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The Financial Situation

"The divine right of 51%" was the derisive label employed by some authorities to describe the arguments of the defenders of the 18th Amendment in the days of the "noble experiment." Essentially the same doctrine—that in a "democracy" the majority rules and the minority submits even unto the minutest detail with which the majority cares to concern itself—is in high favor today, but it wears a new label—"unity." It will be recalled that within a very short time, perhaps only a few months, prior to the national election in 1932, the ablest students of the Constitution and of the history of American politics, indeed virtually everyone in the country except Alfred Smith, were quite certain that the country was saddled with the 18th Amendment, if not permanently, then for generations to come. Perhaps there never was in this country a more rapid and complete revulsion of feeling than that which wiped this bit of un-American legislation from the statute books of the land. Certainly there never was one which moved in upon us more completely unheralded.

"Unity"

How soon will this tyranny, which now passes under the name and style of "unity," meet similar and equally deserved fate? This, too, is without doubt "noble in motive"—only the word now is "objective"—but those who now are equally if not more impatient of minorities are also equally out of touch with the realities and certainly as alien in their thinking to all American traditions as were the prohibition leaders of the '20s. If it was urgent in 1932 that we get back to American concepts, it is many times more important and urgent today. Then our aberrations had given rise to the rule of gangsters and had bred a broad contempt of law in the breasts of many normally law-abiding and law-re-

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An International Bankruptcy Court Proposed

By ELISHA M. FRIEDMAN*
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Mr. Friedman, While Approving of the Aims of the Bretton Woods Agreement, Says the Lack of an International Bankruptcy Court Has Been the Basic Defect for Loans to Foreign Governments, and He Urges That the Bretton Woods Plan Be Amended to Require That Defaults on Loans Be Adjudicated by an International Bankruptcy Court, Which Would Be a Division of the World Court.

The Bretton Woods legislation constitutes the most extensive plans for international cooperation in history. With the aims and



E. M. Friedman

purposes, there is universal agreement. The differences revolve about the machinery and the methods. Admittedly, these are not ideal. However, if there is full opportunity for free and frequent amendment, there should be continuous improvement in the machinery and methods as the result of experience.

The lack of a bankruptcy court is a basic defect of all proposals for loans to foreign governments. Such a court would protect future investors. Amazingly enough, of the 44 States or governments represented at Bretton Woods, 18 were in default in 1939 on the loans they borrowed from the United States. This is an absurd situation. Here are defaulting debtors meeting with their creditor to arrange for new loans and not a word was said about curing the old defaults.

The structure of private credit exists and functions only because a defaulting debtor may be haled to the bankruptcy court. But governments are bound by no such code of honesty. A government defaults not because it cannot pay but because it does not wish to pay. The euphemism of sovereignty is used as a cloak for dishonesty. There is no ethical con-

cept or legal principle under which it must make reasonable payment. There is no ultimate force which can compel it to do so. This is international anarchy.

In 1933, Germany unilaterally defaulted on her debt to American bondholders. The funds available to pay interest were used to buy copper and manganese and tungsten and other war materials. The world stood by and did nothing.

In all the Treasury reports, House hearings and public comments on the Bretton Woods proposals, not one word was uttered about giving the creditor on a government loan the elementary rights that every creditor has in all private loans; namely, the right to enforce the collection of his debt in a bankruptcy court. The International Bank and all its proposals are worth very little unless the Permanent Court of International Justice will have jurisdiction over defaulting governments. If international law and international sanctions are applied to defaulting governments, international credit will rise and it will

be less necessary to have the International Bank for Reconstruction and Development. When loans to governments become safe, investors will lend. The business of capital is to get to work. Idle capital is a contradiction in terms.

Various remedies for default were sought. Protective committees have tried to be helpful. The Corporation of Foreign Bondholders of London was established in 1868 and subsequently the government was given representation on its board. Similar organizations were established in other countries. They furnish interesting information but secure no action.

The Foreign Bondholders' Protective Council of the United States was organized in 1933 at the request of the Secretaries of State and the Treasury. Its annual report for 1938, of over 1,000 pages, shows that before the war

*Summary of a brief submitted by Mr. Friedman to the Senate Banking and Currency Committee on the Bretton Woods Agreements.

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The Significance of the San Francisco Conference

By CHARLES HODGES*

Professor of International Politics, New York University

Professor Hodges Reviews the Proceedings of the San Francisco Conference, and Although Pronouncing It a Success Maintains That the "Battle of Wordage and Verbiage Hasn't Ended." Holds That Although the Senate Will Ratify the Charter Without Much Opposition the Isolationists Will Continue to Lie Low and Efforts to Sabotage Our Participation in United Nations Activities Will Later Manifest Itself. Urges Prompt Ratification as the Balance Sheet of San Francisco Is Good and Says Though Task of Big Five Collaboration Is Difficult, It Is a Condition of Peace.

The United Nations Conference on International Organization probably has set this generation's record for talk. The San Francisco



Charles Hodges

parley has been a wordy business—practically nine weeks of talk. The Western Union people esti-

mate the volume of press dispatches at 6,000,000 words.

Down here in Wall Street, terrorized by units of billions, I am sure that 6,000,000 words sounds quite modest indeed. But it is a lot of effort to read 6,000,000 words—about as inspiring as reading your six favorite volumes of the Encyclopedia Britannica! That doesn't take into account the radio with its day to day—and blow by blow—coverage of the San Francisco sessions. . . . Nor does it take into account the verbatim record of the embattled delegates, both behind closed doors and in open meetings. I

*An address made by Mr. Hodges before the New York Society of Security Analysts, July 18, 1945. Mr. Hodges is Mutual Network's Foreign Expert and Professor of International Politics at New York University.

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From Washington Ahead of the News

By CARLISLE BARGERON

We have been talking with some Senators and others in public life who are perplexed about the future of world trade. What we report is not what your correspondent necessarily thinks. It is the gist of their discussions.

First, there has got to be world trade. If there isn't world trade, or rather if we do not have world trade, then unquestionably

we have enough goods and men to work out our own economy, and it could be an economy of abundance. But to do this we would have to have more totalitarianism than even Germany or Russia has had. Our totalitarian government could regulate production, guarantee and order jobs, wages, etc.

The alternative to this, my friends agree, is our going more and more into world markets, or as a matter of fact, in a free economy. Our citizens cannot be stopped from selling wherever they can sell. Now, on the question of what goods we can get in return in this world trade, to compensate for the goods we export, nobody with whom your corre-



Carlisle Bargeron

spondent has talked, has the answer.

But, my friends in public life tell me, that they are being harassed by industrialists who are willing to risk investments in foreign countries with a view to building them up and cashing in just as they did in building up this country, without regard to an exchange of goods. The State Department has some very ambitious plans in this regard. With a view to encouraging industrial development of Latin America, they are working on a plan to bring up promising students who will be placed in our mass production industries for training. These students, serving as apprentices in the Ford plants, for example, can go back and pass on their training to other workers, and in time, Latin American workers will be as relatively skilled as our workers. Then we will have a higher standard of living for our hemisphere; we will all be exchanging goods and everybody will be happy, on this side of the Atlantic. The State Department has gotten the approval of the CIO and AFL for this venture. With

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Nuggets of Wisdom

"While it may not be feasible to make substantial reduction of taxes until the cessation of all hostilities, definite and early provision should be made for the expiration of the excess profits tax at the end of the taxable year in which hostilities cease.

"Early in the transition period there should be reductions of the rates applicable to ordinary incomes of corporations and individuals.

"Inasmuch as employers are by law held accountable for unfair labor practices, similarly employees should be held accountable for such practices.

"Labor organizations should be subject to regulation that will prevent monopolistic practices injurious to the public.

"No form of lawful enterprise should be favored by the government over any other form.

"Lend-lease to the respective theatres of war should cease with the end of the respective wars. . .

"There should be no further extension of arbitrary governmental authority over the freedom of action of producers, processors, or distributors of basic agricultural products.

"Payment of subsidies for the production and distribution of farm products should be ended as rapidly as possible."—The Chamber of Commerce of the United States.

It is encouraging to know that these eminently sound proposals (so much in contrast to many from other quarters) received overwhelming support from the Chamber's membership.

Tax Relief Measure Sent to White House

Congressional action was completed on July 20 on the corporate tax adjustment bill making approximately \$5,500,000,000 cash available to business for reconversion and post-war expansion when the House accepted the bill returned to it by the Senate with one of its provisions deleted, Washington dispatches from the New York "Times" stated.

The measure as approved by the Senate on July 19, according to the Associated Press, was designed to:

"1. Make about \$1,540,000,000 available to corporations by permitting the 10% credit on the excess profits tax to be used currently as of 1944 and subsequent years.

"2. Fix January 1, 1946, as maturity date for outstanding post-war tax refund bonds, involving about \$1.3 billion.

"3. Make \$1 billion available by speeding up refunds from carry-backs of net operating losses and unused excess profits credits.

"4. Hasten refunds from recomputation of deductions made for amortization of emergency facilities, involving about \$1 billion."

