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The COMMERCIAL and FINANCIAL CHRONICLE

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The Financial Situation

Neither Agreements Reached at San Francisco Nor Mechanisms There Devised Will Have Much Bearing on the Course of World Affairs or in the Maintenance or Break of World Peace.

What happens when the dreams of idealists and the realities of world politics collide may be plainly observed in San Francisco. From the developments in that city it should not be difficult to infer what the result would likely be in the future when the mechanisms of the idealists run afoul of the ambitions, the fears, the suspicions, the intrigues, and the hatreds in which international relations among the leading powers of the world have always been more or less continuously submerged. We should be rather more than foolish not to take all this into full cognizance these days when there is scarcely a politician alive not engaged more or less continuously in harangues about permanent or lasting peace in the decades and even the centuries ahead.

Less Important Than Supposed

The people of this country — it is not altogether clear that the same situation exists among the rank and file in any of the other major powers represented at San Francisco—have now been told so often, so emphatically and by so many that the future peace of the world depends largely if not wholly upon whether a peace-keeping mechanism of some effective sort can be contrived at San Francisco, that they are in danger of believing it. One result is that we have become almost morbid on the subject, and apparently inclined to insist upon some sort of formula, however meaningless.

This general attitude may possibly be rather more that of the politician than of the man in the street, but there can be no question that it is as always the man in the street that

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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 III

Congressman Smith Concludes His Analysis of the International Monetary Fund by Pointing Out That the British Empire and Russia Will Have Control of the Governing Board, and That By Virtue of Britain's Richer Experience in and More Abundant Facilities for the Handling of International Trade and Finances, That Country Will Exert a Preponderant Influence on the Funds Operations. He Asserts That the Control of Foreign Exchange and of Capital Transfers by the Fund Will Result in Regimentation of All International Transactions, Such as Was Practiced by Nazi Germany.

Frederick C. Smith

Bretton Woods and Lord Keynes' Plans for Selecting Executive Directors and Governing Board Respectively Compared.

Fig. 12
Keynes' Clearing Union
Article II, Sec. 6 (12)

"The Governing Board shall be appointed by the Governments of the member States, those with the larger quotas being entitled to appoint a member individually, and those with smaller quotas appointing in convenient political or geographical groups, so that the members would not exceed (say) 12 or 15 in number."

Fig. 13
Bretton Woods
Article XII, Sec. 3

"There shall be no less than 12 directors * * *.

"Five shall be appointed by the five members having the largest quotas.

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Post-War Aviation Control

By EDWARD A. MOREE*
Vice-President, Transportation Association of America

Transportation Expert Recommends That (1) All Discrimination Against the Ownership and Operation of Airlines Be Abolished; (2) That the Regulatory Powers of the Civil Aeronautics Board Be Transferred to the ICC; and (3) That the Federal Government Exercise a Closer Supervision Over Contracts Between Airport Authorities and the Users of Airport Services. Favors Private Investment in and Private Operation of Airlines Without Discriminating Government Subsidies, and Calls for Elimination of Prohibition Against the Ownership and Operation of Airlines by Other Types of Transportation. Says There Should be Coordination of All Transportation Systems and That Railroad and Air Services Are Not Highly Competitive.

The recommendations which I am privileged to offer for your consideration are those of the Transportation Association of America insofar as the Association's recommended policy applies to the group of bills for an airport development program which you have under consideration at this time, and HR 674, providing extensive amendments to the Civil Aeronautics Act of 1938.

Edward A. Moree

The Association summarized its nine years of research into the transportation problem in January, 1944, and in January, 1945, recommended as follows:

1. That regulation be designed solely from the viewpoint of assuring the shipper and consumer of the most dependable and efficient services, *regardless of the type of the facility*, at the lowest rates consistent with affording a fair opportunity for the investor to earn a reasonable return upon private capital, prudently used.
2. That national policy provide for the orderly and gradual reorganization of common carriers so that the industry, as a whole, will become responsive to efficient regulation.
3. That regulated transporation be excluded from anti-trust laws when methods, acts, or proposals of carriers are subject to the supervision of the regulatory authority.
4. That regulation and promotion of all common carriers be centralized in a single independent Federal agency reporting directly to Congress.

Shippers and consumers are not primarily concerned with the *type* of facility which transports their goods, but rather in the adequacy, efficiency, convenience, and the cost of such services. The shipper is not interested in promoting one form of transportation facility against another; he should not be required to pay the cost of resultant duplications and wastes.

Equality of regulation is not possible so long as each facility is kept in its separate legislative strait-jacket. This adds up to the fundamental issue of the present-day transportation problem. Are we to continue a philosophy of national policy which places Government financing derived from taxation of the whole public, and *which need earn no return*, in competition with private investment, *which must earn a return?*

5. That common ownership and operation of all types of facilities be permitted and encouraged rather than restricted and prohibited. It submits that

*Statement by Mr. Moree before the House Committee on Interstate and Foreign Commerce, June 5, 1945.

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GENERAL CONTENTS

Editorial

a Not available this week.

*These items appeared in our issue of June 4, on pages indicated.

Nor an Ogpu, Either!

"Secretary Morgenthau has told me about the truly shocking cases of tax evasion his men have discovered. I am thoroughly in sympathy with his plan to enlarge the Bureau of Internal Revenue forces to whatever extent is required to insure full compliance with the law.

President Truman

"It will be good business for the Government, because every dollar we spend in collection and enforcement will produce $20 or more in revenue. And much more important is the matter of good morals. We are not fighting this war to make millionaires, and certainly we are not going to allow the black market operators or any other racketeers to be in a favored class, when the men in the armed forces, and our citizens generally, are sacrificing so heavily.

"The top officials of the Civil Service Commission have been acquainted with our special tax drive and the necessity for an accelerated program of recruitment. Arrangements have been made with the Civil Service Commission to have placed at every Army discharge center in the United States a qualified recruitment officer from the Civil Service Commission, fully versed in our recruitment requirements, who will steer to us qualified veterans as they are discharged.

"The American people understand that sacrifices are necessary. They know the war is still far from being over. The one thing that might break down their will to keep on to complete victory would be a

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From Washington Ahead of the News

By CARLISLE BARGERON

President Truman dropped in unexpectedly on a party that was being given by Washington newspapermen for Steve Early last Saturday night, and immediately became one of the fellows. Everybody was glad to see such a jolly good fellow present and gathered around to shake hands with him. His Secret Service attendants became excited, and one of them stepped in to regulate the handshaking. Whereupon, Mr. Truman shook hands with him. The Secret Service man was quite nonplussed. A few nights before the President had gone out to the Burning Tree Country Club, from whence Eisenhower with his association with Steve Early, sprung, and had a crackerjack time with his old pals.

Carlisle Bargeron

Stories like this are springing up nearly every day about the new President. Just a plain old American, we are being told. Over in Arlington County, Virginia, just across the river, the good ladies of the Baptist Church were thrilled at one of their denomination ascending to the Presidency, and they sent around letters to their fellow worshippers, pointing out that Mr. Truman was one of them and calling attention to the fact, if it was a fact, that he had announced he intended to hold onto his Baptist affiliations. His wife and daughter, it seems, are Episcopalians. But Truman, supposedly having announced he intended to remain a Baptist, the Arlington County Baptist ladies asked their fellow worshippers to pray for him. We are told by one of these ladies that they have been watching ever since to see if he slips from grace and comes under the Episcopalian influence of his two womenfolk. This lady reports that on one occasion he attended services at Walter Reed Hospital and the second time at a non-denominational church. So the Arlington County Baptists are so far satisfied.

Margaret, the daughter, has been instructed not to let herself be photographed with a drink in her hand. We don't know, frankly, whether the young woman is given to taking a highball or so. Her old man likes one.

The Roosevelts didn't give a darn about this stuff. They didn't worry about divorces in the family, stories of carousal by members of the family, about which church they attended or whether they ever attended church. In fact, quite an attack was made once on Mr. Roosevelt because he improvised a prayer on the occasion of D-Day in Europe. The Roosevelts were different.

Theretofore, of course, a divorce in a politician's family, a story or picture of drinking, was supposed to be political poison. The question of his church attendance was highly important.

The Roosevelts created so much confusion, however, that the public couldn't keep its mind on such things as this. Its attitude towards the late President apparently was that he could be an infidel if he wanted to because he was doing such "brilliant" things. Or it had no time, in the excitement which he created, to think of his personal life.

It seems that this is to be different with Truman. To that extent we have returned to normalcy.

But there are those around here who are beginning to wonder just what that means. Under the graciousness and good fellowship of Mr. Truman there are some who think the New Deal still packs a wallop, possibly one more dangerous than the one it packed under the former President in his latter days.

Mr. Truman has sent up a message to Congress asking for new consideration for those gallant people who have gone out to the war plants and made around $100 a week during the war. They are soldiers, too, he says. He is concerned about their being displaced and inconvenienced in the war transition and he wants the unemployment benefits for them raised. The only outraged comment on this proposal, and it has been lying around for a long time—Mr. Truman has just given it his support—was by Westbrook Pegler who thinks these people should have saved some of their inflated earnings and who had understood that with the reports of their buying bonds, that is what they were doing.

No general outcry has come against Mr. Truman's message, however. Our observation is that it has aroused little comment one way or the other. Undoubtedly had Mr. Roosevelt submitted such a proposal, there would have been tremendous agitation for and against.

Then, along comes Judge Vinson, the economic stabilizer, to endorse the Wagner-Murray-O'Mahoney, and there is still another co-author of it, bill, providing for the national budget; that is, a plan by which the Government at the beginning of the year, assays the probable national income and the employment needs, and does what is necessary to fill in the gap. We say Judge Vinson, stolid citizen, old school Kentucky Democrat, who wouldn't harm the American system for anything in the world, endorsed the bill. The Democratic National Committee tells us this is what he intended to do. From reading his concern for the preservation of Free Enterprise, we had wondered whether he wasn't just double talking. Even the Judge's message, however, arouses no excitement. Truman is rock-bottom in the country's opinion, and there's no need for anybody to be worried about any anti-American stuff any longer.

We have been thinking that this was true, on the grounds that it made no difference what sort of a radical proposal Truman, or Vinson, or anybody else submitted to Congress, or how radical they talked, because they lacked the dynamic leadership of Roosevelt, and a Conservative Congress would do what it wanted to do.

Now, however, we are being warned to watch out for the fact that just as Truman lacks Roosevelt's dynamic leadership, so is Congress not inclined to watch him so closely and to be so closely on its guard. They don't look upon him as a man seeking all the power in the world and are more inclined to go along with him. Because he is a rock-bottom American, a Baptist, a Mason and his daughter isn't going to hold a highball glass in a photograph. The funny thing about it is that we know of a lot of Conservatives who say that it may be pretty rotten to give the warworkers increased unemployment compensation but if you don't do it, how are they going to have enough money to spend to prevent a depression. We are all afraid of that.

Senate Rejects $2,500 Pay Increase Voted By House Members

By a vote of 43 to 9 the Senate rejected for its members any pay increase or expense allowance, but did nothing to interfere with the $2,500 annual tax-free allowance approved for themselves by House members, the Associated Press reported from Washington, May 28, and continued:

Senator Edwin C. Johnson, Democrat, of Colorado, proposed to strike the House members' allowance from the $51,000,000 legislative appropriations bill but on a roll call vote his motion was rejected by 28 to 22. The Senate then passed the bill by a standing vote.

This left the $2,500 House allowance in the measure in a parliamentary situation where it cannot be taken out in conference when a joint House-Senate committee undertakes to compromise differences.

Most of those voting to let the House members have the $2,500 left no doubt they were moved by the old understanding of comity—that one chamber does not interfere with what the other says it needs in appropriations.

Privately, some of the Senators were wondering, however, whether they had not "sawed a limb off" behind the House. They questioned whether the political reaction would not be adverse for House members who took an allowance the Senators were unwilling to approve for themselves.

Senator Styles Bridges, Republican, of New Hampshire, arguing for upholding the principle of comity, asserted that "in the history of the country the House has stood on its own and the Senate on its own. If the House has the courage to vote its members an allowance they should have it," he added.

The New Hampshire Senator, who had urged a similar allowance for Senators, asked whether his colleagues wanted to make the Senate a "millionaires' club," open only to men who inherited wealth or married wealth.

Although refusing any pay increase for its members, the Senate approved a boost from $4 to $5 a day in pay for its pages and made minor increases for the Capitol police force and some other Capitol employees.

The Senate took four separate votes to decide it would make no move to improve the financial situation of its members:

Alben W. Barkley, of Kentucky, majority leader, advanced a proposal for $1,500 tax-free expense money as a possible compromise on which Senate and House could agree. He argued this would be in effect the 15% increase in wages allowed under the "Little Steel" formula. This was rejected on a voice vote.

A 43-to-9 roll call vote turned down an amendment from the Senate Appropriations Committee to give Senators $2,500 expense allowance, subject to taxes:

The Senators knocked down, 38 to 13, a committee proposal which would have allowed the members to deduct from income tax returns all expenses for lodging and subsistence while away from their home states on Congressional business.

Finally, they defeated, 38 to 12, an amendment by Senator Bridges for a flat $1,500 pay increase subject to taxes.

Taylor to Return to Post

Although it is reported that Myron C. Taylor, the President's personal representative at the Vatican, is returning to this country for a visit, the White House states, according to the Associated Press from Washington May 31, that he will be here merely on leave of absence and, after reporting to the President, on his mission, would return to Rome.

State of Trade

There is growing evidence that our reconversion program is encountering difficulties that may well delay indefinitely our return to peacetime production, unless, as Burnham Finney of the "American Machinist" observes, the major uncertainties presently plaguing the machine tool situation are promptly cleared up.

This opinion, according to Mr. Finney in a recent article on the subject, was in a large degree shared the past week by tool builders and the auto industry as the status of $70,000,000 in Russian tool orders remained in doubt, and the AA-3 priority assigned for reconversion tools continued to be inadequate in certain cases.

President Truman, this trade authority notes, has indicated that Russian shipments would be continued "to the extent agreed upon until the protocol lapsed." However, it continues, "the Russians were assured prior to VE-Day that those lend-lease tools not delivered to them by June 30, 1945, the end of the current protocol year, would be delivered by Sept. 30, 1945. Thus, the President's statement leaves the status of tools scheduled for delivery during the third quarter up in the air, and that probably involves some $40,000,000 in Russian tool orders."

Doubt over the status of the Russian business, according to Mr. Finney, hinges on the question of whether or not the Russians will declare war with Japan. Should they decide to do so, there would be no reason for holding up lend-lease tool shipments. In the event they do not, but international matters dictate that we continue such shipments, then again, such business would not be disturbed. These considerations, the article adds, do not hold up any official decision on the matter, but make for confusion over the reconversion tool situation.

The largest cancellations of military orders the industry has had in many months, the magazine reveals, were witnessed in April. These cancellations amounted to $26,562,000, leaving the industry with a backlog of $287,920,000, as compared with $309,650,000 at the end of March. New orders of $43,965,000 dropped below March's $52,536,000 total, although shipments of $40,331,000 were slightly above March's $39,374,000.

Notwithstanding sharp cuts in military orders in April, the industry, the magazine reports, is confronted with seven months' business on hand, with AA-1 military and Russian orders still obstructing reconversion tools. Reports from Detroit indicate that several auto companies have still been unable to secure assured delivery on hundreds of needed machine tools, according to this authority.

A factor frequently overlooked is the continued placing of new military orders for tools required in plants in war production, as replacements, and for various new and special war uses. However, as pointed out in the article, dwindling orders on some types of machines enable tool builders to even fill low-rated orders, but critical spots remain in special items. It was also noted that presses continue to be in a tight position.

Labor, together with the critical position of tin, rubber, lumber and textiles, may also prove a reconversion stumbling block, since unions have already stated their intention of seeking wage increases to offset the elimination of overtime in any logical return to the 40-hour week. The OPA's continued tight control on prices, Mr. Finney concludes, "may tie up some reconversion if wages are lifted and manufacturers must wait for price relief to offset higher wage costs."

Steel Industry—The progress of cancellations in the steel industry the past week was on a gradual and orderly basis, permitting steel producers to rearrange their schedules without too much confusion, "The Iron Age" reports in its current survey of the steel trade. The bulk of steel cancellations, as a result of military cutbacks, are still to come. In the case of one mill cancellations received during the past two weeks approximated 25% for armor plate and 10% for shell steel. The remainder affected orders calling for deliveries throughout the rest of this year.

Present indications point to a longer period of transition from a higher war production level to a lower one than was expected a few weeks ago. As fast as orders are taken off mill schedules, other orders involving war material or war supporting products are immediately substituted. Because of this situation there is a question as to the amount of steel that may be available for civilian purposes after July 1. The possibility exists that there is apt to be at least in July and August a smaller amount than some consumers have been lead to believe.

Unrated civilian orders for delivery are not receiving much consideration these days on steel mill schedules despite continued pressure by the automobile industry and manufacturers of the more important household appliances, according to the magazine. Openings for plates and structurals in the third quarter seem probable, but mill officials are reluctant to schedule unrated orders so far in advance for fear CMP rated buying may later shove them aside with consequent embarrassment.

Sheet steel schedules the past week were still tightly packed through the third quarter with CMP tonnage, causing uncertainty over the possibility that automobile makers may obtain much if any sheet tonnage before the last three months of this year. The carryover from May into June of undelivered sheet tonnage for which earlier delivery had been promised is estimated at around 300,000 tons—an amount sufficient to take care of the automobile industry's entire scheduled 1945 production, "The Iron Age" states.

"The availability of labor," the magazine points out, "may be the key, more than the steel supply, as to when civilian production can get underway in full force. Heavy contract cutbacks in the Chicago area for instance will result merely in transferal of labor from arms output of one type to plants producing other types of direct or indirect war equipment. Farm equipment and railroad car builders are showing concern over this particular possibility. Although the automotive industry and appliance groups have been rather active in placing unrated orders, other civilian manufacturers have shown hesitancy in doing likewise on a large scale because of the clouded labor availability picture."

Steel cancellations have expanded to a daily figure about 50% greater than that which was current on VE-Day, "The Iron Age" notes. As a consequence, net steel orders are running from about two-thirds as great as shipments for most producers to about 100% of shipments for certain heavily loaded mills. For the industry as a whole, May will probably be the first month in many in which total shipments have exceeded orders.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 91.1% of capac-

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House Passes Trade Pact Extension Measure

By a vote of 239 to 153 the House passed the bill to extend and broaden the Reciprocal Trade program and defeated all the Republican amendments which sought to limit the effects of the legislation, advices to the New York "Times" from Washington stated on May 26. There was considerable controversy before final passage, and for a time the issue hung in the balance while Democratic absenteeism aided the fierce Republican opposition.

The principal bone of contention centered round a proposal by the late President Roosevelt, and supported by President Truman, to give the Chief Executive new and broader powers to trim tariffs in reciprocal trade agreements with other nations.

Specifically, according to the Associated Press reporting from Washington, May 26, the measure would extend the Reciprocal Trade Act of 1934 for three years beyond the June 12 expiration date, with an amendment empowering the President to cut duties up to 50% below the rates prevailing Jan. 1, 1945.

Under the present law the President can trim tariffs, in exchange for concessions by other countries, up to 50% under the rates stipulated in the last Republican tariff act, the Hawley-Smoot Law of 1930.

Before it was possible to rally sufficient support for the measure to assure its approval by the House, President Truman sent a strong appeal for its passage addressed to Speaker Rayburn which the latter read from the floor. The President's message read, according to the New York "Times" report:

"My dear Mr. Speaker:

"Supplementing our conversation yesterday, I wish to repeat that I regard the pending measure for the renewal and strengthening of the Trade Agreements Act as of the first order of importance for the success of my administration.

"I assume there is no doubt that the act will be renewed. The real question is whether the renewal is to be in such form as to make the act effective. For that purpose the enlargement of authority provided by Section 2 of the pending bill is essential.

"I have had drawn to my attention statements to the efect that this increased authority might be used in such a way as to endanger or 'trade out' segments of American industry, American agriculture or American labor. No such action was taken under President Roosevelt and Cordell Hull and no such action will take place under my Presidency."

Three of the proposed amendments were declared by Administration leaders, according to the "Times" report, to mean mortal wounds for the reciprocal trade program.

One, the report stated, by Representative Knutson (R.-Minn.), would have cut the period of extension of the act from three years to two. This fell, 135 to 152.

Another, regarded by the Administration as the most damaging, also offered by Mr. Knutson, would have eliminated the Administration's power to make tariff reductions beyond those already in effect. This was defeated 174 to 197.

The third of the major amendments offered by Representative Gearhart, Republican, of California, would have given Congress a veto power over all trade agreements. This failed, 106 to 125.

Other amendments were thus disposed of:

By Representative Bailey, Democrat, of West Virginia, to exclude hand painted earthenware and pottery from the reciprocal program, killed by voice vote.

By Representative Reed, Republican, of New York, to kill the bill by striking out the enacting clause, lost by voice vote.

By Representative Judd, Republican, of Minnesota, to reduce to 25% instead of 50% the Administration's power to make further tariff cuts, defeated 81 to 108.

By Representative Case, Republican, of South Dakota, to reduce this power 10%, killed by voice vote.

By Representative Bailey, Democrat, of West Virginia, to write into the law the escape clauses which are administratively included in trade agreements, killed by voice vote.

By Representative Pace, Democrat, of Georgia, to prohibit the importation of any agricultural commodity which could be sold at a price lower than the "support" price being maintained for American production, killed by voice vote.

By Representative Nelly, Democrat, of West Virginia, another effort to exclude pottery and glassware killed by voice vote.

By Representative Gearhart, to prohibit the Administration from applying the most favored nation principle—that is, to prohibit it from granting to all foreign customers the concessions granted to one customer with whom the United States makes a direct agreement—killed by voice vote.

By Representative Reed of New York, to grant to business men protesting a tariff program the privilege of going to court to challenge it—, killed by voice vote.

By Representative Barrett, Republican, of Wyoming, to establish a mandatory quota control in behalf of the American wool raiser —, killed, 110 to 135.

The most important amendment knocked out by point of order was one by Representative Bates, Republican, of Masachusetts, to bar the importation of goods that might be sold in this country at a price lower than the American cost of production.

Upon the House's passage of the bill, Joseph C. Grew, Acting Secretary of State, made the following comment:

"The vote in the House of Representatives today on the trade agreements program will hearten every friend of international cooperation. The power granted by this legislation, wisely used, can greatly promote prosperity in the United States and throughout the world."

It is generally conceded that the legislation will meet with stiff opposiion in the Senate, and Administration supporters are already preparing themselves for a fight of considerable proportions.

(Previous reference to House action on the tariff extension proposals was made in our issue of May 24, page 2313.)

Senate Group Votes to Continue OPA

The bill to extend price and wage controls for another year has been approved by the Senate Banking Committee, according to advices to the New York "Times" from Washington, May 29. Amendments were turned down which would have limited the extension to six months and forced revision of OPA price policies on agricultural commodities.

