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The Financial Situation

Administrative authorities are wisely giving serious and apparently on the whole comparatively realistic attention to the problems of reconversion to peacetime industrial operations. Of course, it is yet rather too soon to be certain of the degree in which they are prepared to "carry through," but at any rate a start in some particulars has been made. Late last autumn and early in the winter before the so-called break through in Belgium a start of a sort was made in thinking about reconversion. The "Battle of the Bulge," however, drove all such thoughts from the minds of officials.

One result of this battle, which in retrospect, appears to have been rather poorly understood or appraised, was to place the military authorities definitely in the saddle in Washington and to set the propaganda machine to work foolishly condemning the general public for following earlier propaganda lines—and making every effort to be sure that no one would for a long while in the future have the hardihood to give much thought to what was to come when the war was over. Indeed for a time it appeared that even with final victory in Europe much thought about post-war matters would be taboo.

Looking Ahead

We are still being bombarded with every conceivable sort of propaganda designed to convince us and keep us convinced of the "toughness" of the struggle still to come in the Far East—as if we were not quite capable of forming our own judgments about such things, as if it were not obvious enough that major battles still had to be fought, and as if too much complaining by "the lady" did not create rather than allay doubts. But it now is clear that there is sufficient good sense in Washington not to undertake to oblige

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Keynes Contrived International Monetary Scheme

By HON. FREDERICK C. SMITH
Congressman from Ohio
Member, House Committee on Banking and Currency

PART I

Congressman Smith Asserts That the Bretton Woods Proposals Are in Line With Lord Keynes' Currency Debasement Schemes. Offers Evidence That the Old Keynes International Clearing Union and the U. S. Treasury (White) Plans Were Almost Identical and That the International Monetary Fund Set Up at Bretton Woods, Based on These Plans, Will Not Only Permit but May Compel a Debasement of Our Own Currency. Says Provisions Establish an International System of "Politically Managed Currency."

Was the proposal for the establishment of an International Monetary Fund written by delegates of 44 nations assembled at Bretton Woods, New Hampshire, or was it contrived by Lord John Maynard Keynes, Director of the Bank of England and consultant to the British Exchequer? It is of the most vital concern to the American people to have the correct answer to this question.

Frederick C. Smith

This scheme is fraught with the gravest danger to our nation and people, and we had better stop, look and listen before we act, lest we permit ourselves to be led into something which will cause us to be sorry. Lord Keynes himself has sensed among our people a sufficient amount of unsavory criticism of this international monetary scheme to elicit from him a public denial of bad faith on his part in its projection.

In an address before the House of Lords, May 18, 1943, he took pains to point out the similarities of his International Clearing Union Plan and Mr. Morgenthau's proposal for an International Stabilization Fund. He said:

"Most critics, in my judgment, have overstated the differences between the two plans, plans which are born of the same climate of opinion and which have identical purpose. It may be said with justice that the United States Treasury has tried to pour its new wine into what looks like an old bottle, whereas our bottle and its label are as contemporary as the contents; but the new wine is there all the same."

With the similarity of his and Mr. Morgenthau's plans in mind, Lord Keynes in the same speech said:

"There is one important respect in which the British proposals seem to be gravely misunderstood in some quarters in the United States. There is no foundation whatever for the idea that the object of the proposals is to make the United States the milch cow of the world in general and of this country in particular. In fact, the best hope for the lasting success of the plan is the precise contrary.

"I cannot emphasize this too strongly. This is not a Red Cross philanthropic relief scheme, by which the rich countries came to the rescue of the poor."

Accordingly, we may properly and fittingly raise the question as to the true source of this international monetary scheme without being suspected of being either provincially minded or motivated by anything other than a

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From Washington Ahead of the News

By CARLISLE BARGERON

Among the outstanding changes to come in Washington in recent weeks is the current emphasis on permitting industry to provide the necessary post-war employment instead of the Government creating jobs. This is evidenced in the coming to the fore of proposals to relieve the tax burden on industry, and at the same time the almost complete silencing of the proponents of measures to provide bonuses for war workers, transportation back to their homes or to new jobs, etc.

Carlisle Bargeron

It is a change of tremendous importance. Until the ascension of Truman to the Presidency, the prevailing Administration attitude, while professing its love for private enterprise, was that nevertheless not much could be expected of it, and the Government must make plans such as the bill sponsored by Senators Murray and Kilgore for a "national budget." Under this measure, the President and his planners, would submit at the beginning of the year a report on just how much employment industry was likely to provide that year, just how much the Government was likely to provide, or more roundly summed up, just what was likely to be the national income and how much national income was needed to take care of the country. If the prospective national income fell short of the prospective national needs, the President was to recommend what should be done. In the final analysis he could just create the necessary national income. Little or nothing is being heard and very little, if anything is being done about this measure now.

Also more or less dormant these days, is the Wagner-Murray-Kilgore bill extending social security and providing for health benefits to a large part of the population. It is not intended to suggest that this latter measure, in particular, is dead. It is just that such measures are not to the fore, and neither are their proponents as was the case a few months ago. It is this writer's opinion, too, that with the end of the war in Germany and return of the soldiers and the increasing reports of plant closings, that there would have been all sorts of agitation behind these bills just now, had there not been a change in the Presidency.

The only real difference of opinion between the new President and any sizable group in Congress these days, seems, in fact, to be the question of how long OPA controls are to be maintained. The Republicans are set to make a fight on the additional

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GENERAL CONTENTS

Editorial

Experts Recommend Immediate Tax Changes

Joint Committee Representing Congress and Treasury Recommend Only Minor Changes to Help Business Convert to Peacetime Production. Propose No Important Tax Reductions, Holding Tax Alleviation Would Promote Inflation. Says Purpose of Recommendations Is to Improve Cash Position of Business During Transition, Without Reduction of Tax Liability. Advocates Raising Excess Profits Tax Exemption From $10,000 to $25,000 to Help Small Business.

The Joint Committee on Internal Revenue Taxation for Post-War consisting of representatives and experts from Congress and experts of the Treasury, and appointed to work out plans for tax adjustments issued on May 11 its "Report No. 1," which covers recommendations for legislative action at the end of the hostilities in Europe. The members of the Committee are: **House of Representatives**—Robert L. Doughton, *Chairman* (North Carolina); Jere Cooper (Tennessee); John D. Dingell (Michigan); Harold Knutson (Minnesota); Daniel A. Reed (New York); Roy O. Woodruff (Michigan); **United States Senate**—Walter F. George, *Vice-Chairman* (Georgia); David I. Walsh (Massachusetts); Alben W. Barkley (Kentucky); Robert M. La Follette, Jr. (Wisconsin); Arthur H. Vandenburg (Michigan); Robert A. Taft (Ohio). The Committee has been holding secret sessions for months passed and, since its present report deals only with V-E adjustments, its studies for changes for later post-war periods are to continue. The text of the report follows:

I. Recommendations

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 unused excess-profits credits.

5. Provide for speed-up of refunds resulting from the recomputation of deductions for amortization of emergency facilities.

All five of the proposed changes would improve the cash position of business during the period of

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So It Really Must Be

"Our national prosperity requires that our exchange of products with the world, in both directions, shall grow steadily.

"In some countries foreign trade has been and no doubt will be in the future managed and conducted directly by government. We do not plan it so in the United States.

E. R. Stettinius, Jr.

"Private persons, and not Government, will decide what is to be bought and sold, and in what quantities and at what prices. It rests with private persons to make sure that the goods they offer to the world are soundly made, soundly advertised and soundly priced."—Secretary of State Stettinius.

These are encouraging words from the Secretary of State. We are, of course, quite certain that he utters them with full sincerity.

We hope that we shall not be misunderstood, however, if we observe that such prerogatives as these may in some circumstances be of little practical value.

Let us make certain the Government does not through controls, subsidies, tariffs, or any of the other instruments at its command render them valueless—whether or not the offending acts are done in the name of helpfulness.

Truman Opposes Tax Cut Until Japan Is Defeated

President Truman told his press conference that he was definitely opposed to any plan to reduce taxes before the defeat of Japan, the Associated Press reported from Washington, May 15, adding that the President said that the only way in which the nation's 85,000,000 bondholders could be protected was by taxation.

Chairman Doughton (D.-N. C.) of the House Ways and Means Committee indicated that he felt about the matter the same as the President. Senator George (D.-Ga.), however, took the stand that there should be downward adjustment "based on all the factors, and not on consideration of the end of the war alone."

George said there should be a reduction as soon as possible, adding that "otherwise there is a danger of an economic nosedive when the war with Japan ends." He conceded that there can be no drastic cuts, and that taxes probably will be high for a long time.

Mr. Truman apparently did not oppose a pending program to adjust business tax laws so as to make $5,700,000,000 quickly available to business during the reconversion from war to civilian production.

This program does not call for any reduction in tax rates. It would improve the cash position of business chiefly through speeding up of post-war refunds and cashing of excess profits tax bonds. It also would exempt many small corporations from the excess profits tax by raising the exemption from $10,000 to $25,000.

The President said at the news conference that people can talk about taxes all they want to but that we have got to make good on obligations of the United States of America and you can only make them good by taxation.

Every one in the country, he said, is a partner in the Government of the United States. There are 85,000,000 individual bond holders, he continued, and they must be protected.

The President's rather impassioned assertion, according to the Associated Press, grew out of a reporter's request for information as to when he might have a special news conference on taxes. He did not know when such a conference would be held since he is still working on that but he said it would be very shortly.

He was asked if he saw an account of an interview with Chairman George (D.-Ga.) of the Senate Finance Committee respecting a proposed five-year program for graduated reduction of taxes. He said he had not seen this interview but that he had seen an interview with George last week referring to a five-point program contemplating larger exemptions for business.

Leaving the White House later Representative Doughton said he personally favored the five-point program agreed upon by the joint Congressional Taxation Committee and Treasury officials, announced last week. This does not call for any reduction in tax rates, but otherwise provides for easing some burdens on business. Doughton reminded reporters that the program does not contemplate increasing exemptions until 1946.

Doughton added that he did not personally subscribe as yet to the five-year graduated reduction program subsequently outlined by Senator George.

President Truman also told his news conference he was for the repeal of the Johnson Act which places restrictions on private loans to countries in default on World War I obligations.

He read from a message to Congress in January by former President Roosevelt asserting that repeal of the Act was necessary to achieve an adequate flow of essential trade.

Mr. Truman said Mr. Roosevelt's statement was as true as it can be and that he personally had never been for the Johnson Act in the first place.

(Earlier reference to tax reduction proposals was made in our issue of May 17, page 2207.)

PWs Work at Camp

About 400 Nazi war prisoners arrived in Camp Kilmer, N. J. on May 15 to assist in the general operations of the camp.

In making the announcement Col. Cecil L. Rutledge, post commander said that 1,100 more are expected as soon as adequate housing facilities are available.

The prisoners do not receive any cash for their work, instead the equivalent of 80 cents a day is paid to them in canteen checks.

The Germans are not given the same diet as the American soldiers, but are given foods with the lowest point values.

WMC Relaxes Controls

The War Manpower Commission announced on May 11 that its intention was to put into effect as rapidly as circumstances permit plans for progressive relaxation of manpower controls. The statement continued that a general easing of all controls could not be anticipated until the war with Japan was over, but that a transitional post-V-E Day program was to be carried out, which would take into account day-to-day labor market conditions and would involve a change in the WMC system of area classification beginning July 1.

In announcing the plans, WMC Chairman Paul V. McNutt said, according to the Associated Press from Washington, May 11, that details were being worked out for clearing the way for plants employing 100 or fewer workers to resume or increase their present civilian output, and that a similar plan would be developed for larger plants where the labor supply is plentiful.

McNutt, in speaking of the post-V-E period, characterized it as one in which the War Manpower Commission would be faced with a "most difficult task in keeping war plants manned while recruiting new workers for expanding war and civilian production."

The policy which WMC will follow between now and July 1, as summarized by the Associated Press, is:

1. Manpower controls in Group 3 and 4 areas (where labor is adequate or plentiful) may be lifted by area directors after consultation with local management-labor committees.

2. Manpower programs that include employment stabilization programs, employment ceiling programs, priority referral and the 48-hour week will be maintained in Group 1 and 2 areas, where the labor supply is short.

3. If unemployment appears in Group 1 or 2 area, the WMC director may, pending reclassification of the area, revise or lift employment ceilings to allow civilian producers to take on more workers.

After July 1, the program is stated to be:

In Group 1 areas all manpower controls will be continued; in Group 2 areas manpower controls will be at the discretion of the area manpower director; all manpower controls will be eliminated in Group 3 and 4 areas.

Because of cutbacks in war production, McNutt predicted a sharp decline in the number of Group 1 areas within the next three months. As of May 1, 74 areas were in this classification and 111 in Group 2.

The list of essential activities will be continued but will be trimmed down until it includes only direct war and war-supporting production.

The 48-hour work-week will be continued after July 1 for establishments in Group 1 areas with, as now, exceptions for individual plants. In Group 2 the 48-hour work-week will be optional with area directors. The 48-hour week will be maintained on an industry-wide basis in some industries, but only as long as necessary to meet shortages. Such industries include textiles, logging and lumbering and non-ferrous metal mining.

RFC Credit Facilities

Purchasers of government-owned surplus goods have been invited by the Reconstruction Finance Corporation to make use of its credit facilities, the Associated Press reported from Washington, May 12. It was pointed out that RFC guaranties of bank loans, plus direct RFC loans where local credit is not available, will enable industry to obtain the financing required to make purchases "with a minimum of paper work and delay."

The State of Trade

There was no real indication this week that the spot authorization plan approved last fall and designed to permit manufacturers to produce civilian goods when materials become available have yet reached the point where recent efforts in this direction are impressive.

It would be unfair to state that the Government is not concerned over the problem of early reconversion of industry, or that it is wilfully neglecting its duty toward this end. It has already initiated many steps to achieve this goal; however, their immediate effects will not produce the desired amount or quality of civilian goods in the near future.

Some understanding of the bottleneck in civilian production may be gleaned from the action of the WPB since V-E Day. The Board has revoked production controls on hundreds of items within the last week, but it has not at the same time made available the necessary raw materials for their manufacture. Under such a policy industry is frustrated in its attempt to get the machinery for reconversion into smooth operation.

An illustration of the firm grip retained by the WPB on the supply of materials may be found in the Board's latest announcement regarding civilian production. After July 1, producers will have free access to metals as far as priorities are concerned, but at the mills, they will take second place behind the war demands. At the moment it appears that neither the WPB nor the armed services know just what the overall requirements for prosecuting the war against Japan will be.

In the solving of the problem, industry offers what it believes to be two main requisites, the first of which is, "revision of the Surplus Property Act of 1944 to make it workable," and the second, "stock-taking by the armed forces to see what is now owned and what will be reasonably required for the one-front war."

A tentative timetable for 72 major products has been prepared by industry and the WPB, but notwithstanding this, it is too early to predict when the manufacture of civilian goods will increase from the present trickle to full-flow production in the future.

Uncertainty prevails over another point and that is on the question of what prices consumers will pay for these goods. Chester Bowles, OPA Administrator, in discussing the matter stated, that manufacturers' prices would be pegged at the 1942 level, plus certain markups to cover increased material and wage costs. Enlarging upon his remarks he said he would consult with distributive trades concerning "the best way of carrying out our general obligation to minimize retail prices increases whenever manufacturers' price increases can be absorbed in whole or in part by wholesalers and retailers."

Steel Industry—The volume of steel orders in the past week continued in most cases to exceed shipments, but with substantial cancellations in the background. The flow of steel cancellations is expected to show greater acceleration in about two weeks. Steel men believe that the cancellation period will last for about 60 days. According to "The Iron Age," in its current summary of the steel trade, it says: "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 canceled, 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. On the heels of heavy artillery ammunition program changes, states "The Iron Age," reports coming in from customers reflect a slashing of heavy artillery components contracts, shell containers, Bailey Bridge units, and even one type of jet engine. Programs related to shell output which are being hit hard involve adapters, boosters and fuses. Actual artillery pieces themselves with accompanying slashes in carriage, gun tube and fire control output are being dropped from schedules.

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, according to the magazine, 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.

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 is a probability that a fair amount of such a backlog will be neutralized within the next 60 days; however, 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 holes in backlogs and schedules may be rapidly plugged.

Due to some improved deliveries being quoted on structural steels more drastic revisions in heavy building restrictions may soon be in order. For the first time in months structural steel inquiries were dominated by factory buildings, repair shops, hangars and industrial production structures.

The program of steel price revision has been definitely approved and 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 roller bars, the trade paper notes. 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 American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 92.9% of capacity for the week beginning May 21, compared with 95.3% one week ago. This week's operating rate represents a decrease of 2.4 points from last week's rate, and is equivalent to 1,701,600 net tons of steel ingots and castings, compared to 1,745,500 net tons last week and 1,762,600 tons one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended May 12, 1945, totaled 838,507 cars, the Association of American Railroads announced. This was a decrease of 24,892 cars, or 2.9% below the preceding week this year and 28,675 cars, or 3.3% below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 10,525 cars, or 1.2%, is shown.

Electric Production—The Edison Electric Institute reports that the output of electricity decreased to approximately 4,302,381,000 kwh. in the week ended May 12, 1945,

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War Business Has Passed Peak, Ayres Says

War, which has been the world's biggest business during the past five years, has reached and passed the peak of its expansion, and the processes of contraction have begun, said Brig. Gen. Leonard P. Ayres, United States Army (retired) in the Cleveland Trust Co. monthly business bulletin issued May 15, in which he further said:

Leonard P. Ayres

The contraction will continue for perhaps another five years. The past war-years in which the Government has been the chief customer, have been a period of educational experience for business in three leading respects. In the first place, business men have had more experience in the practical arts of cooperation than ever before. In manufacturing, the vast expansion of subcontracting has made cooperation essential, and within individual plants there has been more effective cooperation between managements and wage-workers than ever before.

Secondly, in almost every field of business activity managements have learned more about the training of new workers than they ever knew before. This has been especially true with respect to the training of women, and of young beginners of both sexes. Millions of such newcomers have been successfully trained to do jobs that had traditionally been regarded as being beyond the abilities of any but mature and experienced workmen. Much flexibility has been introduced into our business processes by these developments, and many strongly held and well entrenched prejudices have been swept away.

Finally, business has earned a great deal about government, and perhaps government has benefited from its increased contracts with business. A war economy is in large measure a planned economy, and both business and the general public have learned a great deal about that during these war years. They now know that the planned economy is not the product of abstract thinking in high places, but that it is instead slowly and painfully worked out by trial and error. It involves controls, restrictions, ration boards, coupons, quotas, and a vast total of applications, reports, and questionnaires. We shall learn still more about it as our war activities continue to contract.

In another section of his report Gen. Ayres said:

Expenditures for war in round numbers totaled 13 billions in 1941, nearly 50 billions in 1942, almost 83 billions in 1943, and well over 86 billions in 1944. They were equal to the other governmental expenditures in 1941, but by 1944 they had increased until they were nearly seven times as great.

Profits and Operation of Listed Corporations Reported by SEC

The Securities and Exchange Commission on May 11 made public Part V of its survey of "Data on Profits and Operations, 1942-1943," covering data on 413 companies in 42 Non-Manufacturing Industry Groups. Individual company data for many of these companies are included in the Survey of American Listed Corporations reports for the first time. The major industry groups, which include the 42 industries covered in this part, are Retail Trade, Wholesale Trade, Service, Transportation and Communication, Mining, Finance, Real Estate, Agriculture and Construction.

Combined industry totals for 1942 show 400 registrants reporting net sales and operating revenues of $11,404,398,000, which compared with 394 registrants reporting net sales and operating revenues of $12,314,752,000 in 1943. Operating profits for these companies amounted to $1,126,208,000, or 9.9% of net sales and operating revenues in 1942, against $1,315,520,000, or 10.7% of net sales and operating revenues in 1943. Net profit before income taxes for these companies was $1,072,860,000, or 9.4% of net sales and operating revenues in 1942 and rose to $1,240,945,000, or 10.1% of net sales and operating revenues in 1943. Net profit after income taxes in 1942 amounted to $506,369,000, or 4.4% of net sales and operating revenues compared with $505,674,000, or 4.1% in 1943. Net profit before income taxes as a percent of net worth was 21.1% in 1942 and 23.8% in 1943, while net profit after income taxes as a percent of net worth decreased from 10.0% in 1942 to 9.7% in 1943. Net profit after income taxes is the amount of profit after all charges and represents the amount transferred to surplus.

Of the 42 industry groups, "Grocery and Food Stores" reported the largest net sales and operating revenues in 1943. These 15 companies reported net sales and operating revenues of $1,752,415,000 in 1942, compared with $1,816,455,000 in 1943. Net profit before income taxes amounted to $39,231,000, or 2.2% of sales and revenues in 1942, compared with $39,272,000, or 2.2% of sales and revenues in 1943. Net profit after income taxes amounted to $18,030,000, or 1.0% of sales and revenues in 1942, compared with $18,394,000, or 1.0% of sales and revenues in 1943. These companies showed a net profit after income taxes as a percent of net worth amounting to 8.5% in both 1942 and 1943.

The group showing the next largest net sales and operating revenues in 1943 was "Department Stores." These 40 companies reported net sales and operating revenues of $1,495,939,000 in 1942, against $1,691,640,000 in 1943. Net profit before income taxes was $94,966,000, or 6.3% of sales and revenues in 1942, compared with $144,179,000, or 8.5% of sales and revenues in 1943. Net profit after income taxes amounted to $46,246,000, or 3-1% of sales and revenues in 1942, compared with $45,657,000, or 2.7% of sales and revenues in 1943. These companies showed a net profit after income taxes as a percent of net worth amounting to 8.2% in 1942, compared with 8.1% in 1943.

The group with the next largest net sales and operating revenues was "Mail Order Houses." Seven companies reported net sales and operating revenues, net profit before income taxes and net profit after income taxes as $1,642,861,000, $138,673,000, $52,263,000 in 1942 and $1,587,361,000, $139,318,000, $43,941,000 in 1943, respectively. Net profit after income taxes as a percent of net worth was 9.8% in 1942 and 8.0% in 1943.

Among the other industry groups included in the survey was "Limited Price Variety Stores" with 11 companies reporting net sales and operating revenues, net profit before income taxes and net profit after income taxes of $1,211,048,000, $125,304,000, $54,172,000 in 1942 and $1,306,924,000, $133,373,000, $52,874,000 in 1943, respectively. Net profit after income taxes as a percent of net worth was 10.4% in 1942, compared with 9.9% in 1943.

"Motion Picture Producers and Distributors" with nine companies reporting showed net sales and operating revenues, net profit before income taxes and net profit after income taxes of $561,341,000, $99,621,000, $49,125,000 in 1942 and $736,465,000, $171,479,000, $60,153,000 in 1943, respectively. Net profit after income taxes as a percent of net worth was 12.8% in 1942, compared with 14.8% in 1943.

"Aviation Transportation" with 11 companies reporting in 1942 and 13 companies reporting in 1943 showed net sales and operating revenues, net profit before income taxes and net profit after income taxes of $168,276,000, $29,515,000, $15,783,000 in 1942, and $197,576,000, $29,224,000, $15,322,000 in 1943, respectively. Net profit after incomes taxes as a percent of net worth was 18.6% in 1942, against 14.5% in 1943.

Hard Coal Strike Ends

Anthracite miners started to return to work on May 21 following an agreement reached on May 17 by the operators and the Untied Mine Workers of America, which calls for a compromise wage contract providing an overall daily pay increase of $1.37½. The agreement contains provisions for underground travel time pay, overtime for work beyond seven hours a day and 35 hours a week, differentials for second and third shifts, and increased vacation allowances. The travel-time pay is believed to be between $1.12½ and $1.20 a day.

The new agreement is subject to review by the National War Labor Board and other stabilization agencies. It is expected that it will be approved at a referendum of the workers, which may be held in about two weeks. It will be retroactive to May 1, and will run for one year, being terminable on notice after that time.