The Senate-approved legislation had stricken out on a standing vote a House-approved provision which opponents charged would give reorganized railroads an undeserved windfall in allowing them a tax credit on the accumulated interest of the old company.

However, when the bill was returned to it with the deletion the House cooperated, and the measure was sent to the White House in time for three of its five major relief provisions to take effect in refunds and credits, as far as many corporations are concerned, during the current year, either in the payment of the Sept. 15 tax installments or sooner.

With the tempo of cut-backs and war contract cancellations increasing steadily, and the resultant need by industry for cash with which to finance reconversions, speed in enactment of the program was a paramount objective of the Congressional leadership.

The bill awaits President Truman's signature, and it is generally conceded that he will sign. In Associated Press advices July 20 it was stated:

"It will take time, it was pointed

ed out, for the Bureau of Internal Revenue to set up its administrative machinery for the handling of claims for tax deferments and current credits. But, with immediate enactment of the legislation, it was added, the bureau should be in a position to handle these matters by Sept. 15.

"The bill was sent to the White House with this assumption on the part of Congress.

"An outstanding phase of the five-point program, the increasing of the specific excess-profits tax exemption from the present \$10,000 to \$25,000 thus releasing an estimated 12,000 corporations from this levy entirely and cutting the taxes for about 19,000, will not be effective until Jan. 1 next. Another feature, the advancing of the maturity date of outstanding post-war refund bonds, will take effect also on that date.

"However, officials of the Internal Revenue Bureau emphasized that earlier reconversion assistance would come through the three other features and they gave examples of how and for what types of corporations they would operate.

"It would be possible for corporations anticipating losses or unused credits for 1945, it was pointed out, to defer payment of the Sept. 15 installment of their 1944 tax liabilities. This example was given: The Sept. 15 installment of Corporation X will amount to \$100,000. Because of the cancellation of contracts on July 1, the corporation expects an unused credit for 1945 which will result in a refund of \$200,000 with respect to prior years' taxes. This corporation would be able to defer the Sept. 15 installment and utilize the \$100,000 for purposes of reconversion when it is needed.

"As another example it was indicated that it would be possible for excess-profits taxpayers to reduce the amount of the Sept. 15 installment by taking the post-war credit currently, as permitted by the legislation. Taking the case of another corporation, the tax officials pointed out that this could happen: The corporation reported as excess-profits tax liability of \$1,000,000 for 1944 and paid installments of \$250,000 each on March 15 and June 15, 1945. Under the new legislation the

Sept. 15 installment would be reduced by one-half of its post-war credit of \$100,000, leaving it with \$50,000 of additional cash immediately available.

"Under another provision of the bill, refunds arising from the recomputation of amortization deductions on emergency facilities certified to be no longer necessary for national defense would become available this year and early in 1946. An example: A corporation owning emergency facilities for which a certificate of non-necessity has been granted filed a claim on June 15, 1945, for recomputation of taxes for 1943 and 1944 which would result in refunds of \$50,000. Under the legislation the company could file a claim for quick refund, payment of which must be made within ninety days. The company would thus be able to anticipate the receipt of \$50,000 of cash refunds during the autumn."

When the Senate Finance Committee approved the tax relief bill, it was reported in the "Chronicle," July 19, p. 331.

Universal End to Military Conscription Proposed by Martin

As a counter proposal to the almost universal cry for peacetime compulsory military training, Representative Joseph W. Martin, Jr. (R.-Mass.), minority leader of the House, has initiated a resolution that before launching on a plan of enforced training, the United States seek to bring about an international agreement which would abolish throughout the world all compulsory military service.

Mr. Martin's proposal, which the Associated Press reported from Washington July 16, urges President Truman, Secretary of State Byrnes and Edward R. Stettinius, Jr., who will represent the United States on the United Nations peace-furthering organization, "to work unceasingly" for the end of compulsory military training. The press advices added:

"If a mutual understanding can be reached between nations and peoples that the policy of gigantic systems of universal compulsory military service should be eliminated, it would relieve the United States and all other nations of the necessity to assume this great new burden at a time when we must build, reconstruct and readjust the world to peace," Martin said.

The elimination of compulsory military service as a policy of nations, Martin continued, would be the greatest single act of statesmanship that could be accomplished in the immediate present.

"The system which has long been the practice of European nations has never prevented war," the Republican leader said. "It is always viewed with suspicion and fear by other countries, forcing them to adopt the same policy. It becomes an insupportable burden, a constant drain on the people of the world, and a further incentive to war.

"In view of the world's hope of peace and the ultimate destruction of the military power of Germany and Japan, an effort to eliminate compulsory military service as a policy of all peoples cannot come too soon."

A House committee has held extensive hearings during which post-war military training was advocated by virtually all the top military leaders of this war. The committee recommended a broad universal training policy.

Martin's office said his resolution is intended to put the House on record and will not be subject to Senate action.

The State of Trade

The War Production Board was still continuing its efforts to ease the tight steel sheet situation, but so far the relief has been negligible, says the "Iron Age" in its current summary of the steel trade. It is believed, however, states the magazine, that by the fourth quarter, deliveries on nonrated sheet orders will be much easier than at present. Some trade sources say that even if a large volume of cancellations should result from

WPBs' move they probably would not reach mill books until some time next week. Cancellations covering all types of steel orders in June surpassed by a wide margin the experience in any other month this year. Despite this volume of cancellations, deliveries are still quite extended.

Validated or rated order volume regained somewhat the sharp losses reported last week and averaged about the same tonnage as in recent weeks. Nonrated requests, however, were still at low ebb.

The reduction in orders for reconversion production is largely due to the heavy backlogs of unrated tonnage already being carried by most mills, with enough of this business on the books to carry the mills for six months after the end of the Controlled Materials Plan. Customers as well as steel producers feel that the future beyond that point is too uncertain to attempt to negotiate additional business.

Order books for bar and semi-finished steel items are fairly well filled through the remainder of this year and into the first quarter of 1946. Tinplate schedules for November have been almost completely filled by can-makers' orders and December is about the earliest delivery date for tinplate.

Cancellations in cold drawn bar tonnages have expanded recently due to realignments in schedules for small shells. The OPA may this week adjust base prices on cold finished bar and shafting. It is understood that the base price will be lowered but that extras will be rearranged so that net change in the price of these items will not be much if any.

A substantial reduction has been made in carryovers for steel bar items by most mills although in one area the undelivered tonnage is still large. Heavy deliveries slated for the last quarter of this year may be expected to wipe out the remainder of the carryovers.

The supply of merchant wire items is still inadequate to meet the heavy demand. Small size nails and bail ties are said to be extremely short. Steel posts and wire products generally were experiencing a heavy demand this past week.

Steel firms report that cancellations of war contracts are having little effect on the manpower situation. One of the most difficult problems in the steel industry is the inability to obtain common labor. The increasing numbers of men appearing at employing offices, as they are laid off at other plants, are not ready to take a reduction in wages but are seeking a job matching their previous one in pay.

The lack of skilled manpower for the production of cold rolled sheets is a major factor in keeping down the output of that item. One steel producer has said that if adequate manpower were available, cold rolled sheet production could be increased as much as 50% with existing facilities.

Progress is being made in the completion of pre-termination agreements between steel producers and military buying agencies. According to indications at Pittsburgh steel producers have, temporarily at least, won their fight to have claims for steel in process on government contracts based on a commercial price setup rather than on the basis of an arbitrary formula.

Interest reached a high pitch in the railroad car field this week when construction of 36,750 freight cars for the French and 6000 cars

for India was suspended. It was also reported that all locomotives on an order involving 500 for Russia which if not completed by August 31 are to be canceled. If recent schedules on this locomotive construction are adhered to it might mean that about 280 locomotives will not be delivered. The suspension on the French and Indian orders will probably mean that it will be some time before work is begun on this business.

A slight betterment in the steel ingot rate occurred this week with operations moving up one point to 90.5% of rated capacity. District steel ingot operations this week are as follows: Pittsburgh 88.5%; Chicago 94.5; Youngstown 90.0; Philadelphia 93.0; Cleveland 89.0; Buffalo 98.0; Wheeling 90.0; South 94.0; Detroit 94.0; Western 70.0; Cincinnati 96.0; St. Louis 89.0; Eastern 90.0

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 90.7% of capacity for the week beginning July 23, compared with 89.8% one week ago. This week's operating rate represents an increase of 0.9 points from last week's rate and is equivalent to 1,661,300 net tons of steel ingots and castings, compared to 1,644,800 net tons last week and 1,717,800 tons one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended July 14, 1945, totaled 883,268 cars, the Association of American Railroads announced. This was an increase of 156,864 cars, or 21.6% above the preceding week this year and 20,633 cars, or 2.3% below the corresponding week of 1944. Compared with a similar period of 1943, an increase of 5,933 cars, or 0.7%, is shown.