It is expected that the bill faces a battle on the Senate floor, the chief issue being an amendment sponsored by Chairman Elmer Thomas (D.-Okla.) of the Senate Agricultural Committee which would force the OPA to guarantee a "reasonable" profit to processors of agricultural products.

Senator Robert F. Wagner (D.-N. Y.) told reporters, after an executive session at which Price Administrator Chester Bowles and Economic Stabilization Director William H. Davis testified, that food price controls would probably have to be retained until 1950, according to United Press statements from Washington on May 30.

Trade-With-The-Enemy Curbs Now Eased

The Treasury Department, in an amendment to General Ruling No. 11 of its trading-with-the-enemy regulations, has removed from the "enemy territory" category Norway, Denmark, the Netherlands, Czechoslovakia, Yugoslavia, Danzig, Austria and Albania, according to the Journal of Commerce from Washington, May 28.

Treasury licenses will not be needed for the transmission of messages of a financial, commercial or business character which are limited to the ascertainment of facts and exchange of information. However, communications which constitute or contain instructions or authorizations to effect financial or property transactions will continue to require Treasury license. Attention was directed to General Licenses Nos. 72A and 89, which authorize certain transactional commnications relating to patents and the protection and management of property located within foreign countries.

It was stated that remittance facilities to many of the areas are not yet available. When these facilities are established, General Licenses Nos. 32 and 33 will permit the sending of support remittances up to $500 a month through banking channels. Under Public Circular No. 28, which was also issued today, these general licenses will not apply to Austria. However, the restrictions on the use of currency, money orders, checks and drafts for remittances still remain in effect for all liberated areas.

Treasury officials emphasized that communication services with a number of the liberated countries have not actually been reopened. As soon as arrangements for transmitting transactional communications are established with any country affected by today's action, the Treasury Department will be prepared, in appropriate cases, to license withdrawls from blocked accounts in the United States to pay claims against persons in the country involved. In general, an application for such a license should be supported by a payment instruction or other acknowledgement by the debtor executed after May 29, 1945. If an application is based on a court judgment, evidence should be submitted that the debtor has received actual notice of the proceedings and has had a reasonable opportunity to appear.

Ill. and Wis. Loans High

April was the most active loan month so far in 1945, A. R. Gardner, President of the Federal Home Loan Bank of Chicago, reported on May 28 to the Federal Home Loan Bank Administration at Washington. Advances to Illinois and Wisconsin savings, building and loan associations were $1,416,690, a 37% increase over March activity, and more than three times the volume for April, 1944.

Mr. Gardner said that the bank which supplements the savings invested locally in these thrift and home financing institutions has had only one April in its 12-year history in which a larger sum was advanced. That was in 1943, when advances reached $2,135,333.

He expects the demands for funds from this regional reserve institution to run consistently ahead of last year from now on. The post V-E relaxation of War Production Board restrictions, coming first in materials for modernizing and repairing homes, and the already provided for veterans' priorities on home building materials voted in the Appropriations Act just signed by the President, are among the factors which will give these local home lending institutions need for more funds, some of which will be obtained from their Federal Home Loan Bank, he said.

Bowles Offers Suggestions for Closer Relationships Between Exec. Offices and Cong.

In Statement to Joint Committee on Reorganization of Congress, He Lists Seven Recommendations

Chester Bowles, OPA Administrator, appeared before the joint committee of both Houses of Congress conducting hearings on Congressional reorganization and proferred seven suggestions for promoting a closer relationship and improved cooperation between the Executive department and Congress.

Mr. Bowles said: "I offer my own comments on the problems facing this Committee with considerable humility. Fifteen years in my own business before the war and three and one-half years as a government wartime executive have taught me that the problems of administering any large operation, either private or public, are never simple. Our intensified experience during the war has taught us a great deal about government administration itself. We have learned some things that needed to be learned. It is fair to say that we have crammed into the three war years experience in government administration that would normally have been spread over a generation."

"In the years to come," continued Mr. Bowles, "both our economic and social democracy will be on trial—not only here in America, but all over the world. The people of many nations—some skeptically and some hopefully—will be watching to see what we do, and what we fail to do. If, as we approach these problems of peacetime, we fail to allow for enough government, we may end up by having too much. If our government is unable to carry the responsibilities which we as a people place in its hands, tens of millions of people everywhere will begin to lose their faith in effective democracy. For all these reasons, the Committee has selected a most opportune time to examine the operation of Congress and its relationship to the Executive Branch of the government."

Mr. Bowles then offered seven separate suggestions which he said were mostly closely interrelated. These were:

1. A program to streamline the executive agencies

During the next two years, the responsibilities of the various wartime agencies will rapidly lessen. The rate by which the workload diminishes will vary between agencies. As quickly as the workload drops below the level requiring specialized attention, I feel that these war agencies should be incorporated into th old-line executive departments.

2. An adequate staff for all major Congressional Committees

The responsibilities which these committees carry today are tremendous. With so many Senators and Representatives serving on several committees, each dealing with vital phases of our national affairs, it is impossible for the average member to keep thoroughly abreast of all the problems on which he is expected to be an expert.

A skilled economic and research staff with expert counsel would be most helpful to the various committee members in digesting the material on which policy decisions must be made. The Executive Branch of the departments and bureaus have such staffs. There is no reason why the Congressional committees should not be at least equally well equipped.

3. A Congressional "Advisory" Committee for each Executive Department or Bureau

A year ago I proposed to the Senate and House Banking and Currency Committees which consider the OPA legislation a series of informal monthly meetings between the OPA executives and the members of the two committees. I suggested that these meetings should be held with the joint committees on a monthly basis or on alternative months with each individual committee. In a sense, we would work with this "parent" committee or committees as administrative heads of a large business work with their board of directors.

If this proposed plan were established as a general policy, each government bureau or department would have its own Congressional group to which it would regularly report. With regular monthly meetings, each group would be kept fully informed on the attitude and points of view of the other.

4. An opportunity for agency heads to meet directly with Congress

As Administrator of a government agency, I would personally welcome the procedure suggested by the Kefauver Amendment. If the head of each agency had an additional opportunity to appear personally before Congress and to answer questions on his operation, I am confident a great many misunderstandings would vanish. If members of Congress at regular intervals could come face to face with the heads of the executive departments, they could learn at first hand something of the problems to which solutions must be found.

5. A larger personal staff for members of Congress

Members of the Senate and the House are the major contact between their constituents and the Federal Government. As a result, they receive each year many thousands of letters and requests for special information.

In my opinion, a good part of the load which every conscientious Senator and Congressman faces at present could be handled by a capable assistant who would represent the Senator or Congressman in his dealings with various government agencies on matters affecting his constituents. Another capable staff member should, it seems to me, be available to study legislation and to develop research and speech material.

6. Bringing more capable people into government

During the last generation, and particularly during the war years, many capable men have been introduced to government work, both in the legislative and the executive branch. This trend, it seems to me, must be encouraged in every way possible.

7. A public information committee

As a final point, I would suggest a Public Information Commiteee established in the Congress. It is an old true saying that democracy thrives on knowledge. Given full information, I have an abiding faith in the capacity of the American people to arrive at correct decisions. The Congress, as the people's representative, could guarantee the free flow of this information. If a Public Information Committee could sift the product of studies by other committees and report accurately such findings, I think the results would soon be felt.

The Financial Situation

(Continued from first page)

the politician is chiefly concerned about. It is not unlikely that the state of mind in this country concerning the doings at San Francisco is in very substantial part an outgrowth of a "sense of guilt" over our attitude toward world affairs after World War I, which the Roosevelt Administration carefully cultivated for years on end. Of course, our "sins" of the 1920s and early 1930s — and being human we have our due quota of transgressions to regret—are of an order quite different from that indicated in New Deal propaganda, and they have very little to do with anything which is taking place in San Francisco today.

But however all this may be, however false impressions and unsound beliefs may have come into being, the attitude of the national Administration, of a great majority of the politicians, including a majority of the so-called opposition party, and apparently of most of the people of this country — if one may judge from what one sees in print and hears on all sides—is very seriously to be regretted. In the first place it is now evident that not a great deal of real consequence will be accomplished at San Francisco. This paucity of real accomplishment may lead to a propaganda campaign designed to disguise this "failure," to make whatever is accomplished appear of far greater significance than is really the case, or it may give rise to a wave of pessimism, ill-will and cynicism in this country which would be all too apt to lead to policies of real isolationism—as opposed to the phony kind against which so much is being said these days — and to other types of action which would do neither the world nor us any great good.

The Essential vs the Incidental

But even in the absence of such developments as this, the whole course of events at San Francisco, including particularly the danger of failure which is at this time quite evident, have tended and are today tending definitely and regrettably to divert thought about the future peace of the world from the essential to the incidental and mechanistic. At the risk of being considered unpatriotic, a "die-hard," or something else unpleasant, we venture the idea that neither agreements reached at San Francisco nor mechanisms there devised will in the years to come be of very much consequence in the determination of the course of world affairs or in the maintenance or breach of world peace. Avoidance of another "World War" within the life span of any of us now living will, in our view, be achieved, if achieved at all, in a wholly different way and rather largely if not wholly independent of the goings on in the West Coast city.

If we may assume that presently Japan will be as thoroughly defeated as was Germany, and that both Japan and Germany will be placed in a position in which they can not again wage large scale war, and kept in such a position for, say, a half century or so, the only danger of war on a world-wide, or even a very large scale within that period will depend first, upon whether the United States, the British Empire and Russia find it possible to live in peace with one another. Indeed, whether or not Germany and Japan are effectively rendered impotent over a long period of years will depend in large measure upon this same thing—the ability of the so-called "Big Three" of this day and time to live in harmony. It is conceivable, of course, that France may recover a world position sufficiently important and influential to be the instrument through which the peace of the world is again shattered sometime during the next half century, but the French, though far from friendly to the British, and certainly now acting in a strange manner upon many occasions, are not likely to be in a position to risk anything in the nature of a major war for a long, long time to come unless they have someone of the Big Three on their side—which would of course mean that somehow, somewhere, the United States, Great Britain and Russia had "parted ways."

It is conceivable, too, that China might rise to such eminence within the next four or five decades and acquire so aggressive an attitude that she could menace the peace of the world directly, but it is obvious that such is not very likely to be the case, and that the real danger in China—granted Japan definitely out of the picture—is that, as has so often happened in the past, the great powers, this time the United States, Great Britain and Russia, will fall out among themselves about "concessions" and other things of value to be obtained from China and from the Chinese. So the matter here, too, comes down in the end to whether the Big Three can get on together through the decades—as it does at almost every point. Let it be carefully observed that the "little wars" which in the past have threatened to become great wars, or even world wars, have acquired their importance by reason of the conflicting interests of great powers in the locality or the issues involved in these (of themselves) minor conflicts.

The Real Factors

Now we venture the suggestion that whether or not the British Empire, the United States and Russia can live peaceably together during the next half dozen decades will be little influenced by any mechanism brought into being at San Francisco—and probably little by any agreement reached in that city. The difficulty being experienced in reaching understandings at vital points simply reflects differences either in interests or in suitable ways and means of protecting these interests. This is wholesome enough in a sense. It reflects a determination not to enter agreements which future conditions would not permit the parties thereto to honor.

But it likewise reminds us that factors far more powerful than mechanism are certain to control the future.

Air War Conference To Show New Technic

The Aviation War Conference of the American Society of Mechanical Engineers, to be held here June 11 to 14 at the University of California at Los Angeles, will bring together in the four evening sessions of the program some of Southern California's outstanding technical men in the aircraft industry. New aircraft techniques and a projection of post war plans for the industry will be discussed in 38 papers at 16 separate meetings. The Conference is under auspices of the Southern California Section of the ASME. Sessions, starting at 7 P.M. each evening, are open to the public.

Dr. Clarence A. Dykstra, Provost of the University of California at Los Angeles, will address the opening session Monday evening, June 11. The Society and the University are cooperating in a Conference as a contribution to the war effort.

Following Dr. Dykstra's address there will be two papers on gas turbines and jet propulsion, both illustrated by films. M. J. Zucrow, Executive Engineer, Aerojet Engineering Corp., Azusa, Cal., will discuss "Jet Propulsion Principles and Rockets for Assisted Take-off." Colonel Homer Boushey, Commanding Officer, 412th Fighter Group, Bakersfield Army Air Field, Bakersfield, Cal., will speak on "Jet Propelled Airplanes."

The meetings on Tuesday evening will be devoted to heat transfer, standards and quality control, rubber and plastics, instruments and regulators, and applied mechanics.

A second heat transfer session will be held Wednesday evening, simultaneously with sessions on management, production, metals engineering and a second meeting on gas turbines and jet propulsion.

On Thursday evening, concluding sessions will take up heat transfer, production, hydraulics, applied mechanics and power plants.

Nor an Ogpu, Either!

(Continued from first page)

feeling that a few were profiting from the sacrifices of the many. We must see that there is no justification for any such feeling, and that is just what we are going to do."—President Truman.

The President, of course, is correct in believing that the American people do not wish either tax evaders or "black market" operators.

But there are other things, too, that the American people do not want. It is to be hoped, they will never have to make the choice, but if they do they will prefer tax evaders to a Gestapo and "black market" operators to an Ogpu.

While we feel very certain that the President intends no inquisition, a good many recent developments suggest the need of such an observation.

Japan's Economic and Industrial Status

Leo T. Crowley, Foreign Economic Administrator, on May 26 made public the following summary prepared by the Enemy Branch of the Foreign Economic Administration on the present economic and industrial power and capacity of Japan in relation to her ability to conduct the war:

Although Japan has suffered severe military reverses and damaging attacks in recent months, her productive capacity is such that she is still able to wage a long war. A large portion of the war industry she had at Pearl Harbor is intact. At that time, Japanese war industry was organized to operate efficiently in the so-called inner zone of Japan proper, Korea, Manchuria and some parts of North China.

In this zone, industries exist capable of producing for many months finished war products, and in addition key raw materials are available for expanded production. More than one-third of Japanese pig-iron capacity, more than 16% of the steel-ingot capacity, nearly 10% of the rolling-mill capacity, more than half of the coke-oven carbonizing capacity are located in Manchuria, Korea and occupied China. In addition, in these areas, a large chemical industry, arsenals, aircraft and synthetic oil plants, all well organized and well staffed, are important contributors to the Japanese war effort.

In the months following Pearl Harbor the area of Japanese military aggresion extended to the East Indies and to Burma. Against the great area occupied by the Japanese, Allied advances have been effective at certain strategic points. The Allies, however, so far have liberated less than seven% of the total of nearly 3,000,000 square miles of conquered territory controlled by the enemy. But we have scored major successes in almost completely cutting Japan off from such raw material resources as rubber, oil tin and fibers that formerly were available to her from the East Indies, Malaya and the Philippines.

Japan, nevertheless, still possesses in her inner zone important raw material resources, substitutes and synthetics. For example, synthetic oil plants were established in Japan proper, Korea, Formosa, Manchuria and China to produce substitutes for natural petroleum, the most critical of the materials from the south. The maximum estimated capacity of these plants in 1944 was more than 21,000,000 barrels of primary oil. With the loss of the major part of her Navy and the reduction of her merchant marine, this quantity may be sufficient to meet requirements for the approximately 2,000,000 tons of Japanese shipping remaining in the reduced area of operations. The loss of the oil of the Indies thus becomes of less importance in terms of maintaining the Japanese war effort.

Similarly, when Japan was cut off from southern areas supplies of bauxite, from which aluminum is made, aluminous ores in Japan and on the continent were developed as substitutes sources of supply. Supplies of the rich iron ore of Malaya and the Philippines have been falling off for many months because of the liberation of the Philippines and transportation difficulties resulting from Allied attacks. These iron-ore supplies are replaced in the Japanese economic war machine by production from newly opened or newly expanded areas in Manchuria and China, and by utilizing, through a new concentration process, the plentiful though relatively poor iron ores in northeast Korea.

With the allied advances in Burma, the available supply of tungsten, lead, zinc and nickel is reduced, but there are stockpiles and other sources of these materials in the inner zone. With the loss of the Philippines, the chrome and copper position becomes more difficult, but not impossible because of substitute metals. Tin and rubber from the south are reported to have been stocked in Japan in quantities sufficient to meet war requirements for many months.

As a result of Allied attacks on the sea lanes to Japan, the rice of Thailand, Burma, now largely occupied by Allied forces, and Indo-China will not be available to the Japanese. This will increase the difficulties of the present short food supply in Japan, but will not seriously interfere with the war effort and will not result in starvation in the inner zone.

Practically the whole of the processing capacity of the Japanese Empire, as well as adequate supplies of raw materials, lies in the inner areas. It is true that in terms of individual industrial centers and plants, bomb damage has been devasting, and many square miles of such cities as Tokyo, Nagoya, Osaka, and Kobe, all vital to Japan's war effort, have been laid waste. Great aircraft planes have suffered irreparable damage; arsenals have been demolished; power plants and marshalling yards have been seriously gutted and disorganized.

To meet this threat from the air, however, Japanese war leaders long ago placed in operation an extensive dispersal program. Plants have been established in secluded localities in some areas protected by ravines and hills, and widely dispersed industries have been developed in Korea, Manchuria and China. In recent months the dispersal program has been accelerated, and in some localities key plants have been put underground.

Private Industry and Home Financing Institutions Can Handle Housing Needs, Eason Declares

WASHINGTON, D. C.—George M. Eason, of Los Angeles, Calif., who took office June 4 as President of the National Savings and Loan League, stated in a message to member savings and loan associations of that trade organization that the government should get out of the business of building homes immediately, declaring that private industry and private home financing institutions can well handle the housing needs of the nation.

George M. Eason

"We must get the Government out of the business of building homes with taxpayers' money," Mr. Eason declared. "There is a plentiful supply of funds in savings and loan associations and other mortgage lending institutions which is more than ample for the largest home building program this country can conceive. There is no sense and no need for the Government to do any more 'housing construction' for persons able to pay for their own shelter."

Taking office at the same time with Mr. Eason, who is President of the Standard Federal Savings and Loan Association in Los Angeles, are the following other officers of the national organization:

Raymond P. Harold, Worcester, Mass., and Curtis F. Scott, New Orleans, La., Vice-Presidents; and John S. M. Glidden, Natick, Mass., Secretary.

The National Savings and Loan League has its headquarters here in Washington where it was stated today that there is a much improved outlook for construction this year. Officials of the League said:

"As it looks now, after discussing the matter with Government officials, there probably will be at least 250,000 homes built within the next 12 months, and if the lumber situation eases, there may be 425,000 homes started or planned for construction in that period.

"Need of the Army for lumber for boxing up its huge supplies in Europe for transfer to the Pacific is the big problem now, but we should know soon how much American lumber will be needed."

The League expects that upwards of 7,000,000 home loans will be made to veterans under the GI Act in the years ahead, and using present statistics as a gauge, estimates that savings and loan associations will make the bulk of these loans. Up to the present time, official figures of the Government show that the associations have made all but a fraction of the home loans approved by the Veterans' Administration.

Airplane Production Cuts Announced by War Dept

Airplane production cutbacks, announced by the War Department, according to advices from Washington to the New York "Times," May 25, will reduce scheduled output over the next 18 months by 17,000 planes. Effect of the cutbacks will be to reduce output in the last half of this year 30% below the first half year; the shrinkage will amount to 40% in the first half of 1946 and 45% in the latter half. The New York "Times" continued the report by stating:

"Decreased requirements because of revisions in lend-lease, brought about by the cessation of hostilities in Europe, are responsible for a substantial percentage of the new production schedule changes," the Army said, adding:

"The remainder of the cutback came from reduction in Air Force requirements for a one-front war. Until the termination of the war in Europe it was impossible to assess accurately how many planes would be available for further fighting."

In a message to aircraft manufacturers and workers, Gen. H. H. Arnold, Commander of the Army Air Forces, praised the industry for furnishing "the planes we asked when we asked for them."

"And you well know the vital part those planes played in winning the war in Europe," he said. "Now, tactical and strategic requirements are changed. Our attrition rate in Europe decreased as the Luftwaffe was destroyed, so many of the planes that fought in Europe will fight again against the Japanese.

"We do not propose to ask for more aircraft than are necessary for successful prosecution of the war. We are, therefore, cutting back production where possible consistent with our goal of winning the war as quickly as possible with a minimum loss of life."

Most of the country's principal aircraft manufacturers were affected in the order, which also emphasized the need for larger planes for use against Japan. For example, production will be centered on the Superfortress B-29, rather than on the other bomber types. Fighter and cargo ships remaining in large production, the Army said, will be those of the long-range types suitable for the Pacific war.

The financial saving involved in the production cuts was not disclosed by the Army, but estimated by other government sources at $4,000,000,000, according to a Washington Associated Press dispatch of May 25, which added:

Combined with a previous aircraft reduction ordered April 18, these sources said the cut amounted to at least 30% on an annual basis. Yearly outlays for aircraft have been running about $15,000,000,000. Applying the 30% to this would give a figure of $4,500,000,000.

Detailed manpower figures were lacking, but War Manpower Commission officials estimated that the cuts would take some 200,000 workers off aircraft plant payrolls by the end of the year in a dozen cities. The number was called an estimate on the basis of incomplete information.

Both Army and production sources emphasized that most of the cuts are on a tapered basis, so that layoffs will be more or less gradual.

One efect of the reduction in plane output will be the release of vast quantities of aluminum, which presumably can go into civilian gods. Another item will be considerable amounts of high-grade steel no longer needed for aircraft. One production source said the release of steel might run to 50,000 tons in the last half of this year.

The revised schedules for individual model planes, according to the above mentioned New York "Times" advices, are as follows:

Boeing B-29—"Production will increase for several months and will be sustained substantially above the present rate of output."

Consolidated B-32—"Production at the Fort Worth Consolidated plant will be leveled off at the current rate for the remainder of 1945, and will terminate at the end of the year. At the San Diego Consolidated plant production will end with this month's output."

Douglas A-26—"Production at the Long Beach, Calif., facility will continue at approximately the present level. At the Tulsa plant production will taper off and terminate by Jan. 1, 1946."

Bell P-63—"Two types of the P-63 are produced at Buffalo, one the regular fighter, and the other a craft to be shot at with frangible bullets, used in training of pilots and gunners.

"Production of the regular fighter will be cut substantially by July and eliminated by Sept. 1. Production of the P-63 equipped with target indicator devices used for training will continue virtually unchanged for the remainder of the year, and on a reduced schedule through the first half of 1946."

Douglas C-47 — "Production of this cargo plane at Oklahoma City will taper gradually until December and continue during 1946 at a rate approximately half that originally scheduled."

Beech C-45—"Made at Wichita, Kan., this plane will continue in production with little change until fall, when the output will begin tapering and continue into 1946 at approximately half the scheduled rate."

Curtis C-46 — "Production at the Louisville plant will end with June's output. The St. Louis plant will terminate final production after June deliveries and resume output of parts only. After June, the C-46 will be produced only at the Buffalo plant, where the output will continue unchanged through June, decline in July and August, and level off at approximately two-thirds of the current schedule rate."

Some B-17's Will Be Made

Boeing B-17—"This plane now is produced at two plants, Douglas at Long Beach and Lockheed at Burbank, Calif. Production at the Douglas plant, where 50% cutback already had been planned, will be tapered further and stabilized by August at approximately one-quarter of the current rate. Lockheed will halt B-17 production in August."

