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The Financial Situation

At whatever risk of being misunderstood, we feel constrained to question what appears to be the popular attitude (and quite possibly, the official attitude) toward post-war dealing with the German people. What we shall have to say will have nothing to do with what the people of that country deserve. The matriculate among us will, despite all the hullabaloo (perhaps partly because of it), reserve judgment on the question of the extent of the inhumanities, or rather more perhaps on the question of the extent to which the German people were aware of these horrors—and accordingly in what degree were directly or indirectly responsible for them. We shall certainly make no plea for those guilty of such acts as these—although we must recognize the important distinction between what are sometimes rather loosely called “international crimes” or “war crimes” and deeds which, however dastardly according to our standards, are not for us to pass on or to punish.

Practical Results

But we are here primarily concerned not with such matters as these, but with the practical results of our policies toward German people. We have fought and won one war, so to speak, avowedly to put down a set of conditions which we feared would sooner or later collide with and seriously endanger our own country and its way of life. It would be a cruel fate, or in the terms of Franklin Roosevelt a ghastly jest, were we presently to be faced with another state of affairs on the continent of Europe resulting from our own acts which seemed to be fully as threatening to us and our system of living as Nazism ever seemed—quite possibly much more so. Such an outcome is a distinct possibility, however, and it is with precisely such an eventuality that we are here concerned.

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The Bretton Woods Proposals

By IVAN WRIGHT*

Professor of Economics, Brooklyn College

Dr. Wright Maintains (1) That Stabilization of Exchange Is Slow and Difficult Process and Cannot Be Accomplished by the Fund; (2) That the Fund Does Not Solve the Problem of the British Blocked Balances or the Sterling Area and (3) That the Fund Does Not Provide a Mechanism for Exchange Stabilization and Does Not Eliminate Exchange Controls. Concludes That Over-Extension of Foreign Loans, Whether by an International or Private Bank Have Same Dangers in Future as in the Past.

The objectives of the proposed Fund and the Bank are highly desirable, but there are good reasons for questioning whether these proposals, as set up, are the best ways to reach these objectives.



Dr. Ivan Wright

The Fund

The purposes of the Fund, in brief, are international monetary cooperation, expansion and balanced growth of international trade, exchange stability, the removal of restrictions on exchange, trade and services, and to bring about equilibrium of payments. These are indeed great and worthy purposes, and in order to accomplish all of these purposes, a great deal more than a stabilization fund will be required. The Fund, however, is not to be used for the reconstruction and debt problems growing out of the present war. According to the plan the real services of the Fund will begin after reconstruction and stabilization take place. This raises the question as to the present need for the Fund, and as to just how large a sum will really be needed to accomplish the purposes of the Fund. Because of the many changes and developments which are sure to come about before the services of the Fund would be needed, it would seem wise to defer action until these developments have clarified the needs for the Fund. Moreover, the proposed Fund is vastly larger than any past experience with exchange stabilization and control indicates will ever be needed to carry out the purposes.

*A statement submitted by Dr. Wright to the House Banking and Currency Committee.

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Vinson Reports on Phase Two of War

War Mobilizer Lays Down Ten Basic Points in Waging War Against Japan. Although Some Reconversion Permitted, Military Requirements Will Require High War Production, High Taxes, Strong Price and Rationing Controls Until Complete Victory Is Achieved. Predicts Food Shortages and Severe Transportation Burdens.

Fred M. Vinson, Director of War Mobilization and Reconversion, has issued through the Office of War Information on May 10, a report to the President, entitled “The War, Phase Two.” This document, according to Mr. Vinson, “is based on the best judgment in Government of the demands upon the nation for the war against Japan.” The full text of the report follows:



Fred M. Vinson

1. The war against Japan probably will grow in severity over a prolonged period. Unconditional surrender of Japan, as of Germany, is our goal, and it is hardly likely that Japan will yield her home islands to occupation by our forces short of successful and complete invasion. Experience has shown that any effort to predict definitely the duration of war usually fails. All our effort toward war, and toward production, will be needed up to the last instant.

2. Demobilization of such men as the Army can spare will begin promptly. Because of shipping limitations, it will take about a year to complete the release of men eligible for discharge. The Navy does not plan to demobilize until Japan has been defeated.

3. As a result of lessening pressure on the European war front, cuts in war production began some time ago. During the next six months, war production cuts will be of the order of 10 to 15% of the current rate.

The Navy's small production cuts have been already scheduled. Greater cuts may be expected during the first six months of

1946, after the long pipe lines to supply the war in the Far East have been filled. Even then, munitions production in the first six months of 1946 will maintain a level not far from two-thirds of that previously required by the two-front war. In addition to our own needs, we must continue to send lend-lease war essentials to our Allies who are fighting with us against Japan.

4. High production still required for the Japanese war will require that a great part of those now employed in war production stay on the job. The total number of persons unemployed, many of whom will be only temporarily out of work between jobs, probably should not exceed more than 2 to 2½ million persons at the end of the next 12 months, as compared with a present total of about one million. There will be severe local unemployment problems, side by side with actual manpower shortages in areas where war production remains at a high peak. Strict manpower controls will continue to be necessary, especially in such areas. Nationally the situation should not be acute.

5. Subject to the over-riding priority of war production, some

reconversion will take place immediately. The pace will be accelerated as the requirements of war permit. Reconversion planning must proceed vigorously, but we cannot have complete reconversion until final victory.

6. Military requirements for food will not decrease, and relief needs will be greater. Domestic demand for food will continue at high levels. As a result, no early general improvement in the civilian food supply situation can be expected. Food production must be continued at record levels.

7. The structure of many government controls over industry must be maintained to insure war and essential civilian production. Within this structure, restrictions will be relaxed gradually wherever it is possible to do this without damage to the war effort. Transportation restrictions, for example, must continue in full force, but generally speaking, materials and manpower no longer pre-empted for war will be freed for civilian production.

8. One major home-front battle that will continue to demand strongest public support is that against inflation and rising prices. Restraint in buying, observance of price control and rationing reg-

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From Washington Ahead of the News

By CARLISLE BARGERON

When the thinkers say that the world has moved on, that we have got to think in different terms, they are apparently right on at least one thing, and that is, that we have moved definitely away from the tariff as a political issue in this country. We can remember when the Democratic party, the advertised party of the plain people, were professedly against a high tariff, and the Republicans

representing the selfish interests, were in favor of it. And strangely enough, when the Democrats in Congress would be fighting a tariff bill and citing their concern for the workingman in support of their position, some Republican would pull a letter out of his pocket from the



Carlisle Bargeron

American Federation of Labor saying it was in favor of the bill. It is also strange that, in those days, the Democrats had high tariff men among them and were usually fearful that the bill would not be passed, fearful even to the extent, as they did in the case of the much maligned Hawley-Smoot bill, of giving the Republicans enough votes to pass it, but at the same time holding on to their “issue.” The late Sen-

ator Pat Harrison, up until a few years before his death, was denouncing the Republicans for passing the Hawley-Smoot bill. Yet they could not possibly have passed it without his assistance.

But those days are over. The tariff is a lost issue. There seems not any doubt that the Administration will get its request to lower tariffs by an additional 25%, meaning a total of 75%, by way of reciprocal trading.

This was Cordell Hull's great love, reciprocal treaties. We have written before that it would be interesting to know how much this man's burning ambition to relieve trade barriers and his reciprocal negotiations, followed by Hitler's bursting them up, incurring Hull's ire and subsequent economic sanctions—as to how much all this had to do with the beginning of World War II. Certainly no one thing was responsible. Just as certain, however, is the fact that the burning question of how reciprocal trade treaties, meaning a lowering of American tariffs, will work out, has never had a fair trial. Practically all

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Now for a Tax Program!

"Several immediate changes in the operation of taxes affecting business are recommended. These changes, for the most part do not affect ultimate tax liabilities. They are designed to facilitate reconversion by improving the cash position of business enterprises and by relieving smaller businesses from undue burdens. Specifically, the recommended changes are as follows:

"1. Increase the excess-profits tax specific exemption from \$10,000 to \$25,000, effective beginning with the tax year 1946.

"2. Provide that the post-war credit of 10% of the excess-profits tax be taken currently with respect to tax liabilities of 1944 and subsequent years.

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

"4. Provide for speed-up of refunds resulting from carry-backs of net operating losses and of unused excess-profits credits.

"5. Provide for speed-up of refunds resulting from the recomputation of deductions for amortization of emergency facilities."—Report of the Joint Committee on Internal Revenue Taxation to the Ways and Means Committee of the House and the Finance Committee of the Senate.

These recommendations are said to have the approval of the Treasury Department and tentatively, at least, of the President. They deserve support.

But when do we see a real post-war tax program, to which these suggestions could hardly constitute even a preface.

Wallace Gives Commerce Dept. 3 Point System

With the official proclamation of V-E Day, Secretary Wallace has instructed the agencies of the Department of Commerce to be guided by the following 3-point policy statement:

"First, although V-E Day heralds the achievement of a major objective of the United Nations in their struggle for the preservation of democracy and the restoration of international peace—for which we should all give thanks—it is not to be regarded as an occasion for the relaxation of effort and the united determination to pursue the war to complete and total victory. We must not lose sight of the tremendous task which still faces us in bringing the last of the aggressor nations, Japan, to her knees.

"Second, the agencies of the Department of Commerce, while continuing their contributions to the successful prosecution of the war, are to take positive steps to provide business and industry with its many aids and services essential in meeting the immediate problems of reconversion.

"During the period between V-E and V-J Day the Government agencies which have the responsibility can facilitate the reconversion process by releasing facilities for civilian production that are interrelated and complementary; and by meeting the more important, before the less important, civilian requirements. It will also be necessary to make adequate provision for dealing with transitional unemployment. In these matters and particularly with respect to the effect of transitional policy and program on the long-run post-war economy, the Department will provide general economic counsel as well as specific assistance to business.

"Third, the agencies of the Department will begin at once to plan for such organizational adjustments as may be necessary most effectively to resume the full complement of peacetime services to business. To the extent consistent with its continuing war responsibilities, the Department will extend its cooperation with the business community to the end that a high level of production and distribution will assure new and profitable channels for investment, and a high employment on a sustained basis in the post V-J period. In short, the Department must prepare, in cooperation with business, to assist in preventing post-war economic collapse while at the same time we maintain our free enterprise market economy."

Truman Commends OPA Would Extend Powers

Stepping into a Congressional controversy of considerable warmth over the policies of the Office of Price Administration, President Truman has strongly defended the agency with a word of "deserved commendation" and expressed the hope that price control authority would be continued another year, according to the Associated Press from Washington, May 1.

The President's statement, issued after OPA Administrator Chester Bowles had conferred with him, said in part:

"Had it not been for OPA and the stabilization program we should have had runaway inflation. In other countries, runaway inflation has sown the seeds of tyranny and disorder. In this country, we have kept inflation under control. OPA has helped to make it possible for our fighting men to come to a stable and prosperous economy.

"Our price control and stabilization program could not have been successful without a good law and good administration. Congress has given us a good law and I hope Congress will extend that law for at least another year.

"OPA has been well administered by Mr. Chester Bowles. Its thousands of employees and hundreds of thousands of volunteer workers in local price and rationing boards have worked faithfully for long hours doing difficult jobs. Many able men from business and other walks of life have patriotically contributed their services to OPA, often at a distinct financial sacrifice.

"Irresponsible criticism should not be permitted to break down the confidence of the people in an essential wartime program and a hard working wartime agency."

Legislation extending the price control and stabilization program is now pending in Congress.

Johnston Again Pres. Of U. S. Chamber

Directors of the Chamber of Commerce of the United States have reelected Eric Johnston



Eric A. Johnston

President of the chamber for a fourth term, according to a report to the New York "Times" from Washington, May 4, which continued that two new Vice Presidents elected were: Joseph W. Evans of Evans & Co., Houston, Tex., and E. H. Sexauer, President, George P. Sexauer & Son, Brookings, S. D.

Approve Reconversion, Veteran Aid Programs

Problems of reconversion, with special reference to veterans, are uppermost in the minds of the Governors of the 42 States whose legislative bodies convened in January, the Bureau of the Census, Department of Commerce, said on May 14 in a report entitled "Governors' General Messages to State Legislatures in January, 1945."

In 84 recommendations, 34 Governors stressed the need of State measures to supplement the Federal veterans' program. Among the proposals are over-all veteran service offices, tax exemption, hospitalization, employment, loan privileges, preference provisions, education, war memorials, and workmen's compensation.

The report shows 129 proposals by 36 Governors in the field of public welfare, including administration, care of the handicapped, unemployment compensation, old age assistance, and child welfare.

An equal number of Governors offered 100 proposals on public education, primarily involving adjustment of school systems to returning veterans.

Expansion and correction of health services were advocated by Governors of 21 States, with Governor Warren of California advocating prepaid medical care through State-wide compulsory insurance.

Governors of 26 States, cognizant of the Federal apportionment to States, on a matching basis, of \$1,500,000,000, for road and bridge construction, urged consideration of farm-to-market roads, school bus routes, and mail routes in the highway-planning programs. In all, Governors of 34 States made 88 road and public building proposals, which included office buildings, schools, armories, hospitals, war memorials, and State capitols.

Thailand Breaks With Nazis

In suspending diplomatic privileges of all German agents and ordering police surveillance of all Germans in that country, the Japanese controlled Thailand Government broke off all diplomatic relations with Germany on May 11, according to a Bangkok dispatch and announced by the Japanese Domei news agency.

The State of Trade

Much has been heard in recent months about reconversion of industry following the end of hostilities in Europe. The advent of V-E Day on May 8, last, has finally afforded the country an opportunity of restoring our civilian economy on a scale consistent with our present and most pressing task of defeating Japan.

In the past some fear has been expressed over the possible reluctance of Government officials to

lift regulations and controls when the time was opportune to do so. These fears, however, have been to a degree dispelled with the publication of Director of War Mobilization and Reconversion Fred M. Vinson's 19-page report.

This document was submitted to President Truman on May 9, last, and bore the title "The War: Phase Two." In revealing its contents Mr. Vinson stated the report attempted to give a picture of the conditions under which the American people will live during the second phase of "the war against the forces of evil."

[Full text of Mr. Vinson's report is given in this issue, starting on first page.]

New Capital Flotations in April—The volume of corporate financing for the month of April aggregated \$665,918,603, and with the exception of the October figures of 1944, which footed up \$748,163,755, was the largest monthly total since May, 1930, when \$927,376,218 was reported. The April total compares with \$357,810,201 in March and \$181,100,006 in April, 1944.

The financing for the month followed the trend of the previous 16 months, with the greater portion falling under the refunding column. Of the total for the month, \$111,075,401, or 16.68%, was for new money purposes and \$554,843,202, or 83.32% for refunding.

Railroad issues aggregated \$362,450,000, or 56% of the month's total. This is the largest monthly total, according to our records, which date back to January, 1919, and was only approached by the March, 1936, total of \$244,762,000. Utility financing aggregated \$172,996,000, or 25% of the month's total. Other industrial and manufacturing accounted for \$68,043,307, or 10%, and all other categories footed up \$62,429,296, or 9%.

Private placements for April comprised 13 separate issues aggregating \$117,900,000, or 17.7% of the total. This compares with \$157,275,000, or 44% of the March total; \$29,600,000, or 15.7%, so placed in February, and \$56,414,000, or 17.9% of the total recorded for January. (Full details of the month's financing will appear in the Monday issue of the "Chronicle.")

Steel Industry—The effects of the unconditional surrender of Germany last week were immediate in the steel industry as definite cutbacks in war programs made their appearance. Steel order volume dropped sharply from the high level which has been maintained since the first of the year, and the most recent weekly total of steel orders reached the lowest point for 1945, according to "The Iron Age," in its current review of the steel trade.

April order volume was only slightly lower than March, and production and shipments for that month held up well despite the coal strike, labor difficulties, and manpower shortages. Consumer inventories in the week attracted close attention with the altered war situation, which may influence considerably order volume in the months immediately ahead.

Midweek found the steel mills expectantly awaiting signs of a flood of cancellations. The cancellation volume to date has held to a rather even keel, with some companies orders still a trifle ahead of shipments. Cutbacks on war programs already made, responsible sources indicate, will

begin to definitely show up on mill schedules within the next two or three weeks.

Cancellations already received by steel mills were small in volume, and for the most part involved armor plate for tanks, shell steel and some sheets for landing mats. Shell steel directive for June and July have been cut 20%, but reliable estimates of actual shell steel cancellations yet to come run from 40% to 50%.

Slashes in the heavy steel program both in Cincinnati and St. Louis the past week approximate about 50%. About the only ammunition programs which this week were holding up were those involving rocket and bomb production. These were still being increased.

The heavy artillery ammunition cutbacks, according to the trade magazine, are regarded by the industry as only the start of cancellations which will sweep order books in the next 30 or 60 days. Operating rates may drop from present levels to as low as 70% to 85% for individual producers. However, such a decline in raw steel output will only be temporary. Civilian demand for steel is expected to restore output to near capacity.

Within the next three months steel cutbacks averaging 2,800,000 tons for the most part will be diverted to such essential civilian activity as railroads and farm implements. The automobile industry, however, is expected to share in the residual after the most essential civilian needs are taken care of. In subsequent quarters steel cutbacks are expected to average as much as 3,000,000 tons of steel every three months, with the possibility of the tonnage increasing as cutbacks grow, states the magazine.

The steel industry the past week was still awaiting the price announcement expected to be put out by OPA in the near future, "The Iron Age" reported. The adjustment, when it comes, adds the magazine, will enable steel companies to obtain relief from losses now being incurred in many steel items and also to compensate for the certainty that cancellations will remove profitable business from steel company books.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 95.3% of capacity for the week beginning May 14, compared with 95.1% one week ago. This week's operating rate represents an increase of 0.2 of a point from last week's rate, and is equivalent to 1,745,500 net tons of steel ingots and castings, compared to 1,741,900 net tons last week and 1,777,000 tons one year ago.

Business Failures Continue Low

Although showing a slight increase in the week ending May 3, commercial and industrial failures continued at half their number in the comparable week of 1944, Dun & Bradstreet, Inc., reports. Concerns failing numbered 23 against 20 in the previous week and 42 in the comparable week of last year. Both large and small failures were more numerous than a week ago. While large failures involving liabilities of \$5,000 or more numbered 12 this week as compared with 11 last week, they were less than half the 28 in the corresponding week of 1944. Small failures, however, (Continued on page 2207)

Say G. I.'s Should Not Rush to Borrow for Homes

Savings and Loan Association Speakers Point Out That Government Guaranteeing of Loans Does Not Cease Until Two Years After Final Victory.

The G. I. home loan program will expand rapidly in the post V-E period but veterans should recall that they have until two years after the whole war is over, and not be in too big a hurry to exercise their rights to the Veterans' Administration guarantee.

This was the consensus of speakers at the annual meeting on May 9 in Garden City of Group VI of the New York State League of Savings and Loan Associations. W. M. Brock, Dayton, Ohio, President of the United States Savings and Loan League, whose member savings and loan institutions have already closed 4,000 veterans' loans, and Charles M. Potter, chief of the Home Loan Division, Veterans' Administration, were the speakers.

Held at the Garden City Hotel, the meeting comprised representatives of a majority of the 48 savings and loan associations in Kings, Queens, Nassau and Suffolk Counties, with \$125,000,000 in assets. Joseph Merck, Secretary-Vice-President of the Flatbush Federal Savings and Loan Association of Brooklyn, was re-elected President of the group.

Mr. Brock said that two factors which are foreshadowed by V-E Day are likely to make possible within the next few months more elaborate proof that the present legislation to assist veterans is sufficient to do the job. One is the anticipated relaxation of home building restrictions which will give the veterans a greater opportunity to acquire new homes than has been possible under the limited veterans' priorities of the H-3 program. While there is now no definite date set for relaxation, it is confidently anticipated, he said.

"The resumption of home building and the freeing of the small builder from much of the red-tape he now must untie to build any houses will attack at the roots the problems of inflated prices of existing houses," he said. "The premium which sellers are able to get for properties because of scarcity of living quarters in war-crowded areas these days will shortly vanish when some new living quarters begin to be built. This will mean that the veteran who would like to buy now one of the already built houses will not be held back from using the guarantee, since the house he is buying will be much less likely to be above reasonable normal value in price."

The Veterans' Administration guarantee is withheld from loans made to purchase homes at prices considered unsound.

The second factor which Mr. Brock felt to be slated to give the home loan program a push during the rest of 1945 is the fact that the group of men who will be demobilized without Pacific fighting, at least one out of five according to the present plan, will not only double and triple the group of veterans eligible to apply for the loans, but also comprise many more who need and want homes than did the previously discharged group. So many of those discharged up to now have been older men with already established homes, he pointed out.

Mr. Potter said that eventually between 12,000,000 and 15,000,000 veterans will be eligible for the guarantee and that the challenge to give them this opportunity cannot be fully met if those having any part in the transaction of a veteran's home purchase think only of today's profit and advantage.

"These men represent the greatest potential wealth of the nation in energy, ability and industry and they must not become the

Labor Department Reports on Living in Large Cities

Retail prices for the goods and services important in the city family's budget declined slightly (0.1%) on the average between mid-February and mid-March, Secretary of Labor Frances Perkins reported. "Lower food prices, due chiefly to the large seasonal decrease in egg prices, more than offset advances for clothing, housefurnishings and some of the services," she announced.

"The Bureau of Labor Statistics cost of living index for March 15, 1945, is 126.8% of the 1935-39 average, and is 2.4% above the level of a year ago.

"The average cost for all foods other than eggs rose 0.1%; including eggs, average food costs declined 0.4% over the month. All of the major groups except eggs were higher in price or remained unchanged. Meats rose 0.1% on the average, principally because of increases in prices of lamb and chicken. The scarcity of meats in retail stores, however, was more acute than in preceding months; over 40% of the stores surveyed had no beef and more than 60% no pork or veal when Bureau of Labor Statistics field agents visited stores to collect March prices.

"The average cost for fresh fruits and vegetables rose 0.4% over the month with seasonally higher prices for apples, oranges, sweetpotatoes, and lettuce. White potato prices advanced with the appearance of new potatoes in some cities and as ceilings on the Southern Florida crop were adjusted upward late in February to reflect the historical differential on potatoes from that section.