Production in Pennsylvania's anthracite fields was halted May 1 when the old contract expired. Harold L. Ickes, Solid Fuels Administrator, who has been in charge of these mines since the Government took control on May 3, estimated that the strike resulted in the loss of 3,500,000 to 4,000,000 tons of anthracite.

J. J. Forbes, manager of the anthracite industries for the Solid Fuels Administration, announced that anthracite coal operations on May 21 were proceeding in 326 of the 333 coal properties under Government control, according to the Associated Press, which further stated:

Mr. Forbes estimated the industry's manpower at 68,800. He said that 93% of that number returned to work and that the output on May 21 would equal 85% or 90% of the estimated normal daily production of 206,000 tons. The only idle collieries are in the Pottsville, Pa., area, where high water and mechanical deficiency closed two mines.

C. G. Ross Sworn in

Associate Justice W. B. Rutledge, of the United States Supreme Court, administered the oath to Charles G. Ross when he was sworn in as Press Secretary to President Truman, with whom he attended high school in Missouri more than 40 years ago. Mr. Ross succeeds Jonathan W. Daniels.

Truman Discusses de Gaulle Meeting With French Minister Bidault

The White House released the following statement, as reported from Washington by the Associated Press, May 18, concerning President Truman's conference with the French Foreign Minister, Georges Bidault, and his expressed desire to meet with Gen. Charles de Gaulle to discuss France's participation in international settlements:

Statement by the President.

The President had the pleasure today of conversing with the French Foreign Minister, M. Bidault, upon his arrival from San Francisco and of discussing with him a number of problems of primary interest to France and the United States.

The President took the occasion at the outset to express the gratification of the entire American delegation at San Francisco for M. Bidault's cooperation and helpfulness and for the important and continuing contribution of the French delegation to the work of the conference.

The President made it abundantly clear that the American people and the American Government realize that the French nation has emerged with renewed strength and vigor from the catastrophe which it suffered and that it has demonstrated its determination and its ability to resume its rightful and eminent place among the nations which will share the largest measure of responsibility in maintaining the future peace of Europe and the world.

He expressed his desire to meet General de Gaulle and indicated that there was a full appreciation by the United States Government of the part which France could and should play in the settlement of questions of world and European interest.

In this connection, the President indicated that the United States was moved by the strongest ties of friendship, dating back to the founding of this nation. A strong France represents a gain to the world. As a consequence, the people of the United States have accepted reductions in their requirements of certain essential food items in order to permit increased shipments to the liberated countries of Europe, including France, where they are so urgently needed.

Also the Government of the United States has taken extraordinary measures, despite American shortages of essential supplies and shipping, to arrange priorities for French procurement of such supplies and to provide shipping for their transportation to France. The people and Government of the United States will continue to take such measures as will lie within their power to facilitate the recovery of France and of her people.

The President confirmed to M. Bidault this Government's complete willingness to relinquish to France a part of the American zone of occupation in Germany. Details have already been conveyed informally to the French Government and are now in the process of being formalized.

The President emphasized that we are faced with a still strong and deadly enemy in the Far East to whose defeat the total resources of this country, both in manpower and material, are pledged. He indicated that such assistance as France and our other allies might bring to that struggle and which might be synchronized with operations already planned or under way, would be welcomed.

The discussion was on the most friendly and cordial plane and afforded the President a welcome opportunity to emphasize the bonds of friendship and mutual interest between the two countries.

WPB Revokes Control On More Civilian Items

Controls have been lifted on a number of civilian products by the War Production Board, according to an Associated Press report from Washington, May 16, which added that manufacturers, however, had received no metal to make them. The order known throughout the industry as "M-126, which has been revoked, freeing from controls 1,200 of the commonest civilian items, forbade the use of iron and steel in 400 types of goods. Its revocation will not materially help manufacturers to put these goods back on the market until WPB's announced creation next July of an uncontrolled pool of steel, copper and aluminum for civilian use has become effective.

The publishing industry will benefit from two or more revocations, according to the Associated Press, one lifting restrictions on the manufacture of new printing machinery and the other removing limits on the amount of copper and zinc which may be used in producing printing plates.

WPB will make a policy of granting priority aid for printing machinery except in unusual cases, it was stated. It probably will take eight or nine months to provide printing items which have been discontinued completely.

Similar warnings that improved production cannot be expected immediately, in most cases not until after materials restraints are removed on July 1, accompanied other revocations.

These included:

Removal of the ban which prohibited manufacture of golf balls except for the Army, Navy and Veterans Administration; WPB warned golfers not to expect new clubs soon.

Revocation of controls on production and sale of house trailers and expansible mobile houses. The latter are trailer-type dwellings with collapsible sections which permit expansion when the unit is stationary.

Cancellation of the rules regulating manufacture of jacks, whether operated mechanically, electrically, hydraulically or by air.

Special warnings accompanied the revocation of "M-126." Some of the items were regulated by orders other than the omnibus measure and a few of these have not been lifted. In addition, WPB said, the controls on stainless steel which formerly were included in the order were continued, having been incorporated in another regulation.

NY State Savings Banks Deposits Over $7½ Billion

Deposits in the 131 savings banks of New York State have passed the seven and one-half billion dollar level, with a net gain in April of $92,676,304, it was reported recently by the Savings Banks Association.

The month's increase was more than 50% greater than the gain in April last year.

The savings banks showed a net growth of 23,978 in open accounts during the month, making the number of depositors 6,531,459 as of April 30, with total deposits of $7,500,280,624.

Savings banks' sales of war bonds and stamps since May 1, 1941, passed the one billion mark, with sales of $15,068,505 during April.

The Financial Situation

(Continued from first page)

or even to persuade the business community to neglect problems it must face in returning to the tasks of peacetime, or unnecessarily defer steps designed to expedite reconversion.

That these tasks are real have been brought home to careful students of such questions—if reminder were necessary — by figures last week made public by the War Production Board. These data, covering reports from upwards of three-score industries, suggest that when these branches have completed the conversion to peacetime pursuits and attained capacity production their output will be between 25 and 30% below current production. When they have reached the financial break-even point, their output according to the these estimates would be less than 40% of the current production. The length of time required to complete the reconversion and attain "break-even" rates of activity, are set down as ranging from no time at all in those industries which have continued throughout the war to produce articles identical for practical purposes with those of peacetime, to a year in the case of jeweled clocks and watches. Capacity production will or could be reached in from one month in a few instances to 15 months in the case of the automotive industry.

Worth Inspection

How accurate all these estimates, which appear so convincing when arrayed in tabular form, will prove to be time only will tell, but it is probably safe to assume that they are more to be trusted than many of the other roughly comparable estimates of the New Dealers based not upon what is feasible, but what the "need" (imagined by the mystics) is estimated to be. At any rate, it is worth while to inspect some of these figures in somewhat more detail. When that is done it is found that while volume output on the average would be down even under peacetime capacity production, there are branches where the contrary is true—even instances where return to a break-even rate of operations would involve an increase over present output. Thus, for example, the motion picture equipment industry is currently producing at the rate of about $1.3 million a quarter. It breaks even in peacetime at $7.2 million. Its capacity rate is about $10.2 million. There are a number of others with varying rates of increase predicted for peacetime, and a number in which the present rate is about the equivalent of capacity peacetime production. On the other hand there are many, such as the motor industry, where a very substantial rate of decline is to be expected.

Such figures as these suggest a very considerable reshuffling of operations and personnel as between the various branches of industry. In some instances of course an industry which must reduce its volume for even capacity production of peacetime goods may be on the whole located in districts where others are located which must increase their rate of operations to reach peacetime maxima. In such circumstances, the difficulties of reconversion, so far at least as they have to do with employment, will tend to be reduced. There are many instances, however, where such will not be the case. It is these latter instances which raise the question whether it will be possible to avoid the kind of geographical employment and population shifts which have characterized the conversion of industry to war production.

Full Story Not Told

The full story is, however, not told by the comparative rates of output listed in the War Production Board's table. There, for example, the motor industry is scheduled for a reduction in output from $2,153 million a quarter to $1,127 million should capacity production be reached after the war. The fact is, however, that the changeover will be much greater than is thus indicated. The industry is now making a few things which will be included in its regular post-war lines, but for the most part its task will be a matter of converting from a production of over two billion dollars a quarter in tanks, planes and guns, to the output of something over a billion dollars in passenger cars and trucks per quarter. That is true of a large number of other industries, such for example as the printing trades machinery industry which is scheduled to change over from $63 million per quarter of various implements of war to $39 million per quarter of their usual equipment for the printing trade.

All this, quite evidently, will present difficulties. These problems, however, will not prove amenable to panacea treatment. Nor do they suggest the need of the sort of Government "cooperation" often proposed by the New Deal. The question which the "policy-makers" in Washington and the ordinary man from Wall Street to Main Street would do well to be pondering on the contrary is this: "What kind of policy or action is most likely to retard and render unnecessarily expensive this conversion and the attainment of capacity production of peacetime goods, and what type of behavior whether on the part of the government, the organized groups in the community such as labor unions, and others can be counted on to hasten the day when full peacetime production will be attained and normal peacetime prosperity generally prevail?" The helpful answers will be found in courses of action which give unrestricted sway to the natural constructive forces of a free economy.

Plans for Philippine War Damage Fund

Senator Robert A. Taft (R.-Ohio) stated that a bill to set up a fund of $500,000,000 to meet property war damage claims resulting from the Japanese occupation and subsequent freeing of the Philippine Islands would be introduced into Congress upon the return of Senator Millard Tydings (D.-Md.) and a group of experts who have gone to Manila to survey and report on the extent of damage there, the "Journal of Commerce" stated from Washington, May 17.

Senator Taft himself had proposed a bill, now sidetracked, which would have put to use for the purpose the $220,000,000 funds of the War Damage Corporation. The Taft bill would have made WDC's fund, raised through premium payments by property owners in the United States and its possessions, available to persons whose properties were damaged during the Japanese occupation and the American liberation of the islands.

Under the laws of the WDC, damage received prior to the fall of Manila was eligible for the payment of such claims, but damage sustained subsequently was not covered.

This was done because it was believed that the bulk of the damage would be inflicted during the Japanese invasion operations. It was found, however, that the damage sustained after the Japanese had occupied the islands and during the liberation was far more severe than during the Japanese invasion.

There has been no claim of any significance made against WDC funds and the $220,000,000 fund is now untouched. Several proposals have been made with regard to what should be done with the funds on hand, but none of them has yet taken the form of Congressional bills.

An earlier fund of $100,000,000, taken by Presidential appropriation fund and now under control of the WDC, will be returned to the Treasury.

Lift Belgian Trade Curbs

All restrictions on private trade with Belgium have been removed by the Treasury Department, which did the same thing in the case of France a month ago, the Associated Press reported from Washington, May 14. As on that occasion, practical difficulties exist to postpone trade on any important scale, but at least the financial machinery for payments now exists.

Belgian assets in this country are still frozen, but the Treasury announced that dollar balances acquired by Belgian banking institutions since Feb. 2, 1945, may be freely used to make payments in this country on behalf of Belgian nationals.

Vinson Announces New Meat Control Plan

As a solution to the controversy over the shortage of meat for civilians in the United States, Fred M. Vinson, Director of the Office of War Mobilization and Reconversion, announced a broad new program designed to relieve the situation, warning however, that its effects would not be felt in the retail market for some time, advices to the New York "Times" from Washington stated on May 18.

The following is the text, as released by the United Press, of the revised meat control program:

The program, which is based on recommendations made by the Office of Price Administration, was developed during discussions in Director Vinson's office with representatives of the Office of Economic Stabilization, the Office of Price Administration, the War Food Administration, the Army and the Defense Supplies Corporation. The recommendations of the House and Senate committees investigating the food situation have been carefully considered.

While the new program is expected to improve distribution and to make more meat available in areas of the country where relative shortages have been most pronounced, it will take some time for the effects of the program to be felt. Consumers should not expect any immediate increase in retail meat supplies as a result of the program.

The action announced falls into three main groups:

1. To Encourage Increased Feeding of Beef Cattle

A. Director Vinson announced that there will be no downward revision in the over-riding ceiling prices or in the maximum of the stabilization ranges for beef cattle, except bulls, without at least six months' advance notice to producers. This announcement is made to assure cattle feeders as much protection as possible against price changes, and should encourage the movement of cattle into feed lots. The action is in line with the April 11 announcement that hog ceiling prices will not be reduced before Sept. 1, 1946.

B. Effective May 19, 1945, the Commodity Credit Corporation will make a payment to the seller of 50 cents per hundred pounds on AA and A grade cattle sold for slaughter (sold for $14.25 or more per hundred pounds, Chicago basis) weighing 800 pounds or more, which have been owned by the seller for 30 days or more. In addition to the larger margin, this will encourage the feeding of cattle to heavier weights, and in the long run will make more and better beef available.

2. To Increase the Margins for Processors of Meat

A. The Defense Supplies Corporation will increase the pork subsidy payment 40 cents per live hundredweight retroactive to April 1, 1945. This rate will be continued in effect only until completion of a more thorough accounting study, following which the payment rate will be adjusted (not retroactively), and a provision will be included for reduction of tht subsidy as hog prices decline. Effective as of April 1, 1945, the total pork subsidy will be $1.70 per live hundredweight, as compared with the previous rate of $1.30. This action on hog subsidy rates is in accordance with the April 23 announcement of the Office of Economic Stabilization (the "10-point" meat program). At that time it was announced that unless determined otherwise before May 10 the subsidy rate on hogs would be increased 40 cents per hundredweight, effective retroactively to April 1, subject to later upward or downward adjustments.

B. Subsidy payments on all grades of cattle will be increased by the Defense Supplies Corporation 25 cents per live hundredweight, effective June 4, 1945. The subsidy payments are subject of the withdrawal of 4 cents of the subsidy for each 5-cent decline in average drove costs, from the maximum to the minimum of the stabilization range, with a minimum subsidy payment of 25 cents per hundredweight. The new subsidy rates, which are effective as of June 4, are as follows:

Grade AA	$3.00 per cwt.
Grade A	2.95 " "
Grade B	1.90 " "
All other grades	1.25 " "

Payments under the above rates will be reduced, from the maximum to the minimum, by 4 cents for each 5-cent decline in the average drove cost below the maximum. As long as the average drove cost is at or above the minimum of the stabilization range, the minimum subsidy payment will be 25 cents per hundredweight for any grade.

C. The above rates are applicable to both processing and non-processing slaughterers. Effective June 4, 1945, the additional subsidy for non-processing slaughterers of cattle will be 40 cents per hundredweight. This rate for non-processing slaughterers is based upon studies made by the Office of Price Administration.

3. To Improve the Distribution of Beef and Pork.

A. Set-aside orders for Government purchase of meat will be adjusted by the War Food Administration so that a greater proportion of the Government requirements will be drawn from those Federally inspected plants which are slaughtering more than their normal proportion of the total slaughter. In effect this will mean that there will be a differential set-aside, based upon the quantity of meat slaughtered in relation to the quantity slaughtered during a representative past period. In filling governmental requirements, more meat will be taken from the plants with a heavy slaughter and less from the plants with light slaughter. This will result in more uniform distribution of available supplies for civilian use.

B. To make it possible to keep livestock in the hands of those operators who comply with Office of Price Administration price ceiling regulations, and to eliminate black market operations, the Office of Price Administration and the War Food Administration will develop a plan by June 15 to show the movement of all livestock through public stockyards and public sales yards, so that information as to the destination of all such livestock will be available. Record keeping requirements which are needed to effectuate slaughter control programs already announced, and meat distribution program now being prepared by the Office of Price Administration, will be developed. Representatives of stockyard operators and livestock sales agencies will be consulted in the preparation of the general plan.

WPB Approves Civilian Transport Plane Output

The War Production Board has authorized the aviation industry to resume manufacture of transport planes for American airlines, stipulating, however, that such production must not be allowed to interfere with military schedules, according to the Associated Press from Washington, May 9.

The probable result of this action will be that airlines, which a recent survey has shown to be in need of about 300 new planes as soon as they can be obtained, will start getting the first of them late this year or early in 1946.

U. S. Plans for Military Control of Germany, Announced by War Department

Plans have been worked out for the military government of Germany under American organization, the Associated Press reports from Washington, May 11, and gives the following as the text of the War Department's announcement of plans for the American occupation zone:

American organizational plans for the military government of Germany were disclosed today by the Hon. Henry L. Stimson, Secretary of War.

For many months the United States Army, Navy and Air Forces have been perfecting plans for the occupation of Germany and have been working with their British, Russian and French allies in putting together a co-ordinated program to impose a stern military government over all of Germany and to carry out the policies agreed upon at Yalta.

As was announced in the Yalta Declaration, Germany will be governed through a control council on which each of the four powers will be represented. General Eisenhower will be the representative of the United States on the control council for Germany. Each power will administer a zone of Germany under the control of a military commander. The United States zone will be controlled by General Eisenhower as Commander in Chief of the United States forces in Germany.

Lieutenant General Lucius Clay, United States Army, will serve as deputy to General Eisenhower, and as such will participate in the formulation of decisions affecting Germany as a whole. General Clay, as deputy military governor for Germany, will also act as General Eisenhower's deputy in carrying out the administration of military government in the United States zone.

General Clay, 48-year-old West Point graduate, was deputy director for war programs of the Office of War Mobilization and Reconversion before he went to Europe in April to join General Eisenhower. Prior to joining War Mobilizer Byrnes, Clay was the director of material for Army service Forces. He has been described as a tough-minded soldier with thorough understanding and experience in the balance between military necessity and civilian requirements. He was hand-picked by President Roosevelt for the direction of the occupation of Germany.

In planning its part of the control machinery for Germany, the United States has formed a group control council which will be fitted into the control council for Germany. The United States group has been divided into 12 major divisions, roughly corresponding to the ministries of the German central government.

The heads of these divisions, in addition to acting for the United States in control council matters affecting Germany as a whole, will also, under General Clay's supervision, carry out policies in the United States' zone.

Names of the 12 divisions in the United States group and a description of their functions follow:

Three military divisions—Army (ground), naval and air—will deal with the demobilization of the German armed forces, and the disarmament of Germany.

The transport division will regulate traffic movements, supervise railway, road and inland water transportation systems, and, with the naval division, handle port and coastal operations.

The political division will deal with all foreign affairs, handle domestic political matters, protect American interests in Germany, and advise other sections dealing with control of public information services in Germany, reporting of political intelligence, and public relations.

Tremendous tasks lie ahead of the economic division, which will deal with such problems as food, agriculture and forestry, fuel and mining, price control and rationing, public works and utilities, internal and foreign trade, industry, conversion and liquidation, and requirements and allocations. This division will see to it that the Germans are forced to exert all efforts to feed themselves, and also to insure that the liberated United Nations are given first consideration on essential commodities.

The finance division will control public finance and deal with financial institutions, foreign exchange, currency, and accounts and audits.

The Reparation, Deliveries and Restitution Division will supervise, so far as the American zone is concerned, the execution of the policies agreed upon in the control council, dealing with the vital activities suggested by its title, as well as handle property control and the supervision of monuments, fine arts and archives.

A most important division will be the Internal Affairs and Communications Division. This division will supervise public safety, including control of civil police forces, public health and welfare, post, telephone and telegraph, military communications, civil service and local government, education and religious affairs. The division will concern itself with elimination of the dreaded secret police.

The Legal Division will give legal advice to the commander and other divisions, will have jurisdiction over prosecution of war criminals, and exercise proper controls over Allied military courts and German ordinary and military courts, and prisons.

One of the most difficult tasks will be faced by the Prisoners of War and Displaced Persons Division. Millions of citizens of United Nations have been held prisoner in Germany, either as military hostages or as slave laborers, and these must all be cared for and repatriated as speedily as possible.

The Man-Power Division will deal with problems of labor relations and allocations, wages and labor policies, housing and labor information. This division will be charged with dissolving the notorious Nazi Labor Front and laying the groundwork for the normal growth of democratic labor organizations and practices.

The all-important task of purging all public agencies and important German industries of Nazis will be shared by every division, each supervising this work in its own field. However, an over-all Intelligence Section, answerable directly to General Clay, will maintain general supervision over the entire de-Nazification program. This Intelligence Section will also maintain surveillance over all German agencies and provide assurance that activities by Nazi underground, "Werewolves" and the like will be ruthlessly suppressed.

Also answerable directly to General Clay are the two sections dealing with control of public information and public relations. The former section will control all forms of public expression in Germany, including newspapers, radio, magazines and other publications and motion pictures. It will deal with the dissolution of the Propaganda Ministry of the notorious Goebbels and the establishment of an unbiased and truthful press and radio system.

The Public Relations Section will deal with the issuance of press communiques, general relations with the world press, including the accreditation of correspondents, press censorship and press communications. Censorship in the American zone will be solely on the basis of military security.

Wallace Plans to Aid Business Changeover

Secretary of Commerce Henry A. Wallace has indicated his intention of making the Commerce Department an effective instrument in aiding the changeover in the national economy from war to peace, ordering agencies of the department to "take positive steps to provide business and industry with its many aids and services essential in meeting the immediate problems of reconversion," an Associated Press report from Washington states on May 13.

Asserting that the Commerce Department would in all reconversion matters "provide general economic counsel as well as specific assistance to business," according to the Associated Press, Mr. Wallace went on to say:

"In the interval between V-E Day and V-J Day, the pressure upon the general economy will ease by reason of the fact that the economic resources required for the prosecution of the war will diminish. Nevertheless, on balance there will still be an aggregate demand upon the economy, including the requirements of Government, considerably in excess of the current production of required goods. The situation in the initial phase of the reconversion period which we now face will, in general, be the same as it has been during the past three years, although the inflationary pressure is likely to be less intense.

"It follows that no fundamental revisions of Government policy will be required except for the partial relaxation of some of the wartime controls, with particular care that we do not remove too suddenly either the anti-inflation controls or those designed to make certain that war requirements continue to be accorded top priority.

"Although the flow of income will tend to be downward during this period because of the reduction of over-time, the shrinkage of the labor force, and the increase in frictional unemployment, as well as the downward pressure on some price areas, consumption expenditures by individuals nevertheless will rise. This will be possible because a higher proportion of current income will be spent and the disproportionately high level of war savings reduced. In addition, private gross capital outlays will rise due to reconversion requirements as well as deferred replacements.

"During this period 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 be necessary also, of course, 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 postwar economy, the department will provide general economic counsel as well as specific assistance to business.

"Business, on its part, will want to be guided in its reconversion policies with respect to the marketing of increased production of consumers goods by considerations of long-run economic stability, rather than the short-lived advantages that might be secured from the temporary inability of supply to satisfy all immediate demand."

House Committee Approves Tariff Legislation

The House Ways and Means Committee has approved a three-year extension and expansion of the Reciprocal Trade Agreements Act with the three perfecting amendments, it was reported from Washington by the Associated Press, May 16. This is a victory for the Administration in its efforts to lower tariffs as a means of promoting post-war trade.

Originally enacted in 1934 under the sponsorship of the then Secretary of State Cordell Hull, the Act empowered the President to cut tariffs 50% below the rates imposed in the Hawley-Smoot Tariff Act of 1930, the result being that trade agreements have been made affecting nearly 50% of American imports on which the full reduction has been provided for. The pending measure which extends the Trade Agreements Act for another three years, or until June 12, 1948, would authorize the President to reduce tariff rates not more than 50% below the level of Jan. 1, 1945, which would amount to approximately 75% below the schedules of the Tariff Act of 1930.

The three perfecting amendments, as given in the New York "Times," were:

1. That wartime emergency tariff reductions or eliminations designed to encourage import of strategic metals and materials shall not be considered in making any of the new reciprocal percentage reductions which the measure authorizes.

2. To provide that the trade agreement with Czechoslovakia, terminated when Germany invaded that country, shall not be reinstated (although it contains no prohibition on negotiation of a new agreement).