Lockheed P-80 — "Production will continue unchanged at the Lockheed Burbank plant. North American had planned production on the P-80 late in 1945 at its Kansas City plant. Production at Kansas City has been cancelled."

Lockheed P-38—"Production on the P-38 originally had been scheduled to end by 1946. Under the revised schedule, Lockheed will taper P-38 production to zero by November. Consolidated, at its Nashville plant, will terminate production after June."

It was disclosed that new production schedules for propellers and engines also are being prepared.

Censorship Rules Relaxed

Allied censorship regulations have been sharply revised to permit broadest coverage of post-war news from Europe and a general relaxation of news control insofar as military security in the war with Japan permits, the Associated Press reported from Paris, May 31.

Broadly, the instructions call for censorship on only three principal points:

Major troop movements, including the identification of units moving directly to the Pacific or destined for movement to the Pacific, their estimated strength and the like.

Details connected with major troop movements. In addition to routes and method of transportation, it includes hitherto undisclosed tactics and methods and equipment, Allied or German, that might be used against Japan.

Matters of high military importance that may require reference to the Supreme Commander.

"Full Employment" Bill Supported by Fred M. Vinson, War Mobilization Director

War Mobilization Director, Fred M. Vinson, has expressed his full support of legislation designed to alleviate unemployment in the post-war period through a partial planning by Government of jobs and production, according to advices to the New York "Times," from Washington June 3.

The following is the text of the letter, as given by the New York "Times," addressed by Mr. Vinson to Senator Robert F. Wagner (D.-N. Y.), Chairman of the Senate Banking Committee, who is cosponsor of the proposed bill:

This is in response to your letter of April 9, concerning S. 380, a bill "to establish a national policy and program for assuring continuing full employment in a free competitive economy through the concerted efforts of industry, agriculture, labor, State and local governments, and the Federal Governments."

Next to a speedy and complete victory over Japan, a steady, well-paid job after the war is first in the minds and hearts of most Americans. The war has demonstrated that our economic system can provide jobs when demand for its product exists. It has done more. It has opened the eyes of all of us to the vast productivity of which American labor and the American genius for organization and management—working as a team—are capable.

But these jobs—this productivity—has been achieved in wartime through the creation of an unlimited market by the Government. To reach and maintain high levels of employment and a steadily rising standard of living in peactime will call for a program suited to peacetime conditions and needs. In this program business, agriculture, labor and local, State and Federal Governments must all play their parts.

We know we have an abundance of resources, plant, manpower and managerial know-how to produce a standard of living far higher than anything we have ever known. Likewise, we know that we have unfilled needs in America so diverse and so great as to challenge the capacity of even the greatest producing nation on earth.

But needs are not demands, in the economic sense. People must have steady income and they must want to spend their income before needs become demands and people become customers.

Business management, large and small, has a great opportunity and a great challenge to help create these steady incomes, and to actuate demand by expanding their businesses, offering better goods and services at attractive prices. Labor and agriculture through their efforts to increase production per man-hour can contribute importantly to higher incomes and a higher stand of living.

But history shows us that business, labor and agriculture cannot in themselves assure the maintenance of high levels of production and employment. The Government, acting on behalf of all the people, must assume this responsibility and take measures broad enough to meet the issues. Only by looking at the economy as a whole, and adopting national economic policies which will actively promote and encourage the expansion of business and the maintenance of markets and consumer spending, can we hope to achieve full employment.

S. 380 recognizes this responsibility of Government and seeks to provide a definite vehicle for the Congress and the President to measure the size of the employment need of the country and to provide specific programs for meeting it.

It would be idle to pretend that it will be easy to reach and hold full-employment levels. It would be folly, on the other hand, to pretend that it is impossible. The American people will not be content to go back to protracted large-scale unemployment. It is imperative that we find ways and means to provide jobs for those willing and able to work. Depressions are not acts of God, any more than wars are. They are the product of our man-made institutions and the way we organize our society. We can and must organize to prevent both.

We must be prepared to make changes. At the same time, we must be jealous of any encroachment on our freedoms. National economic policies must not be allowed to develop into regimentation of business, or labor, or agriculture, nor of the people. Direction of private output by public authority in peacetime is repugnant to American ways of thought. Instead the maximum possible freedom must be afforded every producer to produce what he wishes, in the amounts for which he can best find a profitable market. Given an adequate market, our producers will supply the goods and the employment. We can be sure of that.

We cannot, however, leave the creation of that market to chance. We must start now to find out what measures are needed to maintain markets and steady jobs.

S. 380 does not profess to present a fully conceived program for the achievement of full employment. It is the necessary first step from which a full dress program of economic policies to promote the well-being of our free competitive economy will stem.

As a former member of Congress, I have certain general reactions to the bill. I regard it as desirable that such a bill should limit itself to providing the machinery to be followed to assist in arriving at national policy and full employment, rather than attempting to specify in advance policy measures to be used to meet future conditions.

I believe it wise to leave to the President full discretion in the matter of preparing estimates of the "national production and employment budget."

And I regard the consideration of proposed measures by a Congressional joint committee, which can analyze the interrelationships between the various matters of special concern to the House and Senate committees represented, as an important step in the process of preparing national policy to maintain full employment.

I heartily endorse the purposes and principles of the bill.

House Votes to Reduce Gold Requirements

Legislation reducing from 40 to 25% the requirements of gold reserves to be held by Federal Reserve banks against Federal Reserve notes in circulation was passed by the House, the Associated Press reported from Washington, May 31.

The bill also reduces from 35 to 25% the gold required behind the deposits in Federal Reserve banks.

This is necessary sponsors of the legislation said, because of the large increase in outstanding Federal Reserve notes owing to expanded business activity and needs for currency.

The action has no effect whatever on the gold content of the dollar, the bill's proponents said. The Senate has passed similar legislation, with some different language, which must be adjusted before the measure goes to the White House.

Keynes Contrived International Monetary Scheme

(Continued from first page)

"Five shall be elected by the members not entitled to appoint directors, other than the American Republics; * * *.

"Two shall be elected by the American Republics not entitled to appoint directors."

The United States' member on the Board of Directors would have the same proportion of voting power as the member on the Board of Governors, 28% as now projected and less later if new members are taken in.

John Francis Neylan in "Analysis of The Bretton Woods Agreement states:

"In all likelihood the board of 12 Executive Directors will consist of one United States director, a minimum of two and probably three British, a minimum of one Soviet and probably a Soviet sponsored director, one representing each of the Belgian, Dutch, and French Empires, two representing American Republics, and one representing China.

"This is the board which will govern the Fund and select the Managing Director, who will hire and fire the staff of the Fund, conduct the ordinary business of the Fund, and hold office at the pleasure of the Board of Executive Directors.

"Let us not speculate on the nationality of the Managing Director, but is it not permissible to speculate on what Lord Keynes meant when in addressing the House of Lords on the subject of management of the Fund he said 'that is perhaps a little better than appears' "?

Morgenthau's and Bretton Woods' Proposals for Appointing Voting Power Among Member Countries Compared to a Similar Provision in Lord Keynes' Clearing Union.

Fig. 14

Keynes' Clearing Union (Preface)

"Management of the institution must be genuinely international, without preponderent power of veto or enforcement lying with any country or group."

Fig. 15

Bretton Woods

The United States would have 28% of the voting power, the British Empire 25%, the Soviet Union 12.25%, etc.

It should be mentioned in connection with this Exhibit that the relative proportions of voting power between the United States and the United Kingdom, as provided in the proposals, should not be taken as representing the same proportionate amounts of influence the two countries would have in formulating policies.

Lord Keynes in setting up the formula no doubt had in mind the preponderantly greater influence which the British would exert in the Fund's operations by virtue of their richer experience in and more abundant facilities for the handling of international trade and finances which they possess.

Debtor countries would be in overwhelming control of the resources of the Fund. Great Britain being by far the most important debtor country, from the standpoint of world trade, would largely dominate the policies having to do with their disposition.

Furthermore, the very close tie-in which Great Britain has with many other countries through the sterling bloc and her bilateral trade agreements, and, because of the common interest in foreign trade such arrangements engender, would place her in an advantageous position to influence the conduct as well as the votes of those countries.

The United Kingdom has bilateral trade and currency agreements with Sweden, Brazil, Argentina, Turkey, Spain, Hungary, Portugal, Egypt, Belgium, Defense Committee of National Liberation, Bolivia, Peru, Norway, Uruguay, Roumania, Chile, Paraguay and Greece.

Robert H. Patchin in "Dissenting Statement" on "A Statement by the Committee on International Policy, National Planning Association," throws much light on the amount of power over the Fund's operations Britain would likely wield through her bilateral trade and currency agreements and her sterling area set-up. He says:

"In general, the other parties to these agreements argeed to accept payment for their exports to Britain or other countries in the sterling area in pounds sterling which can be expended only within the sterling area and cannot be converted into dollars or the currency of any other countries outside the sterling area except by special permission.

"Quite recently new agreements have been made by Great Britain with some of the foregoing, including Sweden and additional agreements made by Great Britain with France, Belgium, Holland and Egypt, while negotiations are reported with Turkey and others. Full details are lacking but it appears that in varying degrees they limit sterling balances to use in the sterling area except by special permission.

"The sterling area consists of the British Dominions (except Canada and Newfoundland), the Empire and British mandates and protectorates. With the bilateral agreements there has thus been created a network of managed exchange control covering about 40% of the earth's surface, cutting across the multilateral channels in which international commerce formerly moved on a non-discriminatory basis which it is the professed purpose of the Fund to restore. As a wartime policy little objection has been offered, but, apparently, this network of exchange control or exchange controls under any flag can be continued for so long a transitional period as possible to become an established order tending to draw other nations into similar practices for their own protection.

"The 'sterling area' is not a policy which may hereafter be adopted. It exists today and is being extended and the exchange restrictions thereunder are being increased and diversified. As a post-war policy it would substitute a vast regional management of exchange for multilateral trade relations, and controlled bilateral barter for free multilateral commerce. It would apparently work against exports of the United States to countries which habitually had sterling balances which in part they converted into dollars needed to pay for their purchases in the United States."

Still another important factor relating to the control of the Fund should be taken into consideration, namely the blocked sterling balances, 12 to 14 billion dollars owned by Britain's dominions and colonies, Egypt, European and South American countries. This would become an additional powerful means for aligning those countries on her side in the shaping of the policies of the Fund.

Need we specially give thought to the great amount of control Great Britain would likely wield in the operations of this one-sided scheme when we reflect upon the powerful influence she is already exercising over our Government?

Bretton Woods Proposal for Authoritarian Control of Capital Transfers and Currency Transactions Compared to Similar Proposals by Lord Keynes in his Clearing Union Scheme.

Authoritarian restrictionism of capital movements and currency transactions is of the essence of Lord Keynes' Clearing Union plan and also of the so-called Bretton Woods Fund Proposal. Let us consider first the proposals in the two plans for the control of capital transfers. In Lord Keynes' Clearing Union Plan we read:

"For these reasons it is widely held that control of capital movements, both inward and outward, should be a permanent feature of the post-war system." Art. VII, Sec. 33.

The Bretton Woods Proposal provides that:

"A member may not make use of the Fund's resources to meet a large or sustained outflow of capital, and the Fund may request a member to exercise controls to prevent such use of the resources of the Fund." Art. VI, Sec. 1 (a).

"Members may exercise such controls as are necessary to regulate international capital movements, but no member may exercise these controls in a manner which will restrict payment for current transactions * * *." Art. VI, Sec. 3.

Lord Keynes, in his Clearing Union Plan, devotes an entire chapter to controlling capital movements. The Government of the United States is now pursuing a policy of consciously encouraging the export of capital. So this cannot be an American problem.

To make this control effective would require "the machinery of exchange control for all transactions, even though a general permission is given to all remittances in respect of current trade." Not only is this machinery necessary in the country desiring it but in that not desiring it as well. Unilateral action would be inadequate. Only by the control of capital movements *"at both ends."* Lord Keynes here suggests that the United States should set up exchange control machinery similar to that of the British exchange control, which "has now gone a long way toward perfecting."

Capital transfers may be effected by exporting gold, currency, commodities or services. To effectively prevent outward movement of capital requires total control of all international transactions whatsoever, censorship of mails, telegrams, telephone calls, cablegrams. Foreign travel must be restricted. Persons wishing to travel abroad must be searched. Restrictions on exports through licensing must be required.

Would the United States provide the bureaucratic machinery that would be necessary "at both ends," to successfully prevent the importation of capital from Britain and other countries which might be able to evade their authoritarian guards? Would not the United States be morally obliged to provide the army of supervisors, inspectors and policemen to accommodate those countries and Great Britain in particular? And if she failed to do this, what would become of the much vaunted international cooperation of which we hear so much from the proponents of the scheme?

Lord Keynes' Clearing Union Plan provides for "transitional arrangements" and contemplates unlimited control by member governments of all "dealings in foreign exchange after the war for a period sufficient to ensure that foreign exchange resources are devoted primarily to imports which this country (Great Britain) requires in the national interest, and probably for a longer period, * * *." (Art. X, Clearing Union Plan, and Sir K. Wood's speech in the House of Commons May 12, 1943.)

Government over-valuation of currencies, discriminatory currency arrangements, multiple currency practices, blocking of currencies, indeed every irregular currency device used by Nazi Germany is part and parcel of Lord Keynes' plan. Legal color and respectability would be given to all of these illicit arrangements and procedures for an indefinite period of time.

Bretton Woods provides for identically the same things—complete control by member governments of foreign exchange transactions—blocking and rationing of currencies, (Art. VII, Sec. 3, 4); discriminatory currency arrangements or multiple currency practices, (VIII, 3); restrictions on payments and transfers for current transactions, (XIV, 2), and rigid control of foreign exchange rates (IV, 3).

To maintain an arbitrarily fixed rate of exchange and suppress black market operations in privately operated foreign exchange markets, the scheme proposes to abolish these and substitute therefor political ownership and control of such markets. This is what is planned. The New York "Times" of Feb. 10, 1945, quotes Mr. Henry Morgenthau, Secretary of the United States Treasury, as saying that:

"It has been proved, as far as I am concerned, that people in the international banking business cannot run successfully foreign exchange markets. It is up to the governments to do it. We propose to do this if and when the legislative bodies approve Bretton Woods."

As has already been shown, the Fund is not intended to give any currency intrinsic stability. This was frankly admitted before the Committee by Professor O. M. Sprague, undoubtedly by far the best informed witness favoring Bretton Woods. What the Fund would actually do, if it operated according to plan, would be, not to stabilize currencies, but by authoritarian means peg some foreign exchange, principally in terms of the United States dollar, at a greatly overvalued rate.

The par value of the currency of each country would be that which prevailed on the 60th day before entry into force of the agreement. It is provided that the Fund may go into operation any time after May 1, 1945. It is expected that, should the Congress pass H. R. 2211, it will begin functioning soon thereafter.

This means that the par value of the currency of each country would probably be that which prevailed before the close of hostilities or not long thereafter. What this would signify can be realized only by considering the weakness of most of the currencies throughout the world during the years following the other World War. As is well known, there were but few currencies which did not appreciably decline in value and some became wholly worthless during the first few years after the war. A glance at the exchange rates of the currencies commonly listed will show that there has been a more or less general depreciation, in many cases to a marked degree, during the entire period from the close of World War I until the outbreak of the present war.

The United States would be obligated to enforce compliance with the official ceiling price on the dollar, as provided in Art. IV, Section 3. Assuming that American prices were to remain somewhere at their present level, good dollars, dollars whose purchasing power in terms of American goods was stable, would sell for foreign currencies which had been overvalued in the first place and whose value was constantly declining. To the extent that foreign currencies were overvalued the procedure would be one of giving our goods away, for we should constantly bear in mind that the dollars we lent would not be paid back to us. Only by taking the goods of foreign countries could we receive any compensation for the goods they bought with the dollars we supplied them.

Now the maintenance of the value of the pound sterling in terms of, say, the dollar, as the war comes to a close and for an indefinite period thereafter, will most likely present to the British a problem of the first magnitude. The rate of exchange between dollars and pounds has been about $4 equals 1 pound since 1942. But this is a government fixed rate and is, therefore, wholly artificial. What the pound sterling would fetch in a free market is, of course, impossible to say, but certainly considerably less, as experience has shown.

So it would be a pretty nice thing for Great Britain to have a "Fund" which she could use to keep the pound sterling overvalued in the dollar exchange market, while at the same time retaining all of her wartime currency restrictions and special arrangements with the sterling area and the many countries with which she has bilateral trade agreements. As though giving to such procedure legal color could alter their irregularity.

Lord Keynes in his speech before the House of Lords, May 23, 1944, gave a summary of the concrete benefits that would accrue to his country from the scheme. "I can best occupy the time available," he said, "by examining the major benefits this country may hope to gain from the plan; and whether there are adequate safeguards against possible disadvantages." "What, then," he asks, "are these major advantages that I hope for from the plan to the advantage of this country?" He then elaborates the following:

First, retention of wartime restrictions and special arrangements with the sterling area which are helpful to Great Britain "without being open to the charge of acting contrary to any general engagements into which we have entered."

Second, restoration and maintenance of London as the world's financial center.

Third, provide a great addition to the world's stock of monetary reserves, distributed in a reasonable way in the form of "quotas" not so large as under the Clearing Union but substantial in amount and subject to being increased subsequently if the need is shown. The aggregate of the world is put provisionally at 2,500,000,000 pounds. Britain's share of this is to be 325,000,000 pounds, "a sum which may easily double, or more than double, the reserves which we shall otherwise hold at the end of the transitional period."

Fourth, give Great Britain under Article VII of the Fund Proposal a large measure of control over our foreign trade and tariff policies.

Fifth, "The voting power of the British Commonwealth and that of the management will be in three tiers — a body of experts, whole time officials who will be responsible for the routine; a small board of management which will make all decisions of policy subject to any overriding instructions from the Assembly, an Assembly of all the member governments meeting less often and retaining a supervisory, but not an executive, control. That is perhaps even a little better than appears.'

"Here," said Lord Keynes, "are five advantages of major importance. The proposals go far beyond what, even a short time ago, any one could have conceived of as a possible basis of general international agreement. What alternative is open to us which gives comparable aid, or better, more hopeful opportunities for the future?"

"But," said Lord Keynes in his speech before the House of Lords, May 18, 1943, "if, in the event our trust should prove to be misplaced and our hopes mistaken, we can, nevertheless, escape from all obligations and recover our full freedom with a year's notice. I do not think that we can reasonably ask any completer safeguards than that."

Indeed! By shrewdly remaining debtor Great Britain could withdraw from the Fund at any time and, of course, escape from all obligations and recover her ull freedom. But what about the United States? She, too, could withdraw, but could she do so without heavy loss? Since she would contribute the vast bulk of the valid assets, how would her account stand if she were to do so? Great Britain could withdraw without hardly causing a ripple in the Fund's operations.

But if the United States were to withdraw, the whole ship would sink, we would be branded as "Uncle Shylock" and blamed for whatever troubles, wars and rumors of wars not excluded, the member countries individually and severally might be experiencing at the time and perhaps long thereafter.

Just a few words respecting the so-called post-war or transition stage.

Lord Keynes in his Clearing Union Plan provides for "The Transitional Arrangements," and Bretton Woods for a "Transitional Period." Neither places any time limit on what this would be. That would be left to the Fund to determine.

How long did the transitional period last following the other war? Did it ever end, or are we still in it? Surely it has not ended if the condition of world currencies and trade practices is any criterion by which to judge the case. Have these not progressively deteriorated since the end of the other war until this very moment?

Government printing presses all over the world have been running in high gear since 1918 turning out irredeemable or fiat currency. Almost every conceivable sort of currency debauchment has progressively increased since the other war with a corresponding loss of property, that is, human, rights, everywhere.

To Lord Keynes the transitional period, which he says is "of uncertain duration," means the retention by his country of the devices for manipulating currency transactions, sterling area arrangements and bilateral trade agreements and other discriminatory practices. It is folly to assume that if Great Britain needs these contrivances to live in the post-war period that she would give them up later. Being authoritarian procedures, they would feed upon themselves, become intensified and permanent. The idea of a transitional period is illusory.

Lord Keynes contrived every substantative provision of this international monetary scheme. The evidence to that effect is complete. Mr. Henry Morgenthau and his experts are a front and Bretton Woods is a show.

Editor's Note—The foregoing is the concluding portion of Congressman Smith's article, the previous parts having appeared in our issues of May 24 and May 31.

In WLB Post

The National War Labor Board announces the appointment by President Truman of Lee H. Hill, a vice-president of the Allis-Chalmers Manufacturing Co., as principal industry member of the WLB, a report from Washington stated on May 26.

Hill had been an alternate industry member. He succeeds James Tanham, New York, vice-president of the Texas Co., who recently resigned from the board to devote more time to private business.

Mr. Truman shifted S. Bayard Colgate of New Canaan, Conn., chairman of the board of directors of the Colgate-Palmolive-Peet Co. of New Jersey, and Fred W. Climer of Akron, Ohio, assistant to the president of the Goodyear Tire and Rubber Co., from substitute to alternate industry members.

Colgate and Climer will fill vacancies created by Hill's elevation and the recent resignation of Walter T. Margetts, who has been named chairman of the New Jersey State mediation board.

Experts to Control German Industry

The Allied Control Council has appointed R. J. Wysor, former President of Republic Steel Corporation, who resigned that post on May 9, to supervise metallurgical operations in Germany and to put into operation the control, dismantling or removal from Germany the steel mills, the Associated Press reported from Paris, May 26.

Wysor was among a group of leading American civilians and Army officers appointed to help carry out the policies of American and Allied authorities in controlling Germany's economy. Supreme Headquarters said an economic intelligence division will make sure that "Germany's war-making powers are eliminated in such a way they cannot be revived in secret preparations for another war."

Dr. Calvin B. Hoover, of Durham, N. C., Dean of the Duke University Graduate School, was named to head the intelligence group for the Allied Control Council, Lieutenant General Lucius Clay, General Dwight D. Eisenhower's representative on the council, announced. Dr. Hoover also will be special advisor to Brigadier General William H. Draper, chief of the economic division.

"Plants which cannot be converted to production of essential civilian goods will be destroyed," Clay said.

Other tasks confronting the group will be destruction of German laboratories and research institutions in which V-bombs, rocket planes and other weapons were created. All future research will be carefully controlled.

Other experts named to the group by Clay are:

Edward S. Zdunek, formerly General Motors Corporation head at Antwerp, to supervise the engineering section.

Philip Gaethke, of New York, to direct all mining operations in the American occupation zone. Gaethke formerly was connected with the Anaconda Copper Company and was manager of its smelters and mines in Upper Silesia before the war.

Philip P. Clover, of New York, as chief of the oil section of the fuel and mining branch. He formerly was representative of the Socony Vacuum Oil Company in Germany but since the war has served the State Department as petroleum attache in Central and South America.

