to be elected President. Mr. Finucane is now Vice-President, and it has been customary for the Vice-President to succeed to the Presidency. The results of the poll will be released May 14.

John E. Schubert on May 4 assumed the Presidency of the Rochester Chapter of the American Institute of Banking.

The Rochester "Times Union" said:

Installed as Vice-President was C. Arthur Grainger of the Monroe County Savings Bank, Rochester, N. Y., as Second Vice-President; G. Theodore Gunkler of the Lincoln Alliance in the same city, as Treasurer, and John G. White of Security Trust.

The National Shawmut Bank of Boston, Mass., assumed the deposit liabilities of the First National Bank, Revere, Mass., on May 1, and opened a branch office of the Boston bank in the quarters.

The Boston "Herald" reported: The new office, which will be known as the Revere branch and give Shawmut 23 offices, will be managed by Charles R. Crowell, with Robert G. Fraser as Assistant Manager. Both have been active in the management of the Revere bank for years.

George Flagg Bearse, Vice-President, Treasurer and director of the Home Bank & Trust Co., Darien, Conn., died on May 4, at 63 years of age.

The New York "Herald Tribune" said:

Mr. Bearse was one of the or-

ganizers of the Home Bank and Trust Co. Previously he had worked for the South Norwalk Savings Bank, Northwestern National Bank, in Minneapolis, and the Bronx National Bank of New York, where he was Assistant Manager. He was a member of the Stanford Clearing House.

An over-all bid for the assets of the 13 closed banks in Connecticut, amounting to \$484,561.30 and accompanied by a check for \$50,000, has been submitted to the Connecticut State Bank Commissioner by the United Mercantile Agencies of Louisville, Ky., said the Hartford "Courant" on May 4, which continued:

The bid for purchase of the assets of the remaining banks in receivership was disclosed in lists of bids filed for the purchase of the assets of the Commercial Trust Co. of New Britain, the Windsor Locks Trust and Safe Deposit Co. and the Unionville Bank and Trust Co. in the Superior Court.

It is expected that the Bank Commissioner will make recommendations concerning acceptance or rejection of the bids to Judge Edward J. Daly, who for some time has been assigned to handle matters relating to the closed banks. The Bank Commissioner is receiver for all the closed banks.

Harry C. Husk, Cashier of the First National Bank, Montclair, N. J., died on May 2. He was 50 years old.

The Newark "News" in announcing this, said:

Mr. Husk had been with the First National Bank since going to Montclair in 1913. He was made Assistant Cashier in 1922 and Cashier seven years ago.

The First National Bank, Philadelphia, Pa., in transferring \$500,000 from undivided profits has increased its surplus to \$5,500,000. Capital remains unchanged at \$3,110,000.

The first agency in the nation which will give business loans to veterans exclusively was opened in Philadelphia, Pa., on May 1.

The Philadelphia "Evening Bulletin," from which this information is learned, said:

Organized by 36 commercial banks to make loans to veterans of World War II under the G. I. Bill of Rights, the new agency will operate with a fund of \$10,000,000 underwritten by the participating banks. It will act as a clearing house for all such transactions in this area.

Manager of the agency is William F. Kelly, Assistant Vice-President of the Pennsylvania Company for Insurances on Lives and Granting Annuities, and for three years a price executive with OPA in Washington. An experienced personnel has been assembled and will function daily from 9:30 a.m. to 5:30 p.m.

While no formal ceremonies were scheduled, the visitors were greeted by Anthony G. Felix, Agency President, who is senior Vice-President of the Pennsylvania Company; Vice-President John McDowell, Vice-President of the Philadelphia National Bank, and Secretary-Treasurer Thomas G. Vonklin, Vice-President of the Central-Penn National Bank.

Henry T. Bush, President of The Farmers Bank of Delaware, Wilmington, Del., died on May 7 at 65 years of age. Mr. Bush was Chairman of the Delaware War Finance Committee and at one time President of the Wilmington Chamber of Commerce.