3. To add the War and Navy Department to the list of Federal agencies which must be consulted before new trade agreements can be made by the State Department.

Charles P. Taft, Director of the State Department's Office of Wartime Economic Affairs, who was the last Administration witness before the closing session of the Committee hearings, denied that the expansion provision in the pending legislation was included merely for trade purposes.

On whether the Administration can obtain this power, he said, will undoubtedly depend whether Britain, probably followed by France, and all the countries of Latin America will go along in the next few years in expanding world trade by reciprocal tariff concessions or will turn instead to governmental forcing of exports and restoration of imports

Taft Warns of Reactions

The British Cabinet is about evenly divided on which is the better policy to remedy great wartime excess of imports which has so unbalanced her trade, Mr. Taft said, while all Latin America is leaning more and more toward high protectionism to build up post-war home industries. He added:

"Unless we show willingness to trade reciprocally, I fear the next two years will put us right back to the Hawley-Smoot days."

(Earlier hearings before the House committee were referred to in our issue of May 17, page 2200.)

British War Relief to End

Announcement has been made of plans to inactivate the British War Relief Society, founded in the early days of aerial attacks on London to aid England's war destitute.

Announcement of the decision to bring the society's activities to a close was made by Clark H. Minor of New York, President of the national group, who said the British War Relief will not be included in the fall drive of the National War Fund.

Pointing out that the critical emergency in Britain has passed, Mr. Minor said the move to liquidate the society was taken after consultation with the British Government.

U. S. Casualties

Secretary of War Stimson has released the following report of American casualties through the end of April, according to the Associated Press from Washington, May 10.

During the month of April among ground forces there were 34,598 casualties, including 5,324 killed, 25,407 wounded and 3,867 missing.

Ground force losses on the Western Front from D-Day last June until the end of April totaled 512,113, with 88,225 killed, 365,320 wounded and 58,568 missing and taken prisoner.

Mr. Stimson estimated that the cost in casualties for the Army among all forces and for all fronts in the war against Germany would total about 800,000, including 150,000 killed. Fortunately, he added, about half of the wounded have already returned to duty.

Some 70,000 to 80,000 Americans have been released from prison camps and more than 8,000 have returned to this country.

The casualties for both the Army and Navy, meanwhile, neared the million mark with the announcement that Army losses in all theatres as reported through April 30 reached 867,709 and Navy losses amounted to 104,945. These totaled 972,654, an increase of 22,182 since the previous week's report.

A breakdown on Army casualties and similar figures for the preceding week is as follows:

Killed, 175,168 and 170,407; wounded, 535,029 and 520,208; missing, 74,304 and 80,364; prisoners, 82,208 and 77,110. Of the wounded 283,472 have returned to duty and of the prisoners 15,379 have been listed as exchanged or returned to military control.

Corresponding figures for the Navy are as follows:

Killed, 41,458 and 40,271; wounded, 48,858 and 47,739; missing, 10,382 and 10,123; prisoners, 4,247 and 4,250.

Despite the end of the war against Germany, Mr. Stimson said, some individual casualty notifications to next of kin would continue to be made for several weeks as an aftermath of the operations in Germany and Italy.

Fullest News Flow To Be Truman Policy

A policy of the fullest possible flow of news to press and radio has been indicated by President Truman through his press secretary, Charles G. Ross, who said that his office would answer all possible questions and that he would say so when he did not have or could not disclose specific information, Associated Press advices from Washington state, May 16.

A day earlier, according to an Associated Press dispatch from Washington, President Truman announced that an unhampered distribution of news, consistent with military security, would prevail in Germany, despite a contrary announcement by Elmer Davis, chief of the Office of War Information. The President asserted, however, that this concession to the American right of freedom of the press would not mean immediate restoration of a free German press in zones occupied by the United States. The President's stand won applause from Congressman Rankin (D.-Miss.), who urged President Truman to abolish OWI.

Experts Recommend Immediate Tax Changes

(Continued from first page)

reconversion and readjustment to peacetime production. The increase of the specific exemption to $25,000 would, in addition, reduce the repressive effect of the excess-profits tax upon smaller corporations. With this change, a large number of smaller corporations would be freed from liability under the excess-profits tax and the burden for the smaller corporations still subject to this tax would be substantially reduced.

It is not recommended that existing tax rates be reduced at the present time. This position is supported on the following grounds:

1. Federal expenditures can be expected to remain at a high level after victory in Europe, and thus the need for revenue will not be greatly lessened. With the war continuing on one front, it has been estimated that the Federal Government will spend for war alone at the annual rate of about $70 billions.

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

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

4. The armed forces are still called upon to endure personal and economic hardships.

II. The Cash and Working Capital Position of Business

Various studies of the financial condition of American business have indicated large increases during the war period in the aggregate amount of cash and in the net working capital of business enterprises as a whole. They indicate that business, in the aggregate, is in good financial condition to face the problems of transition to peacetime activity. However, aggregate figures tend to obscure the financial position of many companies which have expanded in response to war needs without an adequate base of working capital. Many such companies, especially smaller companies, have been unable to finance their expansion through the sale of long-term securities because of demand for their products has been highly uncertain, or because of lack of access to capital markets.

Substantial parts of the funds used by such companies for expansion during the war have come from increases in expense accruals, especially Federal income-tax accruals. Financing through the medium of unpaid expenses is accomplished as a result of a lag of tax payments behind the accrual of tax obligations. This lag, which ranges from 3 months to a year in the case of income-tax liabilities, leaves a certain amount of funds in the hands of the business which may be held in cash or used for other purposes. While such temporary use of funds ultimately needed for accrued liabilities has provided a way of financing more or less temporary increases in assets, a serious problem may be presented for some firms when their contracts are cut back or when they begin to liquidate their war business. Declining revenues will be accompanied by a continued high level of payments for the deferred items, and for some firms the financial strain may be quite severe.

In addition to the companies whose financial position will clearly be strained during the reconversion period, there are others whose position, though apparently good at present, may deteriorate as a result of losses from the liquidation of inventories and disposition of other assets.

A major purpose of the proposals presented in this report is to improve the cash position of business by advancing the time of payment of post-war tax refunds and credits. This will reduce the danger that reconversion might be impeded by shortages of cash. It is true that not all businesses will need these funds during reconversion. However, to distinguish those firms which do not need cash from those which do would present a serious and unnecessary administrative problem. The Committee does not believe that the release of cash in some cases where it is not needed, or before it is needed, would lead to serious consequences. The system of priority and price controls and other related measures should effectively mitigate the effect of any increase of inflationary pressures that might result from additions to existing cash balances.

III. Increase in Excess-Profits Tax Specific Exemption

1. Past changes in the excess-profits tax.

The excess-profits tax was enacted in 1940, effective for taxable years beginning after 1939. Its purpose was to recapture a substantial part of the increased profits resulting directly or indirectly from the large expenditures then being made for defense purposes. With our entry into the war, the rates were increased sharply and credits modified. The tax has been and continues to be an essential part of the wartime stabilization program and an important source of revenue.

The 1940 act provided for the taxation of excess profits, after a $5,000 specific exemption, at graduated rates. In 1941 the graduated rates were increased. In 1942, this structure of rates was replaced by a flat 90% tax on excess profits, with provision for a post-war refund of 10% of the tax, and an over-all income and excess-profits tax limit of 80% of taxable income. The 1943 act raised the rate to 95% for 1944 and subsequent years, and the specific exemption was increased to $10,000.

2. Proposed increase in specific exemption.

It is recommended that beginning with 1946 the specific exemption be increased from $10,000 to $25,000. This suggestion is intended to provide incentives and additional cash for the expansion of small and new enterprises during the period when it is necessary to continue the excess-profits tax. Experience with the excess-profits tax has shown that it tends to be especially burdensome for many small corporations. The increase in specific exemption would (a) remove a large number of these smaller corporations from liability under the excess-profits tax; and (b) reduce the burden on those corporations still subject to the tax, the reduction being relatively more important for the smaller corporations.

3. Number of corporations freed from the excess-profits tax.

For the txable year 1943, when the specific exemption was $5,000, approximately 68,000 corporations filed returns showing excess-profits tax liability. For the year 1944, when the specific exemption was increased to $10,000, it has been estimated that the number of corporations liable for the excess-profits tax was reduced by about 17,000 to a total of 51,000.

It has been estimated that, for the taxable year 1946, the present exemption of $10,000, approximately 31,000 corporations would be liable for exces-profits tax. If the specific exemption were increased to $25,000, as proposed, this number would be reduced by an estimated 12,000 to a total of about 19,000. Thus, the proposed increase in the specific exemption would be expected to free from liability under the excess-profits tax about one-third to one-half of all corporations otherwise subject to the tax.

4. Revenue effects.

It has been estimated that the taxable year 1946 an increase in the specific exemption from $10,000 to $25,000 would result in a reduction in excess-profits tax liabilities of about $300 millions. Since the income thus released from excess-profits tax liability would become subject to the normal tax and surtax, the net loss of revenue would be about $160 millions, or less than 2% of the total revenue from the corporate income and excess-profits taxes.

IV. Changes in Provisions Relating to the Post-War Credit

1. The present situation.

Under present law, corporations which pay excess-profits taxes are credited with an amount generally equal to 10% of the excess-profits tax. This credit may be taken currently to the extent of 40% of net debt retirement. To the extent that the credit is not taken currently, bonds are issued by the Government to the taxpayer. These bonds bear no interest. They are non-negotiable until after the cessation of hostilities. They are redeemable before maturity at the option of the United States on three months' notice. If not redeemed, they mature in from two to six years after cessation of hostilities, the length of time depending upon the year for which issued. For example, if the war should end in 1946, bonds based on 1942[1] taxes would not mature until December 31, 1948, and bonds based on 1945 taxes would not mature until December 31, 1951.

It is the view of the Committee that the present law fails to meet adequately one of the principal purposes for the allowance of post-war credits, namely, to provide a fund that will be available for the conversion of production facilities after the war to peacetime demands. A corporation now facing reconversion would not be able to negotiate any of its bonds until after victory in the Pacific. Even then not all of its bonds would be immediately available. Bonds to be issued with respect to the last year prior to the end of hostilities could not be issued until full payment of the excess-profits tax for that year had been made. This would not occur, generally, before Dec. 15 of the following year. Thus, if victory in the Pacific should come in 1946, a taxpayer could not depend on using his 1945 bonds to provide necessary capital during 1946.

2. Proposed adjustments.

To make the post-war credits fully available when they are needed, the Committee proposes that: (a) the post-war credit of 10% of excess-profits taxes be taken currently with respect to tax liabilities of 1944 and subsequent years and (b) the maturity date for outstanding post-war refund bonds be advanced to Jan. 1, 1946.

In this way, the maturity date of these bonds would be advanced by at least two to three years in the case of 1942 bonds and at least three to four years in the case of 1943 bonds.

3. Current availability of the post-war credit.

The proposal to make the post-war credit available currently against the tax liabilities of 1944 and subsequent years would involve no serious administrative or mechanical difficulties. Quarterly tax instalments on 1944 liabilities not paid at the time the amendment became effective could be reduced by the amount of the post-war credit. In the case of the corporations which had paid their total tax liability at the time of filing their returns, it would be necessary to refund the amount representing the post-war credit included in the prior tax payment. The return forms for 1945 and subsequent years would be designed to indicate clearly that the post-war credit should be taken currently in all cases.

The amount of post-war credit (after credit for debt retirement) applicable to 1944 liabilities has been estimated at about $830 millions and the amount applicable to 1945 liabilities at about $710 millions.

4. Advancing the maturity date of post-war bonds.

It is the Committee's view that to advance the maturity date of the post-war bonds would be preferable to making the bonds negotiable at a date earlier than that now provided by law. It would reduce administrative problems by eliminating the necessity of canceling or issuing bonds with each change in tax liabilities resulting from deficiencies, overpayments, or renegotiation. Also, since the bonds are non-interest bearing, it would prevent the bonds from being sold at a discount at the time they were made negotiable. It has been indicated to the Committee by those responsible for the fiscal operations of the Treasury that this change of maturity could be managed satisfactorily.

The estimated net amount of bonds issued or to be issued with respect to post-war credits is $480 millions for 1942[2] and $820 millions for 1943;[2] or a total of about $1.3 billions for the two years.

In putting into effect the advanced maturity date, bonds which had already been issued would be payable in full on Jan. 1, 1946. Bonds which had been certified but not yet issued would be satisfied by cash payments in lieu of bonds.

5. Illustration of the proposed changes in the post-war credit.

(a) Current availability of the post-war credit.—Suppose that X corporation reported a total excess-profits tax liability for 1944 of $40,000 and a post-war credit of $4,000. On March 15, June 15, and Sept. 15, 1945, it would have paid an aggregate of $30,000 of this total liability. With the passage of the proposed legislation its payment on account of excess-profits taxes due on Dec. 15 would be reduced from $10,000 to $6,000, the difference being the amount of its post-war credit for 1944.

(b) Advance in the maturity date of post-war bonds.—Suppose that the X corporation had reported and paid excess-profits taxes for 1942 and 1943 of $30,000 in each year, for which it had received bonds of $6,000 representing its post-war credits. On or after Jan. 1, 1946, the taxpayer would be entitled to cash for the $6,000 in bonds previously received on account of tax liabilities for 1942 and 1943. If, after Jan. 1, 1946, an audit of the X corporation's 1943 return should disclose that its total excess-profits tax liability for the year 1943 was $20,000 instead of the $30,000 reported and paid, it would be entitled to a refund of $9,000. The refund would be $9,000 instead of $10,000 because the company would have already realized, through the cashing of its bonds, $1,000 of the overassessment.

V. Speeding Up Refunds From Carry-Backs

1. The need of speeding up refunds from carry-backs.

Under existing law, refunds of taxes resulting from the carry-back of net operating losses and unused excess-profits credits cannot be made until a considerable length of time after the loss or unused credit arises. The claim cannot be filed until after the year in which the loss or unused credit arises; for example, a claim arising from a loss in 1945 cannot be made until after the close of the year, when the amount of the loss has been determined. Moreover, following the filing of the claim, many months are usually required for auditing the returns for all years affected and for reviewing the claim before a refund can be finally made. In the immediate post-war period, a more than ordinary delay may result because of the heavy administrative burden imposed by the numerous adjustments in returns for the war years.

After cut-backs of war production, many businesses will have reduced income and may at the same time have large reconversion expenditures, with resulting losses or unused credits. To this drain on liquid assets will be added tax payments on liability accrued on income earned in the preceding year. These tax liabilities must be met despite the fact that the loss or unused credit will ultimately result in tax refunds. In some cases the financial solvency of the firm may be endangered or its planned level of production sharply curtailed.

It is desirable, therefore, to change the refund procedure so that a taxpayer may obtain the benefits of the carry-backs in the period when they are most needed.

2. Proposed plan.

To speed up the operation of the carry-back refund procedure, so that taxpayers may have the benefits of a currently improved cash position for reconversion, the following plan is recommended: (1) deferment of current tax payments on the basis of anticipated losses and unused credits; and (2) prompt payment of refund claims filed after the loss or unused credit has occurred.

The first part of the plan, the deferment of current tax payments, would operate as follows:

(a) A corporate taxpayer[3] anticipating a loss or unused credit for the current year could, upon submission of an appropriate statement, elect to defer payments of the preceding year's taxes, the amount deferred not exceeding the anticipated refund that would result from the carry-back of the loss or unused credit.

(b) In the statement filed, the taxpayer would be required to set forth reasonable grounds for anticipating the loss or unused credit. However, once the statement in proper form had been filed, and a receipt had been issued to the taxpayer evi-

1 Includes also 1941 fiscal years ending after June 30, 1942.

2 Includes returns for fiscal years ending from July 1 of the year indicated through June 30 of the succeeding year.

3 This part of the proposal necessarily relates only to corporate taxpayers. Under the Current Tax Payment Act individuals are on a current payment basis and, hence, already pay taxes on the basis of estimated income for the current year.

dencing the filing, the tax deferment would become immediately effective without any prior examination by the Government of the merits of the case.

(c) The Commissioner of Internal Revenue would be empowered, but not required, to examine the statement. Should he find it to be patently unfounded or the ultimate collection of the tax to be in jeopardy, the deferment would be canceled.

(d) The period of deferment would be long enough to permit the taxpayer to file a claim for refund after the year had ended and to have it acted upon by the Commissioner of Internal Revenue before the deferment expired.

(e) Amounts of deferments in excess of the ultimate refund allowed would bear interest at 6% per annum. Deferments not in excess of the ultimate refund would bear interest at only half this rate (3%).

(f) In addition to the interest charge, a flat 6% penalty charge would be added to the portion of the tax deferred in excess of 125% of the carry-back refund ultimately ascertained. However, the penalty would not apply to excessive deferments which are adjusted by the end of the taxable year in which deferment commences.

The second part of the plan, the prompt payment of refund claims, would operate as follows:

(a) After the close of the year in which a loss or unused credit had been incurred, the corporation or individual engaged in business would file a claim for the resulting refund on or after the date of filing the return for that year.

(b) At the election of the taxpayer, a pre-audit net refund would be made available within 90 days from the filing of the claim. In the case of a corporate taxpayer which had deferred tax payments in anticipation of the refund, this refund would be reduced by the amount deferred.

(c) This net refund would be computed, without audit, on the basis of the taxpayers' claims and returns.

(d) Subsequently, upon audit, any additional refund due would be paid or credited, and any amount found to have been erroneously paid would be recoverable by the Government on notice and demand, without suit.

3. Risk of revenue losses.

It is most important to recognize that in this plan audits of refund claims are made after allowance rather than before allowance as at present. Predictions and estimates are necessarily involved. Since speed is of the essence, mistakes and abuses may occur and revenue may be lost in some cases. However, it is not believed that the revenue losses involved would be large in proportion to the total amounts properly allowable, or excessive as compared with the over-all benefits to be derived.

4. Prevention of excessive tax deferment.

To become eligible for tax deferment, the taxpayer would be required to furnish a statement, under penalties of perjury, setting forth facts and estimates showing a reasonable expectation that a specified loss or unused credit would be incurred.

Under the plan, the taxpayer would be given the responsibility for a reasonable determination of the amount of tax deferment. If the Commissioner of Internal Revenue were required to assume responsibility in this matter, the time required for investigation would greatly delay the deferment.

Since the determination of eligibility is to be left with the taxpayer, some type of control is essential. Under the plan, the Commissioner would be empowered, but not required, to examine deferment claims and to cancel any deferment should he have reason to believe that the stated basis for deferment is clearly inadequate or that ultimate collection of the taxes due is in jeopardy.

Further, as a means of discouraging and penalizing unfounded deferments by the taxpayer, the plan provides a penalty upon substantially excessive tax deferment. The penalty would be a flat 6% of deferred amounts in excess of 125% of the carry-back refund ultimately found to be due. To prevent the penalty from operating too harshly, it would not apply where excessive deferments are adjusted by the end of the taxable year in which tax is deferred.

5. Interest on deferred tax payments.

Under the proposed plan, all deferments of tax would bear interest. If the deferment exceeded the ultimate refund, the usual rate of 6% per annum would apply to the excess. Deferments not in excess of the ultimate refund would bear interest at half the usual rate on past due taxes (3%). This interest charge would discourage taxpayers from using the deferment privilege unless there were real need for cash. In the absence of such an interest charge, a strong incentive would exist for corporate officers to claim deferment whether or not the funds were needed. The difficulties connected with the operation of the plan are such that firms with easy access to alternative sources of funds should not be encouraged to make use of tax deferment. Moreover, the policy of charging interest would be in harmony with the existing policy that refunds due to carry-backs do not bear interest prior to the filing of a valid claim for refund.[4] On the other hand, the suggested interest charge on proper deferments is not high enough to discourage taxpayers in real need of funds.

6. Payment of pre-audit refunds.

The part of the plan which calls for prompt payment of refunds provides that, upon the election of the taxpayer, the net amount of a refund claimed after the end of a year of loss or unused credit would be paid within 90 days from the filing of the claim. Within so short a period, there would be no opportunity for the Bureau of Internal Revenue to make an audit of the claim. The time involved would permit no more than the clerical operations involved in computing the refund on the basis of the taxpayers' returns and claims filed.

As a minimum safeguard, the Commissioner should be empowered to recover, upon notice and demand, any refund subsequently determined on audit to have been erroneous. In the event a refund is ultimately found not to be due, this provision would restore the Commissioner and the taxpayer as promptly as possible to the same position as though the claim had been audited prior to payment in the usual manner and disallowed.

The part of the plan providing for prompt refunds will serve to eliminate incentive to taxpayers to claim deferments of tax solely because it would be the only way of obtaining a prompt refund. Were taxpayers to be faced with the choice between a tax deferment or a possible delay of several years before a refund claim would be paid, many would seek the deferment even though they were in no immediate need of cash. However, if such taxpayers know that a refund is available within 90 days from the filing of a claim, the deferment procedure would not force itself upon them. Moreover, the prompt payment of refunds would aid businesses whose earnings decline moderately in one year and sharply in the next. For such businesses, the amount of the tax that may be deferred in the year of sharp decline is relatively small. Thus the deferment, without the additional refund, would offer little improvement in cash position.

7. Review by the Joint Committee on Internal Revenue Taxation.

Under present law refunds in excess of $75,000 must be reported to the Joint Committee on Internal Revenue Taxation prior to payment. The objective of speeding up the refunds could not be met unless the present refund procedure were amended to eliminate these pre-audit refunds from review by the Committee prior to payment. Since such refunds would be paid priod to audit, conformity with existing policy would require a provision that such refunds be reported to the Committee after payment.

8. Potential amount of accelerated refunds.

The amount of the future tax refunds resulting from the operation of the carry-backs of net operating losses and unused credits will depend largely upon the future pattern of business earnings. It is not possible to estimate accurately the amounts of refunds which would result from losses or unused credits. It has been estimated that the amount of refunds resulting from losses and unused credits for 1945 and 1946 would amount to perhaps $1 billion. Presumably most of this would be claimed under the speed-up procedure, but the exact proportion cannot be estimated.

VI. Speeding Up Refunds Arising From Recomputation of Amortization Deductions

1. The proposal.

Under existing law emergency facilities certified as necessary for national defense may be amortized over a five-year period. If, within that period, the emergency is terminated, or a particular taxpayer's facilities are certified to be no longer necessary for national defense, the taxpayer may elect to have the amortization deductions recomputed on the basis of the shorter period. Shortening the period of amortization will result in additional deductions in the returns previously filed, and, consequently, will give rise to tax refunds. Under present law, these claims for refunds must be handled through the usual administrative procedure involving unavoidable delay at a time when the taxpayer may be in need of funds for reconversion.

It is recommended that refunds resulting from issuance of nonnecessity certificates or from ending of the emergency period be speeded up.

To carry out this proposal, it is recommended that claims for refund on account of recomputation of amortization allowances be allowed within 90 days from the filing of the claim on the basis of the taxpayer's claims and returns. These allowances would be subject to recovery on notice and demand if subsequent audit should disclose an erroneous allowance. This procedure is similar to that recommended in the case of pre-audit refunds upon carry-back claims, and is subject to much the same considerations.

2. Probable amount of increase in amortization deductions due to recomputation.

Assuming that the issuance of certificates of necessity continues at the current monthly rate for the remainder of this year and assuming Dec. 31, 1945, to be the average cut-off date for purposes of recomputation of amortization allowances, it has been estimated that the increased allowances for the years 1941 through 1945 would amount to $2.9 billions, out of a total cost of certified facilities of approximately $6.8 billions. The resulting tax refunds for the readjusted years have been estimated at $1.7 billions. This would be the potential amount of refund which might be accelerated under the proposed speed-up procedures.