Electric Production—The Edison Electric Institute reports that the output of electricity increased to approximately 4,295,254,000 kwh. in the week ended July 14, 1945, from 3,978,426,000 kwh. in the preceding week. Output for the week ended July 14, 1945, was 1.9% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 163,300,000 kwh. in the week ended July 15, 1945, comparing with 162,200,000 kwh. for the corresponding week of 1944, or an increase of 0.6%.

Local distribution of electricity amounted to 159,200,000 kwh., compared with 158,000,000 kwh. for the corresponding week of last year, an increase of 0.6%.

Business Failures Decline—Commercial and industrial failures in the week ending July 19 dropped to one-half the number in the preceding week and to about two-fifths the number in the comparable week of 1944. Dun & Bradstreet, Inc. reports 12 concerns failing against 25 last week and 29 in the corresponding week a year ago.

A marked decline occurred in both large and small failures this week but it was somewhat sharper among the sizeable failures. Large concerns failing with liabilities of \$5,000 or more dropped from 18 in the preceding week to 8 in the week just ended—last year there were 21. Only one large concern failed this year for every three a year ago whereas one small concern failed this year for every two a year ago.

Eight retailers failed in the week just ended. No other trade or industry group showed more than two failures. But even in (Continued on page 441)

Truman Urges Single Surplus Administrator

In a message to Congress on July 17, President Truman asked for a major revision of the Surplus Property Act by changing the administrative setup from a three-man board to a single administrator, the Associated Press reported on that date from Washington, adding that William Stuart Symington, St. Louis manufacturer only lately sworn in as Board Chairman, was considered the President's likely choice for the one-man post.

Under Mr. Symington's predecessor, former Senator Guy M. Gillette (D., Iowa), the board was in frequent dispute over certain policy decisions. The situation led to Mr. Gillette's resignation, and before he left he recommended the change to the single administrator plan. In asking Congress to wipe out the board it created last October, Mr. Truman implied his recognition of the disagreements which split the members under Gillette by stating that it was undesirable to "dilute responsibility" for a disposal effort requiring "quick and decisive action," the Associated Press reported, and gave the following as the text of the President's message:

"On Oct. 3, 1944, the Congress enacted the Surplus Property Act of 1944, a comprehensive scheme for the declaration, handling and disposal of all types of surplus property.

"The operations of a three-man Surplus Property Board created by that act have been marked by substantial achievements. It has set in motion the disposal machinery which Congress authorized and it has begun to implement the standards which Congress laid down for the disposal of surplus property. Regulations already promulgated or in the process of adoption cover the most important types of property—consumer goods, plant equipment, industrial plants and farm lands. The emphasis in the board's task will then shift from the promulgation of policy to the effectuation of basic policies already established.

"The task of administration becomes increasingly difficult as the rate of surplus declarations rapidly rises. That rate is rising sharply now. To dispose of this growing volume of surplus property in a manner that will fully achieve the objectives declared by Congress will require the most efficient possible administrative machinery.

"While the present Surplus Property Act was under consideration by the Congress the then director of War Mobilization and Reconversion, Mr. Byrnes, recommended the provision for a single administrator. I think experience has proved him right.

"In a field which calls for quick and decisive action, it is undesirable to dilute responsibility for the disposal of surplus property. Administration by a multi-member board has complicated day to day operations under the act.

"More recently the retiring Chairman of the Board has stated to the Congress that although he originally shared the view that a three-man board was appropriate, his experience also led him to the belief that the act can best be administered by a single administrator.

"I am convinced that the effective performance of the vast administrative tasks remaining for the disposal of the surplus property imperatively requires that authority to make decisions and responsibility for those decisions should be centralized in a single official. Such an official should operate, as do all other executive agencies, under the general authority conferred by the President and the Congress on the Office of War Mobilization and Reconversion. Accordingly, I request the Congress to amend the Surplus Property Act of 1944 by substituting a single administrator for the present Surplus Property Board."

In an informal report to Mr. Truman before his departure, Senator Gillette recommended the single administrator form of organization. He also advocated the removal of SPB from the control

of the Office of War Mobilization and Reconversion, holding that the agency lacked freedom of action and should be responsible only to Congress. A bill proposing such a separation has been introduced by Senator Stewart (D., Tenn.).

The conclusion that President Truman would prefer Mr. Symington as sole administrator was based on the fact that he is the only board member named by Mr. Truman, Lieut. Col. Edward Heller, of California, and former Gov. Robert A. Hurley, of Connecticut, the other members, having been appointed by the late President Roosevelt. In addition, SPB had a long record of conflict between the former Chairman, Senator Gillette, on the one hand, and Messrs. Hurley and Heller on the other.

Said the Associated Press: "The board has frequently been a target of criticism in Congress, mainly on grounds that it was too slow in setting its machinery in motion.

"Surplus goods are selling at the rate of \$50,000,000 monthly, with the Government recovering something less than 35% of its costs. However, the inventories of surpluses on hand are mounting steadily, and returns to the taxpayer are expected to drop the longer goods are held.

"House leaders said that the President's recommendations would not be acted upon until after that Chamber returns from a summer recess, probably early in October.

"If the single Administrator issue is not resolved until Congress reconvenes, Senate sources point out that a situation may develop in which the SPB would be powerless to act. This would occur if board members Robert Hurley and Edward Heller were to resign before a single official, presumably Stuart Symington, could be empowered as Administrator."

After his installation as Surplus Property Board Chairman, Mr. Symington gave a news conference, in which the New York "Times," in its Washington dispatch of July 18, reported him as having said that his approach to the job would be to "handle it from the standpoint of maximum employment," also that he attached great importance to strong local, independent businesses. He asserted, according to the "Times," that the wealth expressed in a machine tool or a plant is valuable only for the merchandise that can be produced in or off them. "Everything," he said, "ought to be sold on the basis of maximum employment, provided it does not interfere with the directives in the act of Congress."

Asked whether he would take less money for surplus property in order to create employment, the New York "Times" continued, Mr. Symington said, "Yes, personally I would." The advices added:

"In discussing local business, in response to questions, Mr. Symington said it was his thought that Pacific Coast people ought to own and operate their own steel mills. Asked whether he would favor Henry Kaiser over United States Steel in the disposal of Western steel plants, Mr. Symington said 'it would depend on who was back of Mr. Kaiser. If Mr. Kaiser was backed by local interests I would favor him. It is not the personality that counts, but whose money is behind him.

"It is my absolute conviction, after 20 some years in business, that if we don't promote local, independent business, we are going to end up with a few great companies, and that would be

Entente Reported Between Russia, China

A joint communique from Moscow, July 14, stated that Russia and China have reached a broad mutual understanding on important questions which involve relations between the two countries, the Associated Press reports; the advices added:

"T. V. Soong, Premier of China, left for Chungking after two weeks here, and Generalissimo Stalin prepared to leave for Potsdam to confer with President Truman and Prime Minister Churchill. The Russo-Chinese conversations will be resumed in the near future, the communique said.

"This is the text of the communique issued: 'The negotiations had as their aim improvement of Soviet-Chinese relations in which connection the most important questions interesting both sides were touched upon. The talks took place in a friendly atmosphere and revealed broad mutual understanding.

"The negotiations were interrupted because of the departure of J. V. Stalin and V. M. Molotov for the meeting of the Three-Power leaders. T. V. Soong departed for Chungking for some time. The negotiations are to be resumed in the nearest future."

Returning Veterans Prefer Resuming Usual Occupations

Returning veterans of World War II are more interested in reestablishing their homes and resuming their ordinary occupations in civil life than in starting new businesses, according to The National City Bank of New York, which on July 23 released an analysis of the first 1,000 loans made by its Personal Credit Department to former servicemen. The purposes of these loans are as follows:

Medical and dental 46%; Furniture and household 21.2%; Clothing 9.2%; Insurance and taxes 8.5%; Business 6.3%; Education 2%; Miscellaneous 7.8%.

The loans made for business purposes include partially-insured loans made under the so-called "G.I. Bill of Rights," according to the Bank, although numerous business loans as well as all non-business loans did not fall within the regulations of the Veterans' Administration and were based solely on the credit of the veteran.

"Relatively few veterans care to go into business for themselves, compared with the number who preferred to be employed by someone else," said Roger Steffan, vice president of the Bank. "Veterans are surprisingly well informed about the high percentage of casualties among small businesses and about the competitive and regulatory problems which confront any enterprise. One veteran referred to figures he had seen showing that between 1900 and 1939 some 16 million business enterprises started and 14 million closed up."

very unfortunate for the economy."

"Mr. Symington would not comment on President Truman's proposal to have a single surplus property administrator instead of the present three-man board. He said he had not expressed an opinion on the subject to the President or to anyone else. He said he would be better qualified to express an opinion if he had a few months' experience as chairman.

"Asked whether he believed surplus property would amount to a hundred billion dollars, as some have estimated, Mr. Symington said he did not know much about it but his personal opinion was that the figure was 'a lot too high.'"