"Clothing prices moved up 0.3% on the average over the month, reflecting the continuing shortages of low-cost apparel. Stocks of wool clothing in retail stores in March were reported to the Bureau's agents to be at the lowest level since the beginning of the war, as the major portion of wool yarns was earmarked for military orders. An informal policy of limiting sales of scarce items of clothing has been instituted by many retail stores. There were some decreases reported for the limited quantities of cotton clothing produced under WPB-OPA programs. Of the goods produced under this program, men's percale dress shirts were lower in price in practically all of the cities surveyed; men's shorts and women's percale housedresses were lower in a few cities.

"Housefurnishings costs advanced 0.3% between Feb. 15 and March 15. Prices of pre-war quality living room suites and sofa beds, now being produced, were generally higher than when production was suspended in 1942 because of the scarcity of lower-priced coverings. Shortages were reported for lower-priced bedroom and dining room furniture, dinnerware, wool rugs, sheets and towels.

"Rents remained stable on the average, but the housing shortage continues to be acute in many cities.

"Average fuel, electricity and ice charges showed no change over the month ending March 15.

"The cost of miscellaneous goods and services increased 0.2% in the month ending March 15. Costs of medical care rose in some cities as increases in fees were reported by doctors, dentists, optometrists, and hospitals. Prices for pipe tobacco were higher, and lower-priced cigars became generally unavailable."

Army Discloses Point System for Demobilization

For the United States, one of the immediate results of V-E Day will be the release of approximately 2,000,000 men from the Army, according to estimates released from Washington and reported by the Associated Press on May 5. This will be offset by an estimated 600,000 in new inductions, which are to continue.

A point system for the release of enlisted personnel has been set up on the basis of service credit, overseas duty, participation in combat, and parenthood, 85 points having been temporarily set as the minimum requisite for the discharge of ground, air and service forces.

The War Department has released the following as the basis on which total point scores will be figured, according to the Associated Press, Washington, May 10:

1. Service Credit—One point for each month of Army service since Sept. 16, 1940. This is the same as twelve points per year.
2. Overseas Credit—One point for each month served overseas since Sept. 16, 1940. This, too, is the same as twelve points per year.
3. Combat Credit—Five points for the first and each additional award of the following for service performed since Sept. 16, 1940:

A. Distinguished Service Cross, Legion of Merit, Silver Star, Distinguished Flying Cross, Soldiers Medal, Bronze Star Medal, Air Medal, Purple Heart, and Bronze Service Stars (battle participation stars).

B. Credit will also be given for the following decorations awarded by the Navy Department: Navy Cross, Distinguished Service Medal, Legion of Merit, Silver Star Medal, Distinguished Flying Cross, Navy and Marine Corps Medal, Bronze Star Medal, Air Medal and Purple Heart Medal.

C. Credit will be given for these awards and decorations of a foreign country which may be accepted and won under the War Department regulations in effect when the readjustment regulations are placed in operation.

4. Parenthood Credit—Twelve points for each child under 18 years up to a limit of three children.

The men with the highest point totals will become eligible for release from the Army, except where considerations of military necessity make it impossible to let them go until qualified replacements can be obtained. This exception applies particularly to men possessing special skills required in the war against Japan and to men in units that will have to move into the Pacific so swiftly that no opportunity is provided for replacing men with high scores until they reach the new theatre.

Only points scored as of Saturday, May 12, 1945, will be taken into consideration in determining eligibility for release. The only credits which will be given after that date will be for decorations and battle participation stars earned prior thereto. Likewise additional credit will be given for children born on or before May 12, but whose birth was not known to the father at the time the scores were prepared.

Enlisted personnel who desire to remain in the service and have a satisfactory record will be retained.

Stricter Plan for Officers

The method to be used in releasing officers is described as "tougher" by the War Department than for enlisted personnel because officers have received additional training, have heavier responsibilities, and have developed specialized skills and leadership capacity. The must be handled more on an individual than a group basis. Therefore, the War Department statement continues, although officers will have an ad-

justed service rating score based on the same multiples as for enlisted personnel, this factor will be secondary to the prime requirement of military necessity.

The expression "military necessity" as applied to officers means consideration must be given on an individual basis to the relative utility of an officer, need for his specialty, and the availability of assignments which will make the best use of his capabilities. Officers with lengthy overseas service and long and hazardous service in combat will receive special consideration for release. An officer's desire to remain in the service at this time will be another factor to get consideration.

The return of officers to the United States will be controlled by theatre commanders, who will use the foregoing principles in making their decisions. However, I wish to emphasize that the determination of whether or not an officer is to be released from the Army, as opposed to simply being returned to the United States, will be made by the commanding generals of the Army ground, air and service forces acting under the general supervision of the War Department.

In other words, if an officer is declared surplus by his theatre commander, he may still be retained if he is needed by any unit of the AAF, AGF or ASF.

President's Signature Extends Draft Act

President Truman on May 9 signed the bill extending the military draft a year from May 15 or until the war has ended, and said that he did so reluctantly because of the "added restrictions on the War and Navy Departments in their management of the fighting forces," it was made known in Associated Press dispatches from Washington on May 9, which gave the President's statement as follows:

"I am reluctantly giving my approval to this legislation. I do not wish this approval to be interpreted as expressing my concurrence in Section 2 of the bill, which places added restrictions on the War and Navy Departments in their management of the fighting forces. I signed the legislation only because the immediate extension of the Selective Service Act is of compelling necessity in the continuance of military operations against Japan."

The same dispatch also added the following comments about the bill:

The War and Navy Departments opposed the restriction on use of 18-year-olds when the bill was before the House and Senate.

An end of the war with Japan would automatically terminate the draft authority. Should the war in the Pacific not be over by May 15, 1946, a further extension by Congress would be necessary.

Specifically, the legislation bans the use in combat of inductees under the age of 19, until they have been trained at least six months. However, it does not prevent the training of men abroad, regardless of their age, nor assignment of 18-year-old men to training aboard combat vessels. It does not require the release of men now in combat units even though they may not have had six months' training, but would prevent the assignment of new men to such units before the six-months training period expires.

The restriction grew out of complaints in Congress that some inductees had been sent against the enemy after only relatively brief training.

victims of high-pressure selling of speculators' properties," said Mr. Potter.

Emphasizing the fact that the returning service men have a period of time before the guarantee expires to deliberate and make a good home ownership transaction for themselves, Mr. Potter said he expected the element of obsolescence in houses to be as great in the next ten years as it has been in the past 50 years. The principal factors which will hasten obsolescence of today's houses are the contemplated installation of new appointments and improved methods of construction.

He told the savings and loan institutions that in cases where the veteran is buying a home with one of their loans and has enough for a down payment without using his guarantee from the Veterans Administration, he should be discouraged from using it, but should finance his home without it, and save the privilege of the guarantee for some future use.

"There is no hurry about grabbing his rights to a guaranteed loan in view of the fact that the statute at the present time allows him to have up until two years after the war is finally over to take advantage of this benefit, rather than just two years after he is released from the service," Mr. Potter said.

Congressional Group Returns From Survey Of German Atrocities

A Congressional delegation which has just returned from a tour of Nazi concentration camps and battle areas advocated to War Department heads that harsh terms be exacted from the Germans to make them pay a just price for their atrocities and total disregard for the rights and freedom of others, the Associated Press reports from Washington, May 9.

Senator Wherry (R.-Neb.) said that the stories of German excesses which have reached this country have not been in the least exaggerated. Said the Senator, "We saw the emaciated bodies. We saw crematories. We saw the hooks on the wall."

A public announcement of the report which the group gave Secretary of War Stimson and General of the Army George C. Marshall, Army Chief of Staff, has not as yet been made, but several besides Sen. Wherry had no hesitancy in saying that the Germans should be subjected to terms as harsh as their ruthlessness warranted.

President Truman Signs Indep. Appropriations Bill

President Truman has signed a \$3,150,000,000 independent appropriations bill which carries a rider authorizing the Government to accept a new mural for the Kennebunkport, Me., post office, according to the Associated Press from Washington, May 3. The present mural has long been subjected to disparaging criticism, and Kennebunkport citizens have raised \$1,011 for a new one.

The Financial Situation

(Continued from first page)

A good deal that is now being said about how we intend to deal with the German people, and, in general, the current emotional reaction toward them, can easily be understood, and were it not quite obviously more than an impulsive reaction to our recent experiences, there would probably be no need for concern. The fact is, however, that for a long while past official propaganda has apparently been very carefully preparing the public and setting the stage for courses of action which we may very seriously regret in the decades to come. It may be that those who control official propaganda both here and in Great Britain have had their good judgment somewhat impaired by the emotional strains of the past few years—or it could be that they have sensed in advance the emotional reactions of the rank and file of the peoples of the two countries and have prepared to be on the popular side of things. However all that may be, certainly a good many of the utterances of so-called statesmen in both countries, some of them men of rather unusual capacities, have not done their foresight great credit. Recent disclosures of atrocities very thoroughly exploited have lent an element of real danger to the situation.

"Re-Education"

Even such men as Anthony Eden and some of our intellectual leaders have talked loosely in the past about "re-education" of the Germans. These poor, benighted men and women must be "untaught" the Nazi doctrines and led to see "the truth"—as we believe it to be—and much more of the same sort. The popular word for it nowadays is "de-Nazification." This process is one which much be given effect without delay and without hesitation, so we are repeatedly told. According to those who talk in this way—and their name is legion—there must be left in Germany a few years hence not one soul who believes in any of the doctrines enunciated by Adolf Hitler and his party. The country must be de-Nazified, apparently about as soldiers are de-loused in areas where typhus is prevalent or feared.

It is extremely difficult to discuss such conceptions as these. When one has rid them of their figures of speech and passed, from analogy to cold reasoning, one finds such terms so devoid of specific meaning that one simply must ask what the words really mean. There are several possibilities. Nazism could conceivably be exterminated by complete elimination of all Nazis of the present and the

future—much as communistic Russia ridded the country of the aristocracy, the bourgeoisie—and the Kulaks! That technique is well known. There is good reason to believe that it was well enough understood in Nazi Germany. But at least two questions at once arise. One of them is this: are we here in this country and are the British people—despite all the horrors the latter have been obliged to undergo since 1940, and all the concentration camps recently exposed within Germany—ready to proceed in the Russian way?

The second question is this—and it should be most carefully pondered: could the results achieved in Russia have been attained by some foreign power imposing them from without? It is one thing for a Lenin, a Mussolini, or a Hitler to arise within a country under certain conditions and succeed in imposing such drastic changes in the habits, and even the thought of his fellow countrymen; it is quite another for some force from without to undertake to do precisely the same thing. We have the German people at our mercy, and granted that we are prepared to exert the force at our command with sufficient rigor and ruthlessness we can do virtually what we will with them—except make them like it or approve our policies and accept our ideas.

Communism?

Again, we must not for a moment take it for granted that with the extermination of Nazism, were we to accomplish it, the situation within Germany would be to our liking. It is easily possible that the very process of exterminating what we now call Nazism would give rise to some other system equally as obnoxious to the American people. Such a system could, of course, be Nazism, under some other name, or more probable, Communism of the Russian type. Is there any good reason to feel certain that a thorough-going communization of Germany would not leave her military clique in places of great influence with the result that the country would be as much inclined to aggression as ever? There was a time when many believed that Communism and Imperialism in the 19th century sense were more or less incompatible, but those who so believed have had to modify their views considerably in light of the recent behavior of Russia. A communist Germany closely allied with Russia could be, and probably would be more of a hazard to the remainder of the world than even Hitler was.

The process of de-Nazifica-

War Risk Riders of Life Insurance Policies

Henry W. Proffitt, Chairman of the Savings Banks Life Insurance Fund, announced on May 9 that effective immediately, war risk riders on Savings Bank Life Insurance policies will be used only on policies issued to males from ages 15 to 33 inclusive.

War risk riders have previously been attached to all Savings Bank Life Insurance policies, male or female, issued at age 10 or over.

"This step to liberalize Savings Bank Life Insurance coverage on war risks may now safely be taken," said Mr. Proffitt, "in view of the cessation of hostilities in Europe. At the close of the war with Japan, it is expected that the restrictions of war riders may be removed from all Savings Bank Life Insurance policies, including those that have previously been issued with such riders attached."

Issues of Savings Bank Life Insurance policies are currently at the highest level since the inauguration of the system in 1939. Total insurance in force is now close to \$50,000,000. Insurance issued in the month of April showed a 78% increase over April of 1944. "The recent increase in the issues of Savings Bank Life Insurance," said Mr. Proffitt, "is due in good part to the publicity resulting from the bill which was introduced in the last session of the Legislature which would have permitted people in this State to buy up to \$7,500 of Savings Bank Life Insurance."

U. S. Participation In Food Pool Approved

Legislation which would make the United States a member of the Food and Agriculture Organization of the United Nations has been passed by the House, 291 to 25, and sent to the Senate, according to United Press advices from Washington, April 30. The measure is designed to permit U. S. participation in the international food organization outlined at Hot Springs, Va., in 1943, the United Press states, adding that such participation would put the F. A. O. into operation.

Rep. Clifford R. Hope (R., Kan.) according to the report, said that the annual cost of the United States, estimated at \$625,000 for the first year and not more than \$1,200,000 a year thereafter, would be no more than the cost of a B-29 Superfortress.

Sponsors of the measure said it would authorize an international exchange of ideas on production and distribution of agricultural products, and pointed out its importance in contributing to future peace.

Passage of the bill was urged by War Food Administrator Marvin Jones and Agriculture Secretary Claude Wickard when they appeared before the House Foreign Affairs Committee, the Associated Press reported from Washington, on April 12.

tion is thus seen not to be nearly so simple as many seem to suppose. Those who have been screaming day and night for a "hard peace," and who appear to suffer from perpetual nightmare lest we impose a "soft peace," would do well to give all these matters much more careful thought than they have devoted to them in the past. They would do well to do so quite without regard for the feelings of the Germans, but for the sake of their own future welfare and happiness.

Nelson Urges Industrialization of China

Donald M. Nelson, the late President Roosevelt's representative on international economic matters, who returned recently from a "thorough survey" of post-war potentialities in China, proposes a huge industrialization program for that country, to be backed by American capital, the Associated Press in New York states, May 4, and continues:

Generalissimo Chiang Kai-shek and other leaders in China, Mr. Nelson says in the current issue of "Collier's Magazine," have agreed with him on the need to develop the textile and "simple export" industries, and are favorable to the idea of American joint ownership and operation until China gets started. Mr. Nelson is convinced that such American aid would create a vast market for United States capital goods.

The greatest of all plans for China, as outlined by Mr. Nelson, is the damming of the Yangtze Kiang, with a power generating capacity twice as large as the present total of TVA, Grand Coulee, Boulder and Bonneville Dams.

Mr. Nelson warns against "imperialistic-minded" aid to China. He asserts "we shall help China . . . because it is a sensible business policy."

"When Japan is defeated, the present great organizing force in the Orient will be eliminated," Mr. Nelson points out. "A commercial vacuum will be left, which must either be filled by China, or chaos will follow."

Mr. Nelson sets 60 or 70% as the amount of American capital that might be invested in new Chinese industries, "with an agreement that, over a period of say ten years, part of the American interest would be purchased by the Chinese until they had control of the properties."

He suggests that a committee of American business men be sent to China to determine its productive possibilities and markets.

"The problem is plain," as Mr. Nelson sees it. "China cannot be a great power and a weak nation. Asia can never settle down if China remains a problem . . . it is not China's problem solely, it is our own. We also are going to have to live in a post-war world."

Tariff Legislation Hearings Continue

The United States Chamber of Commerce has expressed to the House Ways and Means Committee the unanimous approval of its directors of legislation to extend the reciprocal trade act with an amendment giving the President broad new authority to cut duties in trade agreements with other nations, an Associated Press report from Washington advises on May 9.

A representative of the Congress of Industrial Organizations also told the committee of the organization's endorsement of the bill.

On the other side of the fence appeared Matthew Woll, Vice-President of the American Federation of Labor, who asked Congress to put an end to the reciprocal trade program, saying it has "failed utterly," the Washington Associated Press statement of May 7 indicates. Appearing as president of the AFL's tariff group, the American Wage Earners Protective Conference, Mr. Woll declared that the program had done "little or nothing to provide jobs for the millions" unable to find jobs before the war, and had failed to prevent war.

Also expressing disapproval of further tariff cuts in reciprocal trade agreements with other nations, appeared representatives of the American Paper and Pulp Association and of the Tanners' Council of America.

(Earlier reference to the hearings on the tariff bill was made in our issues of May 3, page 1976, and of May 10, page 2093.)

Davis to Try to Hold Rigid Wage-Price Line

Stating that stabilization of the national economy is necessary more than ever, Economic Stabilizer William H. Davis asserts that it is his intention to hold the wage and price line rigidly "through the squall" resulting from Germany's collapse, according to Associated Press advices from Washington, May 4, which add that he has expressed the opinion that the problem becomes greater with the surrender of the Nazis and concentration on the Pacific war.

Davis said that as reconversion to civilian production is completed, there must be an increase of 30 to 40% in civilian purchasing power, in order to maintain the present high levels of wartime economy.

This he would accomplish preferably by increasing wage rates, after the arsenals of war are converted to peacetime production, and controls are off, according to Associated Press.

Davis indicated he did not expect the Government controls to operate in that future period, but that collective bargaining would bring it about.

"We will have a better chance to do it then, and there is this much about it—if we don't we're all sunk."

He said relations between management and labor had become more "rational" since the start of the war, and that collective bargaining would succeed. Detroit, center of munitions manufacturing and nucleus of peacetime automobile production, probably will be "the battleground" for a test of this theory, he said.

In order to add another 50 or 60 billion dollars, representing an increase of about 30% in civilian purchasing power needed to absorb the "waste" production of war, Davis would concentrate on the basic human needs—food, clothing and shelter. He would increase living standards by one-third.

The Associated Press stated that Davis did not foresee any widespread unemployment in the wake of European victory.

Insurance Premium Cut for Banks

Bankers throughout the nation will profit to the tune of \$1,500,000 a year through another reduction in premium rates they pay for bankers blanket bonds resulting from negotiations recently concluded by the Insurance and Protective Committee of the American Bankers Association and the surety companies' Towner Rating Bureau. This reduction, which went into effect May 1, is the seventh substantial premium cut obtained since 1936, and brings the annual insurance premium savings for the banks through insurance premium cuts up to a total of \$10,600,000 a year.

The May issue of the ABA "Protective Bulletin" states that effective May 1 the premiums charged for No. 2 and No. 3 Revised Bankers Blanket Bonds, exclusive of optional coverages, are reduced 10%, and that the cost of the No. 24 Bond without optional coverages is reduced 20%, provided the insured bank accepts a rider which excludes losses through shortages in tellers' cash due to error. The optional coverages are misplacement and forgery clauses.

House Group Criticizes Food Program and Recommends Plan to Kill Black Markets

A House investigating committee, set up six weeks ago, has made its initial report in which it sharply criticizes many phases of the Government's food program, and recommends a co-ordinated policy from grower to consumer to break up black markets and relieve shortages, the Associated Press reported from Washington, May 2. The committee's report is said to have stated that the meat situation in the country today was caused when OPA and other agencies tried to control meat prices by starting pricing programs at the retail level and trying to work backward, with the result that "all phases of distribution became dislocated."

The committee's recommendations, according to the Associated Press, were:

1. That food production be given top priority of the War Production Board, including adequate man, power and machinery for farms.
2. That President Truman be urged to immediately consider the problem of needed co-ordination of the entire food program. (Republican members added a demand for a single food authority instead of the several Government agencies now concerned with food.)
3. That pricing be revised to assure profit margins to growers, producers and distributors, with special incentives to cattle feeders.
4. That the support price of hogs be boosted from \$13 to \$13.50 a hundred pounds, on a Chicago basis.
5. That special inducement programs be framed to ward off a developing threat of black markets in eggs and sugar.

Justice Jackson Heads War Crime Counsel

President Truman has announced his appointment of Associate Justice Robert H. Jackson of the Supreme Court as chief counsel of the United States in preparing and prosecuting charges against Axis war criminals, advices from Washington, May 2, to the New York "Times" stated. It is expected that an international military tribunal will be organized, the President said, to try those war criminals "whose offenses have no particular geographical localization," adding that it would be Justice Jackson's responsibility to "represent the United States in preparing and presenting the case against these criminals before such military tribunal."

Justice Jackson's statement regarding his acceptance of the assignment said in part, according to the New York "Times":

"I have already selected a staff, and it is at work. Fortunately, I was able to obtain personnel familiar with the problems and with the materials which have been assembled in the various departments. This staff has been working for some time on the cases under the direction of far-sighted leadership. An impressive amount of original and authentic evidence is now in Allied possession and more is being obtained daily in the European theatres of action. There will be no delay on the part of the United States, and we think undue delay is itself failure. . . .

"All I can say at this time is that I have fully canvassed the difficulties and obstacles and hazards which may cause concern to some people and I would not have taken this burden upon myself if I were not convinced that materials available and procedures possible afford an opportunity to do something toward bringing to a just judgment those who have heretofore thought it safe to wage aggressive and ruthless war; and to do it in a way that will be consistent with our traditional insistence upon a fair trial for any accused. Our degree of success will largely be measured by the strength of our support among the American people."

From Washington Ahead of The News

(Continued from first page) tariff bars have been down during the war.

There is no doubt, though, that Hull served to take the matter out of American politics. The Republicans who sought to make the reciprocal treaties an issue in, as far back, as the 1936 Presidential campaign, ran into the "Liberal" Republicans. Since then, the Republicans have come to talk and think less of the tariff. They have been thoroughly beaten on it, and now, for better or worse, there aren't enough of them in Congress of tariff-mindedness, to seriously challenge the proposal for additional reciprocal trading authority on the part of the Administration.

The tariff issue may come back when the full story is developed as to how our do-gooders are paying for every coconut tree that is destroyed on the South Pacific Islands which we have occupied and are occupying; how we had to pay for the widening of roads in New Caledonia, and also to pay for the future maintenance of these roads, because a widened road cost more than the New Caledonians had paid in the past. When these and thousands of like instances, not only in the Pacific but the European theatres, are revealed, the high tariff people might have a chance. They don't have one now.

This being the case, and Truman's ascension to the Presidency having taken away the issue of "that man in the White House," Washington correspondents are asking just what is the reason for being on the part of the Republicans. This is a temporary phase, of course, but revelatory as to the present situation on the Potomac.

This writer offers it as a prediction that the Republicans will sooner or later, develop an issue in the OPA. Senator Bob Taft has his eye more closely glued on this ball than anyone else. To get the price controls or the OPA off the American people is going to be a difficult and very likely, at first, an unpopular job. So far, Senator Taft has stuck out his neck and challenged the OPA's authority to hold prices to 1942 levels on reconverted industry.