VII. Summary

The recommendations for the interim period are designed primarily to improve the cash position of business. All five of the proposed changes would serve this purpose. The proposals for speeding up the payment of refunds and of the post-war credits would result in the payment of amounts due to taxpayers at an earlier time than now provided. Such early payment of refunds and credits would not alter the tax liabilities of business firms but merely advance the date on which refunds and credits would be available. The increase in the specific exemption under the excess-profits tax would not only improve the cash position of smaller corporations, but would also remove or lessen the repressive effects of the excess-profits tax upon small and new businesses, thus stimulating expansion and prompt reconversion as it becomes desirable.

Based on the estimates and assumptions referred to in this report, the effects of the proposed changes on the cash position of taxpayers may be summarized as follows:

1. The increase in the specific exemption would add to the cash balances of corporations in 1947 $160 millions which would otherwise be used to meet 1946 tax liabilities. This would in substantial part be concentrated in the hands of small corporations, many of which would be entirely relieved from excess-profits tax.

2. The current availability of the post-war credit would increase cash balances by reducing tax payments in 1945 with respect to 1944 liabilities by about $830 millions and in 1946 with respect to 1945 liabilities by about $710 millions. This cash improvement would benefit all corporations paying an excess-profits tax, i.e., about 51,000 making payments on 1944 taxes in 1945 and 45,000 making payments on 1945 taxes in 1946. The benefits of current availability (assuming the increased specific exemption) would extend to 19,000 taxpayers in 1947, but the amount cannot be estimated accurately at this time.

3. Maturity on Jan. 1, 1946, of post-war bonds issued for the years 1942 and 1943 would make available to corporations which had paid excess-profits taxes for those years about $480 millions for 1942 (54,000 taxpayers) and about $820 millions for 1943 (68,000 taxpayers). These amounts would otherwise be paid in from two to four years after cessation of hostilities.

4. Speed-up of carry-back refunds would result in deferments of tax payments due in 1945 and 1946 and refunds during 1946 and 1947 with respect to the years 1943, 1944, and 1945 in an amount of perhaps $1 billion. These refunds would otherwise probably be paid over an indefinite period from 1947 to 1950.

5. Speed-up of refunds due to amortization recomputations would result in refunds in 1945 and 1946 of about $1.7 billions resulting from overpayments for taxable years 1941 to 1945, inclusive. This amount would otherwise be refunded over an indefinite period, with little of it being paid in 1946 and most of it from 1947 to 1950.

The ultimate revenue effects of the recommendations, taken as a whole cannot be estimated with any certainty but they apparently would not be large in relation to present tax revenues. The increase in the specific exemption would reduce the receipts in 1947 (for 1946 tax liabilities) by about $160 millions. The effects of the other changes would be largely in connection with interest paid or saved by the Government and such factors as loss through uncollectible tax accounts. The Government will necessarily make additional interest payments by reason of the increase in interest-bearing debt coincidentaly with the elimination of post-war credits and bonds. On the other hand, in connection with the program for the prompt payment of carry-back and amortization refunds, the Government will save interest otherwise payable. Taking into account the uncertainties of loss through uncollectibility, litigation, and similar factors, it is impossible to state what the net cost in Government revenues would be. However, it is believed that the net cost would be small in comparison with the benefits to be derived from the recommendations.

As indicated this report is confined to recommendations for immediate legislative action. This report is the first of a series on post-war tax problems to be issued by the Committee. Subsequent reports covering later periods will deal with the excess-profits tax (which the committee recognizes as a war tax), and with other phases of the corporate tax structure (including such matters as depreciation and treatment of corporate dividends); and with the individual income tax, excise taxes, and the estate and gift taxes.

4 Internal Revenue Code, sec. 3771 (c).

Ford Protests FHA Housing Plan

In a statement accusing the Federal Public Housing Administration of a "high-handed attempt" to put through at taxpayers' expense a project "which is not needed in the war effort and has no connection with it," the Ford Motor Co. took exception to a $3,500,000 Government housing plan in the area of the Willow Run and River Rouge plants, the Associated Press reported from Detroit, May 15, and continued:

Federal Judge Ernest A. O'Brien yesterday granted the Government immediate possession of 100 acres of Ford property for the project. It was the second time the Government had taken over company-owned land for housing under the War Powers Act.

The FHA plans to construct 1,410 unrestricted temporary housing units. Ultimately 72 additional acres may be included.

Calling attention to cutbacks in war production, the company said that "unless we have been badly misinformed" the Willow Run bomber plant will close "not later than August," and that "daily" layoffs are being made at Rouge. "The FPHA is the same alphabetical bureau that wanted to spend millions of dollars on a Bomber City near Willow Run," the statement said. "There were visions of 200,000 houses, hospitals, shopping centers and other community buildings.

"The Ford Motor Co.'s protests and the investigation of the Truman Committee stopped that. A similar investigation of this new housing proposal would result, we are sure, in a similar result."

"The same visionaries who participated in the Bomber City dream are involved in this one. Perhaps the real purpose of the project is retaliation because we once before stopped waste of the taxpayers' money."

Keynes Contrived International Monetary Scheme

(Continued from first page)
desire to find out just what the facts are.

Indeed, in view of Lord Keynes' philosophy and the baneful influence he has already wielded in our country, it is incumbent upon us to find out just what part he is playing in this movement.

During his frequent and sometimes extended sojourns in the United States since 1933, he was a most welcome guest of the late President, Treasury and other high Government officials, with whom he held many long conferences. He is credited with being the father of the Government's policy of making our children and their descendents bail us out of the depression.

Lord Keynes is, in my judgment, the most effective exponent of fiat money outside Russia. The essence of his whole congeries of monetary theories is that prices should not be made in a free market, but by the only other existent mechanism for making prices: namely, authoritarian edict.

Lord Keynes is an apostle of John Law. The monetary theories Law advocated Lord Keynes advocates. The difference between their ideas is one of degree and extent of application, not of kind. Law, however, limited his monetary and financial thaumaturgy to a single country, that within which he operated, while Lord Keynes would perform his monetary and financial wonders in nearly every country on earth, but particularly in the United States of America.

He calls those who believe in a free market, that is, competition, "worshippers of the Calf." He would abolish competition, that is liberty, and make us kneel at the feet of the State.

Method aside, he seems not to be reticent in telling us what he is aiming at. For one thing, London must be made secure as the world's financial master. This he made clear when in an address before the House of Lords, May 23, 1943, he said:

"So far from an international plan endangering the long tradition, by which most Empire countries, and many other countries, too, have centered their financial systems in London, the plan is, in my judgment, an indispensable means of maintaining this tradition."

Apropos of this statement by Lord Keynes, Mr. Pethick-Lawrence, member of the House of Commons, in an address before that body May 12, 1943, made some interesting observations respecting this scheme when he said:

"If not a despotism, what shall it be? Shall it be a condominium? Shall the United States and the British Empire combine to rule the financial world? We are now out of dreamland, and facing a quite practicable possibility. Many arguments can be adduced in favor of this form of financial government. Many people on both sides of the Atlantic may rejoice in the thought that it may become an accomplished fact. I am not of their number. I see many dangers in an attempt by the Anglo-Saxon bloc to dominate the financial and economic life of the rest of the world. It would be certain to cause resentment, and every failure of a people to secure well-being in the future would be laid at our door."

To which he significantly added:

"If I may say so without offense, that great nation (the United States) has much to learn before it can successfully and benevolently maintain the hegemony of the financial world."

Great Britain might do well to give careful consideration to this proposal before permitting it to go too far, for, in my opinion, it is fraught with potentialities of the gravest sort, not only for doing serious damage to our good relations, but, in the long run, to her economy as well as ours.

No one is more desirous than I am to maintain the most cordial relations between England and the United States. Nor is there any doubt that we are united in a sincere desire to render all possible aid to her, as well as the other countries with whom we have fought in this war. But in the light of this international monetary proposal, we are constrained to believe that it would be in the best interest of Great Britain, as well as the United States, for her to present face up whatever proposition she may wish to make to us for financial or other aid so that both of us may see what we are signing.

On March 29, 1943, the New York "Times" carried a story with a London date line telling of an ambitious plan for a post-war clearing union, prepared by Lord John Maynard Keynes, Economic Adviser to the British Exchequer.

In the morning of April 5, 1943, seven days after the New York "Times" article appeared, a London broadcast informed the United States that another post-war monetary program had been prepared by Henry Morgenthau, Secretary of the United States Treasury. The next day Mr. Morgenthau met in secret session with certain Congressional committees and presented to them the plan mentioned in the broadcast. The title of that proposal was "United and Associated Nations Stabilization Fund."

July 10, 1943, Mr. Morgenthau released a revised draft of his previous proposal. On April 21, 1944, he made public a re-revised draft in which he changed the name from United and Associated Nations Stabilization Fund to "Joint Statement of Experts on the Establishment of an International Monetary Fund."

Mr. Morgenthau's plan was made public subsequently to that of Lord Keynes'. It would appear reasonably certain that, on its face alone, Lord Keynes did not obtain any of the provisions of his Clearing Union scheme from Mr. Morgenthau and his experts, as will be noted in the following statement which he made in a speech before the House of Lords on May 18, 1943, when he said:

"The proposals for an International Clearing Union have been brought before Parliament at an early but not too early a stage of their evolution. The procedure adopted is somewhat novel. I hope your Lordships will approve it for, if it is an innovation, it appears to me to be a happy one. This paper has been the subject of long preparation. To associate it too closely with a particular name is, I venture to say, to do it an injustice. It has been the subject of intensive criticism and progressive amendment, and the final result is the embodiment of the collective wisdom of Whitehall and of experts and officials throughout the Commonwealth."

A reading of Lord Keynes' proposal for an International Clearing Union and Mr. Morgenthau's first draft proposal for an international stabilization fund showed to others besides Lord Keynes that the basic provisions in the two proposals were very similar. This was noted by such outstanding authorities as Dr. Benjamin M. Anderson, who said: "Both the plans are British plans," and Dr. Melchior Palyi, who stated: "The two plans are identical in almost everything except technicalities."

Sir Kingsley Wood, a member of the British Parliament, spokesman for the group promoting the scheme in Britain, in addressing the House of Commons, May 12, 1943, stated what he considered differences between the two plans. He said:

"There would appear to be differences of approach between this scheme (Mr. Morgenthau's first draft proposal for an international stabilization fund) and the international credit account to be opened under the Clearing Union, but though the method of approach is different the objectives and principles, and to a large extent the practical results are similar."

However, as will be noted in the course of the discussion, such differences as Sir Kingsley Wood thought existed were to all intents and purposes eliminated in favor of the Lord Keynes plan.

Mr. Morgenthau's revised draft proposal for an International Monetary Fund furnished additional evidence that there were not two plans but only one plan. In a speech before the House on Nov. 1, 1943, I presented a study showing that in preparing this proposal our Treasury officials had hardly done more than set up Lord Keynes' scheme in legislative draft form. After about one and a half years that finding has not been challenged. We shall see whether Bretton Woods has changed this.

The "Objects of the Plan"

The first item under "Objects of the Plan" in the British White Paper containing Lord Keynes' Clearing Union Plan deals with "blocked balances." The provision relating to blocked balances was dropped from Mr. Morgenthau's third draft proposal, and is not contained in the Bretton Woods Proposal. Nevertheless, a brief explanation of this provision is given here to show the extraordinary influence Lord Keynes must have exercised over our Treasury officials in promulgating this international monetary scheme.

That provision reads:

"We need an instrument of international currency having general acceptability between nations, so that blocked balances . . . are unnecessary; . . ."

Mr. Morgenthau in his two proposals for an International Stabilization Fund lists as the fourth item under "Purposes of the Fund":

"To facilitate the effective utilization of the abnormal foreign balances (first draft) (or) blocked foreign balances (second draft) accumulating in some countries as a consequence of the war situation."

Lord Keynes was very much concerned about the blocked balances, as will be noted by referring to Article VII, Section 34, of his Clearing Union Plan. Just what are these blocked foreign balances, and who owns them? The term blocked foreign balances referred to sterling balances which are held in London and represent debts which Great Britain owes to her Dominions and Colonies, Egypt, Latin American and Scandinavian countries, principally for imports of war goods. These balances are referred to as "blocked balances" because England is unable to pay them either in goods or gold for the time being. The United States has no blocked foreign balances. The reference which Lord Keynes makes to these balances in the British White Paper and that which Mr. Morgenthau makes in his draft proposals both relate to the sterling balances held in London.

Article III, Section 9, of Mr. Morgenthau's first draft, and Article V, Section 8, of his second draft deal with the blocked balances. The language in this provision is so technical and devious that it caused Dr. Benjamin M. Anderson to refer to it as embodying "Another Hidden Purpose."

It is unnecessary to go into a detailed explanation of this provision. For our purposes it is essential to know only the substantiative part of it. In substance this provision dealing with blocked balances provides that the Fund shall purchase from Great Britain blocked sterling balances which she holds. Next, by a complicated arrangement, both the debtor and creditor countries agree to repurchase from the Fund over a period of years 80% of the blocked balances bought by the Fund. Nothing is said as to what is to be done with the remaining 20%.

The United States would contribute much the greater portion of the lendable assets of the Fund, perhaps 70% to 75%, or even more. Accordingly, the scheme would have operated in such a way as to cause the United States to assume a substantial amount of British foreign debts which were involved in the blocked balances. The amount of blocked balances held in London at the time Mr. Morgenthau's two first drafts were released was in the neighborhood of four or five billion dollars. Lord Keynes has given a figure of more recent date showing that the amount has risen to 12 billion dollars.

This provision for having the United States assume British foreign debts was severely criticized. I think it is fair to say that this was an attempt by devious means to unload British debts upon the United States.

Fig. 1 (a)

Keynes' Clearing Union

Art. II, Sec. 6 (8)-(a)

" . . . it (a member State) shall be entitled to reduce the value of its currency in terms of bancor provided that the reduction shall not exceed 5% without the consent of the Governing Board; . . ."

Fig. 1 (b)

" . . . but it shall not be entitled to repeat this procedure unless the Board is satisfied that this procedure is appropriate.

"(b) A further reduction in the value of the member's currency if it (Governing Board) deems that to be the suitable remedy; . . ."

Bretton Woods Provisions Giving Legal Status to and Providing For a System of Politically Managed Currency Debasement By Individual Countries Compared to a Similar Provision in Lord Keynes' Proposal for an International Clearing Union.

One of the amazing things about this international monetary scheme is that its American proponents proclaim it to be a mechanism for giving intrinsic stability to currency values. How possibly could this politically conceived device be intended to intrinsically stabilize world currencies when it starts out by legalizing debasement, making it easy of accomplishment and placing no limit on the amount that may be effected? Certainly there is no precedent for this anomalous proposal.

Be it clearly understood that the making of currency debasement, what in practice would amount to giving it legal status, is basic to the scheme. Coin clipping by the State, for currency depreciation, is simply a disguised form of coin clipping, which throughout the ages has been universally condemned as one of the greatest evils with which mankind has had to contend, is to be made a common practice and given respectability.

There is no slightest hint given anywhere in the scheme definitely looking toward a correction of the basic causes of unstable, or to be more specific, depreciating currencies, namely, unbalanced national budgets, governments spending more than they collect in taxes, paying the difference in funds derived from forced loans and government printed "money" in one or other form.

Indeed, as we shall see, instead of encouraging the governments of member countries to put their financial houses in order, the proposal, if adopted, would have the effect of encouraging deficit financing, and, in fact, making this procedure a permanent policy.

Fig 2 (a)

Bretton Woods Agreement

Art. IV, Sec. 5 (c) (i) (ii), and Sec. 5 (f)

A member may depreciate its currency if it "does not exceed a further 10% of the initial par value," without the concurrence of the Fund.

It can depreciate it an additional 10% with the concurrence of the Fund.

Fig. 2 (b)

". . . In particular, provided it (the Fund) is so satisfied, it shall not object to a proposed change because of the domestic social or political policies of the member proposing the change."

Lord Keynes provides, Fig. 1 (a), that a country may depreciate, that is, debase, the value of its currency 5% without the concurrence of the Governing Board of the Clearing Union. The Bretton Woods Agreement provides, Fig. 2 (a), that a member country may depreciate the par value of its currency 10% without the concurrency of the Fund.

Lord Keynes provides, Fig. 1 (b), for permitting countries to further depreciate their currencies and places no limit on the amount or the number of times this may be done. The Bretton Woods Agreement provides, Fig. 2 (b), that a country may depreciate its currency by any amount so long as the Fund is satisfied that the depreciation is predicated on domestic social or political policies. Since there is nothing else to predicate a depreciation on but some disordered condition of domestic social or political policies the Bretton Woods provisions, like those of Lord Keynes', open the door to unlimited debasement.

Further proof that Mr. Morgenthau adopted Lord Keynes' idea of managed debasement is seen when it is noted that Mr. Morgenthau's first draft proposal, published April 6, 1943, made no provision for permitting members to depreciate their currencies in any amount except with the approval of the Fund. But in Mr. Morgenthau's second draft, published July 10, 1943, three months after the first, he provided for permitting individual members to depreciate their currencies 10% without the concurrence of the Fund, thus going directly over to Lord Keynes' idea.

Because of the great importance of bringing out the truth in respect of this provision relating to the legalizing of currency debasement, it is deemed desirable to give rather extensive quotations, first, from a speech made by Lord

Keynes in the House of Lords May 23, 1944, and second, from a Bretton Woods memorandum released July 21, 1944.

Lord Keynes, in his speech, after discussing at some length five advantages the scheme would afford Great Britain, elaborated the currency depreciation provisions as follows:

"We are determined that, in the future, the external value of sterling shall conform to its internal value as set by our own domestic policies, and not the other way round.

"The gold standard, as I understand it, means a system under which the external value of a national currency is rigidly tied to a fixed quantity of gold which can only honorably be broken under force majure; and it involves a financial policy which compels the internal value of the domestic currency to conform to this external value as fixed in terms of gold. On the other hand, the use of gold merely as a convenient common denominator by means of which the relative values of national currencies—these being free to change—are expressed from time to time, is obviously quite another matter.

"My noble friend Lord Addison asks who fixes the value of gold. If he means, as I assume he does, the sterling value of gold, it is we ourselves who fix it initially in consultation with the Fund; and this value is subject to change at any time on our initiative, changes in excess of 10% requiring the approval of the Fund, which must not withhold approval if our domestic equilibrium requires it.

"For instead of maintaining the principle that the internal value of a national currency should conform to a prescribed de jure external value, it provides that its external value should be altered if necessary so as to conform to whatever de facto internal value results from domestic policies, which themselves shall be immune from criticism by the Fund. Indeed, it is made the duty of the Fund to approve changes which will have this effect. That is why I say that these proposals are the exact opposite of the gold standard. They lay down by international agreement the essence of the new doctrine, far removed from the old orthodoxy. If they do so in terms as inoffensive as possible to the former faith, need we complain?"

Certainly from these statements of Lord Keynes there should be no doubt in the mind of anyone that the so-called Bretton Woods Fund Proposal fully carries out the provisions of his Clearing Union Plan for legalizing currency debasement by individual members, authorizing them to carry on debasement as a systematic procedure with the sky as the limit.

"That is why I say that these proposals are the exact opposite of the gold standard."

It should be borne in mind that legalizing debasement also makes it lawful for members to welsh on both their international and national debts, for eventually debasement must bring about both of these results. To which Lord Keynes, if he wishes to be consistent, might also say:

"That is why I say that these proposals are the exact opposite of the gold standard."

Indeed, it was the announced policy of the Bretton Woods Conference to make currency debasement by individual countries from time to time in unlimited amounts a right. This was set forth in a "memorandum which was prepared for use of the Conference" and released for publication July 21, 1944. Under the heading "International Monetary Fund (Purposes, Methods, Consequences)" we read:

"More specifically, the Fund proposes to limit the right of member countries to change their exchange rates without going through a certain procedure.

"While the Fund looks to exchange stability as the principal means for the restoration of world trade, it recognizes limitations on stability that are necessary in order to meet the internal conditions of different countries.

"Furthermore, the proposal provides that a country which after having made a 10% change finds itself under the necessity of making another change without delay may request the Fund's concurrence in such a change and a reply must be given within 72 hours. Other changes can be obtained with the Fund's concurrence, and there are no prescribed limitations on such authorized changes.

"Stability does not mean rigidity, and rigidity in the past has resulted in extreme instability. A country which finds that its domestic economy is suffering greatly from inability to sell abroad, because of an inappropriate rate of exchange, and also finds it impossible to make other adjustments to correct the situation, has no alternative but to change the rate.

"In order to protect the economies of the country from any untoward influences resulting from excessive rigidity of the rate, there is an explicit provision that the Fund shall not reject a requested change that is necessary to restore equilibrium, on the ground that it does not approve of the domestic social or political policies of the member country proposing the change."

And finally this:

"To summarize, the Fund attempts to provide the greatest degree of exchange stability that is consistent with the economic necessities of the members. It introduces stability without rigidity and elasticity without looseness."

Not one word have I found by Lord Keynes, or in the Bretton Woods deliberations, or by our Treasury officials or other movers of this scheme, even hinting at placing a time limit on permitting members to debase their currencies. Lord Keynes provides for—"Transitional arrangements," and Bretton Woods for a "Transitional period," neither of which mentions any time limit. More by innuendo it is made to appear to the Congress and public that there is prospect of the transitional period mentioned in the Bretton Woods Agreement terminating in five years. But this point will be further elucidated later in a discussion of the so-called transitional period.

Certainly the statements of Lord Keynes and the avowed purposes of the Bretton Woods conferees, as above quoted, should leave no doubt in the mind of anyone that the so-called Bretton Woods Agreement for an International Monetary Fund fully carries out the provisions of Keynes' Clearing Union Plan for legalizing currency debasement by individual countries and authorizing them to engage in such coin clipping to any extent desired.

As a matter of fact, this provision for systematic coinage debasement was proposed by Lord Keynes in an article published in Lloyds Bank, Ltd., "Monthly Review," Sept. 9, 1935. However, the procedure he then recommended for carrying out such debasement contradicts that provided in his Clearing Union Plan as reflected in Bretton Woods. In that article he said:

"It is improbable that the initial set of rates could be settled, right off, at a conference, which in present circumstances would merely offer an exhibition of horse-dealing without any horse changing hands. It will have to be reached, in the first instance, by a process of trial and error, conducted in good faith but without prior undertakings. The test of success will be found in the voluntary removal of all those exchange restrictions, import quotas, exceptional tariffs, etc., which are not desired for their own sake as a permanent feature of national policy, but are acts of desperation and an expression of the extreme anxiety of the authorities, either to make both ends meet, or to alleviate the unemployment inflicted by deflation."

Mr. Morgenthau's and Bretton Woods Provisions Giving Legal Status to and Providing for a System of Politically Managed Uniform Debasement of All Currencies of Member Countries Compared to a Similar Provision in Lord Keynes' Proposal For an International Clearing Union.

Here, as in the case of debasement by individual countries, giving what amounts to legal status to universal debasement of member countries is basic. Perhaps nothing in the Bretton Woods Agreement shows more clearly the servility of our Treasury officials in succumbing to the influence of Lord Keynes than is revealed in the study of the development of the provision here under consideration.

Fig. 3
Keynes' Clearing Union
Art. 1, Sec. 4

"The proposal is to establish a Currency Union, here designated an International Clearing Union, based on international bank-money, called (let us say) bancor, fixed (but not unalterably) in terms of gold and accepted as the equivalent of gold by the British Commonwealth and the United States and all the other members of the Union for the purpose of settling international balances."

Fig. 4
Morgenthau's Stabilization Fund, Second Draft
Art III, Sec. 1

"The monetary unit of the Fund shall be the Unitas (UN), equal in value to 137 1/7 grains of fine gold (equivalent to $10 U. S.). No change in the gold value of the Unitas shall be made except with the approval of 85% of the member votes."