Dr. W. O. Snelling, of Allentown, Pa., consulting chemical engineer. He is an authority on explosives and holds more than 100 patents on explosives and chemical products.

Laird Bell, a Chicago lawyer, chief counsel for the economic division.

Lloyd Steers, former agricultural attache for the American Embassy in Berlin and an authority on German agricultural problems, to be special adviser to Draper on food and agriculture.

Colonel James Boyd, of Denver, of the Colorado School of Mines and a War Department adviser on WPB materials, to be chief of a branch to control industrial production.

Peter Hoglund, on leave from General Motors and an expert on German production, to be Colonel Boyd's deputy.

Colonel Maurice R. Scharff, former assistant director of the production division of the Army Service Forces, to head the requirements and allocations branch and to pass on raw materials and components permitted the Germans.

Treasury Trade Rules

The Treasury Department on May 29 amended its trading with the enemy regulations by removing from the category of "enemy territory" the following countries: Albania, Austria, Czechoslovakia, Danzig, Denmark, the Netherlands, Norway and Yugoslavia.

Today's action, constituting an amendment of General Ruling No. 11, paves the way for the orderly resumption of commercial communications with the liberated areas. Treasury licenses will not be needed for the transmission of messages of a financial, commercial, or business character which are limited to the ascertainment of facts and exchange of information. However, communications which constitute or contain instructions or authorizations to effect financial or property transactions will continue to require Treasury license. Attention was directed to General Licenses Nos. 72A and 89, which authorize certain transactional communications relating to patents and the protection and management of property located within foreign countries.

It was stated that remittance facilities to many of the areas are not yet available. When these facilities are established, General Licenses Nos. 32 and 33 will permit the sending of support remittances up to $500 a month through banking channels. Under Public Circular No. 28, which was also issued today, these general licenses will not apply to Austria, however. The restrictions on the use of currency, money orders, checks and drafts for remittances still remain in effect for all the liberated areas.

Lower Incomes May Ease Food Shortage

The likelihood that changes in industrial employment may have an easing effect on the critical food shortage in the country is being considered by food officials in their plans for sending food supplies to the needy European nations, the Associated Press reported from Washington, May 31.

Agriculture Department economists say that reductions in military output now taking place should tend to reduce consumer incomes. And smaller consumer buying power should be reflected, they add, in a some what reduced demand for food.

Similarly, the report states, as industrial reconversion gains momentum and is able to put larger quantities of non-food items on the market, there will be a tendency, the economists say, for consumers to divert money from food to other items coming back into production.

Consumption and demand for food during the war have been at record levels largely because of two facts: (1) civilians had more buying power than ever before, and (2) they tended to concentrate their buying in food markets, because such items as automobiles, radios, refrigerators and the like were not available.

It is too early to hazard a guess how much effect war material cutbacks and re-established peacetime production will have on food demand during the all-important next sixteen months. Certainly, there is every prospect that all the food that can be produced will be needed.

Officials emphasize, however, that any considerable reduction in the national income, due to exwar workers taking jobs at less pay, should tend to weaken food demands. Black markets in particular could be expected to suffer.

Army Drops Nurse Draft

Legislation to draft nurses is to be dropped since Robert P. Patterson, Acting Secretary of War, has assured the Senate that the end of German resistance and increased recruitment of nurses had eliminated the need, the Associated Press reported from Washington, May 26. Mr. Patterson wrote, "The response of the nurses to the appeal of the Army Nurse Corps has been most patriotic".

Murray, CIO Head, Wants Labor Delegates to Help Solve World Problems of Reconstruction

Exchange of labor delegations to help solve world problems of reconversion and reconstruction was suggested by CIO President Philip Murray in a letter to trade union leaders of Britain, France and the Soviet Union made public on June 4.

"If we are to enjoy a peaceful and prosperous post-war, the contribution of organized labor toward the solution of these new problems must equal that of organized labor made during the war," Murray wrote.

"In this connection, I believe it would be of invaluable assistance to the leaders and members of the CIO to have the opportunity of meeting with the representatives of your organization for the purpose of exchanging views and information."

The letter was sent to Sir Walter Citrine, General Secretary of the British Trades Union Congress; Louis Saillant, Secretary of the Confederation Generale du Travail (France); and Vaeili Kuznetsov, Chairman of the All Union Central Council of Trade Unions, USSR.

Text of the letter follows:

"With the decisive defeat of the Nazi military forces in Europe, many immediate and severe problems arise relating to reconversion and reconstruction.

"If we are to enjoy a peaceful and prosperous post-war, the contribution of organized labor toward the solution of these new problems must equal that which organized labor made during the war. In this connection, I believe it would be of invaluable assistance to the leaders and members of the CIO to have the opportunity of meeting with the representatives of your organization for the purpose of exchanging views and information.

"I therefore take this opportunity of suggesting that, at an early date and subject to your convenience, our respective organizations exchange delegations. I am certain that in this manner our organizations will be materially assisted in developing a common program for the solution of our mutual problems.

"I also wish to express to you at this time my very deep gratification at the very successful outcome of the conference of the Administrative Committee in Oakland, Calif., and am looking forward to an equally successful convention of the World Trade Union Conference in Paris in September."

Consumer Credit Rules Amended by Fed. Res. Bd.

The adoption by the Board of Governors of the Federal Reserve System of an amendment (No. 16) to its Regulation W, relating to consumer credit has been made known by the Board. The changes take effect June 11. They do not affect the regulation as a whole but relate almost exclusively to transactions for financing the purchase of materials, articles, and services used in repairs or improvements of residential property. In its advices under date of May 22 the Board said:

"The purpose of this amendment, notwithstanding the fact that it makes certain changes of detail in down-payment and maturity requirements, is essentially administrative. It reflects no change in the Board's consumer credit policy or in the place of consumer credit regulation in the Government's anti-inflation program.

"Under the amendment no credit transaction in the home-improvement field is any longer exempted from the regulation by reason of the way in which it may be secured, the area in which it may be located, or the type of job to which it may relate. For all such credit transactions, if they relate to residential property and are not over $1,500, a length-of-contract requirements is prescribed, but no down-payment requirement is prescribed for any of them. The maximum maturity may not hereafter exceed 18 months except that for certain 'fuel conversation credits' extended during the next five months the maximum maturity may be 24 months. Heretofore some such transactions have been altogether exempt, some have been subject to a maturity limitation of 12 months, and others have been subject to both a down-payment requirement of one-third and a maturity limitation of 12 months.

"The amendment also contains some technical provisions which relate to so-called 'summer plans' for specified home-improvement items and others which relate to the exemption for 'disaster credits.'"

Britain Relaxes Labor Controls

The British Labor Ministry has announced a relaxation in its controls under a revised order reported from London to the New York "Times" on May 28. Persuasion instead of direction is said to be the keynote of the new order, which is intended to cover the period between the end of the war in Europe and the defeat of Japan.

While the original essential works order, which directs labor into war or essential civilian industries, will still apply to men between eighteen and fifty and women between eighteen and forty, there will be many modifications. The upper age limits may be lowered from time to time as circumstances permit and employers no longer will have to apply for deferment to retain the services of men born in or before 1914.

Among the categories now free to take what employment they choose are:

(1) Former service men and women, when exercising reinstatement rights with their former employers or during periods of paid leave following release from the services.

(2) Executives and managers described in the order as "salaried officials in charge of departments, works contracts or offices."

(3) Women living with children of their own under the age of 14.

(4) All persons in part-time employment.

(5) All agricultural workers and fishermen.

Apart from the continued direction into munitions work and building projects, the controls will continue because of the scarcity of manpower in the following professions: chemists, metallurgists and physicists, pharmacists and dispensers, nurses and midwives, radiographers and physiotherapists.

The Labor Ministry hopes that the power of direction can be left in the background and that compulsion can be brought within narrow limits. Direction will not be used so long as the new control order smoothly effects the necessary reallocation of labor.

Post-War Aviation Control

(Continued from first page)

each type of facility should be used where it is best suited to the requirements of traffic—*where it can perform the most efficient service at the lowest rates.*

Notwithstanding the controlling influence of existing and *potential* private transportation, Congress persists in regulation which compels competition between *types of common-carrier facilities*—between ships, trucks and planes operating over basic "road beds" owned by the Government, and railroad trains operating on the privately-owned rights-of-way of such carriers.

6. That competitive common-carrier *systems* of transportation be granted the use of the public domain on the same terms and conditions as private carriers.

Sound regulatory practices may reveal that many carriers can best serve the public interest as they are now constituted—that carriers independent of such systems should be continued. However, their sources of private capital should not be restricted. Common ownership with other forms of transport should be encouraged. Every possible inducement should be afforded them to effectuate joint arrangements either by contract or ownership which would (1) result in improved services; (2) strengthen the credit structure of the carriers involved; (3) avoid wastes, and (4) decrease costs.

It is because we believe that some features of the Civil Aeronautics Act of 1938, as it stands at present, or as it is interpreted by the courts and the Civil Aeronautics Board, would be an obstacle to bringing about such a revision of national policy as the Transportation Association recommends, that we are here suggesting amendments in addition to those presently covered by HR 674.

Three Specific Amendments

These recommendations, of course, involve legislation much beyond that under consideration by your committee at this time, but it will be seen, gentlemen, that the three following specific recommendations for amendment are germane to HR 674 and deal, fundamentally, with important aspects of an airport expansion program:

1. That all discrimination against the ownership and operation of airlines by other types of transportation agencies be abolished, and abolished with such definiteness of phraseology that there can be no misunderstanding on the part of any board, bureau or court as to what is the intent of Congress.
2. That regulation of all types of common carriers be centralized in a single, reorganized Federal agency reporting directly to Congress.
3. That the Federal Government exercise, in the interests of the taxpayers, State and municipal as well as Federal, a closer supervision than is the apparent practice now, of the contracts entered into by airport operating authorities with the users of airport services, and that specific directions to this end be incorporated among the amendments contemplated by HR 674.

Need for Investigation of Transportation Problem

The Association had hoped that the above three recommendations together with other important problems concerning the development of air transport and the relationship of that industry to other aspects of the transportation problem might have been thrown into the hopper of a general investigation of the whole transportation problem.

We realize, however, that you are faced, particularly in view of our victory in Europe and the possibility of an early victory over Japan, with a pressing necessity to formulate immediately an overall airline development program. We are not, therefore, suggesting that you delay action on this very important program which you are considering, but we do suggest—in fact, we strongly urge—that you take immediately the necessary preliminary steps for a thoroughgoing inquiry into the transportation situation as it involves all forms of transport—airline, surface and waterway.

What is so loosely and glibly described as our "transportation problem" has so many facets and reaches so deeply into our whole economy that we believe that nothing short of an investigation by Congress such as we suggest has any chance whatever of meeting the needs of commerce and of paving the way to the formulation of a national transportation policy calculated, to a greater degree than is the present patchwork of obsolete policies, both to meet the needs of commerce and to reestablish the credit of surface transportation.

I wish to emphasize at this point, so strongly that there can be no misunderstanding of the position of the Transportation Association of America, that we are not opposing by implication or otherwise any features of the airport development program. As a corollary to this, however, it should be understood that we are not favoring all of the features of the program as it has been presented to you.

The directors of the Association, who are the only source of Association policy, have not given detailed consideration to the bills which you are considering. I think I am accurate in stating, however, that not a single member of our board of directors or board of governors would oppose the general policy of fostering air transportation through Government assistance for some years to come.

Let Private Capital Do the Job

I believe, though, that our directors would unanimously recommend that everything possible be done by both the airlines and the Government to encourage private capital to enter the field of air transport with the view to letting Uncle Sam off the hook at the earliest possible date. Government assistance should be so planned and directed that it does not become so readily accessible in the financing of future development of airlines that this magnificent and rapidly expanding industry is pauperized down the road into Government ownership and operation.

In sounding this warning the Transportation Association is far from being hostile to the aviation industry; in fact, we believe that we are thereby discharging one of our obligations to an important segment of the transportation industry and to the public, which is expecting great things from that industry.

No Dividends Should Be Paid Out of Subsidies

We furthermore believe that it is unsound public policy for Congress to permit investors in airline securities to profit at the expense of the taxpayers. Taxpayers should not be paying dividends to airline stockholders. This is a situation which may easily develop (if it has not already done so) under the present scheme of regulation of airline transportation by the same authorities that are charged with far-reaching responsibility for promoting airline development. A proud parent is likely to be an over-indulgent one.

It seems almost axiomatic that competing forms of transportation should be related to each other and regulated as to rates and services by the same authority. Otherwise you are forcing taxpayers who employ unsubsidized transport agencies into the grotesquely ruinous position of paying for the competition that raises the levels of their rates. Likewise, investors in securities of unsubsidized transport agencies are taxed to support the agencies whose competitive position is a constant and growingly serious threat to the soundness of their investments.

One might wonder if the danger point in this respect has not already been reached. A representative of the Civil Aeronautics Board stated in recent testimony before this committee that in his opinion it would soon be possible to reduce the rate for air transport to 2½ cents per mile. We believe that the Board should present to this committee an analysis of the figures upon which this prediction is based. We believe that the Board should assure you, in view of the magnitude of the program that is presented for airline expansion at Government expense, that this predicted reduction contemplates replacement of Government funds by investment of private capital in airline expansion and operation before such ruinous competition to privately-owned transport is allowed to sell its competitors down the river. We believe that this committee owes it to the taxpayers to assure the Congress that this program does not contemplate the continued pouring in of public money in the form of direct and indirect subsidies to airports and services in connection with airline operation and the siphoning off in an ever increasing stream of those moneys as dividends to investors in airline securities, which dividends would actually, wholly or in part, be paid by the taxpayers.

Basis of TAA Suggested Policy

On this point some observations from the introduction to the Association's *Statement of the Transportation Problem in the United States and Suggested Changes in National Policy*, published in January, 1944, seem to be germane:

> The transportation problem is essentially a *financial* problem. Prior to this war, no one branch of the common-carriers industry, as a whole, was operating on a profitable basis. A substantial proportion of all companies engaged in transport were either in or near bankruptcy.
>
> Any measures looking to the restoration of a sound credit position for this industry in the post-war period must necessarily be based upon the requirements of the industry *as a whole*, rather than attempt to deal with any *single mode* of transport *without relations to the needs and services of all other forms of common carriers.*
>
> If private ownership is to be preserved, future policy must be determined solely from the viewpoints of (1) what is best in the interests of shippers and consumers who "pay the freight," and (2) how the credit position of the industry can be so fortified as to afford an opportunity for the private investor to earn a fair return.
>
> To accomplish such aims this Association advocates the adoption of a long-term transportation policy which will (1) promote economies in operation, resulting in lower transportation costs; (2) support the security of investment by the broadest possible earning base; (3) offer every inducement for the technological development of all types of facilities; (4) encourage constructive competition, and (5) assure "equality of regulation."

Policies that call for continued Government loans and subsidies, favoring one mode of transport over another, add to the national debt, discourage private investment, and tend toward Government ownership and operation. We oppose such policies.

Subsidies Are Pretty But Dangerous Things

Henry J. Taylor, author of *Men in Motion* and well known war correspondent and radio commentator, in an address before the Institute of Transportation, held last year under the joint auspices of the New York University School of Law and the School of Commerce, Accounts and Finance of the University, in cooperation with the Transportation Association of America, said something on the subject of subsidies which I believe is so sound and which contains so much of solemn warning to Congress, to industry, and particularly to the beneficiaries of subsidy, that I would like to quote it at this point:

> First, if subsidies are to predominate in our post-war transportation system here at home, then there is no possible escape from pressure groups. And there may be no possible escape from State socialism. For the abuse of the subsidy theory, the slaughter of the long-term gains of independence by the short-term benefits of excessive subsidies obtained by excessive pressure for them, leads inevitably to State socialism over a long enough period of time.
>
> Again, the thing which really controls the virtue or vice of subsidies is the philosophy behind them, the philosophy in their application, and the intent of both the givers and the receivers. It is evident that certain subsidies are inherent, for example in the long-haul trucking business. After all, trucking companies cannot be expected to build highways simply because railroads have built rights-of-way. And to the degree that the trucking company does not maintain the highway, or through other offsetting charges have the equivalent expense of the railroads' rights-of-way, the State or the Federal Government is subsidizing long-haul trucking. Yet there is no devious or proprietary intent in this, either by the giver of the subsidy or the receiver. Trouble would arise only when long-haul trucking companies refuse to recognize this inherent subsidy in their arguments about rate structures, and in that manner pull further away from any genuine meeting of minds over the solution, with Government, of the practical problems represented in the friction between gasoline and steam.
>
> One of the most encouraging indications of long-headedness on the part of the management within the new-born airline industry is the universal determination—and I believe this applies to every single airline in the United States—by efficiency and service to pull further and further away from their original dependency on the subsidy of airmail. It seems to me a very significant thing that in this newest transportation industry—the domestic airlines—all have—and that is the point, they are unanimous—arrived at this policy of fundamental independence out of their own thinking and have put it into practice out of their own determination—each one alone and all together. They may quarrel on other things, and my friends among the airlines tell me they do, but they do not quarrel on the basic principle of freedom from Government support or the maintenance of an inside track with the other carriers in respect to subsidy-savers. If the Government itself showed the same determination as carriers, for example, as several of the Mississippi River barge lines, and in the post-war period either let them operate or not operate on the basis of value delivered, our Government would be in step with the same kind of fundamental thinking that the airlines—yes, and the railroads—are showing today.

Regulation by a Single Body

We realize that our recommendation in regard to the transference of regulatory powers of the Civil Aeronautics Board to a general transportation regulatory body is a suggestion that involves so many questions of fundamental principle that the debate on it is likely to be prolonged. It would probably be unwise for your committee to inject that problem into your consideration of the bills presently before you. We would not be disturbed, therefore, if you should decide that this suggestion should be considered in connection with a broad general investigation of the transportation problem with the understanding that no action you take at this time in amending the Civil Aeronautics Act of 1938 would be prejudicial to your future consideration of the recommendation.

It may not be amiss, however, at this point to make brief reference to a discussion of the subject of regulation of transportation by a single Federal body by Kenneth F. Burgess, eminent lawyer and transportation export of Chicago, which appears on pages 11-23 of the *Proceedings* of the Institute of Transportation to which I refer above. Mr. Burgess suggested that, preliminary to providing for the future regulation of air transport by the Interstate Commerce Commission, the proposal of the late Joseph B. Eastman, made more than a decade ago, should be reexamined. This proposal was made by Mr. Eastman in his capacity as Federal Coordinator of Transportation and is contained in the third report of the Coordinator, dated Jan. 21, 1935. In commenting on Mr. Eastman's proposal Mr. Burgess says:

> Quite probably, if the present development of air transportation had existed when Mr. Eastmade made his proposal for reorganization of the Commission, he would have recommended for it a separate division of three or five members. This could be accomplished quite readily within the original framework of the plan by substituting such a division for the originally proposed division of finance. The work of the latter division could then be placed under the direct jurisdiction of the Control Board, and administered through a bureau organization. Such, however, are matters of detail, and not fundamental to the basic purposes of reorganization. The work which has been accomplished by the Civil Aeronautics Board during the past four years could be preserved. One excellent method would be to incorporate into the Commission the staff and organization of that Board and in effect to convert it into the division which would regulate air transport.

Abolish Discrimination

As to our recommendation No. 1 for amendment to HR 574 to do away with discrimination against the ownership and operation of airlines by other types of transportation—there need be no such extensive debate as would be the case with the Interstate Commerce Commission recommendation. Either Congress wishes to continue the Caspar Milquetoast and the "Please Fence Me In" philosophy that was enacted in the Civil Aeronautics Act of 1938—or it doesn't.

If you don't, in the name of good government say so. The off-again, on-again Finnegan maneuvers of the Civil Aeronautics Board in connection with its switching off and on of red and green lights in the American Export Airlines case is a serious reflection upon some Government agency—the Congress, the Civil Aeronautics Board, or the courts—perhaps all three. But I think you will agree that it is the responsibility of Congress to clarify its directives in a matter where lack of clarity so clearly exists. It seems to us that your committee has a fine opportunity to take a firm, definite and forward-looking stand in writing into this law a clear-cut declaration that Federal, State and municipal subsidies to no one form of transportation shall be employed in such a way as to establish a monopoly to the exclusion of every owner or operator of other forms of transport agencies.

Is there any sound basis, considering the fact that transport facilities have only one good reason for existence—their service to the public—for Congress saying to an operator of a fleet of barges on the barge canal in New York that under no circumstances can he go into the business of trucking freight? Of course, there isn't, and Congress doesn't say so. But it does say, in the Transportation Act of 1940, as amended, that no *railroad* shall operate a truck line paralleling its rail lines. Furthermore, the Civil Aeronautics Act has been interpreted to mean that no railroad, truck line or barge line may go into the airline business.

Suggestions for Clarification

It is perhaps not a proper function of this Association to suggest specific phraseology for amendments to accomplish the purpose we hope your committee will agree to. I am wondering, however, and offer personally the suggestion for what it is worth, if you could not begin to clarify this situation in the direction of what we consider to be sounder public policy than that enunciated in the present Act, by starting with Subdivision (a) of Section 2 of the Civil Aeronautics Act of 1938 to make is read as follows:

> (a) The encouragement and development of an air transport system adapted to the present and future needs of the foreign and domestic commerce of the United States and to the needs, development, competitive interests and credit soundness of other forms of transportation, of the postal service and of the national defense.

Then, also, on page 19 of HR 674 consider the effect of stating as one of the policies of the Civil Aeronautics Act, as follows (the italics being my suggested amendment):

> (b) The regulation of air commerce (1) in such manner as to recognize the preserve the inherent advantages of such commerce, to assure the highest degree of safety, foster sound economic conditions, and prevent destructive and wasteful competition, in such commerce, *and in the competition of such commerce with other forms of transportation*, and to improve relations between, and coordinate transportation by, persons engaged in such commerce, *and in the ownership and operation of other forms of transportation*; and (2) so that its advantages will be available, so far as practicable, to all points on fair and uniform terms and without discrimination;

These two suggestions, which are offered to your committee for any value that they may have, do not do the whole job but merely introduce the thought that Congress does not intend to surround airline operation with barbed wire entanglements to keep out private capital from any special proper source and preserve forever airline operation as a subsidy-supported monopoly in forced competition with nonsubsidized transport.

It would be necessary for your committee to do a major operation on Section 408 of the Civil Aeronautics Act of 1938, and particularly on subdivision (b) if in the public interest such absurd situations as the American Export Airlines decision are to be avoided in the future.

The purpose we have in mind might be accomplished without the necessity of detailed amendments to the many places in the Act which apparently have befogged the intent of Congress, by adding this phraseology to Subdivision (b) of Section 408:

> (b) *Provided further*, That nothing in this Section nor in this Act shall be construed as preventing the ownership and operation of an air transport line, or the participation in the financing thereof, by any other person engaged in any other kind of transportation.