He is up against, and he and others are going to be up against, even after victory over Japan, an agitation for continued price controls "until supply meets demand." This sounds nice, but the warranted fear is that supply never will meet demand, or more direct to the point, that there cannot possibly be the proper boom in industry to pick up the unemployment slack, as long as OPA continues controls. A tremendous job of propaganda has been done by the Administration on the fear of inflation. Inflation is a word which the economists play with. One hears them arguing as to whether inflation is what we had before the depression or what we are having now. But the Government has sold it to mean when millions were out of jobs. That fear which has been instilled is looked upon by men like Senator Taft as the greatest detriment to industry being permitted to give the necessary post-war employment, and if it isn't permitted to do this, there is no doubt about what the outcome will be.

Nacy, Democratic Committee Aide

Richard R. Nacy, of Jefferson City, Mo., has been named executive assistant to Chairman Hannegan of the Democratic National Committee who will remain in that post after assuming office as Postmaster General of the United States, July 1, Associated Press advices from Washington state, May 11.

Senate War Investigating Group Continues Study of Need for Bases

The Senate war investigating committee, headed by Senator James M. Mead (D.-N.Y.), of which President Truman was formerly head, is understood to be preparing a report recommending permanent United States retention of military and naval bases on Dutch and British possessions in the Caribbean area, according to advices from Washington, to the New York "Herald-Tribune," May 9, which stated that a three-man subcommittee of the Mead Committee, recently returned from an inspection tour of Caribbean bases, had been convinced that these installations should be retained to safeguard the Panama Canal.

Any recommendations by the three-man subcommittee must be approved by the full ten-man committee. It was understood, however, that the full committee is fairly generally agreed on the need for retention of island bases.

Meanwhile, another six-man subcommittee of the Mead Committee is to go to Europe to inquire into materiel disposal, the United Press reported from Washington, May 11, stating that although President Truman had requested the Senators to postpone the trip for at least 45 days or until the Army's plans for transferring billions of dollars worth of American materiel in Europe to the Pacific had been completed, the subcommittee is expected to leave on schedule. Its work will be to carry forward the investigation begun in North Africa and in the Caribbean.

It will cover not only Lend-Lease but plans for handling or disposing of left-over war goods and the improvement of air bases and other military establishments of our own expeditionary forces.

Business Failures in April

Business failures in April were higher in number but lower in amount than in March and when compared with April a year ago were lower in number and amount of liabilities involved. Business insolvencies in April, according to Dun & Bradstreet, Inc., totaled 90 and involved \$980,000 liabilities, as compared with 85 in March, involving \$3,880,000 liabilities and 131 involving \$3,524,000 in April a year ago.

The wholesale and construction groups were the only classifications having fewer failures in April than in February, while the manufacturing group had the same number. When the amount of liabilities is considered, all groups without any exception had less liabilities involved in April than in March.

Manufacturing failures in April numbered 26, involving \$464,000 liabilities, compared with 26 in March with \$3,067,000 liabilities. Wholesale failures numbered six against seven in March and liabilities were \$107,000 against \$160,000 in March. In the retail trade section insolvencies numbered 43 in April against 37 in March, and liabilities fell to \$215,000 in April from \$409,000 in March. In the construction group insolvencies decreased to seven from ten in April and liabilities were down to \$140,000 in April from \$175,000 in March. Commercial Service failures increased to eight with \$54,000 liabilities from five in March with \$69,000 liabilities.

When the country is divided into Federal Reserve Districts it is found that only the New York, Cleveland and San Francisco Reserve districts had more failures in April than in March, the Philadelphia, Richmond, St. Louis and Minneapolis Reserve districts had the same number and the remaining districts had less. When the amount of liabilities is considered it is seen that only the St. Louis and Minneapolis Reserve districts had more liabilities involved in April than in March.

Industry Divided on Leasing War Plants

Some manufacturers who expect to expand after the war are interested in purchasing surplus government plants "at a reasonable price," while others are interested in leasing them with option to purchase later.

These divergent views of representative manufacturers operating in all parts of the country are revealed in a survey recently completed the National Industrial Conference Board.

Opinion among the executives is also sharply divided on the policy the government ought to pursue in disposing of its wartime industrial plant and facilities, which to date have cost about \$16,000,000,000 and occupy over 426,000,000 square feet of factory space.

The executives were virtually unanimous in holding that government should not attempt to operate any plants and that all government plant not needed for future emergencies in a stand-by condition should be sold or leased to industry, or scrapped. Opinions differed sharply, however, on the manner and tempo of disposal.

One manufacturer, whose view represents that of a number of respondents, believes that in order to avoid glutting the market and destroying fair values the government should undertake the orderly liquidation of unneeded plants and machinery over a period of years, and that the liquidation prices "should be kept sufficiently high to permit private owners of surplus plants and machinery to dispose of their surplus at a reasonable price."

Diametrically opposite is the opinion of another group, expressed by a manufacturer of industrial machinery: "The general policy concerning government-owned plants should be to sell them at reasonable prices as soon as possible, perhaps within a year after they become surplus war property. Those which cannot be sold at reasonable prices should be scrapped. . . . A liberal view of reasonable values should be maintained by government disposal agencies in order to encourage private industry to purchase them. . . ."

Proposals for Peace Army

War Department plans for a peacetime standing army of 500,000 men with an active reserve of 4,000,000 have been outlined, according to an Associated Press report from Washington, May 8, which continued. The 4,000,000 reserves would include an estimated 400,000 to 500,000 national guardsmen and officers reserve corps members and 3,500,000 youths trained for one year in the regular Army and assigned to active reserve status.

It was emphasized that the program is tentative and contingent on enactment of compulsory peacetime military training. Whether Congress will enact such a law may be determined within a few months. The House Post-war Military Policy Committee, which strongly favors the proposal, will open hearings on it June 4.

The proposed state of "preparedness" would compare to a pre-war force of 302,968 enlisted men and 23,192 officers in the Army on Aug. 31, 1940. The actual size of the post-war army must be fixed by Congress.

Vinson Reports on Phase Two of the War

(Continued from first page)
ulations remain near the top of the list of civilian responsibilities. A wage stabilization policy must be maintained during the reconversion period to prevent inflationary price increases and to avoid a post-war deflationary trend which might destroy wage standards.

9. The necessity for raising vast sums of money through the sale of War Bonds and by taxation for financing the war with Japan will remain undiminished for a considerable time. Taxes and War Bonds also are essential factors in price control.

10. The paramount command is: Win the war! Victory over Japan comes ahead of every other consideration. The war will be shortened and peace speeded, lives will be saved, our men will come home sooner, if everyone dedicates himself to this main objective.

The Job of Crushing Japan

Q. Can Japan be expected to surrender unconditionally?

A. Unconditional surrender and occupation of Japan are primary war aims. But the Japanese "will fight to the bitter end," says Under-Secretary of State Joseph Grew, for ten years U. S. Ambassador to Japan. Iwo Jima's toll of 20,000 American casualties for 23,000 Japanese dead is an example of the to-the-death tenacity which may be expected in key positions.

It is difficult to estimate how long it will take the Allies to defeat Japan. No prediction can possibly take into account the accidents and fortunes of war. The only certain forecast is that the harder we and our allies hit Japan, the more quickly we apply our maximum pressure, the sooner the war will end and the smaller the cost will be in American and Allied lives.

Japan has two great strengths: (1) The willingness of her soldiers to die to the last man, rather than to surrender; (2) her geographical positions; She is hard to get at. Our nearest large harbor is in the Philippine Islands, 1700 miles from Tokyo. (Okinawa, only 325 miles south of Kyushu, has anchorages but no harbor facilities of importance.) Tokyo is 1,500 miles from Guam and Saipan, which are 5,000 miles from Hawaii, and Hawaii is as far from San Francisco as London is from New York.

Japan's Strength

Q. What is Japan's armed strength?

A. Japan has an army of 4,000,000 men, less than a fourth of them south of Formosa and China. She has several million men fit for military service and not yet called up. So far, we have not come up against the main strength of the Japanese army.

Although the Japanese fleet has been crippled, it can still strike damaging blows in waters protected by land-based aviation. Her air force is still a powerful defensive factor. Until our recent bombings of Japan became frequent, Japan was producing planes faster than we could destroy them. In one recent raid over Tokyo the Japanese were able to put 650 fighter planes in the air against our Superfortresses.

Q. How strong is Japan's industrial position?

A. Government experts have estimated that Japan is capable of maintaining a large production in almost every category of war equipment and military supplies. Although Japan has suffered spectacular military reverses, a large portion of the war machine with which Japan began the war remains intact. The reduction of Japan's industrial potential will require a great intensification of our heavy air attacks.

Japan has many critical war materials on the home islands. In Korea and especially in Manchu-

ria, an important and integral part of Japan's inner zone, Japan has a large industrial plant and important raw materials. She also has stock-piled large quantities of key materials, enough for at least a year of full-scale war.

Allied Accomplishments

Q. How has Allied warfare weakened Japan?

Q. We have crippled her Navy, reduced the size of her air force, and destroyed the perimeter defenses of the empire. Our present positions in the Philippines and Okinawa blockade her supplies from the south. Our bombers are increasing the force of their assault on her heavy industry. Since Pearl Harbor, we have sunk or damaged more than two-thirds of Japan's merchant fleet, and have severed her outer lines of communication. However, as we get closer to the homeland, the remaining merchant fleet may be adequate for the shorter lines of communication.

Even blockading Japan from the mainland, a difficult task, would not starve out the Japanese. These people thrive on less and poorer food than Americans.

Allied Requirements

Q. What forces will the Allies require to compel Japan's unconditional surrender?

A. Our experience in Europe has clearly demonstrated the need for joint operations of land, air and sea power. Only such coordinated action can compass the defeat of a strong and determined enemy. Germany was subjected to years of the most intensive bombing ever known, but it was certainly necessary for our ground forces to battle it out with the enemy yard by yard and mile by mile to win our victory. This experience has been duplicated in the Pacific.

To mount the climactic phases of the war against Japan and to occupy conquered territories, the Army plans to maintain total forces of 6,968,000 men for a year after the European victory. This requirement, as well as that of the Navy, has been calculated by the Joint Chiefs of Staff, using the same precise methods that were used to calculate the requirement for our successful campaigns in Europe, Africa, and our advances in the Pacific. The Army's present strength is about 8,300,000 men.

The Navy will reach its currently authorized strength of 3,389,000 by June 30, 1945. The Marine Corps has reached its authorized strength of 478,000 and the Coast Guard is virtually up to its authorized total of 173,000. Almost our entire Navy will be sent to augment the forces already operating against Japan. The British have thrown forces into Burma and a portion of their fleet is fighting beside that of the United States. Great Britain, France, the Netherlands and China, among others, have pledged their full assistance in combat and in all forms of cooperative effort in the war against Japan.

It will take time to bring our own maximum forces to bear. The task of transporting them will be tremendous. The maximum use of both ships and planes will be made to bring this force to bear against Japan with all possible speed.

Some of our forces will be started on the way almost at once, but re-grouping, re-equipping, re-training and re-deploying our armies will require many months, since men and material must be transported to the far Pacific.

Transportation is a key problem in the Pacific. It is doubtful whether much of the merchant shipping now operating in the Atlantic can be shifted to the Pacific because of the millions of men and large quantities of equipment which will have to be moved out of Europe. It is anticipated that

the shipping situation will be tighter than ever for many months, because of military requirements in the Pacific, re-deployment of troops, return of men for demobilization, and shipment of supplies to liberated areas.

Demobilization-Draft-Recruitment

Q. What are the plans of the armed forces for demobilization?

A. Prosecution of the war against Japan must take precedence over all other considerations, but men and women who can be spared from the Army will be demobilized. The Navy does not plan to demobilize until Japan has been defeated. The Army expects to reduce its strength by 1,300,000 in the first year after the defeat of Germany, but this will have to be done slowly at first because first priority on shipping must be assigned to the men and material going to the Pacific.

The soldiers to be released through the cut in the size of the Army will be selected from among fathers and those who have had the most extended and arduous service. It is the Army's intention to release additional men by holding Selective Service calls at a level above that necessary to replace men lost through battle and normal attrition.

The Army will at the same time continue to release men because of sickness, wounds, age and other factors which prevent their effective use in service. It is expected that discharges of this kind, plus those made through the cut in the strength of the Army, and the excess of draft calls over replacement needs, will result in release from the Army during the next year of about two million officers and men.

Nearly all soldiers will be demobilized from the service through the Army's Separation Centers and Army hospitals, in this country, and as close to their homes as possible.

How Demobilization Works

Q. How will the Army select those men and women in its service who will be demobilized?

A. The selection will be made through the application of fair and impartial standards based on the views of the enlisted personnel themselves. These standards provide consideration for each enlisted man or woman as an individual. The Adjusted Service Rating Score will be computed with an allowance of the following credits:

Service Credit—based upon the total number of months of Army Service since Sept. 16, 1940.

Overseas Credit—an additional credit based on the number of months served overseas.

Combat Credit—based upon each battle participation star, and each award of the following decorations: Medal of Honor, Distinguished Service Cross, Legion of Merit, Silver Star, Distinguished Flying Cross, Soldier's Medal, Bronze Star Medal, Purple Heart, and Air Medal.

Parenthood Credit—credits for each dependent child under 18 years up to a limit of three children.

The Army has a somewhat similar system for officers. However, because of the character of their duties, the element of military essentiality will play a larger part in the decision.

After the scores of all enlisted personnel are known, the War Department will determine a "critical score." The "critical score" is that score at or above which an individual will be considered for demobilization.

Three factors may delay the separation of an individual who is a member of an organization which is being retained in service: (1) the lack of a qualified available replacement with a score below the critical score, (2) the op-

eration of military necessity, (3) the possession of a special skill needed in the Japanese war. In all cases, however, enlisted personnel with scores equal to or above the critical score who are held in service, will be released as rapidly as circumstances permit.

Separate critical scores will be computed for enlisted personnel in the Army Air Forces, the Women's Army Corps, and the remainder of the Army. These separate scores are intended to insure equality of treatment for personnel in all branches of the service. Since the critical scores will be applicable throughout the world, it should be recognized that it will be manifestly impossible to separate individuals in the sequence of their scores. To appreciate this fact, one need only to consider the difference in time required to move personnel between Europe and the United States, or the Pacific and the United States.

In addition, married members of the WAC will be released, upon application, if their husbands have been demobilized, or discharged from the armed services. Also enlisted men over 42, who apply, are being released by the Army.

Service Manpower Needs

Q. Why not meet our immediate Army needs in the Pacific with men in the United States who have not yet seen overseas service?

A. Almost every soldier in this country, except those who have already been overseas or who are physically disqualified, already is earmarked for foreign service. At the present time about 1,400,000 are in training to go overseas. Most others capable of serving overseas are engaged in essential jobs and will go overseas as soon as they can be replaced by overseas returnees or limited service men. However, only part of the needs of the Japanese war can be met from the ranks of men now in the United States.

Q. How will troops be redeployed to the Pacific?

A. Because of the urgency of the military task, large numbers of troops will go direct from the European theatre to the Pacific. This number will include many service units needed to prepare the harbors, bases and air fields essential to sharply expanded combat operations. Other troops will go to the Pacific by way of the United States and will have an opportunity for furloughs before proceeding to their new destination. More than half, including the great bulk of the combat units, will go by way of the United States.

Q. Will the draft continue?

A. Yes. Selective Service calls will continue to be large. Deferrals for men under 30 will continue to be relatively few and will become fewer as more veterans return to industry and the farms. The exact size of the calls that will be required to meet the needs of the Army and Navy cannot be calculated at this time. Release of men with long and hard service will require a higher level of calls than would be necessary if no effort were made to spread the burden of military service among as large a proportion of the population as possible.

Other Uniformed Services

Q. Will recruiting for the women's services be continued?

A. Yes. The WAC is below authorized strength, and recruitment must continue. Likewise enlistment of Waves must continue in order to meet the Navy's need for hospital corpsmen and for replacements. The other services—The Marine Corps Women's Reserve and SPARS—will require replacements. The Army will continue to recruit nurses. The Navy will also continue to recruit nurses but only to meet a small monthly quota for replacement

purposes. Veterans' Administration, which now has 4,150 nurses, needs 3,000 more before July 31, 1945.

Q. Has Victory in Europe decreased the need for merchant seamen and officers?

A. No. The need for seamen and officers will continue until at least six months after the end of the war in the Pacific. Repatriation of American troops, movements of supplies and equipment, and transport of rehabilitation supplies will continue to engage most of the United States Merchant Marine for perhaps as long as three years after the end of hostilities with Japan.

The United States will need 115,600 additional seamen and officers by Jan. 1, 1946. These men are expected to be obtained as follows: Men to be recruited by War Shipping Administration, through seamen's unions, and ship lines—36,200; new men to be recruited and trained—79,400, almost all of whom are to come from WSA training schools.

Production and Jobs

Q. What effect does the end of the War in Europe have on production?

A. War production must continue at a very high rate. Even six months from now, war production will almost equal the rate of 1943. It is not simple to shift from a two-front to a one-front war. To date, our fighting in the Pacific has constituted only the preliminary battles to the main attack upon Japan. The main battles lie ahead. Warfare in the Pacific will accelerate and production must keep pace.

Actually, some categories of production will increase, some new items will be added, and the emphasis will be shifted in other programs. Some items will be cut back. V-E Day production cutbacks have already largely been authorized or have been taken in anticipation of the final collapse of Germany. In the next three months, there will be a net total decline in war production which will run between 10 and 15% as compared with current levels. From that point, larger cuts cannot take place until the long pipelines to the Pacific have been filled. Thereafter, the needs for the Japanese war will continue so great as to necessitate the maintenance of production at not far from two-thirds of the schedules of the first half of 1945.

Q. How will production cutbacks be distributed?

A. Cutbacks will be spread as evenly as possible. However, the changed nature of the Pacific war will affect differently the output of different industries, different areas and different plants. In general, it is planned to cut back production first in tight labor areas, so that work opportunities may be equalized. This will not always be possible, because cutback placements may be decided for other than manpower reasons, such as, when a particular plant is able to produce only a particular item, it might not be cut back no matter where located.

Q. How are plants and workers notified about cutbacks?

A. The procurement agency which issued the original contract will notify the Production Readjustment Committee of the War Production Board, which includes representatives of all interested government agencies, that cutbacks of a certain amount are necessary and will recommend the plants to be cut back.

All agencies concerned review the cutback plan, after which the local representative of the procurement agency, in cooperation with the local termination committee, gives notice to the manufacturer. Simultaneously labor is notified. The termination committee is made up of local WPB and

WMC representatives and those of the procurement agencies.

Before notifying management and labor, the local termination committee determines whether there are other war requirements for the facilities and manpower being released by the cutback in production.

Changes in Production

Q. What additional civilian production will be permitted immediately?

A. Essential civilian items needed in larger quantities, including such items as oil drilling equipment, locomotives and freight cars, trucks, utilities and farm machinery. In addition, certain consumer items such as refrigerators, and washing machines, will be started immediately in moderate quantities. Many minor electrical appliances and other durable and semi-durable goods will start, or expand production.

Not all factories now producing for war will have to make extensive changes in machinery or methods to produce for civilian consumption. Actually, a very large majority of all so-called war production plants can continue to work with the same, or similar machines, and in similar ways. In some cases where specialized equipment is used, physical reconversion will be necessary.

Relaxing Controls

Q. How will production of civilian goods get started?

A. The WPB will release its controls as quickly as possible. Some can be removed entirely, others may be released on a local basis in the light of local needs for war production. Among the steps which WPB has already taken, or will take in the near future, are:

1. Restoration of the complete operation of the Spot Authorization Plan for approving civilian production through district and regional offices of WPB.

2. Revocation of a number of orders which at present restrict, or prohibit, the manufacture of certain minor durable and semi-durable consumer goods, or that limit the use in such articles of materials which now are no longer critical. Gradual revocation of these orders has already begun.

3. "Open-ending" the Controlled Materials Plan (CMP) so that copper, steel and aluminum, now channeled entirely by allotments to war production, may be released also to civilian manufacturers for purchase in the free market in such quantities as are no longer needed for war or essential civilian purposes.

4. Removing of "rating floors" from a number of items, now under WPB orders, to permit delivery or production of these items without a special WPB priority.

5. Positive priority assistance for smaller manufacturers and veterans in obtaining needed materials and components so that each will have a fair chance to get his share.

The wartime economy has closed many businesses. Wherever possible, small business will be given the first chance to reconvert.

It is expected that two to three million tons of steel will be released during the first quarter after V-E Day, about 500,000,000 pounds of copper and brass, and around 150,000,000 pounds of aluminum probably will be available for civilian production during the same period.

Readying for Reconversion

Q. How quickly will it be possible to start civilian production in those plants where war orders have been cancelled and which must be reconverted?

A. The length of necessary time will vary with each individual plant according to the amount of changeover needed for its new products, and its ability to get delivery of materials and components. Government agencies already have in operation procedures for prompt settlement of cancelled contracts, and for clearing Government-owned equipment and surplus inventories out of facilities no longer needed for war production. Both are geared to give manufacturers full and rapid freedom of action in converting to civilian production, within the limitations of supplies of material and manpower.

In general, a war producer whose contracts have been cancelled will receive reimbursement for all costs incurred by him, which were necessary for the performance of the war contracts, plus a reasonable allowance for profit. Expenses of reconversion, however, may not be charged to the Government as part of the liquidation costs.

Basic plans for handling all such matters have been worked out and information on them is available to all war plants from the contracting agencies. Funds for settlement of all contracts have been set aside from the sums originally ear-marked for the whole contract.

Q. How much is reconversion expected to cost?

A. Total reconversion of all plants now producing for war is expected to cost not more than \$3,000,000,000. Manufacturers and other businesses of the nation are estimated to have reserves of more than \$20,000,000,000. Smaller manufacturers, who may not have their proportionate share of this big reserve, have access to special financing. The Government is prepared to supply them from funds owed them under their contracts in anticipation of full settlement, and also has set up procedures to provide guaranteed interim financing loans on request.

The Manpower Situation

Q. What effect will shifts in war production have upon national manpower and employment?

A. The vast majority of the 52,000,000 civilian workers are in jobs which will continue during the first six months after V-E Day regardless of cuts in war production. Of these, nearly 43,000,000 are in agriculture, trades and services, transportation, plants manufacturing civilian goods, in Government service or in business for themselves. About 9,000,000 are in munitions plants, a large proportion of which must continue munitions production for the war against Japan.