Figs. 3 and 4, above, relate to Lord Keynes' international monetary unit, which he called bancor, and to Mr. Morgenthau's monetary unit, which he termed unitas. Under Lord Keynes' plan, as shown in Fig. 3, bancor would have been given a certain gold value. In turn, the currencies of member countries would have been tied to and valued in terms of bancor. Since bancor was subject to alteration, a reduction in its gold value would have effected a general reduction in the gold value of the currencies of all members.

Mr. Morgenthau's unitas would have been given a gold value. In turn, the currencies of member countries would have been tied to and valued in terms of unitas. Since unitas was subject to alteration, a reduction in its gold content would have effected a general reduction in the gold value of the currencies of all members.

It is significant that although Mr. Morgenthau's first draft provided for an international monetary unit, which he designated unitas, it was not subject to being depreciated. Mr. Morgenthau adopted Lord Keynes' idea of an alterable unitas in his second draft proposal. His last draft proposal, where he changed the name of stabilization fund to monetary fund, says nothing about unitas. Also, no mention is made of unitas in the Bretton Woods Agreement. Nevertheless, both Mr. Morgenthau's last draft and the Bretton Woods Agreement contain provisions which would accomplish identically the same end as Lord Keynes' and Mr. Morgenthau's provisions for an alterable international monetary unit respectively called bancor and unitas. I refer to the provision which would permit the Fund to make uniform changes in the par value of currencies.

Fig. 5
Morgenthau's Third Draft
Art. IV, Sec. 5

"An agreed uniform change may be made in the gold value of member currencies, provided every member country having 10% or more of the aggregate quotas approves."

Fig. 6
Bretton Woods Agreement
Art. IV, Sec. 7

". . . . the Fund by a majority of the total voting power may make uniform proportionate changes in the par values of the currencies of all members," etc.

Figs. 5 and 6, above, show the provisions in Mr. Morgenthau's third draft and in the Bretton Woods Agreement, respectively, which provide for making uniform changes in the par value of the currencies of all members. The point is that reducing the gold value of Lord Keynes' bancor, or Mr. Morgenthau's unitas would be the same as making uniform reductions in the par value of currencies, as provided for in Mr. Morgenthau's third draft and the Bretton Woods Fund Agreement.

Legalizing uniform debasement of the currencies of all member countries would in effect also legalize, or at least give respectability to, uniform repudiation of international as well as national debts, since such debasement would ultimately produce those results.

Section 5 (b) of HR 2211, the bill before us which would establish the International Monetary Fund provides that:

"Unless Congress by law authorizes such action, the President nor any person or agency shall on behalf of the United States . . . approve any general change in the par values unless Article IV, Section 7; . . ."

The practical interpretation of this provision would read something like this:

"Unless Congress by law authorizes such action the President nor any person or agency shall on behalf of the United States propose or agree to affecting world-wide inflation and universal welshing on international and national debts as provided in Article IV, Section 7 of the Bretton Woods Fund Agreement."

The United States has no external debts she cannot meet. Great Britain has. Why should we join in a plan to make it respectable throughout the world to repudiate international debts?

[*Editor's Note*—The second part of Congressman Smith's article will be given in the "Chronicle" of May 31, and the concluding instalment will appear in the issue of June 7.]

Propose Presidential Succession Law Revision

A bill has been introduced in Congress by Representative Monroney (D.-Okla.) proposing the creation of a 12-member commission to study all problems relating to the Presidential chair and to recommend a fixed order of succession, it was reported by the Associated Press from Washington, May 16. Mr. Monroney urged that a law be passed making the Speaker of the House, third in line of Presidential succession.

Under the present law in the event of death or inability to serve on the part of both President and Vice-President, then the Secretary of State becomes Chief Executive.

Mr. Monroney recommended that the study commission be composed of four Supreme Court Justices, four Presidential appointees, two Senators and two Representatives, and that it report to Congress by July 1, 1946.

In addition to recommending the order of Presidential succession, the group also would:

Define Presidential disability—and decide who shall say whether a President is unable to serve. Now the President himself is the only judge of his ability to perform the duties of his office.

Consider changes in the methods of electing Presidents with the possible abolition of the electoral college.

Decide who would be President should both the President and Vice-President be unable to take office on inauguration day.

Several days earlier, James A. Farley, former Chairman of the Democratic National Committee and former Postmaster General, in an address before the Hazelton, Pa., Chamber of Commerce, recommended changes in the present law of succession.

April Cotton Consumption

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

In the month of April, 1945, cotton consumed amounted to 769,678 bales of lint and 125,707 bales of linters, as compared with 857,693 bales of lint and 130,907 bales of linters in March and 775,617 bales of lint and 111,017 bales of linters in April, 1944.

In the nine months ending April 30, cotton consumption was 7,286,111 bales of lint and 1,119,722 bales of linters, compared with 7,581,333 bales of lint, and 986,741 bales of linters in the corresponding period a year ago.

There were 2,187,916 bales of lint and 322,021 bales of linters on hand in consuming establishments on April 30, 1945, which compares with 2,237,465 bales of lint and 326,676 bales of linters on March 31, 1945, and 2,221,530 bales of lint and 442,060 bales of linters on April 30, 1944.

On hand in public storage and at compresses on April 30, 1945 there were 11,025,514 bales of lint and 39,314 bales of linters, which compares with 11,724,034 bales of lint and 37,046 bales of linters on March 31 and 10,272,200 bales of lint and 87,557 bales of linters on April 30, 1944.

There were 22,158,674 cotton spindles active during April, 1945, which compares with 22,232,168 cotton spindles active during March, 1945, and with 22,411,922 active cotton spindles during April, 1944.

Reconversion Wage Policy Announced by NWLB

The Post-V-E Day policy of the National War Labor Board has been announced through its chairman, George W. Taylor, who, according to the Journal of Commerce from Washington, May 10, defined this policy, which he said was based on a desire to facilitate reconversion within the broad, general principles of wage stabilization, as follows:

1. In all plants in which total or partial civilian production will be resumed, new wage schedules for civilian production operations should be drawn immediately. These schedules should be developed by labor and management in plants where employes are represented by a union. Where there is no union, management should formulate the schedule.

2. If no price adjustment is necessary under the proposed schedules, they may become effective immediately upon being formulated.

3. All schedules must however, be filed with the NWLB or one of its regional offices, where they will be reviewed. If they conform to board rules and the stabilization program they will be automatically approved. Any modifications of rates ordered by the board will not be retroactive unless a prior agreement has been made to this effect by the parties involved. The rates as filed must be paid until and unless a modified schedule is drawn and approved.

Mr. Taylor went on to say, according to the "Journal of Commerce", that the WLB hoped that the wage scales would be formulated by the time a plant resumed civilian production and said that the schedules should be put into effect and filed with the board simultaneously. This procedure he added, would facilitate reconversion.

"This statement deals only with the immediate problem and makes no pretense of dealing with the many other complicated problems involved in the reconversion wage problem," the board chairman said. "This first step deals only with a problem which we believe the parties themselves can handle better than we can. We have every confidence in the ability of American management and labor to reach agreements on wage schedules."

Mr. Taylor emphasized that the stabilization act gives the board the power to set floors under wages as well as ceilings over them.

He said the board is now discussing the problem of changes in the length of the work week which will result from the change from war production to peacetime production and the possible effetcs of the reduction in take-home pay that is considered inevitable.

"There will be statements on these problems later," he said, "just now we are primarily interested in encouraging agreements on reconversion wage schedules, even if they are only partial or tentative."

Temporary Agreements

The board chairman indicated that all agreements drawn would be temporary and subject to frequent modification in the light of changing economic conditions.

"Our principal function is to see that there is not a general raising or general lowering of wages," Mr. Taylor said.

He added that there had been no indication of any pressure from industry to reduce wages.

He indicated that the prewar peacetime structure would serve as a general pattern for the formulation of new wages for civilian production workers. That is, the general relationship between jobs based on skills and responsibilities would remain, but the structure would be entirely changed to fit existing conditions.

Mr. Taylor emphasized that the no-strike pledge given by unions and the no-lockout pledge given by management would continue as long as the war with Japan lasts.

House Committee Reduces WMC Funds

The House Appropriations Committee, in sending to the floor a $1,086,210,337 supply measure for the Department of Labor, the Federal Security Agency and related offices for the fiscal year starting July 1, recommended cuts which reduced by $77,201,946 the amount suggested by the Administration, the Associated Press reported from Washington, May 14. $15,000,000 of the cut represented an increase asked for the Security Agency by President Truman (his only request for an increase in outlay) to be used for the aid of dependent children, the aged and the blind. Instead, the original budget estimate for this purpose was approved.

The heaviest reduction recommended by the Committee was in the appropriation for the War Manpower Commission, the agency headed by Paul V. McNutt. The Committee struck $31,773,900 from the WMC's budget estimate, recommending $62,099,000 for the agency. President Truman had suggested a cut of $10,339,000 in this appropriation.

Large reductions in the WMC budget included $5,000,000 from the general administration fund and $9,349,900—the entire budget estimate—for carrying out the migratory workers' program. The committee cut $32,461,587 from budget estimates for numerous national defense items in the bill, leaving $260,327,013 for that purpose.

The bill approved $789,761,000 for so-called mandatory items, such as grants to States for co-operation in programs established by law. The Labor Department received $68,391,085, a reduction of $2,138,215 from budget estimates.

The sum includes $44,189,500 to be granted to States for emergency maternity and infant care for the wives and children of service men. The committee emphasized that it intended the fund to be available to the wives and infants of service men who die or are discharged honorably after the pregnancy of the wife.

Other items in the bill include: Nurses' training program (national defense), $59,957,000; Office of Education, $17,935,018, a reduction of $44,563,400 from budget estimates, with virtually all the cut in national defense training items; old-age assistance, aid to dependent children and aid to the blind through grants to States under the social security act, $416,000,000; grants to States for unemployment compensation administration, $32,000,000; Employees' Compensation Commission, $17,962,000; National Labor Relations Board, $2,945,930, and National Mediation Board, $591,400.

Committee members said that other war agencies whose activities are curtailed as a result of Germany's defeat will also have their funds decidedly reduced when later in the month their appropriations come under House consideration.

Russian-Finn Trade Pact

It has been officially announced, according to Associated Press advices from Helsinki, May 15, that Russia and Finland have signed a trade agreement which provides for a $17,000,000 exchange of goods. Finland is to deliver wood, paper and cellulose; Russia to send to Finland salt, cereals and raw materials.

A new frontier in the Petsamo district, which Finland ceded to Russia, will be drawn by a mixed committee, a further announcement stated.

From Washington Ahead Of The News

(Continued from first page)

reciprocal trade authority sought by the Administration, but as we reported last week, they are not likely to be effective. Insofar as the Senate Republicans are concerned, they don't seem to have much heart in the fight.

This issue, or conflict, however, is not in the category of the Left-ist-Rightist fights which have plagued Washington, and the country, for the past 12 years.

Strangely enough, and it may not be without significance, the Leftist agitators seem to be looking to the administration of veterans' affairs as a happy hunting ground. A few months ago it was a case of whether a conservative or a "Liberal" was to administer surplus property disposal, the Government's tremendous holdings in plant structure and the like. That question has now been settled in favor of the Conservatives.

But an awful heat from the Leftist agitators is burning under the Veterans' Administration. "Shocking" disclosures have been made by "Liberal" newspapers of conditions in the veterans' hospitals. The purpose seems to be to displace the veteran administrator of the Veterans' Bureau, General Frank T. Hines, and everyone we have heard advanced for his job, is listed on the Leftist side. It is difficult to say how the fight will come out. Hines is considered one of the ablest administrators in Washington. He took over after the scandals had repeatedly shaken the Veterans' Bureau after World War I, and very shortly took it out of controversy. Manifestly its work has expanded tremendously and under the circumstances, in view of the many temperaments which are involved, we may expect all sorts of stories about conditions, some of them undoubtedly justified.

What has concerned this writer is the nature of Hines' attackers at this point, and those whom they are advancing to take his place. The veterans returning home will be sought after by pressure of all kinds, politicians of various hues and purposes, for many years to come. Indeed, there is a movement on to seek to organize them into a rival of the CIO-PAC. The movement, with which this writer has some first hand knowledge, seems to be well-financed. Undoubtedly, it is well-intentioned but there is a doubt, in view of the changed political situation that has come about, whether there is any need for it any more. In a few months it will very likely become apparent that the CIO-PAC is one of the least harmful, or one of the least influences in the country.

Unless we are mistaken, before many moons, the CIO itself, as a labor organization, will have gone way down the ladder from the high point of power which it attained under Roosevelt.

Thomas Elected Head Of N. J. Bankers' Group

At a meeting of the New Jersey Bankers Association at Jersey City, May 11, Harrison M. Thomas, President of Princeton Bank & Trust Co., was elected President, succeeding Frank D. Abell, President of First National Iron Bank, Morristown.

F. Raymond Peterson, President of First National Bank of Paterson, was named Vice-President of the Association, while Frank W. Sutton, Jr., President of First National Bank, Toms River, was elected Treasurer. Armitt Coate, Secretary, holds an appointive office. No convention was held this year in conformity with requests by the Office of Defense Transportation.

The State of Trade

(Continued from page 2310)

from 4,397,330,000 kwh. in the preceding week. Output for the week ended May 12, 1945, was 1.5% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 161,200,000 kwh. in the week ended May 13, 1945, comparing with 179,300,000 kwh. for the corresponding week of 1944, or a decrease of 10.1%.

Local distribution of electricity amounted to 159,900,000 kwh., compared with 179,200,000 kwh. for the corresponding week of last year, a decrease of 10.8%.

Coal, Coke and Crude Oil Production—For weekly coal and coke production statistics and daily average crude oil production figures for the week ended May 12, 1945, see subsequent pages of this section.

Paper Production—Paper production for the week ended May 12 was 85.4% of capacity, as against 90.7% of capacity for the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 94% of capacity, or a decrease of three points over the previous week.

Business Failures Continue Low—Commercial and industrial failures remained low in the week ended May 17, reports Dun & Bradstreet, Inc. Concerns failing numbered 15 as compared with 16 last week and 28 in the same week a year ago. Four-fifths of the week's failures involved liabilities of $5,000 or more. These larger failures rose from seven a week ago to 12 in the week just ended, compared with 15 in the corresponding week of last year. Small failures fell to three, a third their number in the previous week. Failures declined in trade, both retail and wholesale, but construction and commercial service each showed an increase of one failure in the week just closed.

Wholesale Commodity Price Index—The daily price index of wholesale commodities, compiled by Dun & Bradstreet, Inc., reflected irregular trends in leading agricultural commodities. The index fell to 176.82 on May 15, after touching a new war-time high of 177.07 a week earlier. The current index still shows a rise of 3.0% over a year ago when it stood at 171.63.

Wholesale Food Price Index Off—The wholesale food price index, compiled by Dun & Bradstreet, Inc., declined 1 cent further to stand at $4.08 on May 15, the lowest point touched so far this year. This marks a rise of 1.7% above last year's $4.01 but it represents a drop of 1.0% from the war-time peak of $4.12 recorded on the corresponding date two years ago. Advances for the week were listed for rye and potatoes, while declines occurred in steers, sheep and lambs. The index represents the sum total of the price per pound of 31 foods in general use.

Sharp Decline in April Trade Index—Consumer spending in April was considerably below the March level on a seasonally adjusted basis; there were several specific reasons why this might be expected, such as the April 1 date of Easter this year with heavy Easter shopping falling in March, and the Saturday store closings on April 14, in memory of the late President Roosevelt. The preliminary seasonally adjusted United States Trade Barometer, which reflects consumer retail purchases, rent, and personal services, etc., stood at 185 in April (1935-1939=100). This is a decline of 13.7% below the all-time record peak of 214 in March. The increase of only 2.6% over April, 1944, is the smallest such year-to-year comparison in 12 months.

Retail and Wholesale Trade—In spite of bad weather in many sections of the country, retail trade last week was slightly above the previous week and the level of last year. Last minute Mother's Day purchases boosted sales in many lines; reports of shortages were common.

Men's furnishings were in good demand; sales volume was generally believed to be restricted by limited selections. Volume in women's ready-to-wear and accessories led in retail trade due to Mother's Day and seasonal demands. Consumers clamored for cottons in most lines — wash dresses, housecoats, bathing suits, play suits, children's clothing, and white eyelet graduation dresses. Rayons were accepted as second choice when it was found cottons were hard to obtain.

A preference was noted for white fabric gloves, but pastels, black, and navy were also demanded. Handbags, cosmetics, jewelry, and lingerie were traditional Mother's Day best-sellers, with coats and dresses more in demand as gifts than in previous years. Three-quarter length wool coats and spun rayon dresses were particularly popular. Slips, especially white ones, sold better than gowns. The greater-than-usual buying of formal wedding dresses continued.

Supplies of flowers were insufficient for the heavy Mother's Day demand. Recent bad weather in many regions cut garden supplies and seed sales. Summer home furnishings were beginning to sell a little better. Hardware sales, on the whole, were spotty.

The meat, poultry, fat, and egg situation continued acute. Chain stores reported sales of meat as low as two-thirds of last year's figure.

Retail volume for the country was estimated 2 to 6% above a year ago. Regional percentage increases were: East, 2 to 5%; Middle West, 1 to 4%; Northwest, 5 to 8%; South, 8 to 12%; Southwest, 6 to 11%; Pacific Coast, 3 to 7%. New England decreased 4 to 8%.

Wholesale trade this week was marked by continued scarcities in many lines, especially certain foods. Buyers searched the apparel markets, but transactions were limited by lack of offerings; this picture seemed to prevail in most other wholesale markets.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 1% behind that of a year ago for the week ended May 12, 1945. In a comparison this week with the similar week a year ago, allowance should be made for the fact that this year many stores were closed on May 8. This compared with a gain of 5% (revised) in the preceding week. For the four weeks ended May 12, 1945, sales increased by 7%, and for the year to date by 12%.

Retail trade in New York the past week continued active with consumer buying showing little tendency to go slow as a result of the termination of the war in Europe. Buyers of garments and piece goods entering the wholesale markets found merchandise hard to obtain for fall. Conditions encountered were the lack of readiness on the part of many lines and smaller allotments than one year ago.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to May 12, 1945, decreased by 3% below the same period of last year. This compared with a gain of 2% (revised figure) in the preceding week. For the four weeks ended May 12, 1945, sales rose by 7%, and for the year to date by 13%.

Steel Operations Still At High Rate—Prices Revised Upward on 14 Basic Mill Products

"While the steel industry was pondering over the latest steel price revisions announced by the OPA on May 22 to be effective May 23, the raw steel production rate continued at 92.5% and there were increasing signs that order cancellations were on and upward trend," stated "The Iron Age" in its issue today (May 24), which further adds in part:

"Despite this latter condition, however, there were little indications that openings on steel mill schedules expected to materialize by July 1 would be large enough to give much hope for even moderate scale resumption of civilian manufacture.

"Announced months after it had been promised and requiring voluminous data, price increases on certain steel products will probably satisfy no single company or group. Non-integrated steel makers comprising the smaller steel companies have already condemned the revisions as insufficient for them. Large steel companies are 'worn out' after having attempted to get a healthy boost in prices. Labor will probably use these increases as an argument for higher wages. The OPA, which when announcing the changes released a long comprehensive 'Statement of Considerations,' will probably live to see the day when its price pattern will haunt it with claims and hues and cries that the whole steel price balance has been put out of kilter.

"Arguments will probably continue for months as to what benefits the industry obtained as a result of the increases. One thing seems certain from the OPA's Statement of Considerations—under controlled prices there is no chance for any company to obtain price relief until a most exhaustive and prolonged study of costs factors has been made.

"Briefly summarized steel price increases allowed were as follows: Light rails, which had been advanced $3 a ton in January, have been advanced an additional $2 a gross ton, making a total increase of $5; tie plates are up $3 per net ton; carbon steel hot rolled bars up $2 a net ton; carbon steel wire rods up $3 a net ton; manufacturers wire up $3 a net ton; barbed wire up $2 a net ton; bail ties up $7 a net ton; carbon steel blooms, billets, slabs and sheet bars up $2 per gross ton; and carbon steel tube rounds and tube billets, exclusive of billets not converted into seamless tube or pipe, up $4 a gross ton.

"Carbon steel plates subject to sheared and universal tolerances which were advanced $2 a ton in January have received an addition boost of $1 a ton making a total of $3 a ton. Galvanized iron and steel sheets and zinc coated specialty sheets including roofing and siding which were advanced $3 a ton in January have had an additional increase of $1 a ton making a total increase of $4 a ton. Nails and staples other than galvanized which were advanced $5 a ton in January were increased another $2 a ton making a total increase of $7 a ton. Track spikes were advanced $5 a net ton.

"Cancellations amounting to as high as 50% of gross bookings have, in most cases, failed to reduce net orders to a point where early openings in mill schedules are prevalent. Net order holding close to the moderate level reported throughout May, which is about 40% less than the peak weeks scored early in 1945, are in the cases of several principal producers only slightly less than shipments. Pressure has been heavy, notably from the automobile industry, to schedule unrated orders authorized for second half delivery by open ending of CMP.

"Although cancellations have produced spot openings, these have been filled with the exception of some plate tonnage by rated orders, and producers almost universally have decliend to make firm commitments on unrated tonnage. If product cancellations are reflected soon on mill schedules, some unrated tonnage may find its way into production in August. For the most part, however, heavy carryovers of rated business will dominate, and order backlogs assure mill schedules at the current levels for several months. Some customers hold third and fourth quarter allotments which they have been unsuccessful in placing with mills.

"WPB has authorized production of 495,000 tons of replacement rails for the railroads, and 13,500 for the transit lines for the third quarter compared to the industry's total controlled cooling capacity of 600,000 tons.

"'The Iron Age' steel scrap composite price has declined this week 16¢ a gross ton to $18.92 a gross ton as the result of further weakness in heavy melting scrap at Philadelphia. Turnings prices have declined at most centers. The entire scrap price situation seems poised for more action in the future."

The American Iron and Steel Institute on May 21 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 92.9% of capacity for the week beginning May 21, compared with 95.3% one week ago, 93.2% one month ago and 98.4% one year ago. The operating rate for the week beginning May 21 is equivalent to 1,701,600 tons of steel ingots and castings, compared to 1,745,500 tons one week ago, 1,707,100 tons one month ago, and 1,762,600 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on May 21 stated in part as follows:

"Steel production promises to remain at a high rate for some time, in spite of the fact full effect of cutbacks and cancellations cannot yet be fully appraised, as it appears that essential civilian needs will go far in taking up the slack in war requirements following end of the European phase of the war.

"Claimant agencies in Washington estimate third quarter requirements at about 16,000,000 tons of finished steel, practically the same as for second quarter. Steel cancellations so far have been lighter than expected and where nearby schedules have been affected the gaps have been filled promptly. Where they have affected future positions, however, they have left their mark as there has not been sufficient forward buying to sustain schedules. Even in sheets and special quality carbon bars, where deliveries still are far extended, there is easing, which should become more pronounced, particularly in large hot-top quality rounds, because of cutbacks now effective or likely to become effective soon in the large shell program.

"Meanwhile, open-ending of CMP, under which producers are allowed to accept orders at once for scheduling after July 1, provided the scheduling does not interfere with CMP requirements, has proved a disappointment to many consumers. Recent announcement of this step caused a flurry of inquiry, as it appeared that numerous buyers with unrated tonnage had anticipated relatively early scheduling of their orders in third quarter, which in various important products is out of the question.

"Some producers with ingot capacity in excess of finishing capacity are said to have orders for automobile sheets which can not be scheduled now, but are producing semi-finished steel in preparation for conversion as soon as the orders can be put on schedule.

"A shorter month and some interruptions in fuel supply caused steel ingot production in April to fall 400,000 tons short of March output, April totaling 7,308,579 net tons, against 7,707,965 tons in March. In April, 1944, production was 7,593,688 net tons."