In the opinion of the Civil Aeronautics Board in this case and in all of the discussion of it that I have been able to find there has never been any question raised as to the efficiency of the American Export Airlines operation and its desirability from the viewpoint of broad public interest. Yet, right in the midst of war, a war where transport was a vital factor, the law, as interpreted, compelled the American Export Airlines to split away from the American Export Lines, Inc., compelled the company to defend itself in court against the action proposed by the Board, and finally to go through a complete reorganization. All of this had to go on at a time when the attention and energies of the operating officials of both the airlines and the steamship lines should have been devoted, without preoccupation, to the winning of the war. This seems to us very, very stupid, not only as to policy but also as to timing.

Boston-Maine—Northeast Airlines Case

Another very curious, and in some respects inexplicable, situation is found in the Boston-Maine Northeast Airlines case. The facts seem to be these:

Since 1931, when the Boston-Maine Airways, Inc., was organized, airline service has been conducted successfully and in harmony with the needs of the consuming public by the Boston & Maine RR. either through the original company or through the Northeast Airlines, which became the name of the company in 1940 when it was recapitalized.

After refinancing, as before, the railroad and other northern New England railroad lines owned a controlling interest in the airline. Early in 1941 the Boston & Maine and Maine Central railroads filed application with the Civil Aeronautics Board for approval, if any were required, for the acquisition of the stock which they held. On Aug. 28, 1943, more than two years later, the Civil Aeronautics Board gave an opinion that since the control of the Northeast Airlines was in the hands of the railroad group before the passage of the Civil Aeronautics Act of 1938, no approval was required.

On the same day that that decision was rendered an issue was raised by the Public Counsel in the case of the application of the airline for a certificate to operate into New York, as to whether railroad control of the Northeast Airlines was not involved in the application for the New York service, then pending. Northeast immediately petitioned the Board to open the record in the control case to show a reduction in railroad ownership. This petition was denied by the Board and the Boston & Maine and Maine Central were thus forced—perhaps jockeyed would be a better term—into the necessity of disposing of nearly all of their airline stock in order that the airline might extend its operations. All this was under the assumption of the Civil Aeronautics Board that they could not give such extension to an airline controlled by a surface carrier.

If this is good government, the less of it we have the better.

When there is such conflict of interpretation as in the case of Subsection (b) of Section 408, laymen would be well advised to leave phraseology to legal minds, possibly with a prayer that a better job will be done next time. But we do suggest, in the interest of sound future transport policy, that the Caspar Milquetoast, negative philosophy be taken out of this devilish subsection and that, among other necessary changes, there be substituted a positive statement as to what the Board must do. We hope you will provide that the Board *must* grant certificates without any consideration at all of the fact of the applicant's participation in, or ownership of, any other kind of carrier.

I am wondering, as a layman, and in this I am expressing my personal opinion and not necessarily that of the Transportation Association, how the opponents of participation in airline operation by surface carriers, who say they fear that surface carriers would hamper the development of aviation, fail to find hampering restrictions in the innumerable prohibitions in the Civil Aeronautics Act, against the participation of various kinds of private capital in airline development.

As to the "Intent" of Congress

In a brilliant analysis of American transportation policy the eminent transportation expert, T. W. Van Metre, Professor of Transportation at Columbia University, discusses at length the question of whether Congress has ever favored the unyielding position which the Civil Aeronautics Board has assumed with respect to inter-carrier control.

On page 10 of a pamphlet published by the National Federation of American Shipping, Professor Van Metre says:

> In the original Act to Regulate Commerce—the Act of 1887, which with its many amendments and additions is now properly known as the Interstate Commerce Act—there was mention of the relationship between railroads and carriers by water, the only important commercial carriers of that time. There was no hint that there was any intent on the part of Congress that they should be mutually independent, that a rail carrier should not own and control a carrier by water or that a carrier by water should not control a railroad. Yet the Congress was aware that common control of these two types of carriers existed, for it provided in the law that where through rail and water service was under common control and management the regulatory provisions of the Act should extend to that part of the transportation service which was by water as well as to that part which was by rail. There was no indication that the Congress felt that the rail and water lines under common control should be divorced, nor that steam railroads should be forbidden in the future to acquire control of water carriers.

Later, on page 12 of the same pamphlet, Professor Van Metre says:

> . . . let it be repeated, that in none of the laws enacted for the regulation of transportation before 1912 did the Congress require the separation of rail and water carriers, whether competitive or not; in none did it forbid the acquisition of one type of carrier by another; and in none did it give the slightest indication that it was the "intent" of the Congress that they should be "mutually independent." It endeavored to protect independent water carriers from unfair competition on the part of railroads, and this was the extent of its activity in the matter of the relationship between the two types of carriers.

On page 16 of the National Federation pamphlet Professor Van Metre draws an analogy between the attitude of Congress in the matter of water and rail competition to the situation presented by airlines and railways. He says:

> The limitations which the Congress imposed upon railroad control of steamships were for the purpose of preserving and promoting competition. Competition between railroads and water carriers is real, purposeful; it is inevitable where the rival routes serve the same termini. This is because every kind of traffic that a railroad can carry can be carried by a steamship, and anything that a steamship can transport can be carried by a railroad. The record of experience tells us that there was, and there still is, need for a certain measure of Government control if competition between these types of carriers is to be preserved.
>
> Similar statements cannot be made of the relationship between surface carriers and airplanes. Airplanes, at least in their present state of development, can carry only passengers, mail and light, valuable freight similar to much of the commodity traffic handled as railway express. The airplane, consequently, may be regarded as a supplementary or complementary transportation facility which can be owned and utilized by surface carriers without stifling competition or otherwise injuring the public interest. The reasons for limiting the power of a railroad to acquire control of a steamship, in the interest of preserving competition, are not so impelling, when we deal with the matter of control of air transportation by surface carriers, because the potential competition is not nearly so great. If, therefore, the Congress has deemed it necessary to limit but in small measure the power of a railroad to own and operate steamships, how much lighter should be its limitation on the right of surface carriers to own and operate carriers of the air! Where economic conditions are such as plainly to require little or no regulation, why should we have a policy that is excessively and burdensomely restrictive?

Professor Van Metre also has some very cogent and germane remarks on the analogy between the Motor Carrier Act of 1935 as originally written and the Civil Aeronautics Act, and quotes from a report of the Interstate Commerce Commission in 1928 which made the following recommendation:

> That railroads, whether steam or electric, and water carriers subject to the act, should be specifically authorized to engage in the transportation of both persons and property by motor vehicle in interstate commerce.

Commenting on the special proviso in the Civil Aeronautics Act which has been interpreted as supporting the Civil Aeronautics Board's position in regard to the participation of other forms of transport in airline operation, Professor Van Metre points out that this proviso "is almost word for word a repetition of a similar proviso contained in Section 213 (a) (1) of the Motor Carrier Act as it was originally written."

As Professor Van Metre indicates, the Motor Carrier Act was amended in 1940 so that this proviso applies only to railroads and not to any other carrier which is not a highway carrier. The most important of Professor Van Metre's observations, in our judgment, is as follows:

> It must be borne in mind, however, that this part of the act deals with the acquisition of an air carrier and not with the establishment of a *new* service. Yet the Civil Aeronautics Board has interpreted this section *not only as virtually forbidding a railroad or a steamship line or another surface carrier to acquire control of an existing air carrier, but virtually to disqualify a surface carrier from engaging directly or indirectly in the business of air transportation.* Moreover, it says that such disqualification was the "intent" of the Congress.

The late Colonel Edgar S. Gorrell, as President of the Air Transport Association, might be reasonably assumed to have had an important role in the enactment of the Civil Aeronautics Act. He was unquestionably in a position of great influence in presenting his opinions and advice to Congress. In his testimony before the House Committee on Merchant Marine and Fisheries, he made an enlightening statement on behalf of the air companies against a provision in Section 4 of HR 9710 which would have given the Maritime Commission power to subsidize air service. He said:

> . . . If shipping or any other transportation companies wish to engage in air transportation, there is no reason why they should stand on any different basis from any other person desiring to enter this business.

The above quotation is taken from hearings before the Committee on Merchant Marine and Fisheries, House of Representatives, March 22 and 23, 1938, page 24.

This analysis by Professor Van Metre would seem clearly to indicate that the Interstate and Foreign Commerce Committee of the House of Representatives might reasonably be expected to apply itself to the problem of clarifying the "intent of Congress" for the benefit of the Civil Aeronautics Board, the courts and the Interstate Commerce Commission, and any other board, body or commission that may now have, or assume to have, or may have in the future, any jurisdiction in this matter.

And, gentlemen, it is our very earnest recommendation that you solve this problem by declaring a liberal policy or interpretation that will permit any properly qualified person, regardless of his participation in other forms of transport, to own, operate or assist in the financing of air transport.

Extent of Public Interest

This suggestion is of vital public interest as indicated by some figures that have been supplied to us by the Civil Aeronautics Board. Of the 789 applications for new services pending before the Board on April 30 of this year, not including applications for foreign air carrier permits, five were from

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railroads, ten from steamship companies, three from street railway companies, and 125 from motor carriers. The motor carrier applications included 43 filed by bus companies.

One of these bus applications is that of the Atlantic Greyhound Corporation for a helicopter service to be operated in connection with the company's bus lines. The plan of the company was fully described by Mr. Arthur Middleton Hill, President of the Greyhound Corporation and also President of the National Association of Motor Bus Operators, in a paper which he presented before the Institute of Transportation, to which I have previously referred. It appears on pages 127-132 of the *Proceedings* of the Institute.

One point which Mr. Hill emphasized is worth re-emphasizing here. "And it should be remembered," said Mr. Hill, "the capital upon which motor bus companies have operated is private capital. It has been attracted because of the ability of the bus companies to provide adequate earnings at the lowest transportation rates in history."

Mr. Hill points out that the bus industry proposes to establish a non-subsidized, multi-scheduled helicopter service operating between bus stations in downtown sections of approximately 1,000 cities and towns, and to coordinate this service with highway bus transportation. Here, then, is a proposal to inject some badly needed private capital into the operation of air service.

A Railroad Proposal

I wish also to call your attention to the application of the Eagle Air Lines, which is a subsidiary of the Missouri Pacific Lines and the Texas and Pacific Railway. The Eagle Air Lines proposes to service 108 cities in ten States—Texas, Louisiana, Tennessee, Arkansas, Oklahoma, Colorado, Kansas, Missouri, New Mexico and Nebraska. Eighty-eight of these cities do not now have any commercial airline service. The plans of the company are fully described in a pamphlet accompanied by maps and very interesting statistics. If this pamphlet has not been brought to the attention of your committee, I suggest that you study it as an exhibit of the kind of air-minded thinking at least one railroad is doing. What may be the plans of other railroads, bus and steamship companies, I cannot say, but it is the opinion of the Transportation Association no public good can come from obstacles to the fruition of such plans by any experienced transport agency. Such blocks to progress should be completely and definitely removed.

Mr. Chairman, and gentlemen, we have presented these recommendations of the Transportation Association not as an advocate of any interest represented in the Association's membership, and certainly not as the opponent of the development of any form of transportation, but solely in the public interest.

The recommendations of the Transportation Association for a national transportation policy have been endorsed in their main and underlying features by the United States Chamber of Commerce (through an overwhelmingly favorable vote of its member organizations), the National Industrial Traffic League, the American Bar Association, and many regional and local organizations.

The National Transportation Committee, of which Calvin Coolidge was Chairman, in a comprehensive report presented in conjunction with the Brookings Institution, made the following observations on Feb. 13, 1933:

1. Unprofitable railroad services should be replaced by cheaper alternative transportation methods.

2. Railroads should be permitted to own and operate competing services, including water lines. . . .

3. Government assumption of all or part of the costs of inefficient competing transport as a defense against monopoly is no longer warranted and should be abandoned.

This Committee advocated the consolidation of railroad systems, which the Association believes is fundamental to ultimate common ownership. But, the Association proposes competitive transportation companies—not regional consolidations.

On April 21, 1941, the late Joseph B. Eastman, then Chairman of the Interstate Commerce Commission, said:

> Clearly there are certain things which each type of carrier can do better than any of the others, and the ideal system would be one which would utilize them all accordingly, emphasizing cooperation and coordination and avoiding wasteful uses, but at the same time retaining a very considerable element of competition.

In 1926, the Interstate Commerce Commission, following a nationwide investigation of truck and bus operations, recommended that:

> There should be a definite coordination of all existing transportation on land, water and air.

The Joint Committee of the Railroads and Highway Users on Jan. 30, 1933, urged coordination:

> Opportunity should be given for rail carriers to engage, either directly or through subsidiaries, in motor vehicle service on highways on equal terms with all other transportation agencies in the same field. This should include the right to purchase, equally with all others, lines then in operation as well as to establish new lines.

In 1937 the Chamber of Commerce of the United States said:

> Operators of one form of transportation should not be barred by law from operating other forms when properly qualified by obtaining certificates or permits as required for other applicants.

The International Chamber of Commerce passed a resolution in 1935 as follows:

> Collaboration between railways and road transport, especially on mixed routes which follow successively the railway and the road, is desirable in the best interest of users.

The Association's thesis — its fundamental precept—is as follows:

> About 20% of the invested capital of this country is in transportation. All manufacturing, agricultural and mercantile investment is vitally dependent upon transportation. If, through public apathy, political assault, or financial default, an already well-entrenched bureaucracy gains control or ownership of transportation, nothing can save this country from State Socialism. Supply lines of business are the Marxist's first targets.

It will be seen, therefore, that the Association's perspective reaches much beyond even the wide scope of transportation itself and its problems, into the whole field of our American system of free enterprise. Transportation is the absolutely essential and controlling link between the producing machine and the consumer. Clog it up and both the producer and the consumer suffer. Force it into the control of bureaucrats under Government operation and all industry will be socialized as inevitably as night follows day—and that will be a dark night indeed for the people of this nation.

It is for this reason, gentlemen, that we look upon the amendments which we have proposed for HR 674 as of far-reaching significance and earnestly urge you to consider them in their bearing upon the policy which is recommended by the Transportation Association of America.

Wallace Favors Free Enterprise

Secretary of Commerce Henry A. Wallace, appearing before the House Small Business Committee, expressed himself as being in favor of "free competition" in business, and on being cross-examined by a Republican member of the committee said that he had always believed in free competition where it worked efficiently, according to the Associated Press from Washington, May 29, which continued:

Mr. Wallace advocated "drastically revised" taxes to aid postwar employment and production and submitted a program to encourage the development of small business.

The discussion of his economic philosophy developed when he declared: "Small business injects into the blood stream of industry and commerce the health-giving properties of free competition. Free competition is the great regulatory agency which ideally causes industry and trade to adapt themselves to social purpose.

"As free competition disappears from our economy, its place is inevitably taken by government regulation. Complete disappearance of free competition, then, means eventually complete regulatory control by the state with all the dangers that implies to the continuance of the ideals of American democracy."

Mr. Wallace declared his plea for small business "is not based on any antipathy toward large business as such," adding: "For I fully realize that, in some fields, production can be carried on economically only by operating on a large scale."

Representative Leonard W. Hall, Republican, of New York, told Mr. Wallace his statement didn't seem to gibe with assertions he had made in the past. Representative Hall read from Mr. Wallace's book, "Whose Constitution," which the Congressman said referred to a system of "free competition and the devil take the hindmost," and in another place mentioned a "cooperative commonwealth."

Mr. Wallace said he believed in a co-operative way of life where it is most efficient and the corporation way of life where it is most efficient.

While giving no details of tax revisions he said were needed after the war, Mr. Wallace made two specific recommendations for immediate encouragement to small business:

1. Government guaranty of long-term loans by private financing institutions, to provide capital financing to new and established small-business enterprises.

2. Immediate revision of taxes to allow a larger "plow back" of capital by small business. He suggested increasing the excess profits tax exemption from $10,000 to $25,000 and other methods of improving the cash position of small business as recommended yesterday by the Commerce Department's Small Business Advisory Committee.

Commerce and Industry Association Supports Bill to Control Government Corporations

Senator Robert F. Wagner, Chairman of the Committee on Banking and Currency, and Representative Carter Manasco, Chairman of the House Committee on Expenditures in the Executive Departments, each member of both committees, on May 29, received from the Commerce and Industry Association of New York a letter urging him to support passage of the Government Corporation Control Act, which would put all Federal corporations on a business-like basis under more direct Congressional control.

Wrote Thomas Jefferson Miley, Association Secretary, "The Commerce and Industry Association of New York, Inc., believes that Congress should have information regarding, and supervision and control over, all government corporations and their scope of operation, and further, that the government corporations' accounts should be subject to audit and budgetary control."

The bills would require that wholly-owned government corporations submit, through the Director of the Budget, a detailed budget program to Congress for its modification and approval. Specific requirements are provided. These include estimates of administrative expenses, estimates of necessary borrowing by the corporation, estimates of the amount of capital funds to be returned to the Treasury during the fiscal year, and appropriations required to provide for the reissuance of authorized capital or the restoration of capital impairments.

With regard to wholly-owned and mixed ownership corporations provision is made for the General Accounting Office to audit the financial transactions each year and to submit such audits to Congress. In addition, certain general provisions would require a stricter fiscal responsibility to the Secretary of the Treasury by these corporations with regard to the issuance and redemption of corporation obligations.

Summarizing the situation, Mr. Miley wrote, "The government corporation was designed as an administrative technique in order to obtain maximum efficiency and effectiveness in certain specified fields of activity. The advantages, however, resulting from the use of the corporation as such a technique, raise unusual problems in the realm of administrative and fiscal management as well as in the over-all responsibility of Congress for the activities of the corporation."

Ford Discusses Reconversion Plans

Henry Ford, II, Executive Vice-President of the Ford Motor Company, predicted a huge post-war market for automobiles and added "if everybody will get in and pitch we'll get somewhere after this war," according to the Associated Press from Detroit, June 1. The report continued that young Ford had made it clear that by everybody he meant labor, management and government alike.

"For our part," the top executive officer of the Ford company asserted, "we plan to employ as many workers as possible and pay them as high a wage as we possibly can. But there must be a fair day's work for a fair day's pay.

"Wages are a part of the product. They are not the result of the employer's generosity or the employee's ability to bring pressure to bear. The minute you start paying high wages for no work you create a situation where there is a lot of money and nothing to buy with it. That's what we have today.

"Confidence is our first need—confidence that work brings reward."

Ford said that the WPB's program of 200,000 cars during the remainder of 1945 did not permit any company to produce its quota on an economical basis. "Yet," he said, "we've got to do it in order to get going."

He predicted a period of widespread unemployment during the reconversion period "if we're not given permission to make more cars," and if aid is not given industry through the lifting of other Government restrictions and controls.

The Ford share of the 200,000 program will be approximately 40,000 cars. That was 10 days' output for the Ford plants in 1941.

It will cost the Ford company, he said, $150,000,000 to get back into full-scale peacetime production. Ford plans construction of four new assembly plants and 10 parts depots in different sections of the country.

Ford said that the first Ford models will incorporate a number of engineering advances developed in war production, but will not be drastically different from prewar cars. The new lower-priced, lighter-weight model already announced will not be among the first cars to be assembled.

The type of engine is yet to be determined, he said, adding that three differene kinds had been tried out.

Change NRDGA Meeting

The Second Absecon Conference to be sponsored by the National Retail Dry Goods Association will be transferred from the Seaview Country Club at Absecon, N. J., to the Pennsylvania Hotel, New York and the dates will be changed to June 26, 27 and 28, it was made known on (May 24), by Lew Hahn, NRDGA General Manager.

This change has been made necessary by the fact that so many members of the Association's Board and its Postwar Committee have found the previously selected dates would prevent their attendance. The Seaview Country Club was unable to accomodate the conference at any other time. Consequently the scene of this important business monference will be the Penn Top at the Pennsylvania Hotel.

At the Conference manufacturers and retailers will discuss the possibilities of closer cooperation in the postwar period as a means of creating and maintaining jobs through better selling activities.

The Conference as planned will begin with a dinner on the evening of Tuesday, June 26th, with the 27th devoted to this intertrade discussion and the Association's board of directors will go into session the evening of the 27th or the morning of the 28th.

After Tax Evaders

Funds are being sought by Secretary of the Treasury Morgenthau from Congress and the Budget Bureau to cover cost of recruiting 5,000 additional treasury field agents whose work it will be to uncover cases of tax evasion, the Associated Press reported from Washington, May 24.

Stating that there were 1,500 agents in this work at present, Mr. Morgenthau added that a minimum of 5,000 more were needed at once to enable the department to prosecute the thousands of cases known to exist. He added, "I have been giving a lot of time myself to this drive we are making against people in the black market who are not paying taxes. I'm in dead earnest about this."

Steel Operations Slightly Up — Cancellations Higher, but Fail to Keep Pace With Cutbacks

"Until those in charge of the big push against Japan have all their plans 'ready to go,' the current confusion over cutbacks and cancellations as it affects steel mill output will continue," states "The Iron Age" in its issue today (June 7), which further goes on to say: "Cancellations of steel orders have failed to keep pace with war contract cutbacks and although higher than at any time in the war, they have not opened up any appreciable space on mill order books.

"Apparently puzzled by the failure of its order board to clear as rapidly as had been expected, WPB has followed its request to users to cancel unnecessary orders with spot inquiries as to which orders have not been cancelled. If its findings warrant, a full investigation of maximum inventory violations may follow. Even though such tactics might produce minor openings on steel schedules, prospects still are slight that much if any steel will be available in the third quarter on unrated orders.

"There is little doubt that many steel orders now on the books will probably never be shipped because of subsequent cancellations. In the meantime, however, keeping such business on steel mill schedules has made the space unavailable for material which could definitely be utilized. This situation is preventing an orderly estimate as to the availability of civilian steel and it presages a period probably a few months hence when the steel industry may receive such an avalanche of cancellations that an orderly change-over to civilian output will be a difficult if not an impossible task.

"On paper the steel industry is permitted to fill certain steel orders for civilian uses after July 1, but from a practical standpoint firm delivery schedules cannot be set up or even vague promises given as long as mill schedules cannot accommodate unrated business.

"Net orders this past week were again the lightest so far this year. The volume in some instances ran as much as 65% below peaks established earlier this year. Cancellations and adjustments in some cases amounted to half of the gross incoming order volume. Hardest hit have been alloy steel orders and decreased requirements for these types of steel are believed to be a factor in the Chicago District ingot rate decline to 95.5%, the lowest in four years with the exception of strike periods.

"Shell steel cancellations are reaching the mill level and June schedules at some mills call for a production drop of about 50%. Producers are closely watching increased demand for high strength steel currently running at a volume about 50% higher than in 1944, with about half going to direct war production."

The American Iron and Steel Institute on June 4 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 91.1% of capacity for the week beginning June 4, compared with 91.0% one week ago, 95.1% one month ago and 97.8% one year ago. The operating rate for the week beginning June 4 is equivalent to 1,668,600 tons of steel ingots and castings, compared to 1,666,800 tons one week ago, 1,741,900 tons one month ago, and 1,751,900 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on June 4, stated in part as follows:

"Prospects for rolling of much unrated steel during third quarter are not bright, except possibly in plates.