During the next six months, probably about 1½ million workers will lose their jobs. A larger number than this will be out of war work, but they will continue in the same jobs, producing for civilian consumption—for example, steel workers now producing steel for tanks will continue producing steel for items such as refrigerators. Also, in the next year, about 2,000,000 men are expected to be demobilized from the Army. During the following six months, perhaps another three million workers will lose their jobs.

But reconversion, expansion and the needs of many industries, such as transportation, retail trades and services, textiles, agriculture, lumber and public utilities, which are now short of workers, should provide jobs for most of those who will lose them through cutbacks. The tremendous backlog of civilian needs and purchasing power will stimulate both old and new enterprises.

Unemployment, therefore, much of which will be temporary, is not expected to total more than 2.5 million at the end of the next 12 months, as compared with the present total of about one million.

Shut-downs probably will cause some serious local unemployment, chiefly in one-industry towns where everybody works at the war plant. Where necessary, the United States Employment Service of the WMC will supply information as to where workers are

needed and will assist the worker in obtaining employment.

Women may be affected more seriously by cutbacks than men, especially in those plants which rely now largely on womanpower. But reemployment records show that many women who are released when contracts are cancelled have not tried to get new jobs.

Help Between Jobs

Q. What help is available for displaced workers?

A. For one thing, unemployment compensation is available to released workers in all States. The maximum payments vary from \$15 to \$22 per week; the number of weekly payments, from about 10 to 20. Workers may obtain unemployment compensation by reporting to the local United States Employment Service immediately. If USES cannot refer them to new jobs, it will set the wheels in motion for the payment of unemployment compensation.

Q. What does a veteran do to get his old job back?

A. If he held a position other than temporary, usually he need only to apply to his old employer, who in accordance with the Selective Training and Service Act will reemploy him in his old job, or in a position of like seniority, status, and pay. If any questions arise, his local Selective Service Board will advise him of his rights and assist him in establishing them.

Up to the end of the war in Europe, more than 2,000,000 men had been discharged from the armed services. Of these, something over a third had asked for their old jobs back. Most of them found their own jobs. A veteran seeking a new job may go to the United States Employment Service local office and ask to see the veterans' employment representative.

If a veteran is out of work and the USES is unable to find him a job, he can obtain an unemployment allowance. Under certain conditions he may be eligible for a readjustment allowance of \$20 a week, for from four weeks to a total limit of 52 weeks, depending on his length of service.

If a veteran wishes to obtain specific detailed information about his Government insurance, medical benefits, education allowances, and other aids provided by veterans legislation, he should apply to the nearest field office of the Veterans Administration.

Civilian Life

Q. Will the war-time restrictions on civilians—rationing, lack of household appliances, price control and wage control—continue?

A. These are war measures, and they must be continued as long as the war-created needs exist. They will be relaxed just as soon as materials, facilities and manpower can be released from war production.

The irksome controls are designed not only to direct our resources to war, but to protect consumers against a rising cost of living and to make sure that everyone gets a fair share of scarce goods.

Q. Is it necessary to continue food rationing?

A. Yes. For three reasons: (1) Total food supplies available for civilians, the military, and other uses, this year are expected to be 5 to 10% less than last year. At the same time, total requirements are 5 to 10% greater, and will remain high. (2) We have just as many soldiers to feed as before V-E Day. They must be fed, whether they remain in Europe, or return to the United States, or are transferred to the Pacific. Moreover, we are helping to feed millions of persons other than our own soldiers in Europe. (3) Supply lines to the Pacific are longer than to Europe. More food will have to go into these supply lines. We will be feeding more men in the Pacific.

Point values of rationed food,

as in the past, will be raised or lowered according to the supplies of rationed foods available. The established system of making red and blue points good on the first of each month will continue, as will the plan of expiration dates for ration stamps.

Our Food Supply

Q. What foods will be scarce?

A. Meat is the most serious shortage; sugar is next. But butter and other fats and oils also will be scarce. Supplies of meat are expected to be 26% less than the estimated requirements for the third quarter. Supplies will provide military requirements plus quantities for home consumption at a level for the quarter equal to an annual rate of 115 pounds per capita. This is at an annual rate of about 35 pounds less than the average which Americans ate last year and 10 pounds less than was consumed in the average pre-war year. There will be a little more meat in the last quarter due to the seasonal increase in livestock marketings. But there will be a corresponding increase in requirements.

Sugar requirements are much greater than the available supply. There is no prospect that the victory won in Europe will reduce the sugar demand—rather the need of liberated countries will increase it—and there is no immediate way of increasing the supply significantly. The present sugar ration totals 17.1 pounds per person this year for home use—the rate now has been cut to 15 pounds per year—excluding ration board allowances for home canning which are 70% of 1944 totals.

Butter production will be about 600,000,000 pounds short of requirements. This will be almost seven fewer pounds of butter this year than in pre-war years for every man, woman and child in the country.

There is a world-wide shortage of other fats and oils. The smaller quantity available in this country is due largely to the decline in lard production. The quantity of all edible fats and oils available this year is 1,800,000,000 pounds less than the estimated American requirements.

Supplies of cereals, except rice, are adequate. Supplies of fresh and frozen fish are large. Domestic supplies of fresh vegetables are entirely adequate and prospects, based on commercial and victory garden production, are that this situation will continue. The outlook for fresh fruit is that supplies will be almost as large as last year. Civilian supplies of eggs will be about the same as the record totals of last year. Supplies of fluid milk are of record size, and are more than a fourth larger than before the war.

Q. Will we continue to feed liberated people in Europe?

A. Yes. We are sending somewhat more food to Europe this year, including relief distributed through military channels.

Fats and oils are the most important group of foods we are sending abroad, because fat is both indispensable and a cheap supplement to the large amounts of cereals which will be sent because they are relatively abundant. Supplies of meats; cheese; condensed, evaporated and dried milk; sugar; rice, and desirable types of beans are so short that they can be supplied to meet only the most urgent needs.

Goods for Civilians

Q. Will supplies of clothing begin to increase soon?

A. The joint OPA-WPB clothing program should increase production of low-cost items of clothing to meet at least minimum demands. However, certain textiles still needed by the military will not be released in any large amounts until after Japan is defeated, and military needs for some textiles suitable for the Pacific theatre will be even higher.

The new OPA-WPB program is designed to channel most of the

available materials of all kinds—cotton, wool, rayon—into lower-priced clothing items sorely needed at present. What is left can be made into any material a manufacturer may wish to produce. But supplies of luxury materials—heavy rayon-satin, upholstery, brocades and similar textiles—will be strictly limited, probably until after the defeat of Japan.

Nylon and silk stockings are made of war materials and cannot be expected in any large quantities until well after final victory.

Shoes must continue to be rationed, for lack of enough leather, but shoe needs of the nation will be met by the production of non-rationed shoes made from fabric and with non-leather soles.

Q. When will it be possible to buy new equipment for the home—radios, washing machines, vacuum cleaners, furniture?

A. Some of the appliances should be available in limited numbers within a year. Washing machines, refrigerators and other badly needed items will undoubtedly go into production first. Some household needs, such as electric irons and stoves have been produced in limited quantities during the past two or three years and production probably will be stepped up in three to six months—as skilled manpower and materials permit.

Provision must be made to see that the most essential civilian needs, such as those of hospitals, are filled first. If there are any appliances left over they will probably be sold without rationing. Some civilian radios should be available within the year, but present plans indicate a tight situation.

Some items of furniture will continue to be available but shortages of lumber and heavy textiles may limit production. Generally, as soon as materials are available for civilian production, furniture again will have metal fittings and hardware as in pre-war models.

New Automobiles

Q. When will it be possible to get a new automobile?

A. A few cars may be coming off the assembly lines in six to nine months, but it will be a long time before they are produced in really large quantities, and there cannot be enough to meet pent-up civilian demand in less than three years. OPA will see that the most essential users get the first available cars under the present rationing program.

Spare parts to keep present cars rolling will continue to be produced at a very high rate. Last year the WPB programmed the manufacture of \$750,000,000 worth of auto and truck parts. Cars at present average nearly eight years of age, trucks nine years, and many will have to last three to four years longer. Greatest parts shortage is in batteries and tires. Need for care of cars was never greater than today.

Q. Will there be more gasoline for civilians?

A. Best estimate is that there will be from 100,000 to 200,000 more barrels of gasoline daily for civilian use—an increase of 8 to 16%. Any such increase, however, may be temporary. Added gasoline supplies will be divided among "A" and commercial card holders. It may be possible to increase the mileage allowed to some "B" card holders who can show need. But, in view of the military demand in the Pacific, the best estimate is that gasoline rationing must be continued for some time.

Q. Will there be more coal, home heating oil and kerosene?

A. Coal mines now have the smallest labor force in 40 years and it will become smaller. Despite the over-time that the miners are now working, they cannot produce enough coal to meet fully our tremendous war and civilian requirements. There will be even less coal than there was last year.

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ter. As for home heating oil and kerosene, the best we can hope for is that civilians will have as much as last year. This hope hinges upon the continued breaking of production records.

New Homes

Q. Will it be possible to build new homes soon?

A. Home building already is under way on a limited scale where necessary to relieve congestion, but only where manpower and materials can be spared. Many kinds of building materials will probably remain in short supply for some time. However, returning veterans are given priorities for home building; priorities also are granted in cases of hardship. Restrictions on home building will not end until manpower and materials are generally available. At least 250,000 homes and apartments are expected to be built during the next 12 months, although the figure might be as high as 400,000. Essential repairs can be made now.

Q. Will surpluses of war goods be available to civilians, thereby helping to supply the demand for new civilian goods?

A. Surpluses will be sold mainly through dealers and distributors, not to individual consumers. An exception to that rule is provision for direct sales to veterans who wish to buy surpluses to establish themselves in business, the professions or agriculture. While total surpluses are expected to run into many billions, surplus consumer goods are not likely to amount to enough to compete seriously with new production. Instead, they should serve a useful purpose in filling civilian needs for many items that will be difficult to obtain before manufacturing gets into full production.

Q. When will it be possible to get better home services?

A. Delivery service on groceries and other items, and department store deliveries of packages below present weight and size limits may show some improvement near the end of the first year after V-E Day. Shortage of trucks, parts, tires, gasoline and especially of manpower will continue to limit delivery service. Where manpower is locally available, some limitations may be relaxed.

Repair service on refrigerators, stoves, etc., should be improved as repair parts and skilled mechanics become more plentiful.

Some improvement can be expected in laundry and cleaning services in localities where labor is freshly available. These facilities, too, will depend upon new equipment to reach their pre-war standards.

Transportation Burden

Q. Will the load on transportation facilities be lightened now?

A. No. The transportation requirements of the shift to the Pacific war will add to the problems of the already overburdened railroads. Large quantities of supplies must be carried to the eastern ports for the liberated countries and American occupation forces. At the same time, the Japanese war will call for increased rail shipments of men and materials to the west, a long haul over the few western railroads at a time when grain shipments may be reaching their peak volume.

Present Government controls on civilian freight traffic must continue. The total freight tonnage will decrease slightly, but the shift of the main current of traffic to the west may add as much as 10% to the present heavy load in that area. It will be necessary

to make greater use of water carriers to shorten railhauls. Lack of pipe lines and waterways to the west coast will require maximum use of railroads to haul petroleum products for the Japanese war.

Q. Will passenger travel become easier?

A. No. Trains will be crowded because of the heavy movement of troops. Pullman space will be difficult to obtain. The ban on conventions will continue and promoters of amateur and professional sports will be expected to continue their pledges of minimizing travel. Further curtailment of passenger service may be necessary. Present priorities on airplane travel will have to be continued.

All efforts for most efficient use of trucks and buses must continue. The shortage of tires, batteries and gasoline will not allow the unrestricted use of private motor cars.

Holding Down Inflation

Q. Will wartime inflationary pressures continue after V-E Day?

A. Yes. They will be serious. Purchasing power will continue to exceed supply. Total income will continue to be high.

Price and rationing controls, wage controls, high taxes, and continued War Bond sales will be essential in keeping consumer buying within bounds. People will be encouraged to buy only what they need and to keep up their War Bond purchases.

OPA will continue price ceilings on items now available and will establish prices on newly manufactured goods. These will be continued to prevent inflationary tendencies. Production of more civilian goods will not, for a while, make price control easier.

Q. Will wage controls be lifted?

A. Removal of wage controls at this time would be certain to increase the cost of producing goods. Producers would have to charge higher prices to cover their costs of production. This would cause the cost of living to go up. As the cost of living rose, wages would have to be raised again. Such a merry-go-round of wage and price increases not only would fail to help workers, but would be a sure way to bring on a collapse after the war. Both prices and wages must be stabilized as long as this danger exists. Stabilization does not mean that wages will be frozen. Unfair wage rates will be adjusted; substandard wages will be raised.

The War Labor Board has the power to set floors under wages as well as ceilings over them. This power can be used when it appears that wages are likely to be forced downward rather than upward, and every attempt will be made to prevent drastic and unwarranted wage cuts.

Q. Will wages be lower for displaced war workers who take new jobs in plants producing civilian goods?

A. While a given plant cannot reduce wages rates for a particular type of work without War Labor Board approval some workers will move to other factories at a rate lower than their war plant job paid. Some increases in wage rates can be adjusted for a shorter work week, but it will not be possible to assure every worker that his take-home pay will remain unchanged as war production declines.

Q. Will the 48-hour work week continue after V-E Day?

A. In many industries and communities, yes. As victory over Japan draws near, workers in consumer goods industries may

return gradually to the 40-hour week. War industries will, however, remain on the 48-hour schedule, except possibly in construction of merchant ships in which the emergency program runs out Dec. 31, 1945, or in those war industries which have taken a heavy cut back and where pay rates are high.

Other Civilian Responsibilities

Q. Will there be an early reduction of taxes?

A. This matter will be decided by the Congress, but it has been recommended that no general reduction in taxes be made until after Japan is defeated. New tax programs are being planned for the post-VJ-day period to stimulate reconversion and new enterprises.

Q. Is it necessary for censorship to continue?

A. Yes. Censorship must remain until all danger to our security has passed, and this will not be until American lives no longer are in peril. However, with the combat zone narrowed to the Pacific-Asiatic area, some censorship modifications are in order. International mails and cables may be expected to move more freely outside the battle area.

Q. Will it be necessary to continue saving used fats, paper and tin cans?

Yes, all these materials will be needed for the victory over Japan. There is a world-wide shortage of fats that must be partially made up by kitchen fats collections. Paper will be even more necessary in the packaging of material for use in the Pacific where the climate is hard on food, clothing, munitions and other war equipment. As for tin, our former major supply source is still in the hands of the enemy, Japan.

Q. Will there still be War Bond campaigns?

A. Yes. The Seventh Loan will go on, and there will need to be, at least, an Eighth Loan. We must put into the war with Japan every man and every piece of equipment which can be effectively utilized. There will continue also to be a great need to divert cash purchasing power from the retail market to bonds in order to keep the maximum curb on inflation.

Q. Will normal foreign trade become possible now?

A. Not generally for all areas of the world. Wartime restrictions on commercial export-import business, necessary to control the flow of essential supplies, so that they could be used with maximum efficiency, will be removed gradually, but normal export and import trades will not be possible before the end of the war with Japan. In accordance with the London Agreement of Principles, of August, 1944, enunciated by the State Department and the British Foreign Office, the United Nations' control of merchant shipping for military purposes will continue until cessation of hostilities or six months after the defeat of Japan. This is a continuation of the Combined Shipping Adjustment Board's work, expanded as necessary to control merchant ship tonnage of the world up to V-J Day and for six months thereafter.

We will continue to send Lend-Lease goods to our allies, but in reduced amounts. All Lend-Lease is limited strictly to aid in prosecution of the war. Allied nations will be able to get from us some supplies and machinery for rehabilitation of their industries, within the limit of available supplies, in the light of demands of the armed forces and our domestic civilian economy and subject to the working out of mechanisms for financing the purchase of such supplies.

The Bretton Woods Proposals

(Continued from first page)

The Fund in my opinion should be a department of the Bank and the capital for the Fund reduced to that prescribed by experienced foreign exchange bankers or the central banks of the respective countries. Another very good reason for the Fund being a department of the Bank is the fine distinction to be drawn between exchange balances growing out of trade and balances growing out of capital movements. The Fund is not to be used for the latter.

Some of the defects of the Fund agreement are:

1. Article V of the Plan gives each member the right to borrow desired foreign exchange from the Fund, in an amount equal to the member's quota. For example, Brazil could draw upon the Fund up to \$150,000,000, over and above the Brazilian currency and gold she will deposit initially; and Yugoslavia \$60,000,000. Section 3 of Article V reads, "A member shall be entitled to buy the currency of another member from the Fund in exchange for its own currency," subject to the conditions that such purchases "would not cause the Fund's holdings of the purchasing member's currency to exceed 200% of its quota."

This article makes available to each member a monetary stabilization loan not without specific provision for repayment, or investigation of its capacity to repay, but also without any concrete commitment to adopt and maintain sound monetary measures and policies. Members will retain the right to depreciate their currencies within relatively wide limits, to maintain foreign exchange restrictions to a large extent, but yet to use the foreign exchange provided by the Fund in almost any way they please.

2. The plan does not require members who use the Fund's resources to adopt measures or policies to promote sound monetary conditions within each country. Governments will remain entirely free to pursue policies that will inevitably lead to currency depreciation or make necessary the imposition of foreign exchange restrictions and paralyzing curbs upon international trade.

3. The plan fails to specify anywhere that its objectives include a return to sound currencies. Nowhere does the plan state that its aim is to secure an eventual return to free international exchanges, without dependence upon credit from the Fund. Nowhere does the plan make a return to the international gold standard an objective to be favored.

Stabilizing the Exchanges

In many countries the problems of restoring sound currencies and determining the value of money units may take several years. In addition to the difficulties of establishing sound currency units, there are the problems of price levels, budget balancing, tax policies, and similar domestic economic policies. Many countries will need outside help. Some of the help may be loans from governments or private banks. It seems highly desirable that the United Nations set up the best possible organizations to deal with these reconstruction needs. But this Fund, according to its own prescription, is not for reconstruction purposes.

Would it not be best for the countries that can stabilize their currencies and return to sound standards to proceed with these steps as rapidly as possible? Then these countries could provide jointly or severally the aid needed by less fortunate countries.

The Gold Standard

The matter of the gold standard seems to me important. It is the international currency to which all countries cling, and a

forthright determination to reestablish the international gold standard with some such institution to take care of emergency needs as the Tri-Partite Stabilization Agreement between the United States, England, and France before the war, which would admit all sound currency countries to membership, would seem more desirable than the proposed Fund.

The Fund has a very great weakness which is evident in the misunderstandings that have already developed. The people in the Americas have interpreted the Fund to be a return to the international gold standard. The people in the British Empire countries have been assured that it is exactly the opposite to the gold standard. With this fundamental difference of opinion, as to the meaning of the language isn't there a dangerous failure to have a meeting of minds of the contracting parties? Moreover, the Fund has no power and takes a very weak position with respect to the currency standards and the stability of the currency values of the different countries. In my opinion this is only a plan for the management and manipulation of paper currencies. Unstable currencies are the death of credits and trade. Credits and trade move freely where there is confidence in the currencies. Unstable currencies discourage credit and reduce trade to cash and barter transactions.

The major currency problems of the world are not dealt with in these agreements. Among them are the solutions of the problems of national debts, excess currency and bank credit, blocked sterling, sterling area controls, trade quotas, tariffs, two-price systems, subsidized dumping and a great variety of practices which will not allow sound currency standards to function, until these conditions are eliminated or corrected.

The Sterling Problem

Blocked or registered sterling balances constitute one of the chief obstacles to free interchange of goods in the post-war period, and the Fund has made no provision to deal with this problem. According to Lord Keynes, these balances amounted to about \$12 billion in September, 1944, and are growing at the rate of \$3 billion a year.

If a merchant in Argentina or Uruguay or Brazil or India has a Sterling bank account which is blocked, i. e., restricted so that he may draw checks only for the purchase of merchandise from Great Britain or to make transfers to other firms in his own country having similar authorized blocked balances, it is quite useless for an American salesman to approach such a merchant and offer to sell him merchandise.

The original proposal of Lord Keynes to establish a Clearing Union contemplated that these balances could be used for the free purchase of merchandise. The second proposal of the Treasury spelled out an elaborate plan for the unfreezing of these balances through the Fund under an arrangement which gave Great Britain 23 years to repay, with no instalments being required during the first three years. This proposal was dropped and exactly the reverse policy was written into the later drafts, which provide specifically that the Fund's resources may not be used for the monetization (unfreezing) of "abnormal war balances."

Provisions for Instability

The agreement for the International Fund does not provide a mechanism for the stabilization of exchange. On the contrary, it legalizes wide variations up to 20%, of which 10% may be accomplished at any time by the

nation which wishes to devalue, and 10% is subject only to the limitation that the Fund must object within 72 hours.

For example, based on the present dollar value of the Pound Sterling (\$4.04), these provisions authorize fluctuations up to 81 cents in the dollar price of the Pound Sterling. Since under normal circumstances a fluctuation of 1% would be extraordinary, it is obvious that the Fund agreement cannot properly be described as an exchange stabilizing agreement. On the contrary, it is being advocated in Great Britain as an agreement to permit facile management of money at a fluctuating exchange rate and is being criticized because it places too great restrictions on freedom of movement.

Exchange Controls and Currency Agreements

The agreement does not eliminate exchange controls and multiple currency rates. The stifling effect of exchange controls on international trade may not be fully realized. For example, it is quite useless for United States merchants to solicit trade in the Sterling area if the merchants of that area cannot obtain permission from their treasury to use their cash in bank to make a purchase. Effective use of exchange and import controls make it possible to channel trade in the direction which the controlling government wishes. The Bretton Woods Agreement specifically permits the maintenance of such controls during the "transitional period," requires a report at the end of three years of operations and requires countries still maintaining such restrictions to consult with the Fund after five years. It is easy to speculate how firmly established and how well channeled trade relations will be after five years of continued existence under exchange and import controls.

British Trade and Currency Agreements

While we may have great sympathy for the trying position of Great Britain in her struggle to regain her trade and finance position, it is not necessary for us to be blind to the bilateral trade and currency agreements that England has made, which to a large extent nullify any theoretical benefits claimed from the establishment of this monetary Fund. The most recently announced currency and trade agreement was that with France on March 27. Others were made with Sweden on March 6, 1945, with Egypt in January, 1945, with Belgium in October, 1944, etc.