Report of Senate Food Committee

The Senate Agriculture Committee has issued a report of the findings of its subcommittee which has been investigating food shortages, the Associated Press reported from Washington, May 15. Recommending that "a supreme administrator for food be created to have supervision and jurisdiction over both the Office of Price Administration and the War Food Administration," the report declared that the Office of Price Administration had "failed miserably to enforce price and ration control altogether."

The Committee's preceding recommendations were:

"1. A forthwith increase in the return to feeders of AA and A grades of cattle through a fair and 'sufficient subsidy to feeders, to encourage them to feed out range cattle to the maximum degree, thereby encouraging the feeding of more cattle and increasing not only the quality, but the weight, of AA and A grades of cattle.

"2. An immediate incentive program to encourage, during the spring and early summer, the marketing of more grass and unproductive dairy cattle.

"3. Raising the support price of hogs and extending support prices to cover all weights of hogs.

"4. That assurance be given to producers that support prices and 'ceilings' for livestock will not be lowered unless adequate notice of such change be given.

"5. That the Price Control Act be amended to require and direct the Office of Price Administration to give to the processors or livestock a reasonable margin of profit for processing each species of livestock.

"6. The withdrawals of all slaughtering licenses and permits and a sharp reduction in the number re-issued, together with restrictions on slaughter by use of quotas, so that meat will be directed into the normal inter-State channels of distribution. The refusal to issue new slaughtering licenses and permits to known violators of Government regulations and the concentration of enforcement efforts on fundamental major problems instead of marginal technicalities.

"7. The limiting of lend-lease purchases of meat products consistent with domestic civilian supply."

Without voicing any criticism of past deliveries of meat under the Lend-Lease Act, the report said that "reasonable requirements" for lend-lease should recognize and be consistent with existing civilian shortages in the country's meat supply.

On the point of taking off price "ceilings" when a commodity is in plentiful supply, the report said:

"Retail merchants oftentimes construe ceiling prices to be selling prices."

President Truman is reported, according to the Associated Press, to have asked War Mobilizer Fred M. Vinson to step into the controversy and straighten things out. This report adds that it is anticipated that Mr. Vinson or the OPA will meet some of the criticisms.

Elimination of Cartels Sought

A joint session of a Senate judiciary subcommittee and a special committee investigating oil industry practices heard Assistant Attorney General Wendell Berge state that cartels have "seriously weakened and frustrated" America's foreign policy, and urge passage of a bill requiring firms to file all foreign trade contracts for public scrutiny, according to the Associated Press from Washington, May 18.

On May 17, the Senators were told by Assistant Secretary of State William A. Clayton that the State Department would seek a ban on cartels through international agreement.

Testimony centered around the foreign contracts bill offered by Senator Joseph C. O'Mahoney (D.-Wyo.), requiring foreign contracts with restrictive provisions to be registered with the Department of Justice as public documents.

Declaring cartels to be "incompatible with democracy," Mr. Clayton said that "international coordination of national policies is the most desirable means of meeting the problems raised by international cartels." He added that there is increasing evidence of similar sentiment in foreign countries regarding cartels.

He said the State Department's approval of commodity agreements and opposition to cartels are not incompatible. He gave this explanation of the Government's position on international commodity agreements: Where surpluses have accumulated as a result of the war, agreements between governments to liquidate those surpluses may be useful. But the agreements should be liquidated when the surpluses no longer exist, should not become permanent. Moreover, consuming as well as producing countries should be included in any commodity agreement.

Attorney General Francis Biddle also testified, giving it as his opinion that registration of cartels, as proposed in the O'Mahoney bill, could not be interpreted as legalization or sanction of cartelization. He warned that it would be "extremely dangerous" to have any control of cartels that might lead to sanction of them.

Virginia Banks Form Credit Group

The "Virginia Bank Credit Group" has been organized by nine of Virginia's largest banks making available $4,500,000 as a source of credit for small and medium-sized business in that state, said Charles T. O'Neil President of the Virginia Bankers Association.

Associated Press advices from Richmond, Va., on May 14 continued:

President O'Neil said the new organization will increase the sources of credit for small business through the banks. He said that opportunity will be given every bank to join the credit group and thereby increase the total funds available, but the facilities of the group will be available to every bank whether or not they become a subscribing member of the group.

He added that the Virginia Bankers Association several months ago appointed a committee to make a study of the probable needs for funds by small business interests and as a result of this survey the association is convinced that the banks in Virginia, as a whole, are fully capable of supplying the necessary credit for constructive purposes.

Same Income Tax for Non-Resident Aliens

Representative James Geelan (D., Conn.) introduced in the House legislation in the form of an amendment to Section 211 (B) of the internal revenue code which would impose income tax upon non-resident aliens in the United States retroactive to 1940, a report from Washington to the New York "Herald-Tribune" stated, May 7. The bill is designed to force non-resident aliens who are said to be getting rich on "stock-market speculation and real estate deals" to pay the same income tax as American citizens.

The bill has the support of Senator Brien MacMahon (D., Conn.), who said in part:

"These people are concentrated in New York City and are living in the best suites in the most exclusive hotels and can be seen in the night clubs and other expensive places of amusement by the hundreds. They have been dodging any tax by claiming that they are not operating businesses. They have operated out of their hotel suites in speculative stock market and real estate deals, out of which they have made huge profits."

Senate Passes Navy Bill

The Senate has passed by voice vote, states the Associated Press from Washington, May 15, a naval supply bill of $23,603,775,000 after changes which added $203,000,000 to the House approved appropriation. A Senate-House committee will confer on the proposed changes.

Senator Overton, of the Naval Appropriations Committee, urged that a powerful force be maintained afloat after hostilities cease, and said compulsory military training would be needed to do this.

"We shall have largely wrought and fought and won in vain," he added, "if we do not retain under our own control and ownership the strategic islands of the Pacific which we have captured from the Japanese Empire through the blood and sacrifice of thousands upon thousands of young Americans and which are ours by the right of conquest and of occupation."

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on May 21 that the tenders of $1,300,000,000 or thereabout of 91-day Treasury bills to be dated May 24 and to mature Aug. 23, 1945, which were offered on May 18, were opened at the Federal Reserve Banks on May 21.

The details of this issue are as follows:

Total applied for, $2,067,910,000.

Total accepted, $1,313,084,000 (includes $50,991,000 entered on a fixed price basis at 99.905 and accepted in full).

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

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.373% per annum.

(59% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on May 24 in the amount of $1,308,721,000.

Business Travel to Europe

The State Department has announced a relaxation of restrictions on American business men traveling to Europe, stating that business men can now go freely to the British Isles and the interior zone of France. No tourists, however, will be permitted to go to Europe.

The question of travel to occupied areas, it was stated, rests with the military authorities, who now have the matter under consideration.

Moody's Bond Prices And Bond Yield Averages

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

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

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
May 22	122.33	115.24	120.43	118.60	115.43	107.27	112.19	114.66	119.20
21	122.31	115.43	120.63	118.80	115.43	107.27	112.19	114.66	119.41
19	122.31	115.43	120.63	118.80	115.43	107.27	112.19	114.66	119.41
18	122.31	115.43	120.63	118.80	115.43	107.27	112.19	114.66	119.41
17	122.31	115.24	120.63	118.60	115.43	107.09	112.19	114.46	119.41
16	122.25	115.24	120.63	118.60	115.43	107.09	112.37	114.46	119.20
15	122.19	115.24	120.63	118.60	115.43	107.27	112.19	114.46	119.20
14	122.21	115.24	120.63	118.60	115.43	107.27	112.19	114.46	119.41
12	122.26	115.24	120.84	118.40	115.63	107.09	112.19	114.46	119.20
11	122.26	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
10	122.28	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
9	122.34	115.24	120.84	118.40	115.43	107.09	112.19	114.27	119.41
8	122.38	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41
7	122.38	115.24	120.84	118.20	115.43	107.09	112.19	114.27	119.41
5	122.38	115.24	120.84	118.40	115.43	107.09	112.19	114.27	119.41
4	122.38	115.24	120.84	118.40	115.24	107.09	112.00	114.27	119.41
3	122.38	115.04	120.63	118.40	115.24	106.92	112.00	114.27	119.41
2	122.38	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41
1	122.36	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
20	122.44	115.04	120.84	118.40	115.04	106.56	111.81	114.27	119.20
13	122.59	115.04	120.84	118.60	115.04	106.56	111.81	114.46	119.20
6	122.21	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
23	122.19	115.04	121.04	118.60	114.85	106.21	111.44	114.27	119.41
16	122.25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.41
9	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
2	122.05	114.66	120.43	118.60	114.46	106.21	110.70	114.27	119.61
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
16	121.97	114.46	120.02	118.60	114.27	105.69	110.15	114.08	119.41
9	121.58	114.27	119.82	118.40	114.08	105.69	109.97	114.08	119.20
2	121.33	114.08	119.82	118.00	113.89	105.34	109.60	114.08	118.80
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	122.59	115.43	121.04	118.80	115.63	107.27	112.37	114.66	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago May 2, 1944	119.47	111.62	118.20	116.61	111.62	101.47	105.34	113.70	116.22
2 Years Ago May 1, 1943	118.34	109.79	118.00	115.43	110.52	97.00	101.31	113.12	115.63

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

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
May 22	1.64	2.89	2.63	2.72	2.88	3.32	3.05	2.92	2.69
21	1.64	2.88	2.62	2.71	2.88	3.32	3.05	2.92	2.68
19	1.64	2.88	2.62	2.71	2.88	3.32	3.05	2.92	2.68
18	1.64	2.88	2.62	2.71	2.88	3.32	3.05	2.92	2.68
17	1.64	2.89	2.62	2.72	2.88	3.33	3.05	2.93	2.68
16	1.64	2.89	2.62	2.72	2.88	3.33	3.04	2.93	2.69
15	1.65	2.89	2.62	2.72	2.88	3.32	3.05	2.93	2.69
14	1.64	2.89	2.62	2.72	2.88	3.32	3.05	2.93	2.68
12	1.64	2.89	2.61	2.73	2.87	3.33	3.05	2.93	2.69
11	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
10	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
9	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.94	2.68
8	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68
7	1.63	2.89	2.61	2.74	2.88	3.33	3.05	2.94	2.68
5	1.63	2.89	2.61	2.73	2.88	3.33	3.05	2.94	2.68
4	1.63	2.89	2.61	2.73	2.89	3.33	3.06	2.94	2.68
3	1.63	2.90	2.62	2.73	2.89	3.34	3.06	2.94	2.68
2	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68
1	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
20	1.63	2.90	2.61	2.73	2.90	3.36	3.07	2.94	2.69
13	1.62	2.90	2.61	2.72	2.90	3.36	3.07	2.93	2.69
6	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
23	1.65	2.90	2.60	2.72	2.91	3.38	3.09	2.94	2.68
16	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.68
9	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
2	1.69	2.92	2.63	2.72	2.93	3.38	3.13	2.94	2.67
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
16	1.69	2.93	2.65	2.72	2.94	3.41	3.16	2.95	2.68
9	1.72	2.94	2.66	2.73	2.95	3.41	3.17	2.95	2.69
2	1.73	2.95	2.66	2.75	2.96	3.43	3.19	2.95	2.71
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.62	2.88	2.60	2.71	2.87	3.32	3.04	2.92	2.67
1 Year Ago May 2, 1944	1.85	3.08	2.74	2.82	3.08	3.66	3.43	2.97	2.84
2 Years Ago May 1, 1943	1.98	3.18	2.75	2.88	3.14	3.94	3.67	3.00	2.87

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

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

Wholesale Prices Unchanged in May 12 Week

Prices for commodities in primary markets moved irregularly during the week ended May 12, announced the U. S. Department of Labor in its report issued May 17, which further said: Lower prices for certain agricultural products were offset by higher prices for bituminous coal and lumber with the result that the Bureau of Labor Statistics all-commodity index remained unchanged for the third consecutive week at the recent peak level, 105.7% of the 1926 average. Since mid-April average prices for the commodities included in the index have risen 0.2% to a point 2% higher than at this time last year.

The Labor Department continued:

Farm Products and Foods—Led by declines of 1.0% for grains and 0.4% for livestock, primary market prices for farm products dropped 0.2% during the week. In the grain markets oats declined sharply and wheat slightly while corn and rye advanced. Cotton prices were up 0.2% over the preceding week. Quotations were lower for sheep and calves and for fresh milk at Chicago. In addition prices were lower for white potatoes in most markets and lemons also declined. Higher prices were reported for apples and oranges and for onions. Over the past four weeks, average prices for farm products have shown a net advance of 0.5% to a point 5.8% higher than at this time a year ago.

Food prices in primary markets rose 0.1% largely because of an increase of 0.8% in the fresh fruits and vegetables markets and higher prices for rye flour. Since the middle of April prices for foods have risen 1% and were nearly 2% higher than in mid-May of last year.

Industrial Commodities—The recent increase granted by OPA to bituminous coal producers continued to be reflected in the index for fuel and lighting materials, which rose 0.4% during the week. Prices for cast iron soil pipe advanced when a 5% preferential discount was eliminated by some sellers. Average prices for lumber advanced 0.4% due to OPA action in granting higher ceiling prices on Douglas fir boards and dimension in order to stimulate production.

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 14, 1945, and May 13, 1944, and (2) the percentage changes in subgroup indexes from May 5, 1945, to May 12, 1945.

WHOLESALE PRICES FOR WEEK ENDED MAY 12, 1945
(1926=100)

Commodity Groups—	5-12 1945	5-5 1945	4-28 1945	4-14 1945	5-13 1944	Percentage change to May 12, 1945 from— 5-5 1945	4-14 1945	5-13 1944
All commodities	105.7	105.7	105.7	105.5	103.6	0	+0.2	+ 2.0
Farm products	129.5	129.8	130.5	128.9	122.4	—0.2	+0.5	+ 5.8
Foods	106.6	106.5	106.5	105.5	104.6	+0.1	+1.0	+ 1.9
Hides and leather products	118.3	118.3	118.3	118.3	117.6	0	0	+ 0.6
Textile products	99.1	99.1	99.1	99.1	97.3	0	0	+ 1.8
Fuel and lighting materials	84.3	84.0	83.9	84.0	83.7	+0.4	+0.4	+ 0.7
Metals and metal products	104.4	104.3	104.3	104.3	103.8	+0.1	+0.1	+ 0.6
Building materials	117.2	117.0	117.0	117.0	115.0	+0.2	+0.2	+ 1.9
Chemicals and allied products	94.9	94.9	94.9	94.9	95.5	0	0	— 0.6
Housefurnishing goods	106.2	106.2	106.2	106.2	106.0	0	0	+ 0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+ 1.4
Raw materials	117.9	117.8	118.2	117.3	112.8	+0.1	+0.5	+ 4.5
Semimanufactured articles	94.8	94.8	94.8	94.8	93.5	0	0	+ 1.4
Manufactured products	102.0	102.0	101.9	102.0	101.0	0	0	+ 1.0
All commodities other than farm products	100.4	100.4	100.3	100.4	99.5	0	0	+ 0.9
All commodities other than farm products and foods	99.6	99.5	99.5	99.5	98.6	+0.1	+0.1	+ 1.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
MAY 5, 1945 TO MAY 12, 1945

Increases

Bituminous coal	1.2	Other building materials	0.2
Fruits and vegetables	0.8	Other farm products	0.2
Lumber	0.4	Iron and steel	0.1

Decreases

Grains	1.0	Livestock and poultry	0.4
Dairy products	0.1		

Electric Output for Week Ended May 19, 1945 Exceeds That for Same Week Last Year by 3.1%

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 19, 1945, was approximately 4,377,221,000 kwh., which compares with 4,245,678,000 kwh. in the corresponding week a year ago and 4,302,381,000 kwh. in the week ended May 12, 1945. The output of the week ended May 19, 1945, was 3.1% in excess of that for the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— May 19	May 12	May 5	April 28
New England	3.8	*0.5	4.1	2.3
Middle Atlantic	*1.3	*3.0	1.6	*3.4
Central Industrial	4.7	1.9	5.1	3.8
West Central	6.8	7.9	8.5	7.6
Southern States	8.2	8.9	8.4	7.7
Rocky Mountain	6.1	6.0	5.6	5.7
Pacific Coast	0.3	*2.0	0.4	*2.3
Total United States	3.1	1.5	3.9	1.8

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
Feb. 3	4,538,552	4,524,134	+ 0.3	3,960,242	1,578,817	1,726,161
Feb. 10	4,505,269	4,532,730	— 0.6	3,939,708	1,545,459	1,718,304
Feb. 17	4,472,298	4,511,562	— 0.9	3,948,749	1,512,158	1,699,250
Feb. 24	4,473,962	4,444,939	+ 0.7	3,892,796	1,519,679	1,706,719
March 3	4,472,110	4,464,686	+ 0.2	3,946,630	1,538,452	1,702,570
March 10	4,446,136	4,425,630	+ 0.5	3,944,679	1,537,747	1,687,229
March 17	4,397,529	4,400,246	— 0.1	3,946,836	1,514,553	1,683,262
March 24	4,401,716	4,409,159	— 0.2	3,928,170	1,480,208	1,679,589
March 31	4,329,478	4,408,703	— 1.8	3,889,858	1,465,076	1,633,291
April 7	4,321,794	4,361,094	— 0.9	3,882,467	1,480,738	1,696,543
April 14	4,332,400	4,307,498	+ 0.6	3,916,794	1,469,810	1,709,331
April 21	4,411,325	4,344,188	+ 1.5	3,925,175	1,454,505	1,699,822
April 28	4,415,889	4,336,247	+ 1.8	3,866,721	1,429,032	1,688,434
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19	4,377,221	4,245,678	+ 3.1	3,992,250	1,425,151	1,705,460
May 26		4,291,750		3,990,040	1,381,452	1,615,085

Alien Property Disposal Considered

What disposal is to be made of the immense funds of Axis nationals seized in the United States at the outbreak of war is a question which looms for Congress to decide. Assets with a gross value of $453,908,000 are under the control of the Alien Property Custodian, against which American properties held by the Axis powers amount to approximately $1,175,000,000, in view of which little inclination has been expressed in Government circles to return the American-held property.

A breakup of the $453,908,000 held here was stated in the New York "Herald-Tribune," May 11, to show that more than $295,000,000, or about 65%, belonged to Germans; around $109,000,000, or about 24%, belonged to Japanese, and a little more than $27,000,000, or 6%, was the property of Italians. The remainder was the property of Hungarians, Romanians and Bulgarians.

In contrast to these figures, the "Herald Tribune" reports, $1,290,000,000 worth of American property was sequestered in Germany; $265,000,000 was seized in Italy; $90,000,000 in Japan; $57,000,000 in Denmark; $40,000,000 in Norway, and the remainder in Roumania, Hungary and Bulgaria.

Among the more substantial formerly Axis-controlled business interests here that have been taken over by the custodian are the General Aniline and Film Corporation, a $70,000,000 dyestuff and chemical organization which had been the American subsidiary of the German I. G. Farbenindustrie; the American Bosch Corporation, a $10,000,000 concern making magnetos and jet-propulsion devices; the Buffalo Electro-Chemical Company, a $2,000,000 business making hydrogen peroxide; the Schering Corporation, a $6,000,000 pharmaceutical business, and the American Potash and Chemical Company, a $20,000,000 fertilizer manufacturing business.

At the office of the Alien Property Custodian it was pointed out, the New York "Herald-Tribune" states, that the gross value on the property seized here did not include a large fleet of Italian vessels taken over by the United States Government or the 45,000 patents seized from the Axis which have been of inestimable value to the country's war effort and industry generally. These patents are available to American nationals for a $15 license fee.

Lend-Lease for Russia to Continue

Acting Secretary of State Joseph C. Grew has stated regarding the future of lend-lease shipments to Russia that such shipments "will be reviewed and continued where they are justified on the basis of adequate information regarding the essential nature of Soviet military supply requirements and in the light of competing demands," advices to the New York "Times" from Washington reported on May 14. And in San Francisho on May 15, the New York "Herald-Tribune" reports, Secretary of State Edward R. Stettinius, Jr., emphasized the fact that despite the ending of the European part of the war there is no thought of arbitrarily stopping lend-lease shipments to Russia.

Said Mr. Grew's statement in part:

"The presence of American forces in war-devastated Europe, their supply, and their redeployment in connection with continuing military operation will almost certainly require lend-lease shipments.

"If the President determines that lend-lease supplies must continue to move to Europe for an additional period because the prosecution of the war requires it, he is authorized to do so under the act. Of course, he is also authorized to furnish necessary supplies to foreign countries on the basis of continuing hostilities in the Pacific.

"Deliveries of supplies under current lend-lease programs will be adjusted immediately to take account of the end of organized resistance in Europe. Future supply programs will also be designed to meet new military situations as they arise."

And Mr. Stettinius is reported to have added:

"Lend-lease has been and will be supplied to our Allies—be it the Soviet Union, the United Kingdom, France, the Netherlands or other countries—on the scale which is necessary to achieve final victory as speedily and effectively as possible and with the least cost in lives."

Moody's Daily Commodity Index

Tuesday, May 15, 1945	256.8
Wednesday, May 16	256.9
Thursday, May 17	257.0
Friday, May 18	256.9
Saturday, May 19	257.1
Monday, May 21	256.9
Tuesday, May 22	257.3
Two weeks ago, May 8	256.8
Month ago, April 21	256.3
Year ago, May 20, 1944	250.1
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, May 12	257.1
Low, Jan. 24	252.1

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended May 12, 1945, is estimated by the Bureau of Mines at 10,710,000 net tons, a decrease of 180,000 tons, or 1.7%, from the preceding week, according to the United States Department of the Interior. Output in the corresponding week of 1944 was 12,253,000 tons. The total production of soft coal from Jan. 1 to May 12, 1945 is estimated at 216,181,000 net tons, a decrease of 8.2% when compared with the 235,416,000 tons produced during the period from Jan. 1 to May 13, 1944.

Production of Pennsylvania anthracite for the week ended May 12, 1945, as estimated by the Bureau of Mines, was 46,000 tons, a decrease of 243,000 tons from the preceding week. Due to the continued strike of the hard coal miners, work was almost at a standstill. When compared with the output in the corresponding week of 1944 there was a decrease of 1,280,000 tons. The calendar year to date shows a decrease of 20.6% when compared with the same period in 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended May 12, 1945 showed a decrease of 6,800 tons when compared with the output for the week ended May 5, 1945; and was 19,900 tons less than for the corresponding week of 1944.

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

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	May 12, 1945	*May 5, 1945	May 13, 1944	†May 12, 1945	May 13, 1944
Total, including mine fuel	10,710,000	10,890,000	12,253,000	216,181,000	235,416,000
Daily average	1,785,000	1,815,000	2,042,000	1,916,000	2,060,000

*Revised. †Subject to current adjustment.

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

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡May 12, 1945	§May 5, 1945	May 13, 1944	May 12, 1945	May 13, 1944	May 15, 1937
*Total incl. coll. fuel	46,000	289,000	1,326,000	19,296,000	24,289,000	21,580,000
†Commercial produc.	44,000	277,000	1,273,000	18,523,000	23,317,000	20,501,000
Beehive coke— United States total	125,800	132,600	145,700	2,128,600	2,894,900	1,400,600

*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.)