The election of S. William Miller as President of The Union Trust Co., Washington, D. C., succeeding Ord Preston, who in retiring becomes Chairman of the

Board of the bank, was announced by S. Oliver Goodman of the Washington, D. C., "Post," who continued:

A veteran of 42 years with the same bank, Mr. Miller is well known in the capital for his activities with the District of Columbia Bankers Association. He is slated to become President of the Association in 1947, being second Vice-President now.

Robert L. Dominick recently became President of the Traders-Gate City Bank, Kansas City, Mo., succeeding J. R. Dominick, who became Chairman of the Board. The new president has been connected with the bank since 1912. In the same action George E. Powell became Executive Vice-President of the institution.

William T. Nolting, President of the Pasadena First National Bank, Pasadena, Calif., since 1934, on May 3 was elected to the newly created post of Chairman of the board of directors, and Ernest F. Nolting, Executive Vice-President, was elevated to the presidency.

The Los Angeles "Times," from which this information is learned, further said:

The board also announced that Robert T. Bolman, prominent in Los Angeles banking circles, was added to the bank's staff in the post of Executive Vice-President, effective May 16.

Mr. Bolman has been an officer of the Union Bank & Trust Co. of Los Angeles for the past nine years. He is a past president of the Independent Bankers Association of Southern California and is currently a member of several important committees of the California Bankers Association and vice-president of the association's War Bond Committee.

At the same time the directors announced an increase in the common stock, retirement of the remaining preferred and additions to the surplus account.

A. P. Giannini, retiring Chairman of the Board of The Bank of America, San Francisco, Calif., announced his intention to contribute \$500,000 toward a foundation for specialized bank training.

Mr. Giannini built up the Bank of America to be one of the country's largest institutions, second only to the Chase National of New York.

A. P. Giannini, Chairman of the Board of the Transamerica Corp., announced the appointment of Alfred Fenton as Vice-President of the corporation. He will have charge of the banking interests of the corporation in the Far Western States.

Brownout is Ended

Utilities Order U-9, the so-called brownout order, was revoked immediately after formal announcement on May 8 by the President of the United States that the war in Europe was over. J. A. Krug, Chairman of the War Production Board, announced that with the revocation of this order there will be no further restriction on the use of electric power for advertising, promotional, decorative, ornamental or sign lighting.

"The end of hostilities in Europe will not solve the national coal shortage," Mr. Krug said, "and it may be necessary to re-issue the brownout order some time during the fall of this year if at that time stocks of coal have not been replenished to a satisfactory level.

"Continued all-out conservation of fuel in homes, offices and stores will continue to be necessary."

During the brownout period, which had been in effect since Feb. 1, this year, 500,000 tons of coal had been saved, according to Edward Falck, Director of the Office of War Utilities. Certain areas had been exempted from the order.

Truman Starts Government Economy Moves— House Approves Shipbuilding Cut

Evidencing his intention of sharply curtailing Government expenditures as rapidly as the progress of the war permits, President Truman sent recommendations to Congress that approximately \$7,445,369,000 be withdrawn from war program funds already appropriated or projected, the Associated Press advised from Washington May 2. The President himself, the reports stated, abolished the

Office of Civilian Defense and withdrew its proposed \$369,000 budget for the coming year. The OCD is to be liquidated between now and June 30.

The President's most important move was to urge Congress to cut funds available to the Maritime Commission for shipbuilding by more than \$7,000,000,000 in current appropriation and contract authorization, according to the Associated Press. Funds remaining available to the Commission for ship construction purposes would include \$2,242,500,000 for completing the present ship construction program and approximately \$600,000,000 for possible future ship construction, reconversion of vessels and restoration of shipbuilding facilities.

However, when Congress came to act upon the shipbuilding cut-back recommendation, it was found that the actual saving would be \$2,735,000,000 less than the approximate \$7,000,000,000 estimated by the White House, the Associated Press reported from Washington May 4, and gave the following explanation of the difference: When Congress passes a contract authorization it empowers the executive branch to enter into contracts. Later, it passes an appropriation to pay for the work.

In the Maritime Commission case, the \$3.1 billion appropriation was to have been used to help carry out the \$4.265 billion in contract authorizations. Therefore the two figures cannot be added to make a \$7.365 billion saving.