Senate Committee Calls for Immediate Shipment to Pacific of Unused Lend-Lease Arms

A report issued by the Senate War Investigating Committee on July 6 stated that nothing had been done to untangle the mass of war surplus problems in Europe and recover for our own use in the Pacific lend-lease arms originally sent to our Allies for the European war which ended before they had been consumed, according to an Associated Press dispatch from Washington. The basis of the Committee's complaints was a report by a subcommittee headed by Senator Harley M. Kilgore (D.-W. Va.), which made an overseas investigation and has recently returned.

Contending that the situation was extremely urgent and that it was increasing war costs and delaying reconversion by causing "manufacture of items identical with those now idle in the hands of our Allies," the report went on to say:

"The committee believes that all sources of supply for the Pacific war should be exploited to the maximum, and that existing stocks of armaments and supplies should be drawn upon first where possible, and certainly they should include captured enemy material."

Noting that legal title to lend-lease materials rests with the United States and that master lend-lease agreements specifically provide for their return, the committee said that failure to act constitutes "a lack of vigor and attention to our interests."

Specifying seven counts in its criticism of United States foreign representation, the committee's report stated generally (we quote from the Associated Press):

"The difficulties recited . . . result from the failure of our government agencies abroad to obtain all the considerations we should have received in return for the huge contributions we have made in this war. Lack of a clearly established foreign policy over a very long period of years is a major contributing cause."

The seven specific counts:

1. Disposition of surpluses abroad in a manner not likely to bring the highest return or fill the greatest need. Coordination under a single agency recommended.

2. "American rights to fixed installations which we have erected abroad have not been clearly defined. It is essential that immediate and careful study be given to . . . future disposition."

3. Large quantities of captured goods and munitions not yet inventoried, with no plan for its disposal nor coordination with the Allies, particularly on the possibility of turning it to account against Japan.

4. "As a result of the impending evacuation of our troops in France and their occupation of Germany, the Army has shown a disposition to have no further interest in the French economy, while it finds it necessary to strengthen the German transportation and industrial system in order to assure itself of proper supply in Germany. While this is a natural attitude on the part of the armed forces, it must be counteracted if we are to avoid a situation where our enemies fare better at our hands than our friends."

5. "The division of Germany into four zones of occupation has resulted up to this time in vesting the control of what has been a highly integrated nation into four wholly uncoordinated elements."

6. Lack of itemized invoices for reverse Lend-Lease services and goods, preventing reliable accounting.

7. Artificially fixed foreign exchange rates which the committee said have imposed a financial burden on American service men and also created problems in settlement of Lend-Lease accounts and disposal of surpluses; also great amounts of Axis currency and profits in the hands of collaborators who serve the enemy, with impounding made more difficult by delay.

On the point of foreign installations, the committee said disposi-

tion of 370 air bases and other facilities in Europe may hold the answer to "our future security and the prosperity of our international commerce."

Mentioning the possibility of Army and Navy need for European theater bases, the committee said: "And now while we are still in a good bargaining position, negotiations could be engaged in with the countries involved for the rights to maintain them. Our international air commerce will find many of the airfields built for war-air transport indispensable to any network of international air routes."

The committee called for recasting of the military procurement system under which it said armies short of artillery ammunition to fight the Germans received aerial bombs of types they did not want.

The shell shortage, the report said, was not the result of failure in factories, but of failure to order in time.

F. M. Vinson Becomes Secretary of Treasury

Apparently reconsidering his professed intention of remaining, at the President's request, in the office of Secretary of the Treasury until Mr. Truman returned from Europe, Henry Morgenthau, Jr., wirelessly another communication to the President, who was then on the high seas, requesting that his successor be appointed without delay so that his resignation might at once become final.

Accordingly Mr. Truman sent to the Senate on July 16 the formal nomination of Fred M. Vinson, already selected to succeed Mr. Morgenthau in the Treasury post, the Associated Press reported from Washington, and the following day Mr. Vinson was confirmed unanimously by voice vote which came soon after the Finance Committee had approved the appointment without hearings.

Also approved by the Senate on July 18 was the nomination of John W. Snyder to succeed Vinson as Director of War Mobilization and Reconversion, following his confirmation by the Senate Committee. The Associated Press also reported:

"According to present plans, no successor to Mr. Snyder as Federal Loan Administrator will be appointed at least until Mr. Truman returns from Europe.

"Mr. Snyder, a banker of 48, from Arkansas and Missouri, emerged today as one of the most important figures in the Government. As mobilization chief he will direct the home front in the war effort.

"He is expected to keep a finger in the Reconstruction Finance Corporation for the present. As Loan Administrator he has been in charge of it. Under his leadership the RFC was streamlined for its role in reconversion, with subsidiary corporations merged into the parent body. His new position gives him such sweeping authority that he can decide RFC policy.

"Actual operation of the RFC will be handled by its board of directors, headed by Charles B. Henderson.

"When President Truman returns he is expected to confer with Mr. Snyder and determine the RFC's future."

The Financial Situation

(Continued from first page)

specting men and women of the country. Today much of these same evils threaten again, but a great deal more than that is now involved. The whole structure of our society, the entire economic mechanism and, we fear, a great deal of our accumulated wealth, is at stake.

This essential principle of running rough shod over minorities, when they can not be beguiled or bludgeoned into joining the majorities, has permeated much more of our economic and social life than many of us realize. It is conspicuously in evidence at the moment in the pressures exerted in support of various programs having to do with international relations, and associated domestic policies, but it is no less present at many other points, as one may easily discover by any reasonable examination of the facts. It runs through virtually all of our so-called social security legislation which obliges large numbers of persons to make "contributions," and in other ways to take part in broad measures which may or may not have majority support in reality, but which certainly do not have universal support. It is a salient characteristic of all, or virtually all legislation which has to do with labor during the past decade or more. In an effort to procure the "benefits" of "collective bargaining" for the majority, if it is the majority, the legislators and administrative officials have never hesitated to deny the right of individual bargaining to many others who prefer it.

Conformity Demanded

These are but a few of the more obvious manifestations of this type of thinking. Case after case of essentially the same type of action is to be found in the administrative rulings of the innumerable agencies of government in Washington. There is no need to enumerate them. Indeed a mere listing of them would require much more space than is here available. Most business men, and a great many ordinary citizens, have become personally acquainted with the "pressures" which can be and often are brought upon individuals to conform to "policy" which has the vaguest if any legal basis, and thus do their share toward presenting a "united front." This practice has, of course, run riot since we have been engaged in war, but it long antedates our participation in this global conflict—indeed it antedates the outbreak of fighting in 1939.

In those earlier years we were required to stand together against a "common enemy," i.e. "depression," "injustice," and a dozen other

conjured up ghosts of one sort or another. In the years preceding 1939, we were often told how Germany by the attainment of "unity" had banished unemployment—and of course Russia was constantly thrown up in our faces by substantial elements in the population not without standing in Washington. The phenomenon is definitely not of war origin, or at least it did not originate in this war. In the earlier days it was perhaps called "cooperation" more often than "unity"—it may now be called "unity" more often than "cooperation"—but as to the substance of it all there can be no doubt in any reasonable man's mind.

Time for Plain Speaking

We are, of course, well aware of the hazard of calling the "necessity," not to say even the value, of this kind of "unity" into question at the present time. We have repeatedly observed, as every other observant citizen has, how quickly the propaganda machine can get into operation to discredit, if not to blacken, the name of any of the minority who has the temerity to speak out his mind plainly, and how successful that machinery usually is—at least for a time. It nonetheless seems to us to be our duty to call the attention of the American public to what seems to us to be a situation fraught with hazard for the future of the country, and to do what little lies within our power to lead the American people to cast aside the slogans and the natural emotions of the times (on which there are many who do not scruple to impose) and to bring such matters as these into the calm light of cold reason.

The fact of the matter is, of course, that "democracy" as limited or exemplified by these concepts of "cooperation" or "unity" is the very negation of what our forefathers thought of as "liberty" or "democracy." That any one could define the word in this way is evidence enough of the influence of communistic or fascist thinking, not merely during the war years but for a decade or two prior to that time. No people is free whose minorities are forever slaves to the majority. It would not be free even though bona fide elections were held each year to determine the identity of the majorities or even the programs of action if these programs themselves unduly interfered with the day-to-day affairs of the individual. It is of the essence of real liberty and true "democracy" as Americans have understood it for a century or two that the individuals be without unnecessary restraints from any one. Democracy and unneces-

Move to Tax Aliens Deriving Income From Sale of Securities, Etc., Within U. S.

The Internal Revenue office at Washington, through John D. Nunan, Jr., incident to the Treasury Department's move to tax aliens whose income is derived from sources within this country, issued the following notice to Collectors of Internal Revenue:

1. The Bureau has under consideration the question of the taxation of capital gains, profits, and other income derived from sources within the United States by aliens

who have left their country of origin, especially in Europe, on account of war conditions and who during their stay in the United States have accumulated considerable income as the result of transactions in the stock market and on the commodity exchanges. Attention is invited to the fact that aliens for Federal income tax purposes fall within the following general classes: (1) nonresident aliens not engaged in trade or business within the United States who are taxed only on fixed or determinable annual or periodical income; (2) nonresident aliens not engaged in trade or business within the United States whose fixed or determinable annual or periodical income exceeds \$15,400; (3) nonresident aliens engaged in trade or business within the United States; (4) resident aliens.