	Week Ended		
State—	May 5, 1945	Apr. 28, 1945	May 6, 1944
Alabama	379,000	362,000	356,000
Alaska	7,000	7,000	6,000
Arkansas and Oklahoma	80,000	78,000	84,000
Colorado	128,000	146,000	156,000
Georgia and North Carolina	*	1,000	1,000
Illinois	1,138,000	1,464,000	1,405,000
Indiana	509,000	537,000	523,000
Iowa	41,000	42,000	43,000
Kansas and Missouri	109,000	120,000	158,000
Kentucky—Eastern	916,000	1,033,000	971,000
Kentucky—Western	344,000	395,000	326,000
Maryland	33,000	38,000	35,000
Michigan	3,000	2,000	2,000
Montana (bitum. & lignite)	68,000	85,000	83,000
New Mexico	30,000	30,000	41,000
North & South Dakota (lignite)	34,000	41,000	33,000
Ohio	660,000	782,000	692,000
Pennsylvania (bituminous)	2,710,000	2,968,000	2,939,000
Tennessee	127,000	136,000	152,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	133,000	138,000	142,000
Virginia	332,000	370,000	381,000
Washington	25,000	24,000	29,000
†West Virginia—Southern	1,882,000	2,165,000	2,150,000
‡West Virginia—Northern	1,030,000	1,083,000	959,000
Wyoming	170,000	192,000	185,000
§Other Western States	1,000	*	*
Total bituminous & lignite	10,890,000	12,240,000	11,854,000

†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.

Civil Engineering Construction Volume $29,049,000 for Week

Civil engineering construction volume in continental United States totals $29,049,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 25% lower than in the preceding week, and 17% below the previous four-week moving average, but exceeds the volume for the corresponding 1944 week by 8% according to "Engineering News-Record." The report issued on May 17 went on to say:

Public work for the week is down 26% compared with a week ago, but tops a year ago by 48% as a result of the 92% gain in Federal volume. Federal construction, however, is 12% below last week. Private work is 16% and 64% lower, respectively, than a week ago and a year ago.

The current week's construction brings 1945 volume to $629,121,000 for the 20-week period, 11% below the $706,134,000 reported for the corresponding week last year. Private construction, $178,411,000, is 9% greater than in the 1944 period, but public construction, $450,710,000, is down 17% due to the 23% decline in Federal volume. State and municipal construction, $86,488,000, is 21% higher than a year ago.

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

	May 18, 1944	May 10, 1945	May 17, 1945
Total U. S. construction	$26,907,000	$38,910,000	$29,049,000
Private construction	9,724,000	4,208,000	3,522,000
Public construction	17,183,000	34,702,000	25,527,000
State and municipal	6,716,000	11,902,000	5,389,000
Federal	10,467,000	22,800,000	20,138,000

In the classified construction groups, gains over the preceding week are in water works, sewerage, commercial buildings, and unclassified construction. Gains over the 1944 week are in water works, sewerage, industrial and public buildings, and unclassified construction. Subtotals for the week in each class of construction are: water works, $2,023,000; sewerage, $686,000; bridges, $125,000; industrial buildings, $2,138,000; commercial buildings, $1,160,000; public buildings, $8,970,000; earth work and drainage, $281,000; streets and roads, $3,824,000, and unclassified construction, $9,842,000.

New capital for construction purposes for the week totals $23,323,000. It is made up of $5,043,000 in State and municipal bond sales, $780,000 in corporate security issues, and $17,500,000 in Federal appropriations for engineering plan preparation. New construction financing for the 20 weeks of 1945 totals $492,688,000, a volume 18% above the $415,907,000 reported for the corresponding period a year ago.

Post-War Construction Planning Volume $20.8 Billion

Identified and recorded engineering construction projects proposed for construction in the post-war years total $20,813,431,000 according to reports to "Engineering News-Record" in the period from Jan. 1, 1943 through May 10, 1945. Plans are under way or completed on post-war projects valued at $8,857,772,000, 42½% of the total volume proposed, and on $1,277,188,000 worth of projects all financing arrangements have been completed.

Trading on New York Exchanges

The Securities and Exchange Commission made public on May 16 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 28, 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 28 (in round-lot transactions) totaled 2,894,533 shares, which amount was 15.74% of the total transactions on the Exchange of 9,191,790 shares. This compares with member trading during the week ended April 21 of 2,997,206 shares, or 13.64% of the total trading of 10,988,000 shares. On the New York Curb Exchange, member trading during the week ended April 28 amounted to 481,360 shares, or 12.28% of the total volume on that exchange of 1,960,295 shares. During the April 21 week trading for the account of Curb members of 682,175 shares was 14.85% of the total trading of 2,296,695.

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

WEEK ENDED APRIL 28, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	267,880	
‡Other sales	8,923,910	
Total sales	9,191,790	
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	774,740	
Short sales	124,470	
‡Other sales	618,210	
Total sales	742,680	8.25
2. Other transactions initiated on the floor—		
Total purchases	367,000	
Short sales	37,300	
‡Other sales	314,900	
Total sales	352,200	3.91
3. Other transactions initiated off the floor—		
Total purchases	260,846	
Short sales	33,950	
‡Other sales	363,117	
Total sales	397,067	3.58
4. Total—		
Total purchases	1,402,586	
Short sales	195,720	
‡Other sales	1,296,227	
Total sales	1,491,947	15.74

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

WEEK ENDED APRIL 28, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	16,665	
‡Other sales	1,943,630	
Total sales	1,960,295	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	147,300	
Short sales	8,615	
‡Other sales	123,635	
Total sales	132,250	7.13
2. Other transactions initiated on the floor—		
Total purchases	66,380	
Short sales	1,800	
‡Other sales	36,135	
Total sales	37,935	2.66
3. Other transactions initiated off the floor—		
Total purchases	56,655	
Short sales	2,600	
‡Other sales	38,240	
Total sales	40,840	2.49
4. Total—		
Total purchases	270,335	
Short sales	13,015	
‡Other sales	198,010	
Total sales	211,025	12.28
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	77,277	
Total purchases	77,277	
Total sales	65,343	

*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."

Time Estimated to Reconvert Industries

Estimates of leading industries as to the number of months that will be needed to reconvert to civilian goods production, as given in the New York "Times," from a Washington report, May 16, are quoted below:

Industry—	Minimum Rate	Capacity Rate
Automotive	8	15
Consumers Durable Goods Dvision		
Domestic sewing machines	6	9
Domestic electric ranges	5	9
Nonjeweled clocks, watches	7	7
Mechanical refrigerators	6	12
Domestic laundry equipment	4	6
Electric fans	3	4
Photographic equipment	0	4.5
Metal office furniture	3	3
Flatware	3	3
Jeweled clocks, watches	12	12
Domestic vacuum cleaners	3	4
Sealed-beam lamps	4	6
Small electric appliances	3	3
Lawn mowers, hand, power	3.5	3.5
Wood furniture	0	6
Metal household furniture	2	2
Fishing tackle and reels	3	6
Metal caskets and vaults	3	3
Bedding industry	3	3
Band instruments	6.5	6.5
Bicycles	0	5
Pianos	7	7
General Industrial Equipment		
531 commercial and ind. refrig. and air-cond. equip.	3	9
Beverage mach. equipment	7	9
Tobacco mach. equipment	7	9
Sugar process, mach. equip.	7	9
Plumbing and Heating Division		
Cast-iron boilers	0	3
Cast-iron radiators	0	3
Cast-iron sanitary enameled ware	2	3
Commercial cooking equipment (not electric)	2	3
Commer. dishwashing mach.	2	2
Domestic cooking and heating stoves	2	5
Electric water heaters	1	2
Formed steel sanitary ware	2	2
Gas conversion and industrial gas burners	0	2
Heating controls and heating specialties	0	3
Low-pressure steel boilers	0	3
Mechanical stokers	0	2
Oil burners	2	3
Plumbing-fixture fittings and trim (plumbers' brass spec.)	0	1
Steel septic tanks	0	1
Warm-air furnaces	0	1
Printing and Publishing Division		
Printing trades mach.	6	8
Service Equipment		
Barber and beauty appl'ces	1	1
Cash registers	2	4
Floor machines	2	3
Laundry equipment	3	3
Office machinery	0	3
Typewriters	1	3

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 16 a summary for the week ended May 5 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 May 5, 1945

	Total For Week
Odd-lot Sales by Dealers (Customers' purchases)	
Number of orders	30,003
Number of shares	891,852
Dollar value	$36,858,214
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	241
*Customers' other sales	30,644
Customers' total sales	30,885
Number of Shares:	
Customers' short sales	8,143
*Customers' other sales	830,082
Customers' total sales	838,225
Dollar value	$32,064,626
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	200
†Other sales	200,250
Total sales	200,450
Round-Lot Purchases by Dealers:	
Number of shares	261,930

*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 12, 1945 Increased 31,000 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 12, 1945, was 4,860,215 barrels, an increase of 31,000 barrels per day over the preceding week and a gain of 358,215 barrels per day over the corresponding week of 1944. The current figure, however, was 6,285 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 4,850,000 barrels of crude oil daily and produced 15,137,000 barrels of gasoline; 1,496,000 barrels of kerosine; 4,749,000 barrels of distillate fuel, and 9,610,000 barrels of residual fuel oil during the week ended May 12, 1945; and had in storage at the end of that week 49,166,000 barrels of civilian grade gasoline; 40,784,000 barrels of military and other gasoline; 7,821,000 barrels of kerosine; 28,996,000 barrels of distillate fuel, and 38,948,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations May	*State Allowables Begin. May 1	Actual Production Week Ended May 12, 1945	Change from Previous Week	4 Weeks Ended May 12, 1945	Week Ended May 13, 1944
Oklahoma	367,500	367,500	†385,150	+ 800	370,100	333,550
Kansas	274,000	269,400	†270,900	+17,750	265,450	278,000
Nebraska	1,000	----	†900		900	950
Panhandle Texas			90,000	----	90,000	91,000
North Texas			153,900	----	151,950	147,200
West Texas			495,300	----	492,400	429,150
East Central Texas			138,200	----	140,100	137,150
East Texas			379,800	----	378,950	364,100
South Texas			¶355,650	----	353,900	307,050
Coastal Texas			563,300	----	564,300	519,850
Total Texas	2,170,000	‡2,170,717	¶2,176,150	----	2,171,600	1,995,500
North Louisiana			71,100	+ 150	71,100	74,850
Coastal Louisiana			299,800	----	297,400	283,100
Total Louisiana	360,000	400,800	370,900	+ 150	368,500	357,950
Arkansas	80,000	78,786	79,600	— 200	79,750	80,300
Mississippi	53,000		54,250	— 650	53,500	41,100
Alabama	300		450	+ 50	400	150
Florida	----		15	----	15	50
Illinois	205,000		197,550	+ 3,050	199,750	204,700
Indiana	13,000		11,100	— 350	11,400	11,600
Eastern— (Not incl. Ill., Ind., Ky.)	67,200		63,250	— 450	63,800	71,400
Kentucky	31,000		26,850	— 850	26,950	20,000
Michigan	47,000		50,300	+ 4,550	46,850	52,100
Wyoming	112,000		107,500	— 250	107,050	81,600
Montana	23,000		20,850	----	20,500	21,400
Colorado	10,500		10,600	— 400	10,250	8,100
New Mexico	105,000	105,000	103,900	----	104,350	112,050
Total East of Calif	3,919,500		§3,930,215	+23,200	3,901,115	3,670,500
California	947,000	§947,000	930,000	+ 7,800	921,950	831,500
Total United States	4,866,500		¶4,860,215	+31,000	4,823,065	4,502,000

*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 10, 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.

¶Week of May 5 revised downward 10,000 barrels to some figures as May 12.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 12, 1945

(Figures in thousands of barrels of 42 gallons each)

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

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
East Coast	99.5	738	93.3	1,969	5,893	5,604	5,963	7,402
Appalachian—								
District No. 1	76.8	96	65.8	249	317	183	1,103	1,212
District No. 2	81.2	64	128.0	219	103	142	529	955
Ind., Ill., Ky.	87.2	814	95.0	2,904	3,995	1,717	6,464	15,724
Okla., Kans., Mo.	78.3	392	83.6	1,393	1,794	1,172	2,036	7,318
Inland Texas	59.8	245	74.2	970	352	835	1,279	1,639
Texas Gulf Coast	89.3	1,148	92.8	3,752	5,921	5,912	9,164	5,291
Louisiana Gulf Coast	96.8	244	93.8	703	1,529	1,386	2,354	1,974
No. La. & Arkansas	55.9	87	69.0	226	692	219	936	1,767
Rocky Mountain—								
District No. 3	17.1	12	92.3	36	20	36	20	52
District No. 4	72.1	100	62.9	386	279	589	529	1,835
California	85.8	910	91.5	2,330	8,101	21,153	10,407	3,997
Total U. S. B. of M. basis May 12, 1945	85.6	4,850	89.3	15,137	28,996	38,948	*40,784	49,166
Total U. S. B. of M. basis May 5, 1945	85.6	4,786	88.1	14,846	28,800	39,503	41,620	49,721
U. S. Bur. of Mines basis May 13, 1944		4,431		13,400	30,755	50,505	37,526	50,148

*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 11,307,000 barrels unfinished gasoline this week, compared with 11,907,000 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 1,496,000 barrels of kerosine, 4,749,000 barrels of gas oil and distillate fuel oil and 9,610,000 barrels of residual fuel oil produced during the week ended May 12, 1945, which compares with 1,437,000 barrels, 4,695,000 barrels and 9,238,000 barrels, respectively, in the preceding week and 1,689,000 barrels, 4,714,000 barrels and 8,436,000 barrels, respectively, in the week ended May 13, 1944.

Note—Stocks of kerosine at May 12, 1945 amounted ta 7,821,000 barrels, as against 7,878,000 barrels a week earlier and 7,127,000 barrels a year before.

National Fertilizer Association Commodity Price Index Shows Small Advance

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on May 21, for the week of May 19, 1945, advanced to 140.3 from 140.2 for the preceding week. A month ago the index stood at 140.3 and a year ago at 137.2, based on the 1935-39 average as 100. The Association's report added:

The farm products group advanced fractionally with the cotton subgroup showing a slight increase; the grains subgroup advancing with higher quotations on corn and rye; the livestock subgroup advancing with the slightly lower quotations on good cattle and milk more than offset by the higher quotations on lambs, sheep, and poultry. Hay prices showed a decline. The foods group advanced slightly because of higher prices on potatoes; the metals index was unchanged although the quotation on steel scrap was slightly lower. The textiles index advanced fractionally. All other groups in the index remained unchanged.

During the week 7 price series in the index advanced and 5 declined; in the preceding week there were no advances and 8 declines; in the second preceding week there were 6 advances and 3 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week May 19, 1945	Preceding Week May 12, 1945	Month Ago Apr. 21, 1945	Year Ago May 20, 1944
25.3	Food	141.6	141.5	141.9	138.5
	Fats and Oils	145.3	145.3	145.3	145.2
	Cottonseed Oil	163.1	163.1	163.1	156.7
23.0	Farm Products	166.8	166.6	166.5	155.0
	Cotton	214.6	213.1	211.4	199.7
	Grains	163.8	163.3	163.5	164.7
	Livestock	160.2	159.9	160.1	144.4
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	157.1	156.8	156.6	152.1
7.1	Metals	104.7	104.7	104.7	104.4
6.1	Building Materials	154.4	154.4	154.4	153.4
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	140.3	140.2	140.3	137.2

*Indexes on 1926-1928 base were: May 19, 1945, 109.3; May 12, 1945, 109.2, and May 20, 1944, 106.9.

Non-Ferrous Metals—Copper Sales for June Light—Lead Demand Steady—Quicksilver Off

"E. & M. J. Metal and Mineral Markets," in its issue of May 17, stated: "Easing of control measures by WPB during the last week were numerous, but changes announced, with few exceptions, involved items that do not loom large in consumption of non-ferrous metals. Buying of both copper and zinc for June delivery was slow. Lead continued in steady demand. Antimony restrictions were amended to cope with an expanding demand for the oxide. Magnesium production was ordered increased at DPC plants at Valesco, Texas, and at Painesville and Luckey, Ohio. Quicksilver was dull and available at lower prices." The publication further went on to say in part:

Copper

Deliveries of copper dropped from 218,488 tons in March to 161,111 tons in April. The industry is prepared for a further shrinkage this month and next. Buying last week was slow.

Holding that there have always been ample supplies of domestic copper to meet all peacetime requirements at reasonable prices, nine domestic producers have filed a brief with the House Ways and Means Committee opposing any legislation which may make possible any reduction in the existing 4¢ import tax on copper. Imports from Canada, South America, and Africa, the statement submitted at the hearings on the Reciprocal Trade Agreements Act states, would result in a struggle for existence on the part of many United States producers. Copper producers participating in the protest are: Calumet & Hecla; Consolidated Coppermines; Copper Range; Magma; Miami; Phelps Dodge; Quincy Mining; Shattuck Denn, and Tennessee Copper.

Lead

With the date for determining the tonnage to be released for June approaching (May 18), consumers again purchased about all of the lead that producers cared to sell. The stockpile has increased slightly in the last month, being estimated at 70,000 tons, but authorities in Washington still regard the supply situation as tight, and nothing is heard about easing the restrictions. Pigment makers are particularly anxious to get into production as soon as metal is available for this purpose.

Sales of lead during the last week amounted to 8,648 tons.

Zinc

The supply situation in Special High Grade has eased as a result of reduced war requirements. Prime Western continues to move at a steady rate, with some hope that galvanizers will be in a position to take larger tonnages of this grade as soon as more steel is released by WPB. Total production of zinc (all grades) at present exceeds shipments to consumers.

Manganese Ore

Press reports from Havana state that purchases of manganese ore in Cuba by agents of the United States Government will be discontinued after June 15. Manganese ore required for the war program will be acquired after that date through private firms.

Production of primary magnesium during February amounted to 5,960,000 pounds, which compares with 7,697,000 pounds in January, according to the Aluminum and Magnesium Division of WPB. Production in February was the lowest in volume since June, 1942. Recovery of magnesium from secondary material in February was 2,116,000 pounds, against 2,508,000 pounds (revised) in January.

Antimony

The tight situation in antimony continues, according to WPB officials, owing to the heavy war demands for the oxide used extensively in the production of flame-retarding paints and similar products. Conservation Order M-112 again has been amended, requesting that purchasers certify as to their need for a particular type of antimony. Users of the metal are required to substitute antimony ore for the metal or oxide wherever possible.

Tin

Holding to the view that the supply situation in tin is likely to become more stringent, WPB informed members of the Can Manufacturers Industry Advisory Committee that no additional steel will be allocated to can manufacturers in the second quarter of 1945.

Shipments of tin-plate in the first quarter of 1945 totaled 733,057 tons, against 573,533 tons in the January-March period of 1944, the American Iron and Steel Institute reports.

The price of tin remains unchanged. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	May	June	July
May 10	52.000	52.000	52.000
May 11	52.000	52.000	52.000
May 12	52.000	52.000	52.000
May 14	52.000	52.000	52.000
May 15	52.000	52.000	52.000
May 16	52.000	52.000	52.000

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

Quicksilver

In the absence of important business, and general uncertainty over the immediate outlook, prices last week were unsettled both here and on the Pacific Coast. Quotations in New York covered a range of $154 to $157 per flask, or $2 lower than in the preceding week. Though importers have been asking $155 per flask for Spanish metal for May shipment, duty paid, New York, the price was viewed as largely nominal. It was hinted that the $155 basis could be shaded on metal now afloat. Though production of quicksilver in Italy has resumed, there have been no offerings of metal here from that quarter.

According to a dispatch from San Francisco May 15, quicksilver for May shipment was $150 per flask, f.o.b. Coast. Current production was estimated at rate of 3,200 flasks a month.

U. S. Gold Production

Production of gold in the United States in March amounted to 69,874 oz., against 66,903 oz. in February, and 83,809 oz. in March last year, according to the American Bureau of Metal Statistics.

Silver

The London silver market was quiet and unchanged at 25½d. The New York Official for foreign silver continued at 44¾¢, with domestic metal at 70⅝¢.

More Freight Cars and Less Locomotives Put In Service

The Class I railroads on May 1, 1945, had 33,727 new freight cars on order, the Association of American Railroads announced on May 28.

This included 5,350 hopper, 5,363 gondolas, 1,332 flat, 17,607 plainbox, 1,800 automobile, 2,188 refrigerator, and 37 stock freight cars and 50 miscellaneous cars. On April 1, last, the roads had 36,272 cars on order and on May 1, 1944 the total was 44,458.

They also had 554 locomotives on order on May 1, this year, which included 125 steam, two electric, and 427 Diesel locomotives. The total on order May 1, 1944 was 705 locomotives, which included two electric and 475 Diesel one year ago.

The Class I railroads put 16,314 freight cars in service in the first four months this year compared with 10,062 in the same period last year. Those installed in the first four months this year included 5,190 hopper, 2,623 gondola, 66 flat, 202 stock, 344 refrigerator, 447 automobile box, 7,422 plain box freight cars.

They also put 55 new locomotives in service in the first four months of which 13 were steam, and 42 were Diesel. New locomotives installed in the same period last year totaled 191, which included 32 steam and 159 Diesel.

Revenue Freight Car Loadings During Week Ended May 12, 1945 Decreased 24,892 Cars

Loading of revenue freight for the week ended May 12, 1945, totaled 838,507 cars, the Association of American Railroads announced on May 17. This was a decrease below the corresponding week of 1944 of 28,675 cars, or 3.3%, and a decrease below the same week in 1943 of 10,525 cars or 1.2%.

Loading of revenue freight for the week of May 12 decreased 24,892 cars, or 2.9% below the preceding week.

Miscellaneous freight loading totaled 392,094 cars, a decrease of 13,181 cars below the preceding week, but an increase of 6,680 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 108,474 cars, a decrease of 4,313 cars below the preceding week but an increase of 1,852 cars above the corresponding week in 1944.

Coal loading amounted to 139,492 cars, a decrease of 3,850 cars below the preceding week, and a decrease of 38,169 cars below the corresponding week in 1944.

Grain and grain products loading totaled 49,498 cars, a decrease of 2,835 cars below the preceding week but an increase of 9,487 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of May 12 totaled 33,889 cars, a decrease of 1,798 cars below the preceding week but an increase of 9,233 cars above the corresponding week in 1944.

Livestock loading amounted to 16,027 cars, a decrease of 1,602 cars below the preceding week but an increase of 318 cars above the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of May 12 totaled 12,330 cars, a decrease of 1,647 cars below the preceding week, but an increase of 375 cars above the corresponding week in 1944.

Forest products loading totaled 42,926 cars, a decrease of 126 cars below the preceding week and a decrease of 4,281 cars below the corresponding week in 1944.

Ore loading amounted to 75,083 cars, an increase of 1,381 cars above the preceding week, but a decrease of 4,469 cars below the corresponding week in 1944.

Coke loading amounted to 14,913 cars, a decrease of 366 cars below the preceding week, and a decrease of 93 cars below the corresponding week in 1944.