"There is a possibility the situation may change in the next few weeks, but is not regarded as probable. Recent cancellations, mainly in Army aircraft, have not been appreciably reflected in steel schedules and effect of military curtailments in the past month has not been as pronounced as had been expected. Influence of cutbacks may become more pronounced by the end of June as Washington is able to appraise needs in the Pacific and estimate how much equipment can be shifted from Europe. Decline in steel backlogs as a result of cutbacks has been moderate and has had relatively little effect on nearby deliveries. Where gaps have appeared they have been filled promptly by other war work or essential civilian requirements.

"Under this situation it would not appear there will be any drastic cut in steel output in third quarter, especially in view of the heavy unrated tonnage now pressing for scheduling. However, there may be noticeable decline in steel demand, in view of the many problems of changing to civilian production. Among drawbacks to heavy steel consumption in the transition are difficulties of proper timing of various materials and parts required in manufacturing assemblies or building projects.

"Pricing is an important element, as many small manufacturers claim they will not be able to market their normal civilian products at a profit under present high costs and lack resources to carry them until price restrictions may be eased.

"Requirements for rehabilitation in Europe are beginning to shape up. At least 20,000 tons of plates have just been distributed under lend-lease for France and 14,000 tons of shapes have been placed with one mill. How much of this type of order will be placed under lend-lease in the next few months is not certain.

"Pig iron production in April totaled 4,785,659 net tons, compared with 5,227,790 tons in March and 5,243,410 tons in April, 1944. Cumulative tonnage for four months this year was 19,521,211 tons, against $21,082,127 tons in the comparable period in 1944. Capacity engaged in April was 86.4% compared with 91.4% in March and 95.3% in April, 1944.

"Alloy steel output in April totaled 918,378 net tons, against 992,143 tons in March. The April tonnage was made up of 595,695 tons from open-hearth furnaces and 322,683 tons from electric furnaces. Hot-topped carbon steel production in April was 1,425,964 tons, compared with 1,479,123 tons in March.

"Average composite prices of steel and iron products are steady at Office of Price Administration ceilings except for steelmaking scrap, which is slightly below because of weakness in the East. Finished steel composite is $58.27, semi-finished steel $37.80 and steelmaking pig iron $24.05. Steelmaking scrap composite is $19.00."

Landon to Confer with President Truman

The White House has announced that Alfred M. Landon, former Kansas Governor and Republican Presidential nominee in 1936, has accepted President Truman's invitation to confer with him, and that a date convenient for both was being arranged for the meeting.

The 1944 Republican nominee, Governor Thomas E. Dewey of New York, has also been asked to the White House.

The State of Trade

(Continued from page 2534)

ity for the week beginning June 4, compared with 91% one week ago. This week's operating rate represents an increase of 0.1% from last week's rate and is equivalent to 1,668,600 net tons of steel ingots and castings, compared to 1,666,800 net tons last week and 1,751,900 tons one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended May 26, 1945, totaled 882,437 cars, the Association of American Railroads announced. This was an increase of 13,803 cars, or 1.6% above the preceding week this year and 13,616 cars, or 1.6% above the corresponding week of 1944. Compared with a similar period of 1943, an increase of 28,654 cars, or 3.4% is shown.

Electric Production—The Edison Electric Institute reports that the output of electricity decreased to approximately 4,329,605,000 kwh. in the week ended May 26, 1945, from 4,377,221,000 kwh. in the preceding week. Output for the week ended May 26, 1945, was 0.9% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 161,100,000 kwh. in the week ended May 27, 1945, comparing with 188,800,000 kwh. for the corresponding week of 1944, or a decrease of 14.6%.

Local distribution of electricity amounted to 160,400,000 kwh., compared with 185,400,000 kwh. for the corresponding week of last year, a decrease of 13.5%.

Britain's Export Trade Revival—Britain's determination to revive its export trade as soon as possible will raise one, and probably two, international reparations issues, according to "Business Week's" report on the war and business abroad.

"The moment German coal production satisfies Allied military requirement, London will demand a share of the surplus in order to release domestic coal for export.

"If German heavy industry is allowed to revive, London will also demand a share of output in order to release domestic output to boost exports. The same may be true of consumer goods lines.

"The rumor that Britain is angling to become the postwar oil distributing center for western Europe through enlargement of the wartime pipelines under the Channel to the continent shouldn't be taken too seriously. Important as the 1,000,000 gallon a day delivery of oil was during the military period, shipping contineus to be of primary interest in Britain."

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 26, 1945, see subsequent pages of this section.

Paper Production — Paper production for the week ended May 26 was 92% of capacity, as against 92½% 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 97% of capacity, unchanged from the previous week.

Business Failures Decline — In the week ending May 28, commercial and industrial failures dropped to the lowest number this year and were less than a third the number in the comparable week of 1944. Dun & Bradstreet, Inc. reports 12 concerns failing against 15 in the previous week and 33 in the same week of last year.

Large failures involving liabilities of $5,000 or more fell from 12 last week to 9 in the week just ended, and were a little over half of the 16 in the corresponding week a year ago. Small failures remained at 3, unchanged from the previous week.

Most of the week's failures occurred in retailing and commercial service. The Middle Atlantic and New England States accounted for all but two of the week's failures. In the Middle Atlantic region failures were less than half as numerous as a year ago.

There were no Canadian failures as compared with one both in the previous week and in the corresponding week of 1944.

Wholesale Food Price Index Unchanged — The wholesale food price index, compiled by Dun & Bradstreet, Inc., as of May 29 remained at $4.08, the third successive week without change. This was 2.0% above last year's $4, but it represented a drop of 0.7% from the same date two years ago when it stood at $4.11. Advances for the week included rye, cheese, and steers. Declines occurred in sheep and lambs. The index represents the sum total of the price per pound of 31 foods in general use.

Wholesale Commodity Price Index — The daily price index of wholesale commodities, compiled by Dun & Bradstreet, Inc., disclosed firmness in wholesale prices which was well maintained during the past week. The index registered 176.86 on May 29, as against 176.76 a week earlier. For the corresponding date one year ago it stood at 171.77.

Retail and Wholesale Trade—Despite unseasonably cool weather, retail volume for the country as a whole increased slightly in the previous week, according to Dun & Bradstreet, Inc. Women's summer apparel and other seasonal merchandise continued to bask in the spotlight. Men's sportswear, garden equipment, summer home furnishings and toilet articles all sold well. Food volume, however, dropped moderately compared with the previous week and for last year.

Cottons continued popular as consumers selected dresses, bathing suits, and play clothes. Black and white dresses were especially featured. Retail stocks of popular-priced cotton dresses were fairly adequate and volume was generally above that of last year.

White shoes, millinery, handbags, and toilet articles were popular. Volume in piece goods was maintained in woolens, decreased in cottons, and increased in rayons. Volume in men's furnishings continued to be held down by small selections.

Garden supplies and home furnishings were heavily demanded and sales were well maintained. Many stores reported that cotton, fiber, and linen rugs sold as soon as they arrived; selections of floor coverings were narrow. Furniture volume was about even with the previous week, with an active interest in good quality.

Despite continued consumer demand and good sales of fresh produce, food volume was under a year ago. Meat and poultry sales last week were lower for the country as a whole, as shortages spread. With supplies of eggs and fish large in some regions and in good demand, generally volume was well sustained.

Retail volume for the country was estimated at 4 to 8% above a year ago. Regional percentage increases were: New England 0 to 3, East 5 to 8, Middle West 3 to 6, Northwest 4 to 7, South and Southwest 6 to 10, Pacific Coast 7 to 11.

Business in many wholesale markets remained largely unchanged last week due to sustained demand and the unimproved supply situation. Although fall openings brightened the scene in some apparel markets, buying has not yet reached its peak. Food volume was still below that of last week and a year ago.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended May 26, 1945 increased by 9% and compared with a gain of 1% (revised) in the preceding week. For the four weeks ended May 26, 1945, sales increased by 3%, and for the year to date by 12%.

Retail sales volume here in New York City for the past week showed a precipitate rise over the week previous. In the wholesale markets here, a better spirit obtained due to the fact that efforts are at last under way to relieve the acute shortage in textiles. Hopes are entertained that a better outlook for worsted goods may result from the steps undertaken on Tuesday last by the woolen industry in presenting a plan to the WPB to this end.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to May 26, 1945, increased by 15% above the same period of last year. This compared with a gain of 2% in the preceding week. For the four weeks ended May 26, 1945, sales rose by 4%, and for the year to date by 12%.

U. S. Casualties

A report on American combat casualties in World War II shows them to have passed the million mark, the Associated Press reports from Washington, May 31, and states.

The Army has lost 890,019 men and the Navy 112,868, a total of 1,002,887. These casualties, suffered in three years and five months of fighting, represent an increase of 6,798 over last week's report.

A breakdown of Army casualties as reported today by Under-Secretary of War Patterson and corresponding figures for the preceding week follow: Killed 183,563 and 181,739; wounded, 553,088 and 550,506; missing, 52,746 and 57,802; prisoners, 100,622 and 96,478. Of the wounded, 309,646 have returned to duty.

Similar figures for the Navy: Killed, 43,534 and 42,807; wounded, 54,380 and 52,005; missing, 10,709 and 10,505; prisoners, 4,245 and 4,247.

Patterson also named the five "hardest hit" divisions in the war. These are outfits which have suffered casualties in excess of the normal strength of an infantry division.

They were the Third, Forty-fifth, Thirty-sixth, Ninth and Fourth infantry divisions. All fought in North Africa, Sicily or Italy, or a combination of the three before serving in France and Germany, with the exception of the Fourth Division. The latter landed in Normandy on D day.

The losses of these divisions, based on initial reports received through April 30 and still subject to revision, follow:

	Killed	W'ded	Mis'g	Total
Third Division	6,240	24,793	3,191	34,224
45th Division	3,747	19,403	4,403	27,553
36th Division	3,974	19,052	4,317	27,343
Ninth Division	3,834	17,424	1,466	22,724
Fourth Division	3,808	16,951	791	21,550

Bank of France Notes Issued by Allies No Longer Legal Tender

It was made known on June 1 that the Federal Reserve Bank of New York has received from Banque de France, Paris, a cablegram reading in part as follows:

"This is to inform you that beginning the morning of June 4 notes of the Banque de France of 50 francs and over and those of the same amounts issued by the allied armies in France will cease to be legal tender and will have to be exchanged for new notes. We request you to cease immediately purchasing these notes and ask the banks of your country to act in the same manner."

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.
June 5	122.45	115.43	120.63	119.00	115.63	107.44	112.37	115.04	119.20
4	122.36	115.43	120.63	119.00	115.63	107.44	112.37	115.04	119.20
2	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
1	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
May 31	122.17	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
30	Stock Exchange Closed								
29	122.19	115.43	120.84	118.80	115.63	107.44	112.37	114.85	119.20
28	122.25	115.43	120.63	118.80	115.63	107.44	112.37	114.85	119.20
26	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
25	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
24	122.29	115.43	120.43	118.80	115.43	107.44	112.19	114.85	119.20
23	122.33	115.24	120.63	118.60	115.43	107.27	112.19	114.66	119.20
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	119.00	115.63	107.44	112.37	115.04	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 June 5, 1944	119.92	112.19	118.40	116.80	111.81	102.63	106.04	113.70	117.00
2 Years Ago June 5, 1943	119.93	110.34	118.40	116.02	111.07	97.78	102.30	113.50	116.02

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.
June 5	1.63	2.88	2.62	2.70	2.87	3.31	3.04	2.90	2.69
4	1.63	2.88	2.62	2.70	2.87	3.31	3.04	2.90	2.69
2	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
1	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
May 31	1.65	2.88	2.62	2.71	2.88	3.31	3.04	2.91	2.69
30	Stock Exchange Closed								
29	1.65	2.88	2.61	2.71	2.87	3.31	3.04	2.91	2.69
28	1.64	2.83	2.62	2.71	2.87	3.31	3.04	2.91	2.69
26	1.64	2.88	2.62	2.71	2.88	3.31	3.05	2.91	2.69
25	1.64	2.88	2.62	2.71	2.88	3.31	3.05	2.91	2.69
24	1.64	2.88	2.63	2.71	2.88	3.31	3.05	2.91	2.69
23	1.64	2.89	2.62	2.72	2.88	3.32	3.05	2.92	2.69
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	2.83	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	2.83	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	2.70	2.87	3.31	3.04	2.90	2.67
1 Year Ago June 5, 1944	1.82	3.05	2.73	2.81	3.07	3.59	3.39	2.97	2.80
2 Years Ago June 5, 1943	1.87	3.15	2.73	2.85	3.11	3.89	3.61	2.98	2.85

*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 Up 0.1% for Week Ended May 26

Prices for commodities in primary markets continued to edge upward during the week ended May 26. Higher prices for fruits and vegetables and bituminous coal were largely responsible for the 0.1% rise in the general level, said the United States Department of Labor in its weekly report on wholesale prices issued on May 31, which further said: "The Bureau of Labor Statistics all-commodity index for the week advanced to 105.9% of the 1926 level. It was 0.2% above the last week of April and nearly 2% higher than at this time last year."

The announcement continued:

"**Farm Products and Foods** — Because of higher OPA adjusted ceilings to compensate for increased costs and also minor seasonal advances, average prices for fresh fruits and vegetables, particularly in eastern markets, rose 3.5% during the week. Higher prices were also reported for corn, cotton and for sheep. These increases caused a rise of 0.8% in the general level of prices for farm products in primary markets. Lower market quotations were reported for rye and wheat and for lemons. Average prices for farm products were at the level of the last week in April and the net advance over a year ago has been 5.5%.

"Food prices in primary markets rose 0.6% primarily due to the advance in the fresh fruits and vegetables markets and higher prices for rye flour. Since the last week of April prices for foods have advanced nearly 1% and were approximately 2.5% above the last week in May a year ago.

"**Industrial Commodities**—The recent increase granted by OPA to bituminous coal producers continued to be reflected in average prices for coal which rose 0.2% during the week. The advance was not large enough to affect the group index for fuel and lighting materials. Aside from this increase and higher prices for galvanized wire fence there were few changes in industrial commodity markets during the week. The advance in wire prices was partially offset by a further decline in quotations for quicksilver. With the exception of the 0.1% rise in the index for metals and metal products the level for all other industrial commodity groups remained unchanged from the previous week."

The Labor Department included the following notation in its report:

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

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for April 28, 1945 and May 27, 1944, and (2) the percentage changes in subgroup indexes from May 19, 1945 to May 26, 1945.

WHOLESALE PRICES FOR WEEK ENDED MAY 26, 1945
(1926=100)

Commodity Groups—	5-26 1945	5-19 1945	5-12 1945	4-28 1945	5-27 1944	Percentage change to May 26, 1945 from— 5-19 1945	4-28 1945	5-27 1944
All commodities	105.9	105.8	105.7	105.7	103.9	+0.1	+0.2	+1.9
Farm products	130.5	129.5	129.5	130.5	123.7	+0.8	0	+5.5
Foods	107.4	106.8	106.6	106.5	104.9	+0.6	+0.8	+2.4
Hides and leather products	118.3	118.3	118.3	118.3	117.7	0	0	+0.5
Textile products	99.1	99.1	99.1	99.1	97.3	0	0	+1.8
Fuel and lighting materials	84.6	84.6	84.3	83.9	83.9	0	+0.8	+0.8
Metals and metal products	104.4	104.3	104.4	104.3	103.8	+0.1	+0.1	+0.6
Building materials	117.2	117.2	117.2	117.0	115.6	0	+0.2	+1.4
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	118.5	117.9	117.9	118.2	113.6	+0.5	+0.3	+4.3
Semimanufactured articles	94.8	94.8	94.8	94.8	93.6	0	0	+1.3
Manufactured products	102.1	102.1	102.0	101.9	101.1	0	+0.2	+1.0
All commodities other than farm products	100.5	100.5	100.4	100.3	99.6	0	+0.2	+0.9
All commodities other than farm products and foods	99.7	99.7	99.6	99.5	98.7	0	+0.2	+1.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
MAY 19, 1945 TO MAY 26, 1945

Increases

Fruits and vegetables	3.5	Grains	0.3
Other farm products	1.4	Bituminous coal	0.2

National Fertilizer Association Commodity Price Index Rises Substantially to New High

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on June 4, for the week of June 2, 1945, advanced substantially to a new high of 141.4 from 140.7 for the preceding week. A month ago the Index stood at 140.4 and a year ago at 137.0, all based on the 1935-1939 average as 100. The Association's report continued as follows:

The farm products group remained unchanged, the gains in the cotton and grains indexes being offset by a decline in the livestock index. The foods index advanced slightly, the higher quotations on cheese and potatoes being partly overcome by a lower quotation on cottonseed oil. The metals index made a substantial increase due to a higher quotation on finished steel, as did the fuels index because of the higher quotation on bituminous coal. The increase in the building materials index was due to higher prices on wire nails and building brick. All other groups of the index remained unchanged.

During the week 11 price series in the index advanced and 2 declined; in the preceding week there were 8 advances and 3 declines; in the second preceding week there were 7 advances and 5 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 June 2, 1945	Preceding Week May 26, 1945	Month Ago May 5, 1945	Year Ago June 3, 1944
25.3	Food	142.7	142.6	141.8	137.5
	Fats and Oils	144.9	145.3	145.3	143.0
	Cottonseed Oil	162.0	163.1	163.1	156.7
23.0	Farm Products	167.4	167.4	167.2	155.1
	Cotton	215.8	215.5	213.5	202.0
	Grains	164.8	163.7	163.6	164.7
	Livestock	160.6	161.0	160.8	144.0
17.3	Fuels	132.0	130.4	130.4	130.1
10.8	Miscellaneous Commodities	133.7	133.7	133.7	132.2
8.2	Textiles	157.2	157.2	156.9	152.4
7.1	Metals	108.0	104.7	104.7	104.4
6.1	Building Materials	155.4	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	104.4
100.0	All groups combined	141.4	140.7	140.4	137.0

*Indexes on 1926-1928 base were: June 2, 1945, 110.2; May 26, 1945, 109.6, and June 3, 1944, 106.7.

Announce Convoy System in Atlantic Ends

The British Admiralty announced the suspension of war-time ocean convoys in non-combat areas, effective May 28, the Associated Press reported from London on that date. The announcement also stated that blackout restrictions were lifted and vessels would be permitted to burn navigation lights at full brilliancy.

The announcement said ships which would have sailed under convoy in areas outside the combat zone could sail independently, thus speeding the movement of all ocean traffic.

In Washington the United States Navy made a similar announcement.

While the Admiralty did not specify what it considered noncombat zones, it was reported unofficially that it includes the Atlantic, Mediterranean, North Sea and English Channel.

Opening up of the Atlantic sea lanes for independent sailings of trade ships appeared to indicate that the last of the German submarines either had surrendered or been accounted for. It was reported last week that at least twelve "pirate" U-boats were believed riding somewhere in the Atlantic or attempting to make their way to Japan.

Shipping convoys were ordered immediately after the declaration of war, and the system was expanded after Germany resorted to long-range bomber attacks and the "pack" technique of submarine warfare. American over-age destroyers, given to England in exchange for naval bases, were used in British convoy operations.

The Admiralty disclosed that up to the beginning of 1945 more than 9,000 convoys safely entered or cleared British ports. At least one convoy sailed with 150 ships. Great battles, some extending over several days and nights, were fought against aerial and submarine attackers.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on June 4 that the tenders of $1,300,000,000 or thereabout of 91-day Treasury bills to be dated June 7 and to mature Sept. 6, 1945, which were offered on June 1, were opened at the Federal Reserve Banks on June 4.

The details of this issue are as follows:

Total applied for, $2,071,391,000.

Total accepted, $1,302,298,000 (includes $50,554,000 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, 99.908, equivalent rate of discount approximately 0.364% per annum.

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

(56% of the amount bid for at the low price was accepted).

There was a maturity of a similar issue of bills on June 7 in the amount of $1,309,916,000.

Moody's Daily Commodity Index

Tuesday, May 29, 1945	257.3
Wednesday, May 30	*
Thursday, May 31	256.9
Friday, June 1	257.3
Saturday, June 2	257.2
Monday, June 4	257.3
Tuesday, June 5	257.3
Two weeks ago, May 22	257.3
Month ago, May 4	256.8
Year ago, June 3, 1944	250.7
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, May 26	257.4
Low, Jan. 24	252.1

*Holiday.

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended May 26, 1945, is estimated by the Bureau of Mines at 11,815,000 net tons, an increase of 455,000 tons, or 4.0%, over the preceding week, according to the United States Department of the Interior. Output in the corresponding week of 1944 was 12,286,000 tons. The total production of soft coal from Jan. 1 to May 26, 1945, as estimated at 238,970,000 net tons, a decrease of 8.0% when compared with the 259,714,000 tons produced during the period from Jan. 1 to May 27, 1944.

Production of Pennsylvania anthracite for the week ended May 26, 1945, as estimated by the Bureau of Mines, was 1,275,000 tons, an increase of 1,230,000 tons over the preceding week in which period the hard coal mines were idle. When compared with the output in the corresponding week in 1944 there was a decrease of 94,000 tons. The calendar year to date shows a decrease of 23.5% 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 26, 1945, showed an increase of 8,000 tons when compared with the output for the week ended May 19, 1945; but was 12,700 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 26, 1945	May 19, 1945	May 27, 1944	*May 26, 1945	May 27, 1944
Total, including mine fuel	11,815,000	11,360,000	12,286,000	238,970,000	259,714,000
Daily average	1,969,000	1,893,000	2,048,000	1,915,000	2,056,000

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡May 26, 1945	§May 19, 1945	May 27, 1944	May 26, 1945	May 27, 1944	May 29, 1937
*Total incl. coll. fuel	1,275,000	45,000	1,369,000	20,616,000	26,963,000	23,841,000
†Commercial produc.	1,224,000	43,000	1,314,000	19,790,000	25,884,000	22,649,000
Beehive coke—						
United States total	130,800	122,800	143,500	2,382,200	3,148,100	1,544,100

*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 19, 1945	May 12, 1945	May 20, 1944
Alabama	412,000	390,000	350,000
Alaska	7,000	6,000	6,000
Arkansas and Oklahoma	83,000	76,000	92,000
Colorado	114,000	116,000	115,000
Georgia and North Carolina	1,000	1,000	1,000
Illinois	1,400,000	1,130,000	1,453,000
Indiana	537,000	455,000	527,000
Iowa	42,000	41,000	35,000
Kansas and Missouri	128,000	114,000	166,000
Kentucky—Eastern	978,000	977,000	960,000
Kentucky—Western	380,000	350,000	376,000
Maryland	34,000	30,000	41,000
Michigan	3,000	3,000	2,000
Montana (bitum. & lignite)	80,000	70,000	79,000
New Mexico	26,000	30,000	37,000
North & South Dakota (lignite)	34,000	34,000	29,000
Ohio	730,000	642,000	698,000
Pennsylvania (bituminous)	2,712,000	2,390,000	3,012,000
Tennessee	134,000	131,000	138,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	124,000	108,000	135,000
Virginia	333,000	348,000	387,000
Washington	24,000	30,000	31,000
†West Virginia—Southern	2,016,000	1,976,000	2,172,000
‡West Virginia—Northern	848,000	1,024,000	1,001,000
Wyoming	178,000	172,000	166,000
§Other Western States	1,000	*	1,000
Total bituminous & lignite	11,360,000	10,645,000	12,012,000

†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.