2. Very little difficulty is encountered in connection with the collection of income tax with respect to the first class. Such aliens are taxable under section 211(a) of the Internal Revenue Code at the rate of 30%, and the entire amount of tax is, in general, required to be withheld at the source under section 143(b) of the Internal Revenue Code. With respect to the second class, although a tax at the rate of 30% is required to be withheld at the source from their fixed or determinable annual or periodical income, they are also subject to surtax and returns are required to be filed by the individuals in such cases on Form 1040NB(a), accounting for the balance of the tax. With respect to those individuals engaged in trade or business within the United States, such aliens are subject to tax on their entire income from sources within the United States, including capital gains. However, as provided in section 211(b) of the Internal Revenue Code, the phrase "engaged in trade or business within the United States" does not include the effecting, through a resident broker, commission agent, or custodian, of transactions in the United States in commodities, or in stocks or securities. It follows that a nonresident alien, not otherwise engaged in trade or business in the United States, would not be subject to tax on capital gains, merely by reason of such transactions in commodities, or stocks, or securities. Special attention should, however, be given to the cases of aliens who derive profits from these transactions and who claim to be nonresident aliens not engaged in trade or business within the United States. In this connection it should be pointed out that the term "engaged in trade or business within the United States" includes the performance of personal service within the United States at any time within the taxable year as specifically provided by section 211(b) of the Code. It follows, therefore, that if any of the aliens of this class perform personal services in the United States at any time during the taxable year they would be

sary restraints upon the individual are at opposite poles no matter who is the author of the restrictions. We have so often spoken of Russia as a democracy and as a "freedom loving" nation that we appear almost altogether to have forgotten what such words mean.

It is essential that we wake from our dreams.

subject to tax on their entire income derived from sources within the United States, including capital gains. However, certain other activities, such as the buying and selling of personal or real property, on the alien's own behalf or on behalf of others, would ordinarily constitute engaging in trade or business. In the investigation of the tax liability of any nonresident alien claiming not to be engaged in trade or business within the United States particular attention should therefore be given to such activities of the alien.

3. The most important class of aliens with whom the Bureau is concerned are those who, having realized profits on securities transactions or otherwise, claim to be nonresidents of the United States and have thus failed to file proper income tax returns even though they are in fact residents of the United States. In connection with the general question as to what constitutes residence in the United States it should be borne in mind that residence is a mixed question of law and fact and the element of intention is one of primary importance. The Federal income tax laws have been uniform in levying a tax on the entire income of aliens, if resident in the United States, and residence has been construed by the Bureau in all rulings as something which may be less than domicile. (*Bowring v. Bowers*, 24 F. (2) 918.) In other words, residence, although used as the equivalent of domicile in connection with probate matters, succession taxes, and inheritance taxes, as well as the estate tax law, is not necessarily the same as domicile for Federal income tax purposes. It is stated in section 29.211-2 of Regulations 111 that an alien actually present in the United States who is not a mere transient or sojourner is a resident of the United States for the purposes of the income tax. It is also stated in that section that if he lives in the United States and has no definite intention as to his stay, he is a resident. Furthermore, one who comes to the United States for a definite purpose which in its nature may be promptly accomplished is a transient; but if his purpose is of such a nature that an extended stay may be necessary for its accomplishment, and to that end the alien makes his home temporarily in the United States, he becomes a resident, though it may be his intention at all times to return to his domicile abroad when the purpose for which he came has been consummated or abandoned. These provisions of the regulations, it is thought, will cover many cases of aliens who, by reasons of conditions stemming from the war, have come to the United States.

4. Attention is invited to the last sentence of section 29.211-2, Regulations 111, which states that an alien whose stay in the United States is limited to a definite period by immigration laws is not a resident of the United States within the meaning of that section, in the absence of exceptional circumstances. The general rule adopted by the Bureau is that the type of visa issued is only one of elements entering into the classification of the alien as a resident or nonresident. It is believed that there are many cases now which will come under the phrase "in the absence of exceptional circumstances" because of the fact that many visitors' permits, or temporary visas, were issued to aliens who desired merely to get out of the war-torn country under any conditions and under any

passport or visa so long as they reached the shores of the United States. For example, while the vast majority of such aliens originally entered the United States on temporary permits, numerous extensions of such permits have been applied for and granted and a great number of applications have been made by such aliens to enter a third country in order to qualify for re-entry to the United States on immigrants' visas, thus indicating an intention to become residents of the United States even though such immigrants' visas may not have been granted. On the other hand, the possession of an immigrant's visa by an alien, upon his initial entrance into the United States, is not conclusive of his classification as a resident of this country. Those aliens, therefore, who are properly classified as residents within the meaning of the regulations referred to above and under the general rules of law relating to what constitutes residence, should in every case be required to file returns on Form 1,040 accounting for income from all sources, both within and without the United States, including capital gains. Furthermore, all nonresident aliens who are physically present in the United States and who have been engaged in trade or business within this country at any time during the taxable year should file complete returns on Form 1040B, accounting for their entire income from sources within this country, including capital gains.

5. In view of what has been said above, the field officers of the Bureau are requested to take prompt action and set up the necessary procedure for the purpose of investigating those cases where it is evident that the aliens have made gains from dealings in stocks, securities, commodities and similar transactions, to the end that aliens engaged in trade or business within the United States, and those who are resident aliens, may be properly taxed on such capital gains and that only nonresident aliens not engaged in trade or business within the United States shall be relieved of taxation in this respect, as provided by sections 211(a) and 211(c) of the Internal Revenue Code.

6. In connection with the examination of aliens, information should be obtained regarding (a) date of arrival in the United States; (b) whether members of the alien's family accompanied him; (c) type of visa or permit issued to him; (d) reasons for coming to the United States; (e) whether the alien registered under the Selective Service Act; (f) what funds, securities, or other personal property were brought into the United States by the alien or transferred to his account, or held for his benefit directly or indirectly through nominees or otherwise, prior to or after his arrival; (g) whether he performed personal services or engaged in any other business activities within the United States; (h) complete disclosure as to capital gains from dealings in securities or commodities; (i) whether he owns any real estate in the United States in his own name or in the name of a nominee; (j) if the alien entered the United States on a temporary permit, how many times has it been renewed; and (k) has the alien applied for or been granted an immigration visa or otherwise declared his desire or intention to reside in the United States.

7. I.T. 3386 (C.B. 1940-1, 66) holding that a subject of a foreign country who entered the United States on a temporary visa which had been renewed from time to time during continuance of the war has the status of a nonresident alien is modified to accord with the foregoing principles.

JOSEPH D. NUNAN, Jr.,
Commissioner.

Approve War Housing Law Changes To Provide for Veterans Families

The amendment to war housing legislation recently signed by the President will make it possible to take care of some cases of distress among families of returning veterans and families of men still in the armed services, and promises additional relief as needs of war workers are met in the future, National Housing Administrator John B. Blandford, Jr., explained on June 29.

"The Lanham amendment," he stated, "applies only to Federally-owned war housing, which is limited in quantity in comparison to the over-all housing supply. While the greater portion of our Federally-owned war housing must continue to serve workers in strategic war industries—and family accommodations are now 92% occupied—distressed families of veterans and servicemen now will have the same eligibility as civilian war workers to occupy such housing as is vacant and that which becomes vacant, except for projects exclusively reserved for urgent war production needs. Obviously, the purpose of the legislation is to help meet the needs of distressed families of veterans and servicemen and the efforts of the National Housing Agency will be directed toward that goal. First attention must be paid to the most serious cases."

The FHA advises state:

Temporary instructions on carrying out the provisions of the new amendment (Public Act 87, known as Title V of the Lanham Act) already have been issued by Commissioner Philip M. Klutznick of the Federal Public Housing Authority to all managers of housing affected by the act. More detailed procedures will follow. Commissioner Klutznick explained that the new policies apply to all Federally-owned housing under the NHA built with war housing appropriations, "except those cases where housing projects or parts of projects are programmed and designated exclusively for war workers of a specific industry or installation or employees or military personnel of the Army and Navy."

"Families of servicemen and veterans heretofore have been eligible only after the housing needs for in-migrant civilian war workers have been met. Hereafter in cases of distress such families will be equally eligible with in-migrant war workers."

"The instructions define a distressed family of a serviceman or veteran as "any such family without housing, either by reason of eviction or inability to find in the area housing within its financial means. This includes the returning veteran who because of housing shortage is unable to find a dwelling in which he can re-establish his family. Families of servicemen and veterans include families of deceased servicemen and veterans."

"We're particularly concerned with the families who have suffered from evictions and who cannot pay prices necessary to obtain private rental housing," said Mr. Blandford. "Families unable to pay the established rents in the projects may obtain adjustments within prescribed limitations in line with their income to prevent hardship, as provided in the Lanham Act."