The White House said its information came from the Budget Bureau which approved the cuts. A budget change of over \$7 billion is involved but part of it is only bookkeeping.

Legislation to accomplish the \$4,265,000,000 saving by cancellation of the Maritime Commission "authorizations" was passed by the House, the Associated Press reported from Washington May 4. The bill now goes to the Senate.

Cuts in Other Agencies

The President's recommendations for 1946 budget changes, as reported by the Associated Press from Washington, May 2, were:

Office of War Information—A reduction of \$12,100,000 from the proposed 1946 budget of \$54,100,000 is recommended. War developments in the European theater are expected to make possible the end of psychological warfare in that area and a curtailment of information activities and broadcast materials in neutral and Allied countries, as well as a decrease in the domestic branch. The balance of \$42,000,000 will allow intensification of OWI activities in the Far Eastern zone.

War Production Board—Anticipating that the removal of numerous control orders over materials will follow victory in Europe, a reduction of \$8,894,000 in the proposed 1946 budget of \$48,042,000 is recommended.

Office of Censorship—Discontinuance of censorship in some areas following victory in Europe makes possible the recommended reduction of \$4,800,000 in the proposed 1946 budget of \$19,150,000.

Office of Defense Transportation—Recommended is a reduction of \$3,300,000 from the proposed 1946 budget of \$11,000,000, made possible by an anticipated improvement by next Dec. 31 in the transportation situation.

Petroleum Administration for War—A minor reduction of \$345,

000 from the proposed budget of \$4,345,000 is recommended, due to adjustments possible in the domestic field of operations.

Federal Security Agency—In the Office of Education, elimination of the education and training program for defense workers is recommended. This activity is considered unnecessary with the approaching end of the war in Europe. The proposed reduction is \$43,710,400 from \$44,845,300. The balance of \$1,134,900 will be used for liquidation of the programs. The President recommended an increase of \$15,000,000 to the Federal Security Agency's proposed 1946 budget of \$416,000,000 for providing grants to States for old age assistance, and to dependent children and aid to the blind. This is largely to provide for aid to older people and mothers with dependent children, temporarily employed in war industry, who are expected to cease work as conditions change.

War Manpower Commission—A reduction of \$1,598,000 from the proposed 1946 budget of \$15,598,000 for general administration is recommended. Abandonment of a few labor control devices in some areas and greater use of the United States Employment Service is contemplated.

In the apprenticeship training service, national defense, a reduction from \$552,000 to \$138,000 is recommended. The apprenticeship training service estimate of \$683,000 provides for the continuation of the regular apprenticeship program as originally submitted in the 1946 budget.

For the training-within-industry service \$1,200,000 is recommended, a reduction of \$578,000 from the proposed estimate of \$1,778,000 in the 1946 budget.

For migration of workers \$1,300,000 is recommended, as compared to the proposed 1946 budget of \$9,349,900. This smaller amount will provide for importation of workers, if an emergency arises, and funds for returning to their homes the 20,000 foreign workers here under present programs.

Office of Scientific Research and Development—On Monday the President transmitted a recommendation to the Congress that the proposed estimate for the fiscal year 1946 of the Office of Scientific Research and Development be reduced from \$90,700,000 to \$77,500,000, a decrease of \$13,200,000. This reduction is due to the favorable progress of the war and contemplates that OSRD will terminate its contracts for research, whenever it appears that a project cannot be completed early enough to contribute to the prosecution of the war.

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Chase Bank Acquitted

After a trial which lasted three weeks, the Chase National Bank of New York on May 5 was acquitted of charges of violating the Presidential order of May, 1940, freezing foreign funds.

The bank had been accused on two indictments, returned Jan. 13, 1944, by a Federal Grand Jury, in connection with the transfer of funds of Leonard J. A. Smit, international diamond dealer and Netherlands refugee, from the New York Chase Bank to its Panama branch.

United States Attorney John F. X. McGohey prosecuted the case and it was held before Judge Simon H. Rifkind in the U. S. District Court for the Southern District of New York.