Electric Output for Week Ended June 2, 1945 Exceeds That for Same Week Last Year by 1.4%

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 June 2, 1945, was approximately 4,203,502,000 kwh., which compares with 4,144,490,000 kwh. in the corresponding week a year ago and 4,329,605,000 kwh. in the week ended May 26, 1945. The output of the week ended June 2, 1945, was 1.4% in excess of that for the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	June 2	May 26	May 19	May 12
New England	2.2	0.5	3.8	*0.5
Middle Atlantic	0.0	*3.2	*1.3	*3.0
Central Industrial	2.7	2.2	4.7	1.9
West Central	3.9	2.6	6.8	7.9
Southern States	6.8	6.7	8.2	8.9
Rocky Mountain	*0.1	0.0	6.1	6.0
Pacific Coast	*3.3	*0.9	0.3	*2.0
Total United States	1.4	0.9	3.1	1.5

*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
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	4,329,605	4,291,750	+ 0.9	3,990,040	1,381,452	1,615,085
June 2	4,203,502	4,144,490	+ 1.4	3,925,893	1,435,471	1,689,925
June 9		4,264,600		4,040,376	1,441,532	1,699,227
June 16		4,287,251		4,098,401	1,440,541	1,702,501
June 23		4,325,417		4,120,038	1,456,961	1,723,428
June 30		4,327,359		4,110,793	1,341,730	1,592,075

Trading on New York Exchanges

The Securities and Exchange Commission made public on May 30 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 May 12, 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 May 12 (in round-lot transactions) totaled 2,927,737 shares, which amount was 16.34% of the total transactions on the Exchange of 8,955,630 shares. This compares with member trading during the week ended May 5 of 2,708,738 shares, or 15.69% of the total trading of 8,634,260 shares. On the New York Curb Exchange, member trading during the week ended May 12 amounted to 633,680 shares or 16.30% of the total volume on that exchange of 1,943,690 shares. During the May 5 week trading for the account of Curb members of 595,402 shares was 14.11% of the total trading of 2,110,115.

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

WEEK ENDED MAY 12, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	252,030	
‡Other sales	8,703,600	
Total sales	8,955,630	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	816,130	
Short sales	118,240	
‡Other sales	680,280	
Total sales	798,520	9.01
2. Other transactions initiated on the floor—		
Total purchases	352,550	
Short sales	30,300	
‡Other sales	328,810	
Total sales	359,110	3.97
3. Other transactions initiated off the floor—		
Total purchases	256,240	
Short sales	16,450	
‡Other sales	328,737	
Total sales	345,187	3.36
4. Total—		
Total purchases	1,424,920	
Short sales	164,990	
‡Other sales	1,337,827	
Total sales	1,502,817	16.34

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

WEEK ENDED MAY 12, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	29,495	
‡Other sales	1,914,195	
Total sales	1,943,690	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	186,765	
Short sales	10,010	
‡Other sales	169,760	
Total sales	179,770	9.43
2. Other transactions initiated on the floor—		
Total purchases	48,505	
Short sales	4,200	
‡Other sales	52,080	
Total sales	56,280	2.69
3. Other transactions initiated off the floor—		
Total purchases	47,190	
Short sales	3,050	
‡Other sales	112,120	
Total sales	115,170	4.18
4. Total—		
Total purchases	282,460	
Short sales	17,260	
‡Other sales	333,960	
Total sales	351,220	16.30
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	78,839	
Total purchases	78,839	
Total sales	70,140	

*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."

Post-War Trend of Commodity Prices Discussed by First National of Boston

"The most important single economic factor in the post-war period will be the behavior of commodity prices," says The First National Bank of Boston in its monthly letter. Continuing the Bank says, "To have a healthy economy it is necessary that there be equitable price relationships among commodities so that the various groups can exchange goods with one another. Wars not only cause a violent upheaval in prices but also a distortion in price relationships.

"During a period of hostilities a spectacular commodity price advance takes place because of the superimposed heavy demands of governments for war goods and equipment, the great expansion of credit, blockades, and the serious disruption of commerce and shipping. But some time after the close of the conflict, when the warring nations again return to production on a more normal basis, the vacuum created by wartime restrictions disapears and prices tend downward. This is the general pattern expressed in simple terms.

"Since this war began, commodity prices have advanced about 40% and this compares with the gain of more than 100% that took place during World War I up to the time of the Armistice in November, 1918. On the other hand, farm prices so far in this war have advanced nearly 110%, or about the same as in the 1914-18 period.

"Based upon past performance, it is apparent that, with the exception of a possible inflationary trend of a year or so after the close of hostilities, the post-war trend of commodity prices is downward.

"There have been long periods of comparatively low prices in which there were high levels of production and employment. Following each of the depression periods of the '40s, the '70s and the '90s, industrial production averaged above normal for about a decade even though the annual average of commodity prices during these prosperous years ranged from 38% to 43% below the 1926 level. Thus it was demonstrated that high prices were not necessary for prosperity. The accumulated shortages of the depression period provided the necessary stimulus for recovery. This was followed by increased employment, higher prices, greater profits, and an advance in wages, and in this sequence a strong upward movement was generated which spread to all lines of activity. The increasing profits were used to employ more workers and to repair and expand plants and facilities. Recovery was brought about by private enterprise and not by Government intervention."

Ahearn Leaves RFC Post; To Join Wm. B. Nichols Co.

John W. Snyder, Federal Loan Administrator, on May 30 announced that T. J. Ahearn, Jr., had resigned as Manager of the RFC New York Loan Agency. Mr. Ahearn will become Vice-President Wm. B. Nichols & Company, Inc., Financial and Industrial Management Counsel, 475 Fifth Avenue, New York City.

The Board of Directors of the Reconstruction Finance Corporation have appointed William J. Farthing as Acting Loan Agency Manager. Mr. Farthing has been with the corporation since 1935 and for the past two years has held the position of Assistant Loan Agency Manager.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 30 a summary for the week ended May 19 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 19, 1945

	Total For Week
Odd-lot Sales by Dealers (Customers' purchases)	
Number of orders	27,082
Number of shares	800,450
Dollar value	$31,846,473
Odd-Lot Purchases by Dealers—(Customers' sales)	
Number of Orders:	
Customers' short sale	194
*Customers' other sales	24,080
Customers' total sales	24,274
Number of Shares:	
Customers' short sales	6,743
*Customers' other sales	667,262
Customers' total sales	674,005
Dollar value	$24,760,216
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	120
†Other sales	146,020
Total sales	146,140
Round-Lot Purchases by Dealers:	
Number of shares	286,630

*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 26, 1945 Decreased Only 700 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 26, 1945, was 4,866,765 barrels, a decrease of only 700 barrels from the preceding week. It was, however, 352,715 barrels per day more than produced in the corresponding week of last year and exceeded the daily average figure recommended by the Petroleum Administration for War for the month of May, 1945, by 265 barrels. Daily output for the four weeks ended May 26, 1945, averaged 4,855,915 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,950,000 barrels of crude oil daily and produced 15,194,000 barrels of gasoline; 1,449,000 barrels of kerosine; 4,667,000 barrels of distillate fuel, and 9,670,000 barrels of residual fuel oil during the week ended May 26, 1945; and had in storage at the end of that week; 48,265,000 barrels of civilian grade gasoline; 40,856,000 barrels of military and other gasoline; 8,246,000 barrels of kerosine; 29,184,000 barrels of distillate fuel, and 38,548,000 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 26, 1945	Change from Previous Week	4 Weeks Ended May 26, 1945	Week Ended May 27, 1944
Oklahoma	367,500	367,500	†385,700	+ 300	385,150	333,650
Kansas	274,000	269,400	†275,100	+ 3,800	267,600	283,550
Nebraska	1,000	----	†900	----	900	950
Panhandle Texas			90,000	----	90,000	91,000
North Texas			153,900	----	153,900	147,200
West Texas			495,300	----	495,300	429,150
East Central Texas			138,200	----	138,200	137,150
East Texas			379,800	----	379,800	364,100
South Texas			355,650	----	355,650	307,050
Coastal Texas			563,300	----	563,300	519,850
Total Texas	2,170,000	‡2,170,717	2,176,150	----	2,176,150	1,995,500
North Louisiana			70,250	— 850	70,850	73,550
Coastal Louisiana			299,800	----	299,800	283,100
Total Louisiana	360,000	400,800	370,050	— 850	370,650	356,650
Arkansas	80,000	78,786	80,000	+ 150	79,800	80,650
Mississippi	53,000		49,800	----	52,200	40,400
Alabama	300		450	----	450	100
Florida	----		15	----	15	50
Illinois	205,000		195,950	+ 1,300	195,650	208,500
Indiana	13,000		12,550	+ 100	11,900	13,450
Eastern— (Not incl. Ill., Ind., Ky.)	67,200		63,000	— 1,950	63,750	71,900
Kentucky	31,000		27,700	+ 850	27,300	20,700
Michigan	47,000		46,600	+ 800	47,100	51,600
Wyoming	112,000		107,400	+ 450	107,400	85,750
Montana	23,000		20,300	— 550	20,700	21,300
Colorado	10,500		11,000	— 200	10,950	8,350
New Mexico	105,000	105,000	103,900	----	103,900	108,200
Total East of Calif	3,919,500		3,926,565	+ 4,200	3,921,565	3,681,250
California	947,000	§947,000	940,200	— 4,900	934,350	832,800
Total United States	4,866,500		4,866,765	— 700	4,855,915	4,514,050

*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 24, 1945.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 14 days, the entire state was ordered shut down for 6 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 26, 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	732	92.5	1,748	5,923	5,575	5,477	8,126
Appalachian— District No. 1	76.8	104	71.2	284	344	198	1,132	1,229
District No. 2	81.2	65	130.0	174	96	136	382	1,122
Ind., Ill., Ky.	87.2	788	91.9	2,925	3,939	1,888	7,113	14,667
Okla., Kans., Mo.	78.3	393	83.8	1,448	1,690	1,146	2,219	7,048
Inland Texas	59.8	257	77.9	1,046	365	823	1,200	1,732
Texas Gulf Coast	89.3	1,188	96.0	3,696	6,135	5,909	9,108	4,573
Louisiana Gulf Coast	96.8	267	102.7	918	1,517	1,429	2,349	2,114
No. La. & Arkansas	55.9	74	58.7	219	714	197	584	2,098
Rocky Mountain— District No. 3	17.1	12	92.3	38	21	35	20	56
District No. 4	72.1	111	69.8	379	275	592	658	1,724
California	85.8	959	96.5	2,319	8,165	20,620	10,614	3,776
Total U. S. B. of M. basis May 26, 1945	85.6	4,950	91.1	15,194	29,184	38,548	*40,856	48,265
Total U. S. B. of M. basis May 19, 1945	85.6	4,908	90.4	15,269	29,470	38,624	41,309	48,364
U. S. Bur. of Mines basis May 27, 1944		4,561		13,362	32,074	50,617	37,967	48,296

*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 11,390,000 barrels unfinished gasoline this week, compared with 12,106,000 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 and in pipe lines. §Not including 1,449,000 barrels of kerosine, 4,667,000 barrels of gas oil and distillate fuel oil and 9,670,000 barrels of residual fuel oil produced during the week ended May 26, 1945, which compares with 1,546,000 barrels, 5,041,000 barrels and 9,646,000 barrels, respectively, in two preceding week and 1,609,000 barrels, 4,905,000 barrels and 8,434,000 barrels, respectively, in the week ended May 27, 1944.

Note—Stocks of kerosine at May 26, 1945, amounted to 8,246,000 barrels, as against 7,955,000 barrels a week earlier and 7,744,000 barrels a year ago.

Civil Engineering Construction $21,404,000 For Holiday-Shortened Week

Civil engineering construction in continental United States totals $21,404,000 for the short week due to the Memorial Day holiday. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 8% lower than in the corresponding 1944 week, 31% below the previous four-week moving average, and compares with $35,016,000 reported to "Engineering News-Record" for the preceding week. The report made public on May 31 continued as follows:

Private construction for the week is 81% higher than in the 1944 week, but public construction is down 20% due to the 30% decrease in Federal work. State and municipal construction, $4,300,000, is 29% greater than in the week last year.

The current week's construction brings 1945 volume to $685,541,000 for the 22 weeks, 9% below the $757,233,000 reported for the period in 1944. Private construction, $191,141,000, is 11% higher than a year ago, but public construction, $494,400,000, is down 16% as a result of the 21% drop in Federal construction. State and municipal construction, $95,411,000, tops its 22-week 1944 volume by 18%.

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

	June 1, 1944 (four days)	May 24, 1945 (five days)	May 31, 1945 (four days)
Total U. S. Construction	$23,214,000	$35,016,000	$21,404,000
Private Construction	2,911,000	7,470,000	5,260,000
Public Construction	20,303,000	27,546,000	16,144,000
State and Municipal	3,344,000	4,623,000	4,300,000
Federal	16,959,000	22,923,000	11,844,000

In the classified construction groups, gains over the 1944 week are in bridges, industrial buildings, and unclassified construction. Increases over last week are in bridges, and industrial buildings. Subtotals for the week in each class of construction are: waterworks, $116,000; sewerage, $84,000; bridges, $603,000; industrial buildings, $4,764,000; commercial building and private mass housing, $300,000; public buildings, $4,933,000; earthwork and drainage, $173,000; streets and roads, $3,579,000; and unclassified construction, $6,852,000.

New capital for construction purposes for the week totals $12,930,000. It is made up of $10,851,000 in state and municipal bond sales, and $2,079,000 in corporate security issues. New construction financing for the year to date, $511,710,000, is 20% higher than the $427,497,000 reported for the 22 weeks of 1944.

Post-War Construction Planning Volume $21.0 Billions

Identified and recorded engineering construction projects proposed for construction in the post-war years total $21,021,120,000, according to reports to "Engineering News-Record" in the period from January 1, 1943 through May 24, 1945. Plans are under way or completed on post-war projects valued at $8,982,699,000, 42.7% of the total volume proposed, and on $1,329,308,000 worth of projects all financing arrangements have been completed.

Non-Ferrous Metals—Restrictions on Brass Mill Products Eased—Copper Stockpile Rises

"E. & M. J. Metal and Mineral Markets," in its issue of May 31, stated: "The sharp cutback in brass requirements, chief worry of the copper industry since April, led to WPB action last week to release brass mill products on unrated orders immediately. Demand for copper last week again was slow. The stockpile is certain to increase over the summer months, because purchases of foreign copper are expected to remain at a high level throughout the third quarter. Of general interest to producers of non-ferrous metals was the passage of the Trade Agreements bill by the House. Hearings on the measure started May 30 before the Senate Finance Committee. "The publication further went on to say in part:

Copper

Domestic production plus a fair tonnage of foreign copper have been sold so far for June shipment to consumers, but new supply available for next month will be substantial and leave a fairly large block of metal for the stockpile. The supply in the hands of the government now totals around 230,000 tons.

In view of recent sharp cutbacks in brass mill products, WPB announced last week that "open-ending" of CMP on unrated orders will go into effect immediately instead of on July 1. War requirements for communications wire have been reduced from 313,500 miles a month to 218,000 miles.

Mine output of copper in March contained 69,185 tons of copper, against 64,572 tons in February and 67,707 tons in January, the Bureau of Mines reports.

Lead

Lead sales were light last week, largely because producers sold all that they cared to sell for June shipment. As soon as the books are opened for July business the curve on new business will move upward. Sales for the week ended May 30 totaled 1,048 tons.

Washington officials still regard the lead supply outlook as tight. Most producers and consumers look for the situation to ease somewhat this summer.

Canada produced 24,578,012 lb. of lead in February, against 25,623,743 lb. in January and 29,753,989 lb. in February last year, according to the Dominion Bureau of Statistics.

Zinc

Allocation certificates for June zinc were released last week. Demand for Prime Western for galvanizing was good, but interest in High Grade was disappointing. Galvanizers have been granted permission by WPB to absorb an additional 20% of the amount of zinc used in the fourth quarter of 1944. Demand for galvanized products is excellent.

Production of zinc in Canada in February totaled 44,520,588 lb., against 49,506,177 lb. in January and 44,735,515 tons in February last year, the Dominion Bureau of Statistics reports.

Magnesium

Production of primary magnesium in March amounted to 6,658,000 lb., an increase of 11.7% over February, the Aluminum and Magnesium Division, WPB, reports. Recovery of the metal from secondary sources totaled 2,804,000 lb. in March, an increase of 32.5% over February's output.

Reflecting expanding war demands, shipments of magnesium products showed increase during March. Shipments of magnesium permanent mold and die castings were the largest on record.

The March and February statistics of the magnesium industry, in pounds, follow:

	March	Feb.
Magnesium production:		
Primary	6,658,000	5,960,000
Secondary	2,804,000	2,116,000
Product shipments:		
Castings—		
Sand	6,700,000	5,832,000
Permanent mold	683,000	658,000
Die	281,000	217,000
Wrought products—		
Forgings	28,000	14,000
Extrusions	277,000	238,000
Sheet, strip, etc.	248,000	208,000

Figures on fabricated products do not cover incendiary bomb body castings, extruded sheet stock and forging stock, and sticks.

Tin

Electrolytic tin-plate will be used for packing evaporated milk in six-ounce cans, the American Can Co. announced last week. This will account for an additional saving of some 646 tons of tin in 1945. Electrolytic tin-plate used will contain 0.75 lb. of tin per base box, or roughly three-quarters of a pound of tin per 1,000 cans.

There were no market developments in tin last week. The price of Straits quality tin for shipment, in cents per pound, was nominally as follows:

	June	July	August
May 24	52.000	52.000	52.000
May 25	52.000	52.000	52.000
May 26	52.000	52.000	52.000
May 28	52.000	52.000	52.000
May 29	52.000	52.000	52.000
May 30		Holiday	

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

Quicksilver

Demand for quicksilver showed no improvement last week, and the price situation remains unsettled. Spot metal was available at prices ranging from $152 to $155 per flask. On forward material the inside figure could have been shaded $2 per flask, covering both domestic and Spanish quicksilver. Uncertainty over war demands continues to retard business.

Pacific Coast producers report Market quiet, with quotations unchanged at $145 to $150 per flask, f. o. b. Coast.

Silver

Conservation Order M-199 has been amended by WPB, lifting all restrictions on the use of domestic silver. However, the Miscellaneous Minerals Division points out that the supply of semi-fabricated silver, chiefly wire and sheet, remains tight, and consumers desiring to purchase the metal in these forms may still encounter some difficulties. The designations domestic silver and Treasury silver have been combined and will be known as "domestic silver," according to the revised regulations. The quota provisions that restricted users of domestic silver to a percentage of their consumption of silver in a base year have been removed.

WPB restrictions on the use of foreign silver continue in effect, the announcement issued May 26 states.

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

Cotton Exch. Dinner

The New York Cotton Exchange will celebrate its 75th anniversary with a Diamond Jubilee dinner at the Penn Top Roof Garden of the Hotel Pennsylvania the evening of August 15. Out-of-town cotton exchanges and trade associations are expected to send official delegations representing their organizations. Guests and speakers will include noted officials of the Federal Government and of the New York State and City Governments.

Revenue Freight Car Loadings During Week Ended May 26, 1945, Increased 13,803 Cars

Loading of revenue freight for the week ended May 26, 1945 totaled 882,437 cars, the Association of American Railroads announced on May 31. This was an increase above the corresponding week of 1944 of 13,616 cars, or 1.6%, and an increase above the same week in 1943 of 28,654 cars of 3.4%.

Loading of revenue freight for the week of May 26 increased 13,803 cars, or 1.6% above the preceding week.

Miscellaneous freight loading totaled 404,524 cars, a decrease of 224 cars below the preceding week, but an increase of 18,824 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 108,792 cars, an increase of 423 cars above the preceding week and an increase of 3,560 cars above the corresponding week in 1944.

Coal loading amounted to 168,255 cars an increase of 19,656 cars above the preceding week, but a decrease of 13,079 cars below the corresponding week in 1944.

Grain and grain products loading totaled 53,564 cars, an increase of 375 cars above the preceding week and an increase of 12,439 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of May 26 totaled 37,269 cars, an increase of 404 cars above the preceding week and an increase of 11,027 cars above the corresponding week in 1944.

Livestock loading amounted to 13,744 cars, a decrease of 558 cars below the preceding week and a decrease of 366 cars below the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of May 26 totaled 10,546 cars, a decrease of 310 cars below the preceding week, and a decrease of 56 cars below the corresponding week in 1944.

Forest products loading totaled 44,555 cars, an increase of 752 cars above the preceding week and an increase of 933 cars above the corresponding week in 1944.

Ore loading amounted to 73,658 cars, a decrease of 7,301 cars below the preceding week and a decrease of 9,083 cars below the corresponding week in 1944.

Coke loading amounted to 15,345 cars, an increase of 680 cars above the preceding week, and an increase of 388 cars above the corresponding week in 1944.