Specifically, says the FHA, the Lanham amendment authorizes the NHA to:

"1. Cooperate with communities in making available all possible accommodations in the community housing supply to veterans' and servicemen's families in 'distress.'"

"2. Make available Federally-owned war housing to such families."

"3. Move vacant temporary war housing to places where it is needed for such families, and erect new temporary Federally-owned housing if necessary, if and when funds for such purpose are made available. No funds are currently available for such purposes."

Mr. Blandford pointed out that

veterans' and servicemen's families already are eligible for privately financed war housing in the many communities where it has been possible to relax occupancy restrictions. This type of housing will be made available in other areas as soon as war worker needs have been met, he said. Discretion in this matter has been placed with the Regional Representatives of the Administrator, who will resurvey the situation periodically with communities, war industry management and labor, and the War Manpower Commission."

Reduction Planned in Food Subsidies

A plan which would result in increased costs to food consumers next year of approximately \$1,500,000,000 by increasing prices of foods to replace subsidies is being worked out by Administration leaders, according to Associated Press reports from Washington, July 14, which added that the objective was to ease adjustment of farm prices to post-war conditions and to reduce Government expenditures. From the Associated Press we quote:

The subsidies involved are largely those which the Government established to prevent increases in consumer ceiling prices on important food items while at the same time providing greater incentive for farm production, and the so-called "roll-back" subsidies set up in 1943 when prices of some foods were reduced 10%. Secretary Anderson is leading inter-agency discussions on the plan. Friends say he believes it could be accomplished by an upward adjustment in industrial wages, now controlled under the "Little Steel" formula, without adding any new inflationary threat.

The contention that increases in wages and prices would not be inflationary is based upon the assumption that the war with Japan will end next year and bring on deflationary factors incident to industrial reconversion. Elimination of the subsidies would increase the country's total food bill about 5%, Agriculture Department economists estimate. Consumers are buying food at the rate of about \$30,000,000,000 a year.

Food items on which the Government is paying subsidies include meats, butter, fluid milk, and most manufactured dairy products, flour and, indirectly, bread and bakery products, canned fruits and vegetables, sugar, dry beans, peanut butter, lard and soy-bean products.

Supporting the subsidy abandonment idea are several major farm organizations and a strong bloc in Congress.

Back of the pressure to wipe out the subsidies is concern over post-war agricultural prices. Mr. Anderson and many farmers expect farm prices to go down after the abnormal war market fades. They also expect a public demand for curtailment in Government expenditures.

Mr. Anderson believes the effects on agriculture will be less harmful if the subsidies are removed while prices are high and the demand is good rather than later when prices have declined.

Under the subsidy program, the actual prices (or returns) received by farmers are hidden, so to speak, from the consumer. The consumer pays only part of the price on the subsidized items. The Government pays the rest.

National Policy for Research, Education Proposed by Dr. Bush

Establishment of a National Research Foundation by Congress for the purpose of promoting a national policy for scientific research and scientific education is proposed by Dr. Vannevar Bush, director of the Office of Scientific Research and Development, in a report that he submitted on July 18 to the White House. The report is titled "Science — The Endless Frontier."

The report, prepared at the request last November of President Roosevelt, recommended:

"(1) That the Foundation be formed to develop scientific research, financially support basic research in non-profit organizations, encourage scientific talent in American youth by offering scholarships and fellowships and promote long-range research on military matters.

"(2) That the Foundation consist of nine members to be selected by the President and be responsible to him. They shall serve four years and without compensation.

"(3) That the Foundation have the following five divisions: Medical Research, Natural Sciences, National Defense, Scientific Personnel and Education, and Publications and Scientific Collaboration."

Dr. Bush said that an adequate program for Federal financial support of basic research and scientific education, as proposed in his report, would cost about \$33,600,000 at the outset and might rise gradually thereafter.

Dr. Bush, in urging immediate legislative action to create the National Research Foundation, said: "Early action on these recommendations is imperative if this nation is to meet the challenge of science in the crucial years ahead. On the wisdom with which we bring science to bear in the war against disease, in the creation of new industries and in the strengthening of our armed forces depends, in a large measure, our future as a nation."

In part the advices in the matter state:

"The report recommended a program to provide 24,000 undergraduate scholarships and 900 graduate fellowships, which would cost the Government about \$30,000,000 annually when in full operation. Each year under this program 6,000 undergraduate scholarships would be made available to high school graduates, and 300 fellowships would be extended to college graduates. Those who receive such scholarships and fellowships would constitute a National Science Reserve and would be subject to call into Government service in connection with scientific or technical work in time of war or other national emergency."

Dr. Bush stressed the necessity of having the Government provide suitable incentives to private industry in conducting research, and urged modification of certain provisions of both the Internal Revenue Code and the patent system. On this point, he said:

"The Government should help industry in its research projects by clarifying present uncertainties in the Internal Revenue Code in regard to the deductibility of research and development expenditures as current charges against net income, and by strengthening the patent system so as to prevent abuses which reflect discredit upon a basically sound system. In addition, ways should be found to cause the benefits of basic research to reach industries which do not now utilize new scientific knowledge."

The war against disease in the United States was also discussed in the report. Dr. Bush said that to maintain the progress in medicine that has marked the last 25

years, the Government should extend financial support to basic medical research in the medical schools and in universities.

Concerning the importance of military research in peacetime, Dr. Bush had this to say:

"There must be more — and more adequate—military research in peacetime. It is essential that the civilian scientists continue in peacetime some portion of those contributions to national security which they made so effectively during the war. This can best be done through a civilian-controlled organization with close liaison with the Army and Navy, but with funds direct from Congress, and the clear power to initiate military research which will supplement and strengthen that carried on directly under the control of the Army and Navy."

The OSRD director discussed the relationship between scientific advancement and employment. On this point, he said:

"One of our hopes is that after the war there will be full employment. To reach that goal the full creative and productive energies of the American people must be released. To create more jobs we must make new and better and cheaper products. We want plenty of new, vigorous enterprises. But new products and processes are not born full-grown. They are founded on new principles and new conceptions, which in turn result from basic scientific research. Basic scientific research is scientific capital. Moreover, we cannot any longer depend upon Europe as a major source of this scientific capital. Clearly, more and better research is one essential to our achievement of our goal of full employment. There must be a stream of new scientific knowledge to turn the wheels of private and public enterprise."

Dr. Bush prepared his recommendations on the basis of reports made to him by four committees: Medical Advisory Committee, Dr. W. W. Palmer, chairman, Bard Professor of Medicine, Columbia University, New York City, and director of medical service of the Presbyterian Hospital, New York; Science and Public Welfare Committee, Dr. Isaiah Bowman, Chairman, President of Johns Hopkins University, Baltimore; Committee on Discovery and Development of Scientific Talent, Dr. Henry Allen Moe, Chairman, secretary general of the John Simon Guggenheim Memorial Foundation, New York City; and Committee on Publication of Scientific Information, Dr. Irvin Stewart, Chairman, Executive Secretary of the Office of Scientific Research and Development.

Taft Favors Cut in Tax on 1947 Business

Senator Robert A. Taft (R.-Ohio), told reporters that he thought Congress ought to prepare legislation now reducing taxes effective in 1947, and thus let business men know what to expect in a period which he believes will see the first real surge of the civilian economy after reconversion to peacetime manufacture. "I don't think it makes so much difference whether tax reductions are made in 1946," the Associated Press, Washington, reported the Ohio Senator as having said on July 16, and he added "most businesses then will be engaged in getting back to civilian production and they won't be making much money anyway." He further said:

"But 1947 should see production in full swing again and business men, especially small-plant owners and those who plan to build new facilities, ought to know in advance what sort of taxes they are going to have to pay."

Senator Taft said he had no specific revenue proposals in mind, but that he believes the subject should have immediate study.

From Washington Ahead Of The News

(Continued from first page)

such a set-up it is assumed American venture capital would go down there.

It is around such handling of the post-war world as this, that our friends have been besieged by potential venture capitalists as to whether they thought the San Francisco conference would really bring about stability in the world. Naturally our men of finance don't want to go off and invest in Yugoslavia if that country and Greece, or that country and Italy are likely soon to be in a war. They have before them the experience of the General Motors and Ford plants in Germany which the Russians are moving bodily to Russia. Similarly, on this continent, if there are to continue to be revolutions and disorders in Latin-American countries, their investment risks are multiplied. Everybody seems burned over our experiences of the twenties, when American venture capitalists were browbeating and bribing Latin-American dictators to borrow money, out of which no good ever came.

This investment in foreign countries in order that they can buy from us, seems to be the foreign trade which is contemplated, and everybody agrees that foreign trade is necessary if we are to escape that totalitarian state.

But on the score of the stability of the world, our friends and they include men who have been very close to the San Francisco conference, can offer nothing tangible. Theirs is a hope.