These agreements follow the same general form but with certain differences required by local conditions. For instance, the agreement with Peru, dated Nov. 17, 1942, provides that all trade and financial payments between Peru and the Sterling areas should be settled in Sterling. Even Peruvian export taxes and shipping expenses, which must be paid in Peruvian currency (Soles) are to be settled by buying Soles from the Central Bank of Peru and using Peruvian blocked Sterling for that purpose. In case any sales are made by Peruvians to any part of the Sterling area, such as India, and payment has been provided for in a currency other than Sterling, or, for instance, American Dollars, nevertheless the payment shall be converted into and settled in Sterling. Such Sterling may be used only for the purchase of merchandise from Great Britain or for the settlement of debts due to Great Britain, and cannot be sold outside of Peru or transferred to any person or corporation in Peru except to the holder of a registered Sterling account, called "Peruvian Special Account."

It is interesting to trace the effect of such an agreement on an ordinary commercial transaction. Let us assume that a resident of

Calcutta has sold to the United States \$100,000 of burlap or jute. When shipment is made he takes his bill of lading to his own bank, attaches a draft for \$100,000 drawn against his New York customer or that customer's letter of credit, and discounts it at his local bank. He receives Rupees which he needs to pay for his wages, materials and operating expenses, and the balance in registered English Sterling. His bank is required to sell the draft to the Bank of India. The Bank of India is required to sell the draft to the Bank of England. The Bank of England thus receives the Dollars.

Then suppose the Indian merchant desired to buy cotton from Peru and agreed upon all the details of price and shipping except the means of payment. If the Peruvian seller of cotton already had all the registered Peruvian Sterling he desired and asked for U. S. Dollars, the Indian merchant would not be able to comply, first because he could not exchange his Indian Sterling for Dollars without the consent of the British Treasury, and, second, because the terms of the 1942 agreement require all such settlements to be made in Special Peruvian Sterling. If the Peruvian cotton merchant had all the registered Peruvian Sterling he wanted or could use because of lack of shipments of merchandise from Great Britain, he had only one recourse—to make his sale of cotton through a British cotton house which would receive the assistance of the British Treasury in utilizing the Sterling which was available.

Or, if the Indian merchant desires to make a purchase of machinery from the United States, he must make an application to the British Treasury for permission to make use of his registered Sterling account for such an importation. Ordinarily such applications are denied due to the desire of the British Treasury to conserve all its holdings of Dollars.

This type of situation was the reason for the very bitter complaints which were continuously voiced by Indian merchants, of which we heard echoes in this country at the International Conference at Rye last fall. Due to such complaints the British Treasury relaxed its regulations to the extent of permitting the Indians to receive approximately 20% of their sales value in Dollars commencing about May, 1944.

There are about 20 or 21 Trade and Currency agreements in effect. Although the terms differ, the substantial effect is to substitute bilateral barter for international currency in the handling of foreign trade. In the case of the French Agreement, which includes not only continental France but French West Africa, Equatorial Africa, Corsica, Algeria, etc., Great Britain agrees to maintain a credit available to the French of 100 million Pounds Sterling, and the French agree to maintain an equivalent credit of 20 milliards of French Francs available to the Bank of England. It is contemplated that exports from England to France and exports from France to England will be kept at an approximately equal amount over the period of a year, and that any excess due at the end of the year shall not be remitted nor shall remittances be made for imports throughout the year. Payments will be made by charging the amounts against the aforesaid credits, thus in effect eliminating entirely exchange transactions and movements of currency across the Channel. In other words, the French exporter receives for his produce only French Francs supplied by the Bank of France and charged against the credit established in favor of the Bank of England, and the British exporter receives only Pounds Sterling from the Bank of England drawn against the account established by it in favor of the Bank of France. It is stated that the balance at the inception of the agreement is in

favor of France (probably represented by blocked French Sterling) and this balance is not to be liquidated.

The obvious effect of the agreements is that French importers will not receive any foreign exchange with which to make purchases in any country other than England, and English exporters to France will receive only Pounds Sterling.

This is a highly refined extension of Dr. Schacht's principle of registered Askmarks, in that the agreement sets up a two-way Askmark system that is applicable to both French Francs and Pounds Sterling. Prior to the war we saw that the Askmark system had already begun to crumble to the point where certain transfers of Askmark credits between contiguous Latin American countries were authorized.

The agreement between the British and the Belgians dated Oct. 5, 1944, is almost an exact replica of the French agreement. The rate of exchange is established at 176.625 Belgian Francs to one Pound Sterling, and the Bank of England established a 5,000,000 Pound credit in favor of the National Bank of Belgium, which in turn established an exactly equivalent credit of 883,125,000 Belgian Francs in favor of the Bank of England.

So long as the system envisioned by these trade agreements persists, the commerce of approximately 40% of the world will be reduced to a barter basis and channeled into a series of bilateral exchanges of goods and services.

Since the United States will be outside of the area, any attempt on our part to sell merchandise, not only within the Sterling area but also with the area delineated by these trade agreements, will be greatly hampered and the effect of the Bretton Woods Agreements more or less nullified.

While England may feel the necessity for controlling the use of registered or blocked sterling during the years of reconstruction in order to regain her position in international trade and finance, it is just possible that this may prove a boomerang, not only for England but for the Fund and the whole world of international trade and finance.

These fears are being voiced within the British Empire countries. The Ottawa White Paper on Employment and Income as quoted in the "Financial Post" April 21, 1945, said of the "Sterling Bloc":

"Such long-term agreements will not, in themselves, however, meet fully the international economic problems which will confront the world in the transition period following final victory in the Pacific. Our Allies whose territories have been overrun by the enemy and the United Kingdom, which has spent its substance without stint in the common cause, will face very difficult balance-of-payments problems when Lend-Lease and Mutual Aid come to an end with the close of the Pacific war.

"The government is concerned lest these difficulties should lead to the establishment, even on a temporary basis, of currency or trade blocs applying discriminatory treatment to their trade with other countries. Such a development would contribute to economic disorder, and hamper economic recovery throughout the world.

"The problems which give rise to these possible developments are not to be solved by the nations concerned, acting alone or in exclusive association with the other countries sharing these particular trade difficulties but by international collaboration as far-sighted as that undertaken during the war.

"Convinced that these countries will again establish their trade and industry and that our historic peacetime trade with them can be

reestablished, the government is willing to extend to such countries, to enable them to accomplish this transition, adequate credits to finance, to the degree necessary, their import requirements from Canada. In view of the government appropriate terms for repayment of such international debt payments on the expansion of world trade and the ample markets for the exports by which credits must be repaid."

From what I can learn by reading the comments of British bankers and merchants, there is not much enthusiasm or interest in England in this proposed Fund. It is admitted that their government will probably go along if the United States Congress approves the plan. But it has been made abundantly clear that Great Britain intends to control her own currency internally and make such external arrangements as are for her best interests. Russia will certainly be master of her own internal currency problems. Of the Big Three, the United States alone would sacrifice its sovereign control over its currency, and Congress would give up the constitutional powers "to coin money and regulate the value thereof." The provisions for the debasement of the currency of individual countries and by all countries who are members of the Fund seem to me provocative of international disturbances and conflicts more far-reaching than any good that can come out of these provisions.

The Bank

The Bank is to make capital loans, guarantee loans, and participate in loans on a strictly conservative business basis. The wording indicates that great precaution will be taken for the good of both the borrower and the lender, private loans are to be encouraged, but the machinery for this encouragement is not described. The International Bank can serve many useful purposes. No doubt the Bank can be useful for making joint government loans to needy countries and furnish information for the safety of private loans. Such a bank could certainly be helpful in limiting loans to foreign countries to the capacity to pay. The Bank may loan to either governments or firms. But all loans or guarantees must also have the guarantee of their respective governments. While the authorized capital is \$10 billion, only 20% is to be paid in or subject to call for the regular purposes of the Bank. The remainder is subject to call when needed to meet obligations of the Banks as a result of defaults of borrowers and their guarantors. The commitments of the Bank are limited to the aggregate authorized capital.

The Board of Directors of the Bank have full discretion with respect to loans. The Bank is to make loans or guarantee loans when it is satisfied that the borrower would otherwise be unable to obtain the loan under reasonable conditions. The Bank is to take great care with respect to the ability of the borrower to pay and to "act prudently in the interests of both particular members in whose territory the project is located and of the members as a whole." The design for the Bank on the whole seems sound and there are reasons to believe that the Bank can perform a service by making loans when and where private capital would hesitate to venture under some conditions. The adequacy of the paid-in funds of the Bank may very well be subject to question. But the purposes of the Bank are restricted, and the larger field of the foreign capital markets will be left open, as they should be, to private investors.

Up to the present I have received no good reason why the Bank of International Settlements should not be reorganized and assigned the functions proposed for both the Bank and the Fund.

A Square Deal Needed in the Foreign Capital Markets

While the proposed Bank to make loans and guarantee loans can serve a useful purpose in restoring stability and order in the international capital markets, the real problem is larger than the scope of this Bank comprehends. An entirely new policy is needed in the matter of the international capital markets. Countries wishing to participate in a freer international trade and finance world should make it abundantly clear that they will protect the capital and interests of foreigners within their borders. Then, instead of lending, investors and speculators able to take the risks should be encouraged to buy into the equities of foreign corporations. Obviously this is not within the functions of a tax-financed Bank to guarantee needy loans. But the real causes of breakdowns in the international financial markets, as in 1930, have been the inability to pay obligations to foreign countries when due. The advantages of the purchase of foreign stocks over bonds are the elimination of the maturity dates and the direct participation in the industry of foreign countries and not mere money lenders. To a certain extent this is accomplished by the establishment in foreign countries of branches of American corporations. An over-extension of foreign loans, whether by an international bank or private bankers, will have the same dangers in the future as it has had in the past.

7th War Loan Opens

The Seventh War Loan Drive was formally opened with a special radio broadcast the evening of May 13, in which Secretary of the Treasury Morgenthau appealed to his fellow Americans to "accept triumph without relaxation" by giving fullest support to the drive in their purchases of war bonds.

The drive, beginning officially May 14, has as its objective the sale of \$7,000,000,000 in bonds to individuals, of which \$4,000,000,000 has been earmarked for purchases of series E bonds, out of an over-all goal of \$14,000,000,000. The other \$7,000,000,000 worth are to be sold to corporate investors between June 18 and June 30.

Said Mr. Morgenthau, in finishing his address, as quoted in the New York "Times":

"Tomorrow millions of your fellow-Americans—volunteer workers—will begin the tremendous task of enrolling you in the Seventh War Loan Drive. They will appeal to you to do your share—voluntarily, as free people—in finishing the greatest war in the history of the world. Let us demonstrate to the world again that free men—of their own volition—possess the self-discipline to shoulder their responsibilities. The buying of bonds is an act of simple faith—faith in ourselves, faith in the men who fight for us, faith in the future of democracy."

The Seventh Drive will run for 90 days instead of the 60 of past campaigns.

Neutrals Break With Reich

In moves which leave probably Eire (Ireland) the only remaining neutral maintaining relations with Germany, Sweden, Spain, Portugal and Switzerland have severed relations with the Reich, the Associated Press reported from Lisbon, May 7, and from London, May 8.

Portugal gave as reason the fact that there was no longer a legal government in Germany.

The Swiss radio said the Nazi party in that country had been dissolved and its leader deported to Germany.

It was reported that Stockholm went wild with joy over the news of peace in Europe.

Text of Germany's Unconditional Surrender

Below is given the text of "An Act of Military Surrender," signed at Gen. Eisenhower's headquarters, a little red school house in the cathedral town of Reims in France, by Col. Gen. Gustav Jodl (new Chief of Staff of the German Army) for Germany, and by Lieut. Gen. Walter Bedell Smith (Chief of Staff for Gen. Eisenhower) for the Supreme Allied Command; also by Gen. Ivan Susloparoff for the Soviet Union and Gen. Francois Sevez for France, as reported by the Associated Press from Paris, May 8:

1. We the undersigned, acting by authority of the German High Command, hereby surrender unconditionally to the Supreme Commander, Allied Expeditionary Force, and simultaneously to the Soviet High Command all forces on land, sea and in the air who are at this date under German control.

2. The German High Command will at once issue orders to all German military, naval and air authorities and to all forces under German control to cease active operations at 2301 hours (11:01 P. M.) Central European Time on May 8 and to remain in the positions occupied at the time. No ship, or vessel or aircraft is to be scuttled, or any damage done to their hull, machinery or equipment.

3. The German High Command will at once issue to the appropriate commanders and insure the carrying out of any further orders issued by the Supreme Commander, Allied Expeditionary Force and by the Soviet High Command.

4. This act of military surrender is without prejudice to, and will be superseded by, any general instrument of surrender imposed by, or on behalf of, the United Nations and applicable to Germany and the German armed forces as a whole.

5. In the event of the German High Command or any of the forces under their control failing to act in accordance with this act of surrender, the Supreme Commander, Allied Expeditionary Force and the Soviet High Command will take such punitive or other action as they deem appropriate.

Signed at Reims France, at 0241 hours (2:41 A. M.) on the seventh day of May, 1945.

On behalf of the German High Command: JODL.

In the presence of:
On behalf of the Supreme Commander, Allied Expeditionary Force: W. B. SMITH.

On behalf of the Soviet High Command:

IVAN SUSLOPAROFF.

On behalf of the French:
F. SEVEZ.

Immediately afterward Gen. Jodl and his fellow delegate, Gen. Admiral Hans Georg Friedeburg, were received by Gen. Eisenhower who had not been present at the signing. The Supreme Commander asked them sternly, the Associated Press reported, if they understood the surrender terms imposed upon Germany and if they would be carried out by Germany; to which they answered yes.

Delay Proposed in Senate Treaty Debate

Expressing a growing feeling in the Senate for a delay of the previously reported plans to have consideration of the world security treaty undertaken immediately upon conclusion of the San Francisco Conference, Senator Wayne Morse (R.-Ore.) has proposed that the Senate postpone such consideration at least until September in order to permit "full discussion and understanding" by the American people. In reporting the Senator's statement, the United Press, Washington, May 7, said that he had declared the need of making this a people's treaty, understood by all the peoples of the world in order that all might collaborate to make it successful and enduring.

Most Colleges to Halt "Accelerated" Courses

"Accelerated" educational schedules developed in the wartime emergency which put the student through a normal four-year college course in from 28 to 36 months will be discontinued as soon as possible by most American colleges and universities, after demobilized veterans' needs are taken care of, according to a nationwide survey by Northwestern National Life Insurance Company.

Deans in charge of placement and other placement officials at 62 out of 101 colleges and universities covered in the survey felt that the "acceleration" program has demonstrated serious disadvantages and that the permanent benefits of education obtained under pressure are definitely reduced; their institutions have either already discontinued accelerated schedules or, in cases where there is sufficient need on the part of returning veterans, they plan to continue accelerated programs only until those needs are met.

Officials of only 16 out of 101 colleges and universities definitely expected the accelerated program idea to be continued on a permanent basis, and five of these qualified their answer by such comments as, "Will continue in modified form"; "In most cases it will be a necessary evil," etc. Officials of the remaining 23 schools were uncertain at the present time as to whether or how long any accelerated schedules will be continued.

The prevailing attitude of the educators consulted is that certain improvements in teaching techniques developed during the war, such as increased use of visual education, especially by means of movies, closer vocational guidance, more stress on direct vocational training in some cases, and certain speed-up techniques developed in teaching foreign languages, will be retained. However, many schools have always offered a summer session which, they point out, is available for such individual students as wish to accelerate their own programs.

President Invites Governors to Call

Governors of all the states and territories have been invited by President Truman to cooperate with him in working out Federal and State problems, Associated Press advices from Washington state, May 7. The invitation was extended in a letter written at the President's direction by his chief administrative assistant, Edward McKim, to the governors. The letter expressed the President's desire to be helpful whenever he can in meeting the many and grave problems which are with us all, and said that "He recognizes that the governors are an integral part of our national system.

"It is his thought, therefore, that he and the governors can work in mutual co-operation to the great benefit of State and Federal government. If, as we go along to complete the unfinished work you are confronted with a problem which the President can help you solve, do not hesitate to ask me for an opportunity for you to discuss it with him. You will find that his latch-string always will be out. I personally shall be glad to arrange for you to see him."

Earnings for 1944 of All Insured Commercial Banks

Net profits after taxes of all insured commercial banks were higher in 1944 than in any other year of deposit insurance, Chairman Leo T. Crowley of the Federal Deposit Insurance Corporation announced on May 10. The reported total in 1944 was \$751 million, 18% above that of 1943, and 70% above the 1942 total. Net profits in 1944 represented a return of 9.7% on average total capital accounts, substantially above the 8.8% return in 1943.

Net profits before income taxes were \$954 million in 1944, over 12% of average total capital accounts. High earnings were accompanied by higher taxes on net income. Total income taxes of \$203 million amounted to 21% of net profits before taxes. State income taxes were \$16 million or \$2 million above 1943 while Federal income taxes of \$187 million were \$73 million above last year.

The wartime trend of increasing income on securities and declining income on loans continued during 1944. Prior to 1943, income on loans was the most important earnings item, accounting for approximately 45% of total current operating earnings in the years 1934-1942. In 1942 and 1943 this proportion declined and by 1944 income on loans accounted for less than one-third of total current operating earnings. While the volume of loans outstanding rose moderately during 1944, the average rate of return fell from 3.85% in 1943 to 3.44% in 1944 resulting in the slight decline in total income on loans from \$706 million in 1943 to \$698 million in 1944. In the last two years, the amount of interest and dividends on securities has increased rapidly and accounted for almost one half of total current operating earnings in 1944. As a result of expanded holdings of U. S. Government obligations, interest and dividends on securities rose to \$1,090 million in 1944 compared with \$861 million in 1943.

Total current operating expenses rose 8% from 1943 to 1944. Because of the increase in the volume of time and savings deposits, interest paid on these deposits rose in 1944, reversing the downward trend in evidence since 1934. However, the average rate of interest paid continued to decline and was 3% in 1944.

As would be expected in a period of rising prices, losses and charge-offs were low in 1944, amounting to only \$266 million, the lowest in the history of Federal deposit insurance. Recoveries on assets and profits on securities sold or redeemed were \$362 million in 1944. For the third time since 1934, recoveries and profits exceeded charge-offs.

Of the \$751 million of net profits, \$253 million, or 34%, were distributed in dividends and interest on capital and \$498 million, or 66%, were retained. Total dividends and interest on capital amounted to a return of 3.3% on average total capital accounts. Dividends declared on common stock amounted to 9.2% of the average par value of common stock outstanding. Profits retained added 6.7% to total capital accounts in 1944, in contrast to a 20% increase in total assets.

King Leopold Liberated

It has been announced that Leopold III, King of the Belgians, and his Queen, with eighteen members of their staff and four children, all in good health, have been liberated by the United States 7th Army, at a place eight miles east of Salzburg, the Associated Press reports from this section on May 8. Elements of the American 106th Cavalry Group had to overpower German S. S. (Elite Guard) troops to make the rescue. The royal party is now guarded by Seventh Army troops.

Approve Charter for Labor-Management Partnership

A charter calling for a labor-management partnership to stimulate the highest possible degree of production and employment at wages assuring a steadily advancing standard of living, signed March 28 by leaders of the Chamber of Commerce of the United States, the American Federation of Labor and the Congress of Industrial Organizations, subject to the approval of their organizations, has now been approved by directors of the Chamber, according to the Associated Press from Washington, May 4. The executive council of the AFL has also ratified the charter, a report to the New York "Times" from Washington, May 4 states, adding that the CIO approved it last month by action of its executive board.

Eric Johnston, President of the chamber, said that President Truman had been informed of ratification and that he had commented that the charter was a fine thing.

NAM Has Not Approved

Johnston said that the National Association of Manufacturers had not yet approved the charter but that discussions were proceeding to reconcile differences between the Chamber and NAM, the Associated Press stated. He added he was certain the NAM would approve it in the end.

House Passes Land Grant Rate Repeal

A bill to abolish the 50% rates allowed by the railroads to the Government in return for lands granted the railroads a century ago, and allow them to charge the Government full transportation rates, has been passed by the House, according to the Associated Press from Washington, May 4. It is estimated, the report states, that the measure would increase the Federal shipping bill by at least \$20,000,000 a month, which proponents asserted would be made up to a large extent by increased railroad taxes. They said too that the legislation would still allow the government to negotiate preferential rates when possible.

Rep. Gearhart (R., Minn.) contended that by increasing the Federal bill rates to other shippers would be reduced.

The bill has been sent to the Senate.

Panama S. F. Gold Bonds

The National City Bank of New York, as Fiscal Agent, is notifying holders of Republic of Panama 35-year 5% external secured sinking fund gold bonds, series A, due May 15, 1963, that funds have been received under the Fiscal Agency Contract of June 22, 1928, under which the above entitled bonds were issued, and are now available for distribution (a) as a final payment on account of the interest represented by the May 15, 1941, coupons pertaining to the said bonds, in the amount of \$4.90 for each \$25 coupon and \$2.45 for each \$12.50 coupon, and (b) as a partial payment on account of the interest represented by the Nov. 15, 1941, coupons pertaining to the said bonds, in the amount of \$16.56 for each \$25 coupon and \$8.28 for each \$12.50 coupon.

The distribution will be made at the office of the Fiscal Agent, the National City Bank of New York, 22 William St., upon surrender of the May 15, 1941, coupons and upon presentation of the Nov. 15, 1941, coupons, accompanied by properly executed letters of transmittal.

Would Make Phila. United Nations Hdqts.

The committee headed by Robert Johnson, President of Temple University, to make Philadelphia the permanent headquarters of the United Nations has issued the following resume, which states in part:

A formal invitation will presently be extended to the United Nations to establish their permanent headquarters in the City of Philadelphia.

It will suggest that there are many sound reasons for the location of these headquarters in the Western Hemisphere and particularly in the United States of America.

The selection of a place within the United States as the permanent headquarters of the United Nations will strengthen the capacity of this hemisphere to serve with unwavering devotion the cause of universal peace, by acquainting it more intimately, not only with the forms of international cooperation, but also with its deep and underlying significance for the modern world. It will insure throughout our country the establishment of a profound and lasting sense of the interdependence of all nations and all peoples.

The invitation will further suggest that Philadelphia is the place where the new international organization may most fitly be located.