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

	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
Week of May 12	838,507	867,182	849,032
Total	15,146,212	15,207,419	14,630,359

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 12, 1945. During the period 52 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 12

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	279	265	232	1,361	1,443
Bangor & Aroostook	1,179	1,352	928	337	443
Boston & Maine	6,996	7,025	6,228	14,100	14,942
Chicago, Indianapolis & Louisville	1,090	1,282	1,510	2,070	2,277
Central Indiana	13	32	43	33	45
Central Vermont	1,165	1,064	1,026	2,160	2,117
Delaware & Hudson	3,136	4,942	6,490	12,944	13,743
Delaware, Lackawanna & Western	5,751	7,899	7,620	11,410	11,958
Detroit & Mackinac	220	254	405	164	115
Detroit, Toledo & Ironton	1,550	1,738	1,802	1,171	1,183
Detroit & Toledo Shore Line	406	333	289	3,439	2,541
Erie	10,912	13,653	13,350	16,957	17,138
Grand Trunk Western	3,997	3,810	3,938	8,522	8,697
Lehigh & Hudson River	160	181	219	2,290	3,599
Lehigh & New England	648	2,156	2,037	1,267	1,726
Lehigh Valley	5,169	9,344	8,770	11,878	16,444
Maine Central	2,338	2,205	2,078	2,729	3,282
Monongahela	5,930	6,631	6,569	266	306
Montour	2,320	2,813	2,520	26	32
New York Central Lines	48,352	48,845	56,797	47,886	56,703
N. Y., N. H. & Hartford	10,054	10,424	9,728	17,474	20,547
New York, Ontario & Western	760	1,263	1,283	3,479	3,830
New York, Chicago & St. Louis	6,264	6,604	7,097	15,407	15,933
N. Y., Susquehanna & Western	366	490	624	1,937	2,163
Pittsburgh & Lake Erie	7,678	7,707	7,651	9,037	8,824
Pere Marquette	4,903	4,778	4,945	8,500	8,145
Pittsburg & Shawmut	674	868	932	39	20
Pittsburg, Shawmut & North	289	393	391	213	231
Pittsburgh & West Virginia	1,163	1,379	1,251	3,161	2,649
Rutland	349	403	318	1,267	1,278
Wabash	6,452	5,389	5,524	12,900	12,368
Wheeling & Lake Erie	5,827	5,834	6,397	4,617	4,266
Total	146,390	161,356	169,042	219,041	238,988
Allegheny District—					
Akron, Canton & Youngstown	755	710	758	1,378	1,261
Baltimore & Ohio	44,265	46,714	43,404	28,836	28,894
Bessemer & Lake Erie	5,685	7,246	5,832	1,830	1,962
Buffalo Creek & Gauley	*	*	302	*	*
Cambria & Indiana	976	1,658	1,860	5	8
Central R. R. of New Jersey	5,392	7,380	7,553	19,376	20,559
Cornwall	562	461	650	60	69
Cumberland & Pennsylvania	152	219	239	8	23
Ligonier Valley	87	150	140	61	36
Long Island	1,767	1,630	1,146	4,204	4,558
Penn-Reading Seashore Lines	1,901	1,752	1,659	2,233	2,679
Pennsylvania System	81,649	87,678	83,998	62,633	68,858
Reading Co.	10,295	15,250	15,831	28,207	28,966
Union (Pittsburgh)	18,979	19,954	21,288	6,951	8,477
Western Maryland	3,614	4,288	4,266	13,724	13,202
Total	176,079	195,090	188,926	169,506	179,552
Pocahontas District—					
Chesapeake & Ohio	29,091	29,386	29,998	15,073	14,319
Norfolk & Western	20,257	21,688	23,256	7,811	7,454
Virginian	4,522	4,497	5,017	2,877	2,133
Total	53,870	55,571	58,271	25,761	23,906
Southern District—					
Alabama, Tennessee & Northern	410	362	282	336	479
Atl. & W. P.—W. R. R. of Ala	882	924	678	2,776	2,964
Atlanta, Birmingham & Coast	999	837	803	1,390	1,720
Atlantic Coast Line	11,817	13,127	13,021	10,243	10,082
Central of Georgia	3,710	4,047	4,144	4,659	5,413
Charleston & Western Carolina	509	466	523	1,524	1,836
Clinchfield	1,687	1,790	1,634	2,861	3,193
Columbus & Greenville	210	223	330	220	206
Durham & Southern	112	132	121	570	647
Florida East Coast	1,966	1,978	2,747	1,248	1,483
Gainesville Midland	62	37	46	160	182
Georgia	1,109	1,105	1,115	2,430	2,773
Georgia & Florida	316	457	369	687	785
Gulf, Mobile & Ohio	5,189	4,345	3,676	4,067	4,322
Illinois Central System	28,154	30,049	26,202	18,369	19,935
Louisville & Nashville	27,115	26,393	26,687	12,687	13,014
Macon, Dublin & Savannah	205	156	206	1,093	1,002
Mississippi Central	427	259	228	506	630
Nashville, Chattanooga & St. L.	3,495	3,242	3,252	4,655	4,621
Norfolk Southern	984	986	1,170	1,558	1,693
Piedmont Northern	446	381	357	1,243	1,163
Richmond, Fred. & Potomac	535	427	410	11,722	11,527
Seaboard Air Line	11,210	11,063	11,320	8,278	9,345
Southern System	25,182	23,799	22,353	26,203	26,221
Tennessee Central	618	777	542	739	865
Winston-Salem Southbound	147	157	128	1,000	1,006
Total	127,496	127,519	122,344	121,224	127,107
Northwestern District—					
Chicago & North Western	18,562	19,617	19,572	14,645	13,781
Chicago Great Western	2,610	2,705	2,721	3,455	3,583
Chicago, Milw., St. P. & Pac.	20,041	21,321	19,249	10,628	11,363
Chicago, St. Paul, Minn. & Omaha	3,410	3,219	3,195	3,937	3,901
Duluth, Missabe & Iron Range	25,778	26,906	23,067	222	157
Duluth, South Shore & Atlantic	851	852	889	636	503
Elgin, Joliet & Eastern	8,522	8,918	8,519	10,524	11,917
Ft. Dodge, Des Moines & South	377	412	379	104	80
Great Northern	23,168	21,933	21,676	7,647	6,479
Green Bay & Western	463	431	461	945	985
Lake Superior & Ishpeming	2,354	1,944	2,073	59	42
Minneapolis & St. Louis	1,945	2,084	1,886	2,654	2,415
Minn., St. Paul & S. S. M.	6,618	6,935	6,697	3,313	4,446
Northern Pacific	11,202	10,633	9,609	6,295	6,116
Spokane International	192	141	151	570	731
Spokane, Portland & Seattle	2,075	3,030	2,033	3,821	3,000
Total	128,168	131,081	122,177	69,455	69,499
Central Western District—					
Atch., Top. & Santa Fe System	26,208	23,238	20,796	16,768	12,816
Alton	3,542	3,165	2,718	4,555	3,278
Bingham & Garfield	397	460	592	70	101
Chicago, Burlington & Quincy	18,314	18,409	18,040	12,310	13,185
Chicago & Illinois Midland	2,150	3,294	3,017	958	846
Chicago, Rock Island & Pacific	12,598	11,502	11,633	13,568	13,063
Chicago & Eastern Illinois	2,754	2,751	2,581	5,765	6,640
Colorado & Southern	620	688	789	2,035	2,685
Denver & Rio Grande Western	3,159	3,880	3,641	7,627	6,328
Denver & Salt Lake	526	730	720	35	21
Fort Worth & Denver City	1,015	833	923	1,484	1,744
Illinois Terminal	2,137	2,158	1,682	2,419	1,915
Missouri-Illinois	1,126	832	1,048	642	391
Nevada Northern	1,426	1,865	2,089	100	131
North Western Pacific	839	937	1,140	681	767
Peoria & Pekin Union	5	5	1	0	0
Southern Pacific (Pacific)	32,198	31,604	30,798	16,198	15,564
Toledo, Peoria & Western	391	332	332	2,134	1,986
Union Pacific System	15,255	14,327	12,429	19,782	18,411
Utah	494	541	556	1	6
Western Pacific	2,121	2,153	2,132	5,217	4,548
Total	127,275	123,704	117,657	112,349	104,426
Southwestern District—					
Burlington-Rock Island	305	243	1,105	416	441
Gulf Coast Lines	8,290	7,544	6,327	2,821	2,731
International-Great Northern	3,471	2,632	1,814	4,691	4,176
Kansas, Oklahoma & Gulf	374	254	176	1,310	1,126
Kansas City Southern	6,046	6,917	4,843	3,193	2,777
Louisiana & Arkansas	4,008	3,348	4,218	3,160	2,925
Litchfield & Madison	278	300	263	1,549	1,031
Midland Valley	614	696	361	563	555
Missouri & Arkansas	180	193	86	426	433
Missouri-Kansas-Texas Lines	7,278	6,491	5,771	5,479	5,003
Missouri Pacific	16,784	13,969	15,445	22,015	19,841
Quanah Acme & Pacific	77	62	52	402	429
St. Louis-San Francisco	9,501	8,846	7,454	9,451	9,454
St. Louis Southwestern	3,838	3,101	3,288	8,488	8,410
Texas & New Orleans	12,449	13,453	14,564	5,972	5,220
Texas & Pacific	5,585	4,676	4,735	8,922	7,869
Wichita Falls & Southern	127	105	98	36	70
Weatherford M. W. & N. W.	24	31	15	36	31
Total	79,229	72,861	70,615	78,930	72,522

*Included in Baltimore & Ohio RR.
Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
February 3	204,550	148,139	565,064	92	91
February 10	149,590	151,307	560,960	93	92
February 17	145,541	149,816	553,609	93	92
February 24	131,989	152,755	529,238	97	93
March 3	181,377	150,486	558,285	96	93
March 10	177,711	152,611	580,804	94	93
March 17	129,948	153,625	557,986	95	93
March 24	137,911	158,551	537,005	99	94
March 31	178,483	162,386	549,631	100	94
April 7	203,891	146,832	604,720	92	94
April 14	159,733	158,938	604,214	97	94
April 21	125,708	162,040	564,631	98	95
April 28	142,387	158,854	546,311	99	95
May 5	223,162	161,764	605,892	97	95
May 12	152,208	153,111	602,717	94	95

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

NYSE Short Interest To May 15 Reported

The New York Stock Exchange made public on May 18 the following:

The short interest as of the close of business on the May 15, 1945 settlement date, as compiled from information obtained by the New York Stock Exchange from its members and member firms, was 1,486,504 shares, compared with 1,361,495 shares on April 13, 1945, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the May 15, 1945, settlement date, the total short interest in all odd-lot dealers' accounts was 45,502 shares, compared with 30,665 shares on April 13, 1945.

The Exchange's announcement continued:

Of the 1,258 individual stock issues listed on the Exchange on May 15, 1945, there were 70 issues in which a short interest of 5,000 or more shares existed, or in which a change in the short position of 2,000 or more shares occurred during the month.

1944—	
May 31	1,181,293
June 30	1,287,970
July 31	1,327,641
Aug. 31	1,283,555
Sept. 29	1,275,709
Oct. 31	1,373,540
Nov. 30	1,436,271
Dec. 29	1,390,713
1945—	
Jan. 31	1,475,441
Feb. 15	1,582,647
Mar. 15	1,520,384
April 13	1,361,495
May 15	1,486,504

Railway Employees Off To 1,421,707 In April

Employees of Class I railroads of the United States, as of the middle of April, 1945, totaled 1,421,707, an increase of 0.67% compared with the corresponding month of 1944, but a decrease of 0.02% under March, 1945, according to a report issued by the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission.

A gain over April, 1944, is shown in the number of employees for every group with the exception of maintenance of equipment stores and transportation (train and engine service), which show decreases of 0.66% each. The percentages of increase are:

Executives, officials, and staff assistants, 2.72; professional, clerical, and general, 1.89; maintenance of way and structures, 2.01; transportation (other than train, engine, and yard), 1.91, and transportation (yardmasters, switchtenders, and hostlers), 1.75.

Lumber Movement—Week Ended May 12, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 456 mills reporting to the National Lumber Trade Barometer were 3.3% below production for the week May 12, 1945. In the same week new orders of these mills were 11.8% less than production. Unfilled order files of the reporting mills amounted to 112% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 32 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 7.5%; orders by 11.9%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 5.8% greater; shipments were 3.9% greater; orders were 5.4% less than production.

Items About Banks, Trust Companies

The election of Francis J. Quillinan as a Director of the Lawyers Trust Company, New York, was announced recently by Orie R. Kelly, President. Mr. Quillinan is a partner in the law firm of Wagner, Quillinan, Wagner & Tennant. Mr. Quillinan is also Chairman of the American Citizenship Committee of the New York County Lawyers Association.

Mr. Walter J. Reeves, Vice-President and Secretary of the Irving Savings Bank of New York, died May 20, of a heart attack, at the age of 60 after a short period of illness. He resided at 321 West 74th St., New York City. A veteran banker of 35 years' experience, Mr. Reeves started with the Brooklyn Savings Bank in 1910 and stayed until 1922 when he was appointed General Secretary of the Savings Banks Association of the State of New York. In December, 1923, he became Vice-President of the Irving Savings Bank and in February, 1937, was appointed Vice-President and Secretary. He was also well-known in church circles, having been a soloist with a number of choirs.

Walter Beinecke has recently been elected a Director of Title Guarantee & Trust Co., New York. He is President and Director of John C. Paige & Co., Inc.

The Union Dime Savings Bank of New York became the 46th participating bank in the Savings Banks Retirement System on May 1, 1945 The system received applications for participation from 100% of the bank's 90 eligible employees.

The Union Dime Savings Bank, established in 1859, has resources in excess of $195,000,000.

William L. De Bost, President of the Union Dime Savings Bank, in announcing the bank's participation in the system, stated:

"The Board of Trustees of the Union Dime Savings Bank believes that this bank's participation in the Savings Banks Retirement System is for the best interests of the employees and of the bank.

Frederick E. Hasler, President of the Continental Bank & Trust Co. of New York, announced on May 17 that Vice-President Edwin Van Pelt will be placed in charge of the Seventh Avenue offices of the bank as of June 1. Mr. Van Pelt, who went with the Continental in 1936 as an Assistant Vice-President, was elected a Vice-President in 1943. His previous banking experience was with the Irving Trust Co. and the Bank of the Manhattan Co., both of New York.

Vice-President Carl C. Lang, with whom Mr. Van Pelt has been associated for several years at the Seventh Avenue branch, will return to the main office of the Continental at 30 Broad St. to take up new duties.

The New York State Banking Dept. announced on May 11 that the Bank for Savings, New York City, applied on May 4 for permission to open a branch office on West 33rd St., New York.

Mr. Elliott Debevoise, Vice-President of the Manufacturers Trust Company, New York, in charge of the office at Fifth Avenue and 43rd Street, was elected a trustee of the Union Dime Savings Bank at a meeting of the trustees on May 16.

Mr. Debevoise began his banking career with the Mercantile Trust Company (later merged with Seaboard National Bank), and later became Vice-President of Chatham-Phenix National Bank. When the merger with Manufacturers Trust took place in 1932, he continued as Vice-President of the latter institution, and for eight years was in charge of their Personal Trust Department. In 1942 Mr. Debevoise was transferred to the Banking Department, and is now in charge of their largest branch.

George F. Butt, Auditor of the Commercial National Bank & Trust Co., New York, on May 16 was elected President of the New York City Bank Auditors and Comptrollers Conference.

The New York "Herald Tribune" in reporting this said:

George Ehrhardt, Assistant Secretary of Central Hanover Bank & Trust Co., New York, was named Vice-President and Henry G. Diefenbach, Assistant Vice-President of United States Trust Co. of New York, became Secretary-Treasurer.

Oscar M. Taylor on May 16 was elected a Director of the Fifth Avenue Bank, New York. Mr. Taylor has been connected with the American Telephone & Telegraph since 1906 and is now Vice-President in charge of operations.

George F. Doyle on May 16 was elected Vice-President of the Dollar Savings Bank of the City of New York. Mr. Doyle, who is also Treasurer of the institution, will continue in this capacity.

At the annual meeting of the Kings County Bankers Association, May 15, William J. Ahern, Assistant Vice-President of the Bank of the Manhattan Company, New York, was re-elected President of the Association for the ensuing year. Charles Oldenbuttel, Vice-President of the Peoples National Bank of Brooklyn, was re-elected First Vice-President, and John J. Hayes, Assistant Vice-President of the Manufacturers Trust Company, was re-elected Second Vice-President. Harold F. Klein, Vice-President of the Brooklyn Trust Company, was elected Secretary-Treasurer.

Lewis L. Fawcett, who is a retired Supreme Court Justice, has recently been elected a Trustee of the Kings County Savings Bank, Brooklyn, N. Y.

Adam C. Muller has been elected President of the Savings Banks Auditors and Comptrollers forum. Mr. Muller, who is Treasurer of the Kings County Savings Bank, Brooklyn, N. Y., succeeds Joseph A. Duddy, Assistant Comptroller of the East River Savings Bank of New York.

The New York "Times" on May 17 said:

Fred W. Bennigsen was elected Vice-President, Frank Lipinski, Secretary, and Albert F. Kendall, Treasurer.

Stanley A. Neilson, President of the Bank of Gowanda, Gowanda, N. Y., was recently elected Treasurer of the New York State Bankers Association.

The promotion of Harold E. Hartman from Assistant Treasurer of the First Trust Co., Albany, N. Y., to Assistant Vice-President, was announced on May 15 by Edward S. Rooney, President of the bank. Advices from the Albany "Times-Union" said:

Mr. Hartman has been associated with the bank since 1917, when he entered the employ of the First National Bank, which was later merged with the First Trust Company. He has been Manager of the West End branch of the bank for the last two years.

At a meeting of the Missouri Bankers Ass'n in Kansas City on May 15, James P. Hickock, President of the Manufacturers Bank & Trust Co., St. Louis, Mo., was elected President of the Association.

A framed testimonial was presented to Nathan Adams by the stockholders of the First National Bank of Dallas, Tex., in appreciation of his 55 years of service with the bank.

Mr. Adams, who was President of the institution for the past 20 years, recently retired and took the post as Chairman of the Board.

Paul S. Dick, Chairman of the Board of the United States National Bank, of Portland, Ore., died on May 9.

Mr. Dick served as President of this leading Pacific Northwest financial institution from 1931 until March 30 of this year at which time he was elevated to the Chairmanship, E. C. Sammons becoming President.

The banking career of Paul S. Dick dates back to 1895 when he started to work for the Ainsworth National Bank, of Portland. Shortly thereafter, this bank was merged with the United States National with which he became connected. He was also Chairman of the Board of the Clark County National Bank of Vancouver, Washington, an affiliate of the United States National.

Mr. Dick served for many years on the advisory council of the Federal Reserve Bank of San Francisco and on numerous committees of the American Bankers Association.

The Fidelity and Deposit Company of Maryland, Baltimore, Md., has executed a bankers blanket bond covering the recently reopened Bank of Guam, located in Agana on the reconquered island of Guam.

Said to be the only bank housed in a Quonset Hut, the Bank of Guam is one of two such institutions maintained by the U. S. Navy for the benefit of army and navy personnel, as well as the civilian population of the areas in which they are located. The other bank is on Samoa.

The bank of Guam transacts a complete banking business, maintaining a trust department, making loans and selling bonds and other securities. It is a U. S. Government Depository.

The Broadway Office of Citizens National Trust & Savings Bank, Los Angeles, Calif., moved from its old location, 308 South Broadway to the Ohio Oil Building, 437 South Hill Street. The new quarters are known as the Subway Terminal Office of Citizens National Bank and was open for business at the new location on Monday, May 14.

Henry J. Court Assistant Vice-President in Bank of America's Banks and Bankers department, has been transferred from Los Angeles headquarters to the San Francisco Head Office. Mr. Court returned to the bank a year ago after a period of service in the armed forces. He began his banking career with the Phoenix National Bank, Phoenix, Ariz., and joined the Bank of America organization in 1937.

Earl I. Vaughan, Vice-President of the Bank of America, San Francisco, Calif., since 1936, heretofore in charge of advisory boards and staff education, has been transferred to the Banks and Bankers department of the bank, according to announcement by L. M. Giannini, President.

Mr. Vaughan became associated with Bank of America in 1929, after ten years with the Fidelity National Bank & Trust Company of Kansas City.

His new duties, which he assumes immediately, will bring him into contact with other banking institutions throughout the nation. He makes his office at the San Francisco Head Office of the bank.

Railroad Freight Rates Ordered Equalized

By a vote of 9-to-2, the Interstate Commerce Commission on May 19 ordered a 10% cut in the basic freight rates in the Southern and Western areas, and a 10% increase in Eastern rates. The adjustments will be on a temporary basis, effective Aug. 31, pending the preparation of a uniform rate classification system for the whole country. The changes will apply to so-called "classified" freight—largely manufactured goods and miscellaneous goods, which constitute about 10% of the total freight traffic. Commodities which constitute the bulk of traffic, such as grain, coal, oil and other raw materials, move largely under special bulk rate not affected by this decision.

The order called for a 10% cut in all classified rates based on the present structure in and between the Southern and Western rate territories and between those territories and the East. The same rates will be raised 10% in the East.

The ICC said the changes would minimize inequalities between the three sections and would remain in effect pending the establishment of the new uniform system. Railroads were given 90 days to notify the Commission whether they would undertake to set up the uniform classification. A scale of rates was set by the ICC to apply to the classification when it is established. The new system will not differ substantially from the temporary rates.

The ICC order also increased the minimum charge from 55 cents to 75 cents a hundred pounds on less than carload shipments moving on the basic rates.

The decision was issued as an answer to sectional complaints that the rate differentials were an insurmountable barrier to economic development of the South and West. Spokesmen for the South and West have protested that the Eastern rate territory was able to undersell manufacturers in the other areas because of the inequalities.

The railroads opposing the changes sought by the South and West denied that present rates were discriminatory. They were, they said, in keeping with railroad costs for a territory of smaller population, of less industrial development, of smaller traffic volume.

The ruling, according to the Associated Press, covered these general categories:

"A nation-wide uniform classification of rates. At present an article such as a radio might be shipped under one classification in the South and under a different, lower-rate classification in the East. Henceforth, said ICC, a particular article must move nation-wide under the same classification.

"Directed that differences in class rates now existing throughout the country be reduced to a minimum, except for the Pacific Coast, which asked for no reduction. The effect of this order virtually eliminates territorial rate divisions which the South and West contended have placed their sections at an industrial disadvantage with the East.

"For this revision the Commission recommended that a class-rate scale approximately 15% higher than present first class rates in Eastern territory be established as a base. This will result in higher rates for the East and lower rates for the South and West.

"Although applying only to class rates, as distinguished from commodity rates which govern a larger share of all shipments, the decision was acclaimed in the South and West because most manufactured goods move on class rates."

U. S. Appointees to Reparations Committee

President Truman has appointed the following staff of 21 experts to assist U. S. representatives Edwin W. Pauley and Isador Lubin on the Moscow War Reparations Commission, the United Press announced from Washington, May 15:

Dr. Robert Gordon Sproul, President of the University of California, who will serve as "adviser on human aspects of reparations;" Jubal R. Parten, Houston, Tex., industrial adviser; Dr. Luther H. Gulick, New York, political science and public administration; Ernst Mahler, Neenah, Wis., plant and equipment appraisal; J. Howard Marshall, Ashland, Ky., counsel; Richard B. Scandrett Jr., New York, international law; George Johnson, Wisconsin, machine tools and metals; Lawrence Richardson, Massachusetts, rolling stock.

Four State Department officials were named: Abraham Bergson, German economy and industry; Seymour Rubin, "legal phases;" Moses Abramovitz, German industry, and George Luthringer.

Josiah DuBois, Treasury Department, expert on German investments abroad; Col. E. E. Fogelson, Texas; Capt. N. L. McLauren, San Francisco; Capt. John Faigle, S. Trone, Thomas W. Wilson J., Maj. G. S. Carter and J. Berger.

Richard Durham, New York, chief of the reparation mission's secretariat.

The President said that a "fair and workable settlement" of German war reparations would be one of the most difficult post-war tasks.

Sproul Urges T-Loan Aid for Contractors

Banks, financing institutions and other interested parties in the Second Reserve District, have recently received a circular letter from Allan Sproul, President of the Federal Reserve Bank of New York, urging them to communicate with "all customers engaged in war production and who have not availed themselves of the T-Loan procedure" and point out to them the benefits of the plan. Very few termination loans have been made up to the present time, compared with the total of outstanding contracts.

Under the T-Loan financing plan, Mr. Sproul said, according to the "Journal of Commerce" on May 8, contractors may arrange with a commercial bank or other financing institution to obtain, upon cancellation or termination for convenience of the Government, loans against (1) accounts receivable, (2) reimbursable expenditures for inventory (including direct labor, cost of raw materials and parts supplied, (3) reimbursable amounts paid or to be paid to his subcontractors and (4) reimbursable manufacturing and administrative overhead.

Mail to Norway and France

The Post Office Department announced on May 17 the resumption of limited mail service to Norway, and of parcel post service to France.

Non-illustrated post cards are at present the only deliveries being made to Norway.

Parcel post service to France is not effective until June 1 and will be limited to one parcel weekly from the same sender to the same addressee.