Put it up to one of them, for example, as to whether Yugoslavia should act up against Greece—and we don't mean to pick on these two countries—whether the pact which has been arrived at, could prevent war. The consensus is that it could not unless Britain and Russia were determined that it should. These two countries would be vitally interested in a fracas between Yugoslavia and Greece and Russia, to date, certainly shows that she is not within the spirit of the pact.

There is another thing quite important to our would-be investors in Europe. Any stability in Europe is likely to be a Communist dominated stability. Does that offer a fertile field of American investment? In Poland, in the other countries in which the Communists are moving to power, the property holdings are being divided up; destroyed or divided up just as they were in Russia.

Take Britain. The recent elections may show that it is moving sharply to the left. Australia is in for a long Leftist run. On our own continent, the pro-Communist labor leader Toledano, in Mexico, is moving back towards control of the government.

To sum up, the men with whom we have been talking, and they are men in a position to know, contemplate our own domestic post-war possibilities; that is, the opportunities for money making and employment here at home, with optimism. They do not view the foreign, or the world trade outlook in any such fashion. They are decidedly pessimistic about it, indeed.

There is likely to be an awful lot of disillusionment about the San Francisco pact before many moons. The fact that it is sailing through so smoothly is not evidence of its effectiveness. It is really more of a case of lack of interest in it. Herculean efforts have been made to dramatize it. They have obviously failed. The American people, according to the polls, are for it 9 to 1. That is because they are for anything purporting to insure peace.

Ask Truman to Sway Free Vote in Poland

A group of prominent American citizens put their signatures to a plea to President Truman to use the diplomatic and economic power of the United States in support of a five-point program to carry out the Yalta agreement of "free, unfettered elections" in Poland, according to an account appearing in the New York "Times" on July 19, which continued:

"Former President Herbert Hoover, Alfred M. Landon, former Governor of Kansas; John Dewey, Raymond Leslie Buell, former Chairman of the Foreign Policy Association; the Rev. Robert I. Gannon, President of Fordham University; the Rev. John La Farge, editor of "America"; Suzanne LaFollette, author and editor; John Chamberlain and Benjamin Stolberg, writers, and George Creel were among the signers.

"Warning that 'a policy of one-sided appeasement of totalitarianism can lead only to disillusionment, frustration and grave peril to the American people,' the memorial said the Polish question had not yet been settled.

"It charged that the new Polish Government consisted of 17 holdovers of the Lublin regime and only three from the London group, none of whom was 'a member of the Polish Government which was our ally throughout the war.'

"By no stretch of the imagination can this be called an honest fulfillment even of the Yalta

agreement, an agreement which was itself described by President Roosevelt as in some respects a disappointing compromise on the Polish question,' the memorial said.

"If Russia succeeds in imposing her will to this extent, despite the Yalta agreement, she will be encouraged to apply the same imperialistic methods to all central Europe and the Far East, with ultimate disaster to us all."

"The memorial said its signers were 'opposed to war with Russia,' and that they had profound respect for the Russian people and for the military achievements of its army.

"Though Russia is a totalitarian State, there will be no war, provided the leading democracies of the world are firm, united and just, in deeds as well as in words,' the memorial continued. 'But if they continue a foreign policy of weakness, hesitation and immoral compromise, despite our overwhelming power and prestige, then we fear for the future peace of the world and for democracy at home.'

"The memorial charged that the 16 Polish leaders arrested by the Russians had been induced to make themselves known to the Red Army by a guarantee of safe conduct from the Soviet High Command. It compared their trial with the 'purge' trials of 1937 and 1938."

OWI Foreign Bureau To Be Discontinued

As a result of Congress cutting the appropriation for the Office of War Information, the agency is to abolish its foreign news bureau, which supplies the American press with news from foreign broadcasts, principally Japanese. In announcing the plan, Neil Dalton, director of OWI domestic operations, stated on July 16, according to Associated Press advices from Washington on that date, that he estimated it would result in a saving of approximately \$70,000 a year. It was added:

Matthew Gordon, bureau director, has notified employees that it will be abolished thirty days after the twenty-four employees have received formal notification. The twenty-four employees include about a dozen editors.

Mr. Dalton said discussions are under way with the Federal Communications Commission to see what arrangements can be worked out for distributing foreign news. He said he thought the news undoubtedly would continue to be available in some form. The actual monitoring of foreign broadcasts is conducted by FCC. The OWI foreign news bureau digests and distributes the broadcasts.

Pay FHLB Debs.

Announcement was made on July 10 by Everett Smith, fiscal agent of the Federal Home Loan Banks, that \$50,000,000 Consolidated Debentures of the Federal Home Loan Banks would be paid in full at maturity July 16. The announcement added:

"Although part will be arranged for through a short term issue to mature October 15, 1945, there will be no public refunding. This October 15th maturity then will be the only indebtedness of the twelve District Banks.

"It is contemplated that renewed demand by the member institutions of the Federal Home Loan Bank System for financing homes or other purposes will result in substantial public financing in the future.

"The existing list of subscribing dealers and dealer banks will be maintained and notices of coming offerings will be sent as in the past."

To Investigate UNRRA Activities Abroad

Four House members are to leave for Europe early in September to investigate relief activities of the United Nations Relief and Rehabilitation Administration in Greece, Italy, France and Germany, and possibly elsewhere, the United Press reported from Washington, July 19, adding that the investigation was initiated because of reports which convinced the Joint Congressional Economy Committee that the United States was paying 72% of the UNRRA costs and that 35 of the 44 associated countries were alleged to be falling down in their commitments. According to the Associated Press the committee was told that only nine countries were fulfilling their obligations to contribute 1% of their national income to UNRRA. It also heard that the United States and Canada are filling most of the food requirements of war-stricken countries. The press advices went on to say:

Senator Byrd, Democrat, of Virginia, Committee Chairman, said after hearing the testimony of Roy Hendrickson, acting UNRRA head, that he had asked the agency to report on whether it was relieving temporary distress, or attempting to raise pre-war European living standards. Temporary relief was its function, not the boosting of living standards, he said.

The 9 countries meeting their obligations were the United States, Australia, Canada, Great Britain, Brazil, New Zealand, Costa Rica, Panama and Iceland, it was stated.

Mr. Byrd released figures showing that through June 30 the United States had supplied all the lard, margarine, soy bean products, milk and eggs distributed by UNRRA, and had shared with Canada the meat contributions.

Canada supplied 19,983,194 pounds of canned "meat lunch" and 11,709,917 pounds of fat cuts. The United States provided 702,624 pounds of canned meat and 292,751 pounds of liverspread.

Mr. Hendrickson said, meanwhile, that UNRRA hoped to buy \$65,000,000 of United States surplus military stocks during the next six months for use in Europe. He said he chiefly wanted medical supplies, clothing, blankets, transportation equipment and engineering stores.

The Congressmen named to undertake the European investigation are Representatives King (D.-Cal.), Robertson (R.-N. Dak.) D'Alesandro (D.-Md.) and Hagen (R.-Minn.).

Allies Joined by Italy In Japanese War

A wireless message from Rome July 14 to the New York "Times" said:

"Italy declared war on Japan at yesterday's cabinet meeting. After notification had been given to the Governments of the United States, Britain, Russia and China and France, the announcement was made tonight.

"The step was more sudden than unexpected. In perhaps the most dramatic way open to this nation, it will serve to bring home to the Big Three, particularly the British and Americans, Italy's determination to do all she can in the final stage of the war against all that remains of the Axis, of which she was once a part.

"The statement accompanying word of the declaration said that plainly Italy, her liberation complete, wished above all to give proof of her will to fight the forces of aggression and imperialism wherever they challenge the United Nations, even if geographically Italy's interests were not directly involved.

Items About Banks, Trust Companies

The Continental Bank & Trust Company of New York reported as of June 30, 1945, total deposits of \$188,156,812 and total assets of \$201,029,292, compared, respectively, with \$162,679,318 and \$174,600,879 on March 31, 1945. Cash on hand and due from banks increased to \$36,566,059, from \$35,072,409; holdings of U. S. Government obligations to \$69,042,973, from \$64,995,210; loans and discounts to \$74,696,322, from \$54,825,574. Capital was unchanged at \$4,000,000; and surplus rose from \$4,500,000 to \$5,000,000. Undivided profits were \$1,030,888, against \$1,408,770 at the end of the first quarter. General reserves were \$1,322,988.

Colonial Trust Company of New York, reported as of June 30th total deposits of \$52,936,691 and total resources of \$54,751,822, compared with \$46,148,125 and \$47,954,128, respectively, on March 20, 1945. Cash on hand and due from banks amounted to \$11,375,922, against \$11,380,167; holdings of United States Government obligations to \$26,466,470, against \$27,808,543; and loans and bills purchased to \$16,452,853, against \$8,412,051. Capital, surplus and undivided profits were increased from \$1,651,841 to \$1,689,001.

The Chartered Bank of India, Australia & China, at 65 Broadway, New York 6, has announced the reopening on July 23 of its Manila Branch, which was established in 1873.