Veterans' Bonus Drive

What he terms an adjusted compensation proposal rather than a bonus bill, Rep. Rankin (D., Miss.) has introduced as an amendment to the G. I. bill of rights, according to the Associated Press from Washington, May 3. The measure calls for payment of \$20 a week for a year to any member of the armed forces who served 90 days or more since Sept. 16, 1940, and was not dishonorably discharged; the cost is estimated at \$11,000,000,000.

Rankin, who is chairman of the House Veterans' Committee and one of the framers of the Bill of Rights, said the existing provision in the bill for \$20-a-week payments to unemployed veterans only "puts a premium on idleness."

The new proposal, he added, "would wipe out this discrimination and treat them all alike."

The adjusted compensation would be in addition to mustering-out pay already provided by law. This ranges from \$100 to \$300, depending on the length and place of service.

Numerous bonus proposals were introduced earlier for veterans of the present war, but they were tossed aside when the G. I. bill was enacted, according to the Associated Press.

Congressional leaders predicted privately Rankin's plan might be difficult to head off.

MVA Bill Rejected

A bill to establish a Missouri Valley Authority has been rejected by the Senate Commerce Committee, according to the Associated Press from Washington, May 7, which stated that both President Truman and the late President Roosevelt expressed approval of creating an MVA patterned after Tennessee Valley Authority.

In its report the committee called attention to the more than a billion dollar program authorized last December by Congress for full water development of the Missouri basin and said this offered a "complete program." No additional unifying agency was needed, the report added.

Steel Operations Up Slightly—Cancellations Accelerated—Order Volume Cut—Scrap Lower

"The volume of steel orders in the past week continued in most cases to exceed shipments, but with substantial cancellations in the background, it was apparent this week that a greater decline in new business is in the offing," states "The Iron Age" in its issue today (May 17) which further goes on to say: "The flow of steel cancellations has quickened with a greater acceleration expected in about two weeks. Steel men believe that the cancellation period will last for about 60 days.

"A lag has developed between steel product contract cuts and the appearance of space on mill schedules due in part to the desire of customers to hold their places on steel mill schedules while shopping for new contracts. This condition also partly results from the fact that components manufacturers, whose peacetime product is the same as that for which war contracts have been cancelled, are still holding on to their place on the mills. Soon, however, the contractors whose programs have been cut back will have little desire or excuse to keep steel orders intact.

"Cancellations on steel business this past week were apparent in semi-finished steel items, plates and hot rolled sheets. The plate cancellations stem from Maritime Commission cutbacks, while the semi-finished steel cancellations result mainly from shell steel cutbacks.

"An analysis of order volume last week indicated that while it was high, it was lower than has been the case for many months. In the aggregate, the amount of fresh steel business last week was about 50% lower than the 1945 average to date. Sales statistics on the year to date indicate a drop in the excess over a year ago to about a 25% gain. The latter, however, will be whittled down soon as cancellations mount.

"Cancellation volume in April, although small, was about 50% higher than the average level obtained in the previous 1945 months, largely due to Maritime and aircraft cutbacks. Despite impending reduction in the flow of new orders and the canceling out of some old ones, carryovers in the industry remain heavy. Deliveries on many items are still far extended.

"Orders now on one company's books will account for about 50 weeks' sheet production, 45 weeks' bar production, 30 weeks' structural output, and at least 65 weeks' rail output. There still remains the probability that a fair amount of such a backlog will be neutralized within the next 60 days. Yet on the other hand, with civilian consumers allowed to place orders for shipment on and after July 1, when such shipments do not interfere with war business or war supporting activity roles in backlogs and schedules may be rapidly plugged.

"Because of 'mechanical' difficulty in obtaining approvals and carrying out proper Governmental regulations in announcing the steel price revisions they are not expected to be made public until next Monday or Tuesday. The program has been definitely approved. Product increases, in addition to those made in the interim price announcement in January are expected to include semi-finished steel (except skelp), wire rods, spikes, bail ties and hot rolled bars. Of the items which were raised in January, plates, light rails, nails and galvanized sheets are expected to get another small boost. Items to be advanced are said to be showing a loss to steel companies.

"The Iron Age" scrap composite price dropped 9 cents a gross ton this week to \$19.08 a gross ton reflecting some weakness at Philadelphia."

The American Iron and Steel Institute on May 14 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 95.3% of capacity for the week beginning May 14, compared with 95.1% one week ago, 91.9% one month ago and 99.2% one year ago. The operating rate for the week beginning May 14 is equivalent to 1,745,500 tons of steel ingots and castings, compared to 1,741,900 tons one week ago, 1,683,300 tons one month ago, and 1,777,000 tons one year ago.

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

"While considerable volume of steel cancellations has followed the close of the European phase of the war it has had little effect so far on nearby deliveries, being mainly confined to material scheduled for remote delivery.

"Even with these cancellations mills are still loaded with heavy backlogs and deliveries are well extended on many products, including sheets, carbon bars, seamless tubing and some wire items. Some producers still are quoting delivery into next year on hot and cold-rolled and galvanized sheets, special quality bars and wire. Cancellations have not yet opened schedule gaps for early delivery. However, overall future positions in all these items have eased and that the remote schedules are more effective than nearby positions is ascribed to the nature of the cancellations and to the fact that producers are behind on current deliveries. Some makers of sheets and bars, as an example, are delayed a month or two months on their promises.

"Despite mounting volume of cancellations most steel producers expect no sharp drop in steel output over the next several weeks because of the oversold position of mills and because too many essential civilian needs are pressing for action. It is believed that such decline as may develop over the remainder of this quarter will be due principally to changes in specifications.

"Meanwhile, further limitation orders are being relaxed to facilitate shifting steel now on order for the war program into civilian work. The latest include a number discontinuing simplification and standardization controls over certain steel products and items manufactured from steel, such as portable tools, band saws, and machine tool accessories.

"Pig iron shows no effect of the war's end and competent observers expect little alteration in demand. Backlogs of needs for castings for civilian products are sufficient to keep foundry consumption at a high rate as labor supply will allow and steel-making iron is expected to be in demand for sometime, regardless of the limited cutbacks in steel output expected to follow. Practically every blast furnace able to produce is in service or under repair. Lack of full scrap supply causes more pig iron to be used in furnace mixtures."

House Group Approves Extending RFC

Legislation to extend the Reconstruction Finance Corp. Act, and increase to \$595,000,000 meat subsidies which RFC may pay, was approved by the House Banking and Currency Committee unanimously, according to United Press advices from Washington, May 2, which mention that the Act is scheduled to expire June 30.

Broderick, Jackson To Head Banks Group For New York Fund

Joseph A. Broderick, President of the East River Savings Bank, New York, has accepted the Chairmanship of the Savings Banks Division for the Greater New York Fund's 1945 campaign, it has been announced recently by the Fund's Finance Section Chairman Harry M. Addinsell, Chairman of the Executive Committee of the First Boston Corp.

"I am more than pleased to be given this opportunity to serve my community," said Mr. Broderick on accepting his position with the Fund, "and to be associated with business and civic leaders of this city in directing the efforts of the Fund in its 1945 appeal.

Mr. Addinsell also announced that N. Baxter Jackson, First Vice-President of the Chemical Bank and Trust Co. of New York, has been appointed Chairman of the Commercial Banks and Trust Companies Division of the Greater New York Fund, whose 1945 appeal was opened May 2.

"Last year this division proved its appreciation of the great service rendered to this community by the 408 local hospitals, health and welfare agencies sharing in the Fund, by substantially exceeding its quota with gifts totalling \$370,330.15," said Mr. Addinsell. "I am confident they will do as well, and perhaps even better, in this year's campaign."

A total of \$22,500,000 in voluntary contributions is needed this year by the 408 hospitals, health and welfare agencies participating in the Fund to maintain their present standards of community welfare service.

Miss Dorcas Campbell, Assistant Secretary of the East River Savings Bank, is serving as a committee member of the Savings Bank Division.

Early Tax Relief Held Unlikely by George

In spite of conflicting views on Capitol Hill regarding the possibility of early tax relief, agreement on a five-point program proposed by Treasury and Congressional experts seemed to be reached by Senator Walter F. George (D.-Ga.) chairman of the Senate Finance Committee, Representative Robert L. Doughton (D.-N.C.) chairman of the House Ways and Means Committee, and Secretary of the Treasury Morgenthau, according to Associated Press advices from Washington, May 11. The five-point program proposes no changes in corporation or individual income rates, but is designed to accelerate the flow of the 10% excess profits tax credit and tax refunds accruing to business under present law.

Small corporations would be the chief beneficiaries, through an increase in the specific exemption from excess profits taxes. Senator George earlier had expressed himself in favor of substantial reductions in both corporation and individual income taxes, to be made effective in 1946, even considering that the war with Japan might last another year.

Chairman Doughton said that he expected measures to be taken soon to assist business, but that "there is no justification" for expecting big reductions now in individual and corporation income levies. He added, "We've got to cut spending before we can cut taxes."

Secretary Morgenthau declared that the administration was opposed to any reduction of taxes until Japan was defeated. Said he, "The administration position has not changed with regard to

The State of Trade

(Continued from page 2198)

came close to their number last year but showed an equally slight gain over the prior week.

In all industry and trade groups except manufacturing there was only one concern failing this year for every two in the comparable week a year ago, while in manufacturing failures were three times as heavy as in the preceding week and about equaled last year's number.

For the second consecutive week there were no Canadian failures. Only one Canadian failure was reported in the corresponding week of 1944.

Wholesale Food Price Index—The wholesale food price index, compiled by Dun & Bradstreet, Inc., registered \$4.09 as of May 8, a decline of .01 point from the previous week, but a rise of 1.5% above the corresponding date a year ago, when it stood at \$4.03. Advances this week occurred in rye and steers, while oats, potatoes and lambs showed declines.

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

Retail and Wholesale Trade—Rainy weather and V-E Day store closings curtailed retail trade volume below a week earlier for the country as a whole, Dun & Bradstreet, Inc., currently reports. A slight tapering off in seasonal buying of men's and women's furnishings and ready-to-wear was noted. A greater consumer consideration for values and utility was given as one of the reasons for the decline. Shortages, particularly in staple merchandise, are becoming more apparent and adversely affecting volume. On the other hand, where stocks are available there has been noted a substantial increase over that of a year ago.

Main floor departments, especially items suitable for Mother's Day gifts, received a greater share of the week's promotional activity and retail volume. In women's apparel, summer dresses and sportswear were sales leaders, and also prominent was the turnover in blouses, wool sweaters, bathing suits, short coats and suits. Men's clothing sales were held down, due principally to inadequate stocks.

Business in housefurnishings departments remained somewhat spotty this week; depleted, narrow assortment was still the main cause. Demand ran heavy in novelty linen towels and luncheon sets, with stocks being disposed of almost as soon as being received. Jewelers report a heavy sale of silverware, with the condition of stocks very low. A seasonal increase in hardware sales also took place in the week. A moderate decline occurred in food volume the past week, with some commodities in scant supply and higher ration point requirements holding down potential sales somewhat.

Full effect of the V-E Day store closings throughout the country has not been measured. Early estimates indicate the week's total retail volume dropped to a 3% to 6% increase over a year ago. Regional percentage increases were: New England and the East, 2 to 5; Middle West, 1 to 3; Northwest, 4 to 7; South and Southwest, 3 to 6; Pacific Coast, 5 to 8.

Much of the same influences that beset the retail markets were present in wholesale lines the past week. Demand for all kinds of merchandise was high in the week, but was met by a lack of offerings. In the textile markets last week demand for worsted yarn and wool tops was urg-

the need for all revenues we can get during the war."

(Earlier reference to tax relief proposals was made in our issue of May 10, page 2091.)

ent, with most supplies still going to military uses.

Reports state that some buyers of fall cloths have already entered the New York apparel markets. The number of arrivals the past week was higher than the last two weeks and also above the corresponding period a year ago.

A slight increase in wholesale grocery sales took place in the week over that of the corresponding week of 1944. In the canned goods lines, especially in sea foods, demand was well ahead of supplies. The meat shortage has resulted in declines in volume from last year's figure.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 4% ahead of that of a year ago for the week ended May 5, 1945. This compared with a gain of 10% in the preceding week. For the four weeks ended May 5, 1945, sales increased by 9%, and for the year to date by 13%.

A combination of V-E Day store closings and prolonged rainy weather adversely affected retail trade here in New York last week. Department store sales in the week were under those for the like week one year ago. The weekly volume of both wholesale and retail grocery lines also reflected declines for the same reasons.

The news of the easing of some restrictions by the WPB following V-E Day was received favorably by wholesale markets, but it was realized that supplies of metal and wood merchandise will be unavailable in quantity for some time to come. At present there is no indication of any easing in the textile apparel situation.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to May 5, 1945, increased by 3% above the same period of last year. This compared with a gain of 14% in the preceding week. For the four weeks ended May 5, 1945, sales rose by 10%, and for the year to date by 14%.

President Upholds "Little Steel" Formula

President Truman has indicated his support of wage and other stabilization controls by answering the query as to whether he has any new views on labor demands for an upward revision of the "Little Steel" formula with the statement that his position remains unchanged, according to the Associated Press from Washington, May 2. Saying that he felt the same way as he did while Vice-President when he told a CIO delegation from Missouri that he could not agree with their demands for an increase in over-all wage rates above the "Little Steel" formula. This formula limits basic pay increases to 15% of the Jan. 1, 1941, levels.

House Votes Treaty Power

The House of Representatives has passed by roll-call vote of 288 to 88 a resolution to submit to the states a constitutional amendment requiring ratification of treaties by a majority vote of both the Senate and the House, instead of, as at present with a two-thirds vote of the Senate being necessary and the House having no voice at all, Associated Press advices state from Washington, May 9.

The measure now goes to the Senate. But there were indications that the House action may be futile, since the Senate Judiciary Committee, which will receive the legislation, already has announced it will not consider any constitutional amendment proposals until after the war.

Wholesale Prices Unchanged in May 5 Week

The Bureau of Labor Statistics index of commodity prices at the primary market level remained unchanged during the first week of May at the peak reached at the end of April, 105.7% of the 1926 average, announced the U. S. Department of Labor in its report issued May 10, which further said: Slightly lower prices for agricultural commodities such as cattle and sheep and for apples, oranges, and onions were offset by the increase in coal prices effective May 1 and by minor advances for lumber, meats, and grains. Since the first week of April, the all-commodity index has risen 0.6% and was nearly 2% higher than at this time last year.

The Labor Department continued: "Farm Products and Foods—Average prices for farm products in primary markets declined 0.5% during the week. Livestock and poultry dropped 0.4% with lower prices reported for cows, calves, steers, and sheep. Live poultry on the contrary advanced nearly 1.5%. In the grain markets slightly lower prices for wheat and rye were more than offset by higher prices for corn with the result that grain prices on the whole were up 0.1% over the preceding week. Cotton advanced 0.4%. Substantial decreases occurred in prices for apples, oranges, onions, and hay, while potatoes were higher in most markets and lemons also advanced. Prices for farm products as a group have risen 2% since early in April and were more than 5% higher than for the first week in May last year.

"The levels of food prices in primary markets remained unchanged during the week. A decrease of 0.3% for fruits and vegetables and a slight decline in quotations for wheat flour were offset by higher prices for rye flour and for dressed poultry. In the past four weeks average prices for foods have advanced 1.5%.

"Industrial Commodities—There were few important changes in industrial commodity markets. Somewhat higher prices for bituminous coal resulted from the increases granted producers by OPA, effective May 1, to compensate in part for higher costs brought about by the recent increase in miners' wages. The increase of 0.3% in bituminous coal prices over the week represents a partial reflection of that development. Quotations for anthracite rose 0.2%. The mercury market was stronger during the week and prices advanced 0.6%. The fractional increase in average prices for lumber resulted from higher quotations for certain types of Ponderosa pine. Turpentine advanced slightly and butyl acetate declined about 2% because of reduced costs of raw materials."

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 April 7, 1945 and May 6, 1944, and (2) the percentage changes in subgroup indexes from April 28, 1945 to May 5, 1945.

Table with 2 main sections: 'WHOLESALE PRICES FOR WEEK ENDED MAY 5, 1945 (1926=100)' and 'PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM APRIL 28, 1945 TO MAY 5, 1945'. The first table lists commodity groups and their price indices for three weeks. The second table shows percentage changes for various subgroups like Meats, Grains, Fruits and vegetables, and Cereal products.

Table titled 'PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM APRIL 28, 1945 TO MAY 5, 1945'. It lists subgroups such as Meats, Grains, Fruits and vegetables, and Cereal products, along with their respective percentage changes.

Bank Debits for Month of April

The Board of Governors of the Federal Reserve System issued on May 10 to its usual monthly summary of "bank debits," which we give below:

Table titled 'SUMMARY BY FEDERAL RESERVE DISTRICTS (In millions of dollars)'. It shows bank debits for April 1945 and April 1944 across various districts including Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. It also includes totals for 334 centers, New York City, 140 other centers, and 193 other centers.

Woody's Bond Prices And Bond Yield Averages

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

Table titled 'MOODY'S BOND PRICES (Based on Average Yields)'. It lists bond prices for various maturities from May 15, 1945, back to 1941, categorized by U.S. Gov. Bonds, Corporate by Ratings (Aaa, Aa, A, Baa), and Corporate by Groups (R.R., P.U., Indus.).

Table titled 'MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices)'. It lists yield averages for various maturities from May 15, 1945, back to 1941, categorized by U.S. Gov. Bonds, Corporate by Ratings (Aaa, Aa, A, Baa), and Corporate by Groups (R.R., P.U., Indus.).

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

Electric Output for Week Ended May 12, 1945 Exceeds That for Same Week Last Year by 1.5%

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 12, 1945, was approximately 4,302,381,000 kwh., which compares with 4,238,375,000 kwh. in the corresponding week a year ago, and 4,397,330,000 kwh. in the week ended May 5, 1945. The output of the week ended May 12, 1945, was 1.5% in excess of that for the same week last year.

Table titled 'PERCENTAGE INCREASE OVER PREVIOUS YEAR'. It shows percentage increases for Major Geographical Divisions (New England, Middle Atlantic, Central Industrial, West Central, Southern States, Rocky Mountain, Pacific Coast) and Total United States, comparing May 12, 1945, with May 5, 1945, and April 28, 1945.

Table titled 'DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)'. It shows electric output in thousands of kilowatt-hours for various weeks from Feb. 3 to May 26, 1945, along with percentage changes over the previous year.

War Costs to Total \$275,703 Millions

The United States Treasury Department announced on May 8 that during this war the Government has spent \$275,703,000,000 up to May 5, 1945. In comparing the cost of this war with that of all others the statement showed that from 1789 to 1940 the United States spent \$173 billion, while from July, 1940 to May, 1945 we have spent \$300 billion. During the nation's six war loan drives, \$81 billion was raised, while net receipts consisted of taxes on individuals and corporations amounted to more than \$124 billion.

The Associated Press reported from Washington:

In addition to war spending the Government (including Government corporations) has spent about \$30,000,000,000 for purposes not labeled "war" since July 1, 1940—bringing total Federal expenditures during that period of less than five years to more than \$305,000,000,000.

The costs of other wars to the United States were as follows:

- Revolutionary—No dependable estimate available. About \$70,000,000 paid in pensions.
War of 1812—No exact figures available. Unofficial estimate \$133,700,000.
Mexican War—No exact figures available. Unofficial estimate \$166,000,000.
Civil War—In excess of \$15,000,000,000, including pensions.
War with Spain—In excess of \$2,000,000,000, including pensions.
World War—To June 30, 1921, \$25,729,000,000. Continuing costs such as pensions, interest, etc., from 1921 to June 30, 1934, have been \$16,036,000,000. Total to June 30, 1934, was \$41,765,000,000.

Treasury Estimates Continued War Spending

The Seventh War Loan, opening May 14 with a \$7,000,000,000 goal for individuals, is indicative of the gigantic financial task still confronting the nation for war spending, according to Ted R. Gamble, director of the Treasury Department's War Finance Division, the Associated Press stated from Washington, May 10.

Treasury officials explained that war production will continue heavy for the Japanese conflict and that even when cutbacks occur they are not reflected immediately in reductions in expenditures.

War spending in April was \$7,139,000,000. The average for the first four months of the year, January through April, was \$7,471,000,000. The average for the calendar year 1944 was \$7,444,000,000 a month.

In a telegram to all state war finance chairmen, Mr. Gamble said that the job of the war finance organization is "more imperative at this particular moment than at any time during the lifetime of this important home-front program."

He said it was imperative "from the point of view of raising money to pay for the war ahead and raising it from the sources best designed to combat inflation."

Those sources are individual bond buyers.

Moody's Daily Commodity Index

Table titled 'Moody's Daily Commodity Index'. It shows the index value for various days from Tuesday, May 8, 1945, to Low, Jan. 24, 1945.

Trading on New York Exchanges

The Securities and Exchange Commission made public on May 9 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 21, 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 21 (in round-lot transactions) totaled 2,997,206 shares, which amount was 13.64% of the total transactions on the Exchange of 10,988,000 shares. This compares with member trading during the week ended April 14 of 1,812,975 shares, or 15.56% of the total trading of 5,824,290 shares. On the New York Curb Exchange, member trading during the week ended April 21 amounted to 682,175 shares, or 14.85% of the total volume on that exchange of 2,296,695 shares. During the April 14 week trading for the account of Curb members of 456,885 shares was 15.53% of the total trading of 1,471,235.

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

WEEK ENDED APRIL 21, 1945		
A. Total Round-Lot Sales:	Total for week	%
Short sales	354,330	
†Other sales	10,633,670	
Total sales	10,988,000	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	816,410	
Short sales	167,880	
†Other sales	696,460	
Total sales	864,340	7.65
2. Other transactions initiated on the floor—		
Total purchases	317,190	
Short sales	41,400	
†Other sales	285,090	
Total sales	326,490	2.93
3. Other transactions initiated off the floor—		
Total purchases	297,913	
Short sales	50,000	
†Other sales	324,863	
Total sales	374,863	3.06
4. Total—		
Total purchases	1,431,513	
Short sales	259,280	
†Other sales	1,306,413	
Total sales	1,565,693	13.64

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

WEEK ENDED APRIL 21, 1945		
A. Total Round-Lot Sales:	Total for week	%
Short sales	36,060	
†Other sales	2,260,635	
Total sales	2,296,695	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	172,270	
Short sales	19,520	
†Other sales	197,340	
Total sales	216,860	8.47
2. Other transactions initiated on the floor—		
Total purchases	66,410	
Short sales	7,600	
†Other sales	69,180	
Total sales	76,780	3.12
3. Other transactions initiated off the floor—		
Total purchases	57,580	
Short sales	5,700	
†Other sales	86,575	
Total sales	92,275	3.26
4. Total—		
Total purchases	296,260	
Short sales	32,820	
†Other sales	353,095	
Total sales	385,915	14.85
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
Customers' other sales	84,228	
Total purchases	84,228	
Total sales	77,677	

*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."