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

	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
Week of May 19	868,634	870,075	843,842
Week of May 26	882,437	868,821	853,783
Total	16,897,283	16,946,315	16,327,984

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 26, 1945. During the period 75 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 26

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	286	249	266	1,533	1,377
Bangor & Aroostook	1,290	1,065	842	351	587
Boston & Maine	7,089	7,140	6,281	13,436	14,866
Chicago, Indianapolis & Louisville	1,089	1,331	1,425	2,168	2,252
Central Indiana	41	30	42	63	41
Central Vermont	1,149	1,049	1,076	2,253	2,225
Delaware & Hudson	5,318	5,028	6,470	11,747	12,468
Delaware, Lackawanna & Western	7,768	7,913	8,117	11,273	11,284
Detroit & Mackinac	225	276	376	132	131
Detroit, Toledo & Ironton	1,848	1,798	1,762	1,232	1,183
Detroit & Toledo Shore Line	433	338	278	3,341	2,693
Erie	12,756	14,006	13,080	16,998	17,433
Grand Trunk Western	4,141	4,166	3,975	8,552	8,791
Lehigh & Hudson River	161	187	206	2,421	3,360
Lehigh & New England	2,256	1,810	2,240	1,381	1,708
Lehigh Valley	8,050	9,127	8.905	12,434	16,071
Maine Central	2,491	2,225	2,243	2,784	2,926
Monongahela	3,731	6,676	6,943	218	321
Montour	2,776	2,763	2,559	28	24
New York Central Lines	52,285	49,434	50,441	52,329	55,048
N. Y., N. H. & Hartford	10,660	9,949	10,228	18,399	19,110
New York, Ontario & Western	1,207	1,529	1,420	3,671	3,640
New York, Chicago & St. Louis	6,829	6,592	7,749	16,401	15,773
N. Y., Susquehanna & Western	437	462	536	2,369	2,143
Pittsburgh & Lake Erie	8,222	7,558	7,933	9,669	9,385
Pere Marquette	5,511	4,895	5,223	8,744	8,420
Pittsburg & Shawmut	943	881	1,059	25	58
Pittsburg, Shawmut & North	360	389	392	216	257
Pittsburgh & West Virginia	1,201	1,340	1,175	3,081	2,484
Rutland	390	406	352	1,209	1,103
Wabash	6,173	5,076	5,510	13,194	12,840
Wheeling & Lake Erie	6,488	5,370	6,425	4,620	4,190
Total	163,604	161,058	165,079	226,272	234,192
Allegheny District—					
Akron, Canton & Youngstown	769	718	760	1,264	1,258
Baltimore & Ohio	45,601	48.531	43,347	28,829	29,304
Bessemer & Lake Erie	5,538	6,589	6,587	2,072	2,119
Buffalo Creek & Gauley	†	†	288	†	†
Cambria & Indiana	1,620	1,664	1,884	15	9
Central R. R. of New Jersey	7,029	7,210	7,276	19,469	21,378
Cornwall	25	544	674	30	64
Cumberland & Pennsylvania	180	234	312	7	10
Ligonier Valley	113	170	162	38	24
Long Island	1,879	1,665	1,121	4,107	4,507
Penn-Reading Seashore Lines	1,785	1,706	1.817	2,198	2,891
Pennsylvania System	87,690	89,637	86,228	64,349	69,024
Reading Co.	15,292	15,916	15.596	27,661	28,126
Union (Pittsburgh)	19,353	20,680	21,302	7,320	7,698
Western Maryland	3,500	4,255	4,461	13,322	12,517
Total	190,374	199,519	191,815	170.681	178,929
Pocahontas District—					
Chesapeake & Ohio	29,560	29,860	30,366	16,520	14,370
Norfolk & Western	21,679	22,201	23,081	8,016	8,112
Virginian	4,804	4,857	4,986	2,821	2,276
Total	56.043	56,918	58,433	27,357	24,758

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Southern District—					
Alabama, Tennessee & Northern	490	269	268	354	427
Atl. & W. P.—W. R. R. of Ala.	887	790	622	2,671	3,142
Atlanta, Birmingham & Coast	1,002	711	733	1,509	1,514
Atlantic Coast Line	12,377	11,773	12,563	10,209	9,699
Central of Georgia	3,707	3,922	4,076	5,055	5,618
Charleston & Western Carolina	522	432	462	1,364	1,887
Clinchfield	1,686	1,693	1,608	2,987	3,199
Columbus & Greenville	221	228	333	349	279
Durham & Southern	123	137	99	957	653
Florida East Coast	1,232	1,515	2,201	1,221	1,269
Gainesville Midland	54	53	40	107	164
Georgia	1,229	1,265	1,235	2,695	2,962
Georgia & Florida	*431	395	343	*730	721
Gulf, Mobile & Ohio	5,750	4,252	3,758	4,929	4,329
Illinois Central System	29,441	28,824	27,112	18,378	16,022
Louisville & Nashville	27,450	26,305	26,692	12,456	12,341
Macon, Dublin & Savannah	220	184	170	960	958
Mississippi Central	459	265	219	538	640
Nashville, Chattanooga & St. L.	3,545	3,408	3,332	4,741	4,412
Norfolk Southern	1,107	1,005	1,181	1,709	1,650
Piedmont Northern	418	390	364	1,280	1,201
Richmond, Fred. & Potomac	513	430	413	11,514	11,068
Seaboard Air Line	10,993	10,406	10,574	8,485	9,062
Southern System	25,608	23,855	21,501	26,573	25,303
Tennessee Central	598	764	686	694	865
Winston-Salem Southbound	140	154	125	1,103	1,258
Total	130,203	123,425	120,710	123,568	120,643
Northwestern District—					
Chicago & North Western	19,233	20,844	19,309	14,451	13,583
Chicago Great Western	2,482	2,713	2,751	3,548	3,412
Chicago, Milw., St. P. & Pac.	21,866	20,689	21,491	10,903	10,686
Chicago, St. Paul, Minn. & Omaha	3,517	3,494	3,308	3,917	3,653
Duluth, Missabe & Iron Range	25,386	26,499	27,141	290	195
Duluth, South Shore & Atlantic	871	767	1,014	685	565
Elgin, Joliet & Eastern	9,102	9,193	8,577	10,695	11,990
Ft. Dodge, Des Moines & South	412	377	452	104	118
Great Northern	23,218	23,437	24,643	8,182	7,699
Green Bay & Western	427	495	432	994	990
Lake Superior & Ishpeming	2,333	2,707	2,514	54	47
Minneapolis & St. Louis	2,194	2,101	1,695	2,606	2,745
Minn., St. Paul & S. S. M.	7,154	6,836	6,413	3,368	4,188
Northern Pacific	11,616	10,599	10,452	6,391	6,511
Spokane International	281	178	175	622	800
Spokane, Portland & Seattle	2,566	2,366	2,689	3,816	3,005
Total	132,658	133,295	133,056	70,626	70,187
Central Western District—					
Atch., Top. & Santa Fe System	27,570	24,024	23,298	17,357	12,112
Alton	3,581	3,130	2,770	4,471	3,972
Bingham & Garfield	364	434	472	62	72
Chicago, Burlington & Quincy	19,023	18,416	17,404	12,623	12,556
Chicago & Illinois Midland	3,279	3,372	3,173	961	839
Chicago, Rock Island & Pacific	13,315	10,934	12,192	13,520	12,863
Chicago & Eastern Illinois	2,740	2,707	2,489	5,593	6,113
Colorado & Southern	615	574	731	2,461	2,518
Denver & Rio Grande Western	3,210	3,553	3,429	6,890	5,812
Denver & Salt Lake	531	622	649	36	17
Fort Worth & Denver City	1,127	765	768	2,165	1,631
Illinois Terminal	2,166	2,098	1,465	2,117	2,136
Missouri-Illinois	1,073	971	755	773	533
Nevada Northern	1,462	1,667	2,109	97	127
North Western Pacific	814	915	1,096	696	734
Peoria & Pekin Union	8	1	0	0	0
Southern Pacific (Pacific)	33,077	30,600	32,648	15,055	13,943
Toledo, Peoria & Western	342	287	326	2,340	1,977
Union Pacific System	15,174	14,172	13,050	19,694	18,624
Utah	466	505	554	2	5
Western Pacific	2,335	2,276	2,273	5,609	4,468
Total	132,272	122,023	121,651	112,522	101,052
Southwestern District—					
Burlington-Rock Island	340	267	867	908	460
Gulf Coast Lines	6,746	6,613	3,399	2,765	2,598
International-Great Northern	2,991	2,279	3,399	4,474	3,803
Kansas, Oklahoma & Gulf	280	299	208	1,001	1,020
Kansas City Southern	5,372	6,609	4,866	3,197	2,804
Louisiana & Arkansas	3,715	3,458	3,838	3,325	2,788
Litchfield & Madison	302	411	381	1,438	1,268
Midland Valley	782	641	243	999	556
Missouri & Arkansas	187	158	125	398	382
Missouri-Kansas-Texas Lines	7,219	6,284	4,927	5,304	5,051
Missouri Pacific	17,549	16,003	12,020	20,530	20,178
Quanah Acme & Pacific	129	81	58	411	366
St. Louis-San Francisco	10,138	8,745	7,765	9,281	8,966
St. Louis Southwestern	3,678	3,056	3,040	7,681	7,509
Texas & New Orleans	11,707	12,836	12,939	5,771	5,009
Texas & Pacific	5,932	4,710	4,854	8,235	7,098
Wichita Falls & Southern	118	112	85	51	103
Weatherford M. W. & N. W.	38	21	25	31	23
Total	77,283	72,583	63,039	75,800	69,982

*Previous week's figure. †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	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
May 19	126,285	158,532	565,867	97	95
May 26	129,327	157,794	532,257	97	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.

Priority for Purchase of Govt. Surplus Goods

Federal, State and Local Governments May Purchase Surpluses Before Other Types of Purchases

The Government's Program for the disposal of surplus goods has taken on new interest for States and local governments by virtue of the issuance of Regulation 2 of the Surplus Property Board. Under this regulation, effective May 25, a system of priorities is established under which Federal agencies, State and local governments and political subdivisions and instrumentalities thereof are given an opportunity to purchase available surpluses before other types of purchasers.

The Department of Commerce in reporting this further said:

Lists of those categories of items in short supply in the inventory of the Department of Commerce, Office of Surplus Property, are now being issued to eligible agencies by the Department's Regional Offices. The Department of Commerce is one of four disposal agencies designated by the Surplus Property Board. It is responsible for the disposal of surplus consumer goods, automotive and construction equipment and farm machinery.

Surplus Property Board Regulation 2 establishes two priority periods during which eligible agencies may place orders. The Department of Commerce has set the eighteen-day period from June 1-18 inclusive as the priority period for federal agencies, and the twelve-day period from June 19-30 as the priority period for State and local governments.

During the period June 1-30 merchandise as shown on the list currently being circulated by the Regional Offices will be withheld from commercial sale.

Federal agencies must place their orders during the 18-day period ending June 18th. State and local governments may place their orders at any time from June 1-30. At the end of the 18-day period, orders of Federal agencies will be filled to the extent the available supply permits. At the close of the 12-day period ending June 30, orders of State and local governments will be filled to the extent the supply permits. In filling orders, first consideration will be given to those carrying War Production Board preference ratings.

Owing to the nature of the merchandise, much of which has been used, the Department of Commerce, Office of Surplus Property, is suggesting that agencies make arrangements to inspect any items in which they may be interested before placing their orders. Offerings are on a "where is" and "as is" basis, priced in accordance with the appraised fair value as determined by the Regional Office. Owing to the fact that the items offered during this interim period are in short supply and the fact that the Government reserves the right to withdraw any item prior to actual sale, purchasing agencies may find it difficult to locate the exact items and quantities which they desire. It will be helpful if inquiries from purchasing agencies are confined to those items and quantities which represent actual current needs.

The current listing of short-supply items is part of a preliminary 60-day program. On July 25 and thereafter, in accordance with the requirements of Surplus Property Board Regulation 2, Federal agencies and State and local governments will be given written notice of available property, in those categories for which they have expressed a need on Form SPB 7. This form will be distributed to the agencies by the Regional Offices during the latter part of June.

Items About Banks, Trust Companies

William E. Cable, Jr., Vice-President of Central Hanover Bank & Trust Co. of New York, retired on May 31 after completing 50 years of service. He went with the Hanover National Bank on May 20, 1895, and was the senior employee in length of service at the time of his retirement. Starting as mail boy, Mr. Cable was made Cashier of the bank in 1918, and in 1927 became Vice-President and Comptroller. Since 1930 Mr. Cable has been associated with the Corporate Trust Department in its Stock Transfer, Reorganization and Agency Divisions.

The New York Trust Company announced on June 4 today an increase in the dividend rate and a change in capital funds. At the meeting of the Board of Trustees a quarterly dividend of 4% ($1.00 par share) on the capital stock of the company was declared, payable July 2, 1945, to stockholders of record at the close of business on June 15, 1945.

The dividend for the first quarter of 1945 was 3½% ($0.87½ per share). At the same time the Board of Trustees approved the transfer of $5,000,000 from undivided profits to surplus, increasing this account to $35,000,000. The capital fund figures are now capital, $15,000,000; surplus, $35,000,000; undivided profits, $4,258,821.97; total, $54,258,821.97.

Irving LeRoy Bennett, Assistant Secretary of the New York Trust Company, retired on May 31 after 46 years of continuous service with the company. Mr. Bennett joined the staff of the Continental Trust Company of the City of New York, a predecessor institution, on Dec. 26, 1898, as a junior clerk. During his long service he has held various positions and was for many years in charge of the Transfer Department.

At a regular meeting of the Board of Directors of the National City Bank of New York held May 31 the following were appointed Assistant Cashiers: W. Carter Chapman, Jr., William J. Cosgriff, Mario DiGirolamo, John P. Garry, Thomas C. Houts, John C. Kelly, Claire O. Weidman and Harold J. Schondelmeier.

Percy H. Johnston, Chairman of the Chemical Bank & Trust Company of New York, announced the election of Robert W. Dowling to the Advisory Board of the Broadway at 44th Street office of the bank. Mr. Dowling is President and Director of the City Investing Company, which has important real estate and theatrical interests in the Time Square area. He is a Director of Station WOR, R. H. Macy & Co., Inc., Home Insurance Co. and New York Dock Co., and is a Trustee of the Emigrant Industrial Savings Bank, also of New York.

Stanley E. Clickener, one of the Auditors of the bank, is celebrating 50 years with the Union Dime Savings Bank, New York City, and was presented on May 28 with an embossed scroll—a testimonial passed by the Board of Trustees in recognition of his long service. On May 27, 1895, he joined the staff of the Union Dime. In the last half century he has seen the institution grow from a small bank, with deposits of about $14,000,000, to one of the large savings banks of the city, with approximately 150,000 depositors, and deposits of $177,000,000—more than 12 times the amount on deposit 50 years ago. The bank was then located at Greeley Square, but in 1910 moved to its present location at Sixth Avenue and 40th Street.

In honor of Mr. Clickener's long association with the bank, a dinner was given for him at the Hotel Henry Hudson on May 28, which was the occasion for inaugurating the "Quarter Century Club." The President of the bank, William L. DeBost, announced that while a 50-year service pin was presented to Stanley E. Clickener by the bank, 25-year service pins will be awarded to 18 other members of the staff who have been with the organization for that length of time.

The New York Agency of the Standard Bank of South Africa, Ltd., announced on June 4 the receipt of a cablegram from the head office in London, regarding the operations of bank for the year ended March 31, 1945, which states:

"The Board of Directors have resolved to recommend to the shareholders at the general meeting to be held on Aug. 29, next, payment of a final dividend of 7 shellings per share, together with a bonus of 2 shillings per share, both payable in British currency and subject to British income tax, making total distribution of 14% for the year ended March 31, 1945; to appropriate £50,000 to writing down bank premises, and £150,000 to Officers Pension Fund, carrying forward a balance of £198,994. Bank's investments stand in the books at less than market value as at March 31, last, and all other usual and necessary provisions have been made. The Directors have decided to transfer £500,000 from contingencies to the reserve fund thereby increasing the reserve fund to £$3,500,000.

Transfer books will be closed from Aug. 8 to 21, both days inclusive."

Reuben W. Shelter, Vice-President of the Manufacturers Trust Co., New York, died on June 1; he was 72 years of age. Mr. Shelter was connected with the Brooklyn branch of the company for 47 years.

Kenneth E. Smalley was recently appointed head of the mortgage loan department of the Manufacturers and Traders Trust Co., Buffalo, N. Y. Mr. Smalley, who has been with the bank since 1930 as at present Assistant Secretary.

In a letter to the stockholders of the Morris Plan Industrial Bank of Albany, N. Y., George W. Stedman advised sale of the stock to the Morris Plan Bank of New York. The stock of the bank is worth $26 par and has a structure of $150,000 capital and $150,000 surplus.

Charles H. De La Vergne, Kingston banker, who retired in 1937, died on June 1 at the age of 86. Mr. De La Vargne at various times between 1907 and 1937 served as Assistant Treasurer, Treasurer and Trustee of the Kingston Savings Bank, N. Y.

Jacob Kraus, Jr., Vice-President of the Central Home Trust Co., Elizabeth, N. J., resigned on May 29 to become Vice-President of the Colonial Life Insurance Company of America in Jersey City, N. J. Mr. Kraus will, however, retain his position on the Board of Directors of the Elizabeth institution.

Charles A. Bergen, President of the Franklin Trust Co., Paterson, N. J., died on June 1 at 75 years of age. He helped organize the Franklin Trust in 1916 and ten years later was elected President.

Lewis G. Cordner has recently been appointed Chairman of the National Committee on Debating and Public Speaking of the AIB. Mr. Cordner is connected with the Corn Exchange National Bank & Trust Co., Philadelphia, Pa.

William E. Lehne, Assistant Vice-President and Cashier of the Springfield Marine Bank, Springfield, Ill., died on May 30 at 69 years of age. This institution with which Mr. Lehne has been connected for many years is the oldest bank in Illinois.

Olin C. Peeler has recently resigned his position as Vice-President and Trust Officer of the First National Bank & Trust Co. of Lexington, Ky., to assume new executive duties with the Kentucky Trust Co., Louisville, Ky.

Mr. Peeler, who has been in the banking field for 16 years, was previously connected with the Guaranty Trust Co. of New York.

The Havana, Cuba, branch of the Canadian Bank of Commerce, which has been open since 1920 will close on June 30. Officials of the bank who announced the closing on June 1 gave no reason for the action.

E. L. Hann, Chairman and a Managing Director of Powell Duffryn, Ltd., has been appointed a director of Westminster Bank, Ltd., London, Eng.

Governm't Regulations Paralyzing Production

The contention that government regulations are "paralyzing production" was made by Charles F. H. Johnson, President of Botany Worsted Mills, of Passaic, N. J., in a complaint addressed to Repres. Gordon Canfield, Republican, of New Jersey, read to the House by Mr. Canfield on June 4.

Mr. Canfield noted that Mr. Johnson's Mills are among the largest in the nation, it was noted in Associated Press advices from Washington on June 4, as given in the New York "Herald Tribune," which also had the following to say:

"Mr. Johnson urged in the letter the abolition of the War Production Board order (M-388) designed to channel the limited civilian supplies of textiles into popular-priced clothing.

"Mr. Johnson said the OPA's maximum average price regulation has created 'a chaos of uncertainty when increased production at fair prices is wanted' and he advocated 'fundamental amendments to, or abandonment of' it.

"Elimination of the WPB wool yarn 'freeze' when the present order expires June 17 and immediate reduction of the 100% worsted yarn 'freeze' to 60 to 70% also were recommended by the textile executive.

"The Government regulations show 'a complete lack of comprehension of practical manufacturing and marketing and are destructive of the very things they aim to accomplished,' Mr. Johnson said.

"The industry knows how to meet its own problems and is prepared to cope with any demands placed on it, he said, but 'we most decidedly resent being disorganized through Bureau rulings.'"

Posthumous Medal to Knox

The late Secretary of the Navy Frank Knox has received posthumously the Medal of Merit, which President Truman presented to Mrs. Knox in a White House ceremony attended by high-ranking military and naval officials, the United Press stated from Washington, May 31.

The medal, awarded only by the President, is the highest decoration given to civilians without special action of Congress. The citation read in part:

"Carrying on his manifold responsibilities with courage and fortitude undiminished to the last, he died gallantly in the service of his country."

Industrial Activity in April Reported by Federal Reserve Board

Summary of general business and financial conditions in the United States, based upon statistics for April and the first half of May, issued on May 26 by the Board of Governors of the Federal Reserve Board, said that, output and employment at factories declined somewhat in April. Department store sales showed a marked decline and wholesale commodity prices continued to advance slightly.

Industrial Production

Industrial production, which had advanced earlier this year, declined in April to the same general level that prevailed during the last half of 1944. The Board's seasonally adjusted index was 231% of the 1935-39 average as compared with 235 in the first quarter.

Activity in the machinery and transportation equipment industries declined about 3% in April, reflecting curtailed munitions production; the largest part of the decrease was accounted for by a further reduction in operations at shipyards. As a result of the decline in shipbuilding during the last 12 months, activity in the transportation equipment industries in April was 10% below a year ago.

The Board's report continued:

Steel production was maintained at the March level as a decline in output at open hearth furnaces was offset by a further rise in steel produced in electric furnaces. Production of nonferrous metals, which had increased somewhat during the first quarter of this year, showed little change in April. Output of stone, clay, and glass products was maintained at the first quarter level, while lumber production continued to decline.

Production of textiles and manufactured food products declined slightly in April and was at the level of a year ago. Cotton consumption showed a decrease of 5% from March but rayon shipments rose further to a record level. Activity at meatpacking establishments, which had shown little change during the first quarter after allowing for seasonal fluctuations, declined 10% in April. Output of rubber products decreased as the shortage of carbon black continued to limit production despite measures to stretch available supplies. Production of most other nondurable goods showed little change.

Bituminous coal production recovered in the latter part of April from a substantial decline earlier in the month due to work interruptions accompanying contract negotiations. Output for the month was 8% below that of March and in the first two weeks of May continued at this lower rate. Antharacite production in April was 14% higher than in the preceding month but declined sharply in May prior to agreement on a new wage contract on May 19. Output of crude petroleum has been maintained at record levels and iron ore production has shown an exceptionally large increase this Spring due to early opening of the navigation season on the Great Lakes.

Distribution

Department store sales declined sharply in April and the Board's seasonally adjusted index was 181% of the 1935-39 average as compared with an average of 211 in the first quarter and with 172 in April 1944. Sales in the first half of May were only slightly larger than in the corresponding period a year ago. Owing to unseasonably warm weather and expectations of shortages much Spring shopping, which would usually be done in April and May, occurred this year in February and March. In mid-April many stores were closed immediately following the death of President Roosevelt. Also, in particular cities part of the recent decrease in sales appears to have been associated with actual or anticipated income declines resulting from cutbacks in war production.

Freight carloadings of most manufactured products were maintained at a high level in April and the early part of May and were above the same period a year ago. Shipments of coal and lumber, however, were in smaller volume, reflecting reductions in output of these commodities.

Commodity prices

Wholesale prices of farm products advanced in April and then showed little change in the first 3 weeks of May. Maximum prices for coal, steel products, and various other industrial commodities have been raised somewhat in recent weeks.

Retail price changes for foods and other commodities apparently have continued to be small in April and the early part of May.

Bank credit

During the four weeks ended May 16 total deposit and currency holdings of businesses and individuals increased by nearly 3 billion dollars. Increases of about 300 million in currency and of over 400 million in reserves required to be held against expanding deposits at member banks resulted in an increased demand for reserve funds by member banks. This demand was supplied largely by an increase of about 500 millions of dollars in Reserve Bank holdings of Government securities, mostly bills and certificates, and in part by a temporary decline in Treasury deposits at the Reserve Banks. Excess reserves rose slightly to around a billion dollars.

In the 5 months between war loan drives, December 20 to May 16, reporting banks in 101 cities reduced their holdings of short-term Government securities by around 2.3 billion dollars in order to maintain adequate reserve balances. But during the same period bond holdings of these banks were increased by 1.6 billion dollars.

Loans to brokers and dealers for purchasing or carrying Government securities, which had declined in early April to a level comparable with that reached before the Sixth War Loan Drive, rose substantially during the three weeks immediately preceding the Seventh War Loan Drive. Commercial loans declined during the interdrive period, reaching a level about 500 million dollars lower than that prevailing just before the Sixth War Loan Drive.

Extra Pay for Learning Arms for Navy Personnel

Enlisted men in the Navy and Coast Guard who achieve proficiency in the use of arms when their rating does not require it are to receive extra compensation, President Truman has ordered, an Associated Press report from Washington stated on May 26.

The extra compensation, ranging from $1 to $5 a month, the Navy explained, is intended as incentive to the enlisted man to achieve proficiency in the handling of some arms when his rating does not require such proficiency, although his battle station might involve such handling.

For example, an enlisted man with the rating of yeoman is not required to know how to operate a gun-range finder, but under the new order, if a yeoman qualifies as an operator of a gun-range finder he would be entitled to extra compensation.