Civil Engineering Construction \$38,910,000 for Week

Civil engineering construction volume for the continental United States totals \$38,910,000 this week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 4% lower than in the preceding week and 8% below the total for the corresponding 1944 week, but is 16% higher than the previous four-week moving average as reported to "Engineering News-Record." The report issued on May 10 continued as follows:

Public construction tops last week by 26%, and is 22% higher than in the week last year as a result of gains in both Federal and State and municipal work. Private work, on the other hand, is 68% lower than a week ago and 70% under a year ago.

The current week's construction brings 1945 volume to \$600,072,000 for the 19 weeks of the year, a decrease of 12% from the \$679,227,000 reported in the 1944 period. Private construction, \$174,889,000, is up 14% compared with last year, but public construction, \$425,183,000, is down 19%. Federal volume, \$344,084,000, is 25% below

a year ago and is responsible for the public decrease as State and municipal work is 25% higher than in the 1944 period.

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

	May 11, 1944	May 3, 1945	May 10, 1945
Total U. S. construction	\$42,209,000	\$40,576,000	\$38,910,000
Private construction	13,822,000	13,038,000	4,208,000
Public construction	28,387,000	27,538,000	34,702,000
State and municipal	6,807,000	8,185,000	11,902,000
Federal	21,580,000	19,353,000	22,800,000

In the classified construction groups, gains over last week are in sewerage, bridges, public buildings, earthwork and drainage, and streets and roads. Increases over the 1944 week are in water works, sewerage, bridges, public buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: water works, \$751,000; sewerage, \$581,000; bridges, \$2,067,000; industrial buildings, \$2,584,000; commercial building and large-scale private housing, \$400,000; public buildings, \$17,636,000; earthwork and drainage, \$909,000; streets and roads, \$9,369,000, and unclassified construction, \$4,613,000.

New capital for construction purposes for the week totals \$179,525,000. It is made up of \$3,198,000 in State and municipal bond sales, \$19,954,000 in corporate security issues, and \$156,373,000 in Federal appropriations from the first Deficiency Appropriation Act of 1945. The current week's new financing brings the 1945 volume to \$469,365,000, a total 14% above the \$412,152,000 reported for the corresponding 19 weeks of 1944.

Post-War Construction Planning Volume \$20.7 Billion

Identified and recorded engineering construction projects proposed for construction in the post-war years total \$20,715,964,000, according to reports to "Engineering News-Record," in the period from Jan. 1, 1943 through May 3, 1945. On post-war projects valued at \$8,789,191,000, 42% of the total, plans are under way or completed, and on \$1,230,813,000 worth of projects all financing arrangements have been completed.

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended May 5, 1945, is estimated by the Bureau of Mines at 10,820,000 net tons, a decrease of 1,420,000 tons, or 11.6%, from the preceding week, according to the United States Department of the Interior. Output in the corresponding week of 1944 was 11,854,000 tons. The total production of soft coal from Jan. 1 to May 5, 1945, is estimated at 205,401,000 net tons, a decrease of 8.0% when compared with the 223,163,000 tons produced during the period from Jan. 1 to May 6, 1944.

Production of Pennsylvania anthracite for the week ended May 5, 1945, as estimated by the Bureau of Mines, was 289,000 tons, a decrease of 1,074,000 tons (78.8%) from the preceding week. This sharp drop was due to the walkout of the hard coal miners. When compared with the output in the corresponding week of 1944 there was a decrease of 989,000 tons, or 77.4%. The calendar year to date shows a decrease of 16.2% 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 May 5, 1945 showed an increase of 1,800 tons when compared with the output for the week ended April 28, 1945; but was 9,800 tons less than for the corresponding period of 1944.

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

	Week Ended			Jan. 1 to Date	
	May 5, 1945	*Apr. 28, 1945	May 6, 1944	†May 5, 1945	May 6, 1944
Bituminous coal & lignite—	10,820,000	12,240,000	11,854,000	205,401,000	223,163,000
Total, including mine fuel—	1,073,000	2,040,000	1,976,000	1,923,000	2,061,000
Daily average					

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

	Week Ended			Calendar Year to Date		
	†May 5, 1945	†Apr. 28, 1945	May 6, 1944	†May 5, 1945	May 6, 1944	1937
Penn. anthracite—	289,000	1,263,000	1,278,000	19,250,000	22,963,000	20,512,000
*Total incl. coll. fuel	277,000	1,308,000	1,227,000	18,479,000	22,044,000	19,486,000
†Commercial produc.						
Beehive coke—						
United States total	133,000	121,200	142,800	2,003,200	2,749,200	1,317,600

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

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

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

State—	Week Ended		
	Apr. 28, 1945	Apr. 21, 1945	Apr. 29, 1944
Alabama	362,000	186,000	361,000
Alaska	7,000	7,000	6,000
Arkansas and Oklahoma	78,000	62,000	86,000
Colorado	146,000	150,000	164,000
Georgia and North Carolina	1,000	1,000	*
Illinois	1,464,000	1,448,000	1,531,000
Indiana	537,000	460,000	520,000
Iowa	42,000	39,000	45,000
Kansas and Missouri	120,000	118,000	138,000
Kentucky—Eastern	1,033,000	968,000	952,000
Kentucky—Western	395,000	363,000	383,000
Maryland	38,000	37,000	38,000
Michigan	3,000	3,000	5,000
Montana (bitum. & lignite)	85,000	70,000	97,000
New Mexico	30,000	28,000	38,000
North & South Dakota (lignite)	41,000	39,000	28,000
Ohio	782,000	666,000	693,000
Pennsylvania (bituminous)	2,968,000	2,667,000	2,995,000
Tennessee	136,000	114,000	141,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	138,000	134,000	146,000
Virginia	370,000	353,000	410,000
Washington	24,000	26,000	29,000
†West Virginia—Southern	2,165,000	2,045,000	2,336,000
†West Virginia—Northern	1,682,000	1,088,000	1,001,000
Wyoming	192,000	177,000	192,000
§Other Western States	*	*	*
Total bituminous & lignite	12,240,000	11,250,000	12,337,000

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

Regulations Set for Saving Banks in Housing Projects

The Banking Board has prescribed regulations for participation by savings banks of New York State in housing projects, in accordance with the provisions of a bill signed by Gov. Thomas E. Dewey on Mar. 28, it was announced on May 10 by Elliott V. Bell, Superintendent of Banks.

The effect of the new law is to permit savings banks to invest up to about \$300,000,000 of their funds in housing corporations formed to undertake housing projects. A group of Brooklyn savings banks is now preparing to undertake a \$6,000,000 housing project in the Borough Hall section of Brooklyn.

Mr. Bell said the regulations do not call for approval by the Banking Board of individual housing projects. He said the Board sought to lay down general rules within whose framework the officers and trustees of savings banks were free to invest in housing projects as their judgment dictated.

The principal features of the housing project regulations adopted by the Banking Board follow:

Each such project must be a multi-family rental housing project designed to accommodate not less than 250 families at an average rental of not more than \$25 a room a month.

Each such project undertaken must be participated in by at least three savings banks.

No one savings bank can finance more than 40% of the total cost of any one project.

No savings bank can invest an amount greater than 1% of its assets or 10% of its surplus in any one project.

Savings banks must amortize their investment in these projects at a rate of at least 2½% a year.

No housing corporation can undertake more than one housing project.

Housing projects can be undertaken by savings banks only on real property owned in fee.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 9 a summary for the week ended April 27 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended April 28, 1945	
Odd-lot Sales by Dealers (Customers' purchases)	Total For Week
Number of orders	30,766
Number of shares	929,396
Dollar value	\$37,624,174
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	357
*Customers' other sales	30,475
Customers' total sales	30,832
Number of Shares:	
Customers' short sales	12,060
*Customers' other sales	817,680
Customers' total sales	829,740
Dollar value	\$31,203,138
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	170
†Other sales	184,890
Total sales	185,060
Round-Lot Purchases by Dealers:	
Number of shares	289,690

*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 May 5, 1945, Increased 34,400 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 5, 1945, was 4,839,215 barrels, an increase of 34,400 barrels per day over the preceding week and a gain of 320,665 barrels per day over the corresponding week of 1944. The current figure, however, was 27,285 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of May, 1945. 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 4,786,000 barrels of crude oil daily and produced 14,846,000 barrels of gasoline; 1,437,000 barrels of kerosine; 4,695,000 barrels of distillate fuel, and 9,238,000 barrels of residual fuel oil during the week ended May 5, 1945; and had in storage at the end of that week 49,721,000 barrels of civilian grade gasoline; 41,620,000 barrels of military and other gasoline; 7,878,000 barrels of kerosine; 28,800,000 barrels of distillate fuel, and 39,503,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

State	P. A. W. Recommendations May	*State Allowables Begin. May 1	Actual Production		4 Weeks Ended May 5, 1945	Week Ended May 6, 1944
			Week Ended May 5, 1945	Change from Previous Week		
Oklahoma	367,500	367,500	1,384,350	+20,800	368,400	335,550
Kansas	274,000	269,400	1,253,150	-11,450	264,750	267,200
Nebraska	1,000	---	1,900	---	900	1,150
Panhandle Texas			90,000	---	90,000	91,000
North Texas			153,900	+ 3,900	151,000	147,200
West Texas			495,300	+ 5,800	490,950	429,150
East Central Texas			139,200	- 350	141,950	136,950
East Texas			379,800	+ 1,700	378,550	364,100
Southwest Texas			365,650	+13,500	355,500	307,050
Coastal Texas			563,300	- 1,950	564,750	519,850
Total Texas	2,170,000	2,170,717	2,186,150	+22,600	2,172,700	1,995,300
North Louisiana			70,950	- 350	71,100	75,100
Coastal Louisiana			299,800	+ 4,800	296,200	283,100
Total Louisiana	360,000	400,800	370,750	+ 4,450	367,300	358,200
Arkansas	80,000	78,786	79,800	---	80,000	79,950
Mississippi	53,000	---	54,900	+ 2,500	53,000	41,600
Alabama	300	---	400	- 100	400	150
Florida	---	---	15	---	---	50
Illinois	205,000	---	194,500	- 5,550	197,150	220,150
Indiana	13,000	---	11,450	- 200	11,550	14,550
Eastern—						
(Not incl. Ill., Ind., Ky.)	67,200	---	63,700	- 350	64,400	71,400
Kentucky	31,000	---	27,700	+ 100	26,000	22,600
Michigan	47,000	---	45,750	- 2,250	47,600	51,950
Wyoming	112,000	---	107,750	+ 850	106,750	91,150
Montana	23,000	---	20,850	+ 350	20,250	21,400
Colorado	10,500	---	11,000	+ 750	9,950	8,400
New Mexico	105,000	105,000	103,900	- 900	104,550	112,100
Total East of Calif	3,919,500	---	3,917,015	+31,600	3,895,650	3,692,850
California	947,000	947,000	922,200	+ 2,800	917,600	825,700
Total United States	4,866,500	---	4,839,215	+34,400	4,813,250	4,518,550

*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. May 3, 1945.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 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 MAY 5, 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	% Refining Capacity Reporting	Daily Crude Run	% Op-erated	Production		Stocks	
				Gasoline	Gas Oil	Gasoline	Gas Oil
East Coast	99.5	747	94.4	1,844	5,910	5,709	6,323
Appalachian							
District No. 1	76.8	96	65.8	301	361	182	1,089
District No. 2	81.2	65	130.0	202	98	163	561
Ind., Ill., Ky.	87.2	798	93.1	2,821	3,964	1,642	6,712
Okl., Kans., Mo.	78.3	376	80.2	1,394	1,847	1,175	1,923
Inland Texas	59.8	251	76.1	963	307	844	1,165
Texas Gulf Coast	89.3	1,108	89.6	3,706	6,011	6,269	9,450
Louisiana Gulf Coast	96.8	242	93.1	700	1,613	1,260	2,305
No. La. & Arkansas	55.9	76	61.9	203	738	234	940
Rocky Mountain							
District No. 3	17.1	11	84.6	33	20	37	20
District No. 4	72.1	104	65.4	349	285	601	486
California	85.5	910	91.5	2,330	7,646	21,387	10,646

Total U. S. B. of M. basis May 5, 1945— 85.6 4,780 88.1 14,846 28,800 39,503 *41,620 49,721

Total U. S. B. of M. basis April 28, 1945— 85.6 4,780 88.0 14,633 28,273 39,813 43,102 50,966

U. S. Bur. of Mines basis May 6, 1944— 4,343 12,960 30,356 50,548 37,389 50,797

*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 11,216,000 barrels unfinished gasoline this week, compared with 11,980,000 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 1,437,000 barrels of kerosine, 4,695,000 barrels of gas oil and distillate fuel oil and 9,238,000 barrels of residual fuel oil produced during the week ended May 5, 1945, which compares with 1,526,000 barrels, 4,636,000 barrels and 9,379,000 barrels, respectively, in the previous week and 1,548,000 barrels, 4,293,000 barrels and 8,943,000 barrels, respectively, in the week ended May 6, 1944.

†Note—Stocks of kerosine at May 5, 1945 amounted to 7,378,000 barrels, as against 7,772,000 barrels a week earlier and 6,773,000 barrels a year before.

National Fertilizer Association Commodity Price Index Registers Small Decline

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on May 14, for the week of May 12, 1945, fractionally declined to 140.2 from the high point of 140.0 for the preceding week. The index for a month ago stood at 140.3 and a year ago at 137.0, based on the 1935-39 average as 100. The Association's report went on to say:

Lower quotations in the farm products group were almost wholly responsible for the decline in the composite index, the greatest decrease being in the livestock subgroup with lower prices for cattle, lambs, sheep, and poultry. The grain subgroup declined due to slightly lower quotations for corn and rye. Cotton also declined fractionally. The foods index was slightly lower because of a lower quotation for potatoes, and the textile index was also fractionally lower. All other groups in the index remained unchanged.

During the week 9 price series in the index declined and none advanced; in the preceding week there were 6 advances and 3 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 Preceding Week		Month Ago Apr. 14, 1945	Year Ago May 13, 1944
		May 12, 1945	May 5, 1945		
25.3	Food	141.5	141.8	141.9	139.5
	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	166.4	167.2	166.5	154.7
	Cotton	213.1	212.5	209.8	198.9
	Grains	157.7	163.6	163.0	164.8
	Livestock	159.7	160.8	160.6	144.0
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	156.8	156.9	156.3	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	140.2	140.4	140.3	137.0

*Indexes on 1926-1928 base were: May 12, 1945, 109.2; May 5, 1945, 109.4, and May 13, 1944, 106.7.

Non-Ferrous Metals—Lead Sales in Good Volume—Copper and Zinc Continue Quiet

"E. & M. J. Metal and Mineral Markets," in its issue of May 10, stated: "The unconditional surrender of Germany found the market for non-ferrous metals already engaged in making adjustments for reduced war demands. In brief, the news, which became official on May 8, was largely discounted. Demand for copper and zinc, the two metals that are the chief components of brass, remained slow. Activity in lead did not subside with sales larger than in the preceding seven-day period. Quick-silver consumption is increasing owing to the heavy demands for the new mercury oxide or 'tropical' dry cell. Use of the metal in March was placed at 6,100 flasks, against 3,600 flasks in March last year." The publication further went on to say in part:

Copper

Quiet prevailed in copper, with consumers still engaged in correcting their supply position because of falling war demands. Domestic production of copper is being disposed of quickly, but the call for foreign copper in the hands of Metals Reserve has dropped appreciably. The stockpile, which was reduced in size in the first four months of the year, is expected to increase from now on, unless the government should revise its buying program.

The Copper Division of WPB reports that brass mills produced 517,539,000 pounds of product during March, which compares with 464,000,000 pounds in February and 460,602,000 pounds in March last year. Production for the first quarter this year totaled 1,459,382,000 pounds, against 1,337,605,000 pounds in the January-March period of 1944.

Brass strip production in the first quarter of 1945 averaged 313,569,000 pounds a month. WPB officials estimate that the one-front-war requirements in brass strip should average around 288,000,000 pounds monthly. The industry feels that this estimate will be subjected to a sharp downward revision as soon as a realistic appraisal is possible.

Lead

Though use of lead for war purposes will be reduced over the remainder of the year, authorities in Washington believe that expansion in use of the metal for civilian purposes will take up all

slack and total demands will continue at a high level. Consumers appear to share in this view, for demand remains active. A factor in the sustained buying is the belief that the price rests on a firm foundation. Sales of lead for the week that ended yesterday amounted to 11,040 tons, against 7,601 tons in the preceding week. The Lead Industries Association, representing practically the entire lead mining industry of this country, as well as manufacturers of lead-products, has asked Congress not to delegate to the President the power to make a further cut of 50% in the rates of duty prevailing on Jan. 1, 1945, and to limit any extension of the Reciprocal Trade Agreements Act to a period of one year.

Zinc

Shipments of zinc during April were sharply lower, as expected, amounting to 74,356 tons, against 94,494 tons in March. Excessive buying in the first quarter and a reduction in war orders, chiefly in brass, accounted for the decline in deliveries. However, shipments were larger than the tonnage produced and stocks on hand declined from 174,672 tons at the end of March to 168,589 tons at the end of April.

The March and April slab zinc statistics of the American Zinc Institute are summarized as follows, in tons:

	April	March
Stock at beginning	174,672	197,427
Production	68,223	71,739
Production daily rate	2,271	2,314
Shipments:		
Domestic	74,313	94,296
Export	43	198
	74,356	94,494
Unfilled orders	16,318	14,917
Stock at end	168,539	174,672

From present indications the deliveries of zinc in May will fall below the April level, owing to the recent cutback in war orders. Buying during the last week again was slow, with those consumers of zinc who have been engaged largely in war production eager

to reduce their inventories. Galvanizers are willing to expand production immediately, but are unable to do so because of the tight situation in steel.

Tin

The arrival of V-E Day finds the tin situation just as tight as in the immediate past, with no thought of easing the conservation measures until metal is again available from the important producing areas of the Far East.

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

	May	June	July
May 3	52,000	52,000	52,000
May 4	52,000	52,000	52,000
May 5	52,000	52,000	52,000
May 7	52,000	52,000	52,000
May 8	52,000	52,000	52,000
May 9	52,000	52,000	52,000

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

Quicksilver

Consumption of quicksilver in March amounted to 6,100 flasks which compares with 5,100 flasks in February and 3,600 flasks in March last year, according to the Bureau of Mines. Consumption in the January-March period of the current year totaled 16,400 flasks against 10,700 flasks in the first quarter last year.

Domestic production of quicksilver was placed at 3,000 flasks in March, against 2,700 flasks in February and 3,800 flasks in March last year.

Consumers' and dealers' stock at the end of March amounted to 12,200 flasks, against 13,000 flasks at the end of February. The Bureau reports that these total include metal afloat from European Producers reporting their holdings to the Bureau had 1,580 flasks on hand at the end of March, against 1,946 flasks a month previous.

The market was quiet, spot metal holding at \$156 to \$159 per flask. Spanish, for shipment abroad, was notably unchanged at \$155. It was reported in some directions that the price might be shaded on metal now afloat.

Transvaal's Gold Output

The Transvaal produced 1,036,000 ounces of gold during March against 966,000 ounces in February and 1,029,000 ounces in January, the American Bureau of Metal Statistics reports. Production in 1944 averaged 1,023,080 ounces a month.

Silver

The London silver market was quiet and unchanged at 25½c. The New York Official for foreign silver continued at 44¾c with domestic metal at 70½c.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on May 14 that the tenders of \$1,300,000,000 or there about of 91-day Treasury bills to be dated May 17 and to mature Aug. 16, 1945, which were offered on May 11, were opened at the Federal Reserve Banks on May 14. The details of this issue are as follows:

Total applied for \$2,029,836,000. Total accepted, \$1,307,396,000 (includes \$52,338,000 entered on 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, 99.908, equivalent rate of discount approximately 0.364% per annum.

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

(60% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 17 in the amount of \$1,300,100,000.

Revenue Freight Car Loadings During Week Ended May 5, 1945, Decreased 35,822 Cars

Loading of revenue freight for the week ended May 5, 1945, totaled 863,399 cars, the Association of American Railroads announced on May 10. This was an increase above the corresponding week of 1944 of 27,861 cars, or 3.3%, and an increase above the same week in 1943 of 46,861 cars or 5.7%.

Loading of revenue freight for the week of May 5 decreased 35,822 cars, or 4.0% below the preceding week.

Miscellaneous freight loading totaled 405,275 cars, a decrease of 6,009 cars below the preceding week, but an increase of 28,142 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 112,787 cars, a decrease of 1,190 cars below the preceding week, but an increase of 6,441 cars above the corresponding week in 1944.

Coal loading amounted to 143,342 cars, a decrease of 32,284 cars below the preceding week, and a decrease of 27,330 cars below the corresponding week in 1944.

Grain and grain products loading totaled 52,333 cars, a decrease of 392 cars below the preceding week but an increase of 13,945 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of May 5 totaled 35,687 cars, an increase of 156 cars above the preceding week and an increase of 12,767 cars above the corresponding week in 1944.

Livestock loading amounted to 17,629 cars, an increase of 1,066 cars above the preceding week and an increase of 1,772 cars above the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of May 5 totaled 13,977 cars, an increase of 1,154 cars above the preceding week, and an increase of 1,824 cars above the corresponding week in 1944.

Forest products loading totaled 43,052 cars, an increase of 2,066 cars above the preceding week but a decrease of 600 cars below the corresponding week in 1944.

Ore loading amounted to 73,702 cars, an increase of 781 cars above the preceding week and an increase of 4,619 cars above the corresponding week in 1944.

Coke loading amounted to 15,279 cars, an increase of 140 cars above the preceding week, and an increase of 872 cars above the corresponding week in 1944.

All districts reported increases compared with the corresponding week in 1944 except the Eastern, Allegheny and Pocahontas. All reported increases compared with 1943 except the Eastern.

	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
4 Weeks of April	3,374,438	3,275,846	3,152,879
Week of May 5	863,399	835,538	816,538
Total	14,307,705	14,340,237	13,781,327

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 5, 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 MAY 5

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	263	256	245	1,730	1,477
Bangor & Aroostook	1,509	2,072	1,053	474	486
Boston & Maine	7,062	7,455	6,199	14,427	15,645
Chicago, Indianapolis & Louisville	1,129	1,262	1,409	2,183	2,057
Central Indiana	28	47	36	47	44
Central Vermont	1,172	1,046	1,008	2,207	2,317
Delaware & Hudson	3,580	4,875	5,647	13,566	12,908
Delaware, Lackawanna & Western	6,216	7,853	7,118	12,260	11,857
Detroit & Mackinac	226	257	334	170	115
Detroit, Toledo & Ironton	1,759	1,670	1,777	1,425	1,433
Detroit & Toledo Shore Line	321	335	302	3,333	2,871
Erie	11,753	14,034	13,553	17,494	17,272
Grand Trunk Western	4,260	3,810	3,854	8,892	8,993
Lehigh & Hudson River	170	190	210	2,834	3,105
Lehigh & New England	1,018	2,314	1,972	1,476	1,758
Lehigh Valley	7,536	9,137	8,149	12,072	11,958
Maine Central	2,382	2,169	2,241	3,558	3,758
Monongahela	6,035	6,367	5,355	258	351
Montour	2,063	2,576	2,071	27	23
New York Central Lines	51,078	49,007	54,725	53,422	57,475
N. Y., N. H. & Hartford	10,718	10,139	10,006	18,459	13,846
New York, Ontario & Western	832	1,088	949	3,738	3,271
New York, Chicago & St. Louis	7,111	6,973	6,948	15,872	15,935
N. Y., Susquehanna & Western	446	607	565	1,937	1,953
Pittsburgh & Lake Erie	5,003	7,832	7,272	8,556	8,781
Pere Marquette	8,169	4,744	4,906	8,806	8,440
Pittsburg & Shawmut	689	876	881	27	22
Pittsburg, Shawmut & North	264	300	335	243	223
Pittsburgh & West Virginia	1,127	1,314	1,110	2,961	2,532
Rutland	393	406	300	1,199	1,112
Wabash	7,445	5,319	5,477	13,701	11,200
Wheeling & Lake Erie	6,145	6,029	5,196	5,058	4,479
Total	158,213	162,359	159,203	232,472	239,694
Allegheny District—					
Kron, Canton & Youngstown	806	706	713	1,189	1,184
Baltimore & Ohio	45,240	46,493	40,434	30,703	28,723
Bessemer & Lake Erie	5,982	6,334	5,953	2,119	2,083
Buffalo Creek & Gauley			253		
Cambria & Indiana	813	1,738	1,578	4	6
Central R. R. of New Jersey	6,046	7,219	6,910	22,210	20,720
Conrail	526	61	665	53	38
Cumberland & Pennsylvania	166	193	210	10	13
Gonier Valley	75	133	130	44	25
Long Island	1,977	1,396	1,216	4,741	3,814
Penn-Reading Seashore Lines	1,936	1,771	1,779	2,484	2,643
Pennsylvania System	86,890	86,551	80,787	66,000	67,980
Reading Co.	11,368	14,577	14,672	30,247	29,712
Union (Pittsburgh)	18,768	19,605	22,124	7,177	7,341
Western Maryland	3,849	4,080	3,357	13,489	12,868
Total	185,439	190,857	180,781	180,476	177,150
Pocahontas District—					
Bessemer & Ohio	27,021	28,905	24,833	15,044	14,273
Norfolk & Western	20,211	21,530	18,907	8,203	7,643
Virginian	4,397	4,376	4,054	2,957	2,138
Total	51,629	54,811	47,794	26,204	24,054

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Southern District—					
Alabama, Tennessee & Northern	443	349	258	345	475
Atl. & W. P.—W. R. R. of Ala.	894	831	700	2,694	2,689
Atlanta, Birmingham & Coast	1,055	849	802	1,555	1,581
Atlantic Coast Line	12,291	13,513	14,050	10,679	10,236
Central of Georgia	3,970	3,912	4,181	5,012	4,831
Charleston & Western Carolina	428	445	564	1,328	1,785
Clinchfield	1,776	1,703	1,573	2,851	3,184
Columbus & Greenville	230	239	351	225	235
Durham & Southern	113	165	109	646	813
Florida East Coast	2,463	2,765	2,965	1,270	1,672
Gainesville Midland	43	59	46	137	142
Georgia	1,245	1,349	1,362	2,389	2,880
Georgia & Florida	408	364	319	762	732
Gulf, Mobile & Ohio	5,408	3,903	3,648	4,269	4,284
Illinois Central System	28,480	27,046	25,614	19,882	16,440
Louisville & Nashville	26,715	24,905	22,936	12,988	12,834
Macon, Dublin & Savannah	176	163	256	1,161	1,099
Mississippi Central	390	275	238	353	534
Nashville, Chattanooga & St. L.	3,527	3,179	3,256	5,004	4,825
Norfolk Southern	1,062	1,085	1,266	1,696	1,490
Piedmont Northern	427	389	351	1,093	1,177
Richmond, Fred. & Potomac	478	459	460	11,879	12,137
Seaboard Air Line	11,874	11,045	12,294	9,063	9,140
Southern System	25,262	23,821	22,062	27,305	25,489
Tennessee Central	697	711	545	769	885
Winston-Salem Southbound	160	129	114	1,168	1,040
Total	130,015	123,653	120,320	126,523	122,629
Northwestern District—					
Chicago & North Western	20,308	19,460	19,343	15,156	13,765
Chicago Great Western	2,449	2,393	2,604	3,879	3,446
Chicago, Milw., St. P. & Pac.	20,750	20,505	19,332	11,145	11,227
Chicago, St. Paul, Minn. & Omaha	3,612	3,201	3,269	3,778	3,418
Duluth, Missabe & Iron Range	26,966	21,035	18,619	192	234
Duluth, South Shore & Atlantic	1,131	687	1,121	613	585
Elgin, Joliet & Eastern	9,263	8,852	8,678	10,715	11,610
Ft. Dodge, Des Moines & South	415	388	432	81	87
Great Northern	22,388	20,697	19,505	7,403	6,788
Green Bay & Western	456	467	453	920	962
Lake Superior & Ishpeming	2,203	1,729	1,245	74	44
Minneapolis & St. Louis	2,168	1,984	1,875	2,837	2,578
Minn., St. Paul & S. S. M.	7,035	6,319	6,034	3,236	4,197
North Pacific	11,124	10,365	10,130	6,507	5,910
Spokane International	222	112	176	619	673
Spokane, Portland & Seattle	2,431	2,728	2,443	4,332	3,273
Total	132,921	120,922	115,259	71,487	68,797
Central Western District—					
Atch., Top. & Santa Fe System	26,090	21,512	22,094	18,266	14,711
Alton	3,598	2,945	3,058	4,786	3,297
Bingham & Garfield	415	414	493	58	101
Chicago, Burlington & Quincy	16,791	17,298	18,018	13,444	13,400
Chicago & Illinois Midland	2,202	3,315	2,738	1,105	811
Chicago, Rock Island & Pacific	12,683	10,730	12,548	15,121	14,273
Chicago & Eastern Illinois	2,874	2,457	2,534	5,721	6,358
Colorado & Southern	654	656	737	2,297	2,199
Denver & Rio Grande Western	3,372	3,312	3,091	7,827	6,470
Denver & Salt Lake	544	700	695	22	34
Fort Worth & Denver City	1,166	870	921	1,585	1,377
Illinois Terminal	1,971	2,012	1,614	2,453	2,103
Missouri-Illinois	1,070	949	1,149	681	416
Nevada Northern	1,454	1,903	2,012	102	124
North Western Pacific	861	846	1,036	825	760
Peoria & Pekin Union	3	2	3	0	0
Southern Pacific (Pacific)	30,623	30,590	31,070	17,014	14,616
Toledo, Peoria & Western	318	295	355	2,352	2,008
Union Pacific System	16,296	14,231	12,732	20,410	18,265
Utah	557	521	541	2	4
Western Pacific	2,369	1,972	2,043	5,414	4,391
Total	126,066	117,530	119,482	119,485	105,718
Southwestern District—					
Burlington-Rock Island	295	273	1,126	370	428
Gulf Coast Lines	8,320	6,807	7,002	2,470	2,319
International-Great Northern	3,289	2,111	2,049	4,550	4,177
Kansas, Oklahoma & Gulf	283	252	383	736	1,065
Kansas City Southern	5,727	5,609	5,588	3,337	2,590
Louisiana & Arkansas	3,673	3,240	3,386	3,088	2,452
Litchfield & Madison	337	302	171	1,511	1,265
Midland Valley	658	590	696	410	501
Missouri & Arkansas	168	185	148	535	473
Missouri-Kansas-Texas Lines	7,377	5,929	6,051	5,032	5,017
Missouri Pacific	17,414	12,373	17,562	21,916	19,208
Quannah Acme & Pacific	73	49	60	322	382
St. Louis-San Francisco	9,854	8,171	7,881	9,340	9,489
St. Louis Southwestern	3,598	2,826	3,270	7,526	7,699
Texas & New Orleans	11,917	11,951	13,502	6,051	4,547
Texas & Pacific	6,012	4,628	4,238	9,384	7,036
Wichita Falls & Southern	83	106	115	35	53
Weatherford M. W. & N					

Items About Banks, Trust Companies

Bankers Trust Co.'s Fifth Avenue and 44th Street office in New York will feature the largest wall maps of the Pacific war theatre ever shown in New York City, covering the entire east wall of the main banking floor, and painted in oil from originals by Richard Edes Harrison, which appeared originally in "Fortune" magazine. Other displays at this office include a life-size statue of the Iwo Jima flag-raising, showing all six Marines who took part in this historic event.

The bank's 57th Street and Madison Avenue office will feature a display of Navy combat art, together with a specially-lighted three-dimensional presentation of the Iwo Jima photo.

In the opening rally of the 7th War Loan campaign, on May 10, employees of Bankers Trust Co. of New York honored the U. S. Coast Guard on the anniversary of its founding by Alexander Hamilton, first Secretary of the Treasury, just 155 years ago. The rally was held on the main banking floor at 16 Wall Street, which is decorated for the bond drive with a display featuring war-time services of the Coast Guard, under murals painted by Cleon Throckmorton, showing the Wall and Nassau Streets corner, on which the Bankers Trust Co. building is located, as it was in Hamilton's day.

John W. Hanes, former Undersecretary of the Treasury and a director of the bank, was master of ceremonies, and the rally was broadcast over radio station WNEW. S. Sloan Colt, President of the bank, introduced the guests of honor, who included Rear Admiral Stanley V. Parker, Commandant, 3rd USCG District; Brian Aherne, motion picture star, and Rosemarie Brancato of the Metropolitan Opera Co. Featured also was the Coast Guard band and quartet, with a special color guard.

To promote bond sales in the Wall Street district, Bankers Trust Co. is also constructing a booth consisting of a full-sized Sherman tank coming down the ramp of a landing ship tank on the corner of Wall and Nassau.

An authentic reproduction of the balcony of Old Federal Hall, on which George Washington took the oath of office as first President of the United States in 1789, has been erected at the foot of the Washington statue in front of the Sub-Treasury Building, at Broad and Wall Streets, in the financial district, and opened on May 15 as a war bond sales booth.

Dressed in colonial costumes, girls from the staff of the Chase National Bank, which constructed the replica, will sell bonds throughout the period of the Seventh War Loan. Purchasers will be handed their bonds in a folder describing this historic site of the first American capitol under the Constitution, where the Congress, the Cabinet, and the Supreme Court were organized and the Bill of Rights adopted. On the front of the folder is a pen-and-ink vignette drawing of the replica by Vernon Howe Bailey, the artist.

Col. Robert V. Lee, Assistant Treasurer of the Chemical Bank & Trust Co. of New York City, on leave with the United States Army, has been granted one of the French Government's highest awards for his services in the liberation of France.

Colonel Lee, who is Assistant Chief of Staff, G1 (Army Personnel), of the new 15th Army, was granted the Order of the Legion of Honor with the grade of Chevalier, an honor which carries with it the Croix de Guerre with palm. He was presented the medal at a

ceremony "somewhere in Belgium" by Gen. Louis Koeltz, French General Staff liaison officer, in the presence of Lieut.-Col. Leonard A. Gerow, commander of the 15th Army.

His other decorations include the Legion of Merit, the bronze star, and campaign stars for the Normandy, Northern France, and German operations.

Guaranty Trust Co. of New York announced the appointment of William M. Tutwiler as insurance manager.

Arthur S. Kleeman, President of the Colonial Trust Co., New York, announced on May 10 the appointment of Charles J. Weber as Assistant Secretary and Assistant Treasurer. Mr. Weber is at the 79 Madison Avenue office.

E. Chester Gersten, President of The Public National Bank & Trust Co. of New York, has announced that Irving Grosswald was appointed an Assistant Cashier. Mr. Grosswald is connected with the Broadway and 24th Street office of the bank.

Dr. Robert E. Wilson, Chairman of the board of the Standard Oil Co. (Indiana) and of Pan American Petroleum & Transport Co., Inc., was elected a member of the board of directors of the Chase National Bank of New York on May 9, it was announced by Winthrop W. Aldrich, Chairman of the Chase board.

In 1940 the United States Government asked Dr. Wilson's aid on problems of petroleum supply, and he served for more than a year as chief petroleum consultant of the National Defense Advisory Commission. Since then he has been Chairman of the Economics Committee of the Petroleum Industry War Council, and also a member of its national oil policy committee.

Dr. Wilson is a director of the American Petroleum Institute and a member of its executive committee.

Directors of the Manufacturers Trust Co. will decide within the next three weeks what action, if any, they will take in regard to changes in present capitalization, Harvey D. Gibson, President, said on May 11, according to the N. Y. "Journal of Commerce," which further said:

Mr. Gibson, who only returned to the bank a few days ago after having served as head of the American Red Cross in Europe for many months, declared that he had resumed studying this question immediately upon his return.

At the last Manufacturers Trust Co.'s annual meeting he revealed that one aspect of the situation that would be considered would be the possible retirement of the outstanding preferred stock. Since then, there have been reports, all without official confirmation, that the bank might increase the common dividend, offer common stockholders the right to buy additional shares or merely call the preferred.

David G. Baird on May 9 was elected a director of the Marine Midland Trust Co., New York. Mr. Baird is Vice-President of Marsh & McLennan, Inc., insurance brokers, and a director of United Cigar-Whelan Stores Corp.

Michael M. Nisselson was elected as President of the Amalgamated Bank of New York by its directors on May 14. Mr. Nisselson succeeds Adolph Held, who resigned after 21 years of service.

B. Parks Goodman on May 10 was elected President of the City

Savings Bank of Brooklyn, N. Y., succeeding the late Henry V. Raymond. Mr. Goodman, who was Secretary and trustee, has been with the bank since 1930.

Wallace I. Keep, Chairman of the Niagara County National Bank & Trust Co., Lockport, N. Y., died on May 9 at 82 years of age. Mr. Keep, on his 75th birthday, distributed \$75,000 in negotiable securities to five Lockport banks.

The directors of the Lincoln Alliance Bank & Trust Co. and the Rochester Trust & Safe Deposit Co., both of Rochester, N. Y., have advised the consolidation of the two institutions. Total assets of both banks would come to \$235,000,000.

Directors of Union National Bank of Troy, N. Y., recently voted a dividend of 35 cents a share on common stock, payable June 15 to stockholders of record June 4.

The dividend is the first declared on common stock of Union National since Jan. 1, 1933. Declaration of the dividend follows the retirement of all preferred stock on April 2, 1945.

At the time the preferred stock was retired Louis H. Gross, President of the bank, announced that directors planned to place common stock, which has par value of \$16.36 $\frac{2}{3}$ a share, on a yearly dividend basis of 70 cents a year. Declaration of the June 15 dividend is in line with these plans.

Harrison M. Thomas has recently been elected President of the New Jersey Bankers Association, succeeding Frank D. Abell. Mr. Thomas is President of the Princeton Bank & Trust Co., Princeton, N. J.

Francis R. Geigle on May 10 was appointed Assistant Vice-President of the First National Bank & Trust Co. of Montclair, N. J. Mr. Geigle will be the bank's economic adviser.

George N. Adams, formerly Assistant Manager of the personal loan department of the Peoples-Pittsburgh Trust Co., Pittsburgh, Pa., has recently been appointed Manager of the newly-created consumers' credit department of the Pitt National Bank of the same city.

William D. Rankin was elected President and director of the National Bank of America, Pittsburgh, Pa., at a recent meeting of the board of directors. He succeeds the late T. W. Friend.

David A. Hendershaw was elected Second Vice-President.

William O. Kurtz Jr. has been elected Assistant Cashier of the American National Bank & Trust Co. of Chicago. Mr. Kurtz became associated with the bank in 1935, following completion of his studies at Cornell University and Harvard Graduate School of Business Administration. He is presently in the correspondent bank division. He has been active in the Chicago Junior Association of Commerce, of which he is now President.

A charter has been issued to the National Bank of North Chicago, Ill., it was announced yesterday by the Treasury Department. The capital stock, consisting of 1,000 shares, has been subscribed for at the rate of \$130 a share, which gives the bank a capital structure of \$100,000 capital, \$20,000 surplus, and \$10,000 of undivided profits. Officers are Earl W. Sackman, President; William F. O'Meara, Executive Vice-President, and H. F. Huffine, Cashier. The bank is expected to open on June 15, said the Chicago "Journal of Commerce" on May 10.

Marquette National Bank, 6316 S. Western Avenue, Chicago, Ill., opened for business May 12. The bank has a capitalization of \$265,000 and will provide vault facilities, night depository and general banking services. It is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

James H. Corey is President and a director. Other board members are John F. McCarthy, South Side realtor, Chairman; Adam J. Riffel, Vice-President of the Chicago Board of Trade; George E. Strachan, coal and building material dealer, and Daniel J. McCarthy, attorney.

The Dallas Union Trust Co., Dallas, Tex., on May 1 celebrated its 25th anniversary. The institution, which is the oldest trust company in Dallas, specializes in investment stocks and bonds.

A. J. Gock, the nominee of A. P. Giannini as his successor to the post of Chairman of the Bank of America, San Francisco, Calif., was unanimously elected on May 9 by the board of directors. Francis S. Baer was made Senior Vice-Chairman of the institution.

A special meeting of the stockholders, to be held June 11, was called by the directors of the Bank of America National Trust & Savings Association on May 9. The purpose of the meeting is to authorize a common stock dividend of two-thirds of a share for each share held, subject to the approval of the Comptroller of the Currency.

The action will increase the common capital of the bank from \$60,000,000 to \$100,000,000, but will not change the par value of the stock. The dividend rate on the new stock will be determined at a board meeting on June 12.

The advancement of Charles L. Conroy from Assistant Cashier of the Bank of America to Assistant Vice-President was announced on May 4 by L. M. Giannini, President of the bank.

At a meeting of the board of directors of Crocker First National Bank of San Francisco, held May 10, J. F. Sullivan Jr. was elected Executive Vice-President. Mr. Sullivan assumes the office made vacant by the recent death of George J. Kern. Joining the bank in December, 1919, Mr. Sullivan has served in various capacities. He was elected a Vice-President of the institution in January, 1930, and was elected to the board of directors in January, 1943, and to the executive committee in January, 1944.

Ben R. Meyer, President of the Union Bank & Trust Co., Los Angeles, Calif., on May 10 announced the election of Paul E. Neuschaefer to the board of directors. Mr. Neuschaefer has been associated with the bank for 29 years, having joined the institution in 1916.

Truman Ousts Milligan

Maurice M. Milligan, the man who prosecuted the late Thomas J. Pendergast, former Democratic boss of Kansas City, Mo., who gave President Truman a start in politics, has been ousted by the President as United States Attorney for western Missouri, a report from Washington to the New York Herald Tribune stated on May 3. Milligan's term expired last September, but he has continued in office pending re-appointment or the naming of a successor.

The President has nominated in his stead for the post Sam M. Wear, Democratic State Chairman of Missouri.

Rand McNally Directory Shows Deposits Rise at Faster Rate Than Loans

The first 1945 issue of Rand McNally Bankers Directory, the "Blue Book," which has just been published, shows total loans of \$26,357,371,000, the highest they have been since June 30, 1932, with one exception; that was Dec. 30, 1941. At that time, the total was \$26,893,832,000.

However, deposits continue to multiply much faster than loans; their total now being by far the greatest in history. The 14,777 banks as of Dec. 30, 1944, had a total of deposits of \$143,017,960,000. For the past two years, the total has been over \$100,000,000,000 but each issue of the Directory shows a big increase. The increase this time (between June 30, 1944 and Dec. 30, 1944) was about \$13,000,000,000.

The Blue Book figures have shown a continued decrease in the number of banks, although new banks are being organized all of the time. On June 30, 1944, the total was 14,791 and on Dec. 30, the total was 14 less, or 14,777. The largest number banks was in December, 1920, when the total was 31,811.

The summary in the Blue Book shows that Government bond holdings are still increasing; the total now held by banks being \$86,463,927,000. However, banks still have a lot of cash. Total assets for all banks have also increased, the total now being \$153,625,402,000. Surplus now stands well over \$4,000,000,000 and undivided profits over \$2,000,000,000, which brought capital assets to over \$10,000,000,000.

The number of national and state banks remains about the same proportion. The national banks totaling 5,026; state banks and trust companies totaling 9,501. In addition to this, there are 142 private banks, which is a decrease from 972 private banks in 1924.

The first 1945 edition of the "Blue Book," revised to March, 1945, and containing 2,609 pages of banking and financial information, includes the latest available statement, new executive personnel and directors' lists, nearest banking points to all non-bank towns, a five-year list of discontinued bank titles, all bank associations and Government banking agencies and the FDIC status of all banks. A separate bound book, listing the attorneys for every bank town accompanies each copy of the directory. Latest maps of each State and all foreign countries adds a great deal to the information and reference value of the "Blue Book."

House Votes Members Tax-Free Expense Allowance

The \$2,500 proposed annual tax-free expense allowance has been voted to its members by the House of Representatives, according to the Associated Press from Washington, May 10.

The provision must be approved by the Senate to become effective. It was written by the House into a regular Congressional appropriation bill approved 179 to 83 on a voice vote.

Before it completed action on the measure the House voted a pay boost for some of its clerks and the pages. It turned down pay raises for the Capitol police and some other employees.

Supporters of the expense allowance were determined not to call it a pay rise, even though opponents argued no other name would fit. The sponsors said the money is needed for entertaining constituents, traveling and similar expenses which dip into the \$10,000 to which a Representative is entitled.