Eugene W. Stetson, Chairman of the Board of Directors of Guaranty Trust Company of New York, announced on July 18 the election of Robert W. Woodruff and Stuart M. Crocker as directors of the Trust Company. Mr. Woodruff, Chairman of the Executive Committee of the Coca-Cola Company, was educated at the Georgia Military Academy and Emory University. Successively connected with the General Fire Extinguisher Co., Atlantic Ice & Coal Corp., he joined White Motor Co., later becoming President of that company. Mr. Woodruff was President of the Coca-Cola Company from 1923 to 1939, Chairman of the Board from 1939 to 1942, and has been Chairman of the Executive Committee since 1939. Mr. Woodruff is a director of the Coca-Cola Company and subsidiaries, Continental Gin Co. (Birmingham), Trust Company of Georgia (Atlanta), and National Foundation for Infantile Paralysis; he is a trustee of Emory University and Martha Berry School, of Georgia. During World War I, he served as Captain and Major, Ordnance Dept., United States Army.

Mr. Crocker, President of Columbia Gas & Electric Corp., has long been identified with the electrical and utilities fields. After serving with the Navy's North Sea Mine Fleet in World War I, he completed his studies at Harvard, receiving the bachelor of science degree in 1920. He began his business career with Radio Corporation of America. In 1922 he became assistant to Owen D. Young, Chairman of the Board of RCA and General Electric Co., and following appointments as Vice-President and Treasurer of United Electric Securities Company, Vice-President of International General Electric Co., and Vice-President of General Electric Co., he was elected President of Columbia Gas & Electric Corp. in 1943.

At a meeting of the Board of Directors of the Bank of the Manhattan Company of New York on July 19, Murray Shields was elected a Vice-President. Mr. Shields will assume his new duties Sept. 1, acting as economist for the bank. Mr. Shields, following his graduation, occupied the following positions: Assistant

to Economist, the Procter & Gamble Co.; Economic-Statistician, Goodyear Tire & Rubber Co.; Director, Trade Survey Bureau, Tanners Council of America; Assistant to President, United States Leather Co.; Assistant Director, Bureau of Business Research, University of Pittsburgh; and Economist, Irving Trust Company; from April, 1942, to December, 1944, he was part-time Consulting Expert in the United States Treasury Department.

E. Chester Gersten, President of the Public National Bank & Trust Co. of New York, announces that Samuel C. Maguire was appointed Assistant Manager of the Foreign Department. Mr. Maguire comes to the Public National Bank after having been for many years identified with the foreign departments of the Chase National Bank and the Guaranty Trust Co.

The Board of Governors of the Federal Reserve System announces that the Merrill Trust Company of Bangor, Me., a State member, absorbed on July 2 the National Bank of Calais, Calais, Me. In connection with the absorption a branch was established at Calais.

With the absorption July 2 by the Norfolk County Trust Company of Brookline, Mass. (a State member of the Federal Reserve System) of the Norwood Trust Company of Norwood, Mass., also a State member, a branch was established by the Norfolk County Trust at Norwood.

Admission to the Federal Reserve System of two state chartered banks in Indiana, Pa., with a total capitalization of \$475,000 and total deposits of \$14,500,000 is announced by President Ray M. Gidney of the Federal Reserve Bank of Cleveland. This brings to 715 the number of member banks in the Fourth Federal Reserve District. The new member banks are the Savings & Trust Company of Indiana, Pa., organized in 1902 and with a present capital of \$250,000, and Farmers Bank & Trust Company of Indiana, Pa., organized in 1876 and with a present capital of \$225,000. With other banks, they serve an agricultural and coal mining area with an estimated population of 50,000. The Savings & Trust Company of Indiana has deposits of \$8,760,000. Its officers are: E. E. Lewis, President; S. M. Jack, Vice-President; H. T. Rankin, Treasurer; Robert E. Lewis, Secretary and Trust Officer; Roy S. Stephens, Assistant Treasurer, and Myrtle C. McQuown, Assistant Secretary.

Farmers Bank & Trust Company of Indiana, Pa., has deposits of \$5,740,000. Its officers are: William A. Simpson, President; James W. Mack, Vice-President; John G. St. Clair, Secretary, Treasurer and Trust Officer; J. Anthony Graff, Assistant Secretary and Treasurer, and Miss Buella M. Brown, Assistant Trust Officer.

Admission of the Midland Bank, Midland, Pa., to membership in the Federal Reserve System was announced on July 21 by Ray M. Gidney, President of the Federal Reserve Bank of Cleveland. Member banks in the Fourth (Cleveland) District now total 715. The Midland Bank, which serves a population of 8,500 in and near the steel mill city on the Ohio River four miles from the Ohio State line, was incorporated in 1913 as the Midland Savings & Trust Company. Its name was changed to Midland Bank in 1935. The present capital is \$100,000. President of the bank is F. G. Moorhead. L. L. Hunter and G. I. McIntyre are Vice-Presidents; Frank M. Potts is Cashier and

(Continued on page 448)

Final Report on 7th War Loan Sales Shows NY State Leading Record of 'E' Bond Sales

In a final report on the Seventh War Loan, made on July 21 by the War Finance Committee for New York, Frederick W. Gehle, State Chairman, disclosed that war bond sales in New York State during the campaign which ended on July 7 reached \$7,226,200,000, an amount greater than was ever before raised in the history of war financing in any State or in any country other than the United States. The total was more than three and a quarter billions above the drive quota originally set for the State.

Next to New York the States that achieved the largest Seventh War Loan totals were: Pennsylvania, Illinois, Massachusetts and California. The combined sales of these States was \$6,413,000,000, or more than \$800,000,000 short of the New York achievement.

Seventh War Loan—	Quotas	Sales	Per Cent
E-Bonds	\$460,000,000	\$465,014,000	101.1
Other individuals	674,000,000	1,137,000,000	168.7
Total individuals	\$1,134,000,000	\$1,602,000,000	141.3
Corporations, savings banks, insurance companies and other non-individuals	2,825,000,000	5,624,000,000	199.1
Aggregate	\$3,959,000,000	\$7,226,200,000	182.5

"This has been the champion of all War Loan drives," Mr. Gehle said in announcing the final figures, "and the major credit for the success belongs to the great army of volunteers throughout the State."

Mr. Gehle said that the record of the all-important E-bond sales to the rank and file of small investors was particularly gratifying. He added:

"All through the period of the loan we fought an uphill battle against the public let-down which was so widespread after the military changes that followed V-E Day, and against the influence of cutbacks in industry and of growing unemployment. Nevertheless a final rush of sales put the E-bonds over their quota of \$460,000,000, thus bringing to New York one of the greatest financial triumphs in its history."

In a message congratulating the volunteers in New York State, Mr. Gehle said, in part:

"You have again proved your devotion to your country, and by undertaking an unglamorous but essential task you have reaffirmed your faith in the spirit of American freedom."

The following chart shows the final results of the Seventh War Loan in New York State in comparison with other large States,

Subscriptions from corporations, business firms and financial institutions were largely responsible for the enormous New York total, says Mr. Gehle, who reports:

"These almost doubled the quota that had been set for them, the excess being 99.1%. Comparison in the different categories were as follows:

Quotas	Sales	Per Cent
\$460,000,000	\$465,014,000	101.1
674,000,000	1,137,000,000	168.7
\$1,134,000,000	\$1,602,000,000	141.3
2,825,000,000	5,624,000,000	199.1
\$3,959,000,000	\$7,226,200,000	182.5

with the percentage of quotas achieved by each:

Total	% of Quota
New York	182
Pennsylvania	219
Illinois	175
Massachusetts	216
California	169
Ohio	199
New Jersey	212

The following table shows the result of E-bond sales in New York State in comparison with the results of other large States:

"E" Bonds	% of Quota Achieved
New York	101
California	92
Pennsylvania	98
Illinois	101
Ohio	98
Michigan	92
Texas	102
New Jersey	89
Massachusetts	89
Indiana	101
Missouri	101

Final reports for New York City showed sales to all investors in the city amounting to \$6,190,289,634, or 181.1% of the \$3,417,420,000 quota, and final sales to individuals of \$1,235,383,410, which is 145.8% of the \$847,430,000 quota.

The city's cumulative E-bond sales of \$288,754,786 against a quota of \$287,300,000 are the largest ever made here in any War Bond drive, Mr. Gehle noted.

Anderson Reports on Food Situation

In a radio report on July 16, the new Secretary of Agriculture, Clinton P. Anderson, informed his listeners that there would be about 5% less food this year than during "last year's eating spree", and that continued shortages of several kinds of food could be expected for the next two or three years, New York "Times" Washington advices stated, and continued:

"Because of the time it takes to produce food not much relief from actual shortages can be expected during the rest of 1945," Secretary Anderson said. "The supply of food we have available to us at this time was fixed by what was done a year or more ago, just as what we do now will determine the food supply that will be on hand next year."

"For the months ahead meats, fats and oils, sugar, condensed and evaporated milk, and canned fruits and vegetables will continue in short supply. In addition, rice and dry bean supplies will get shorter."

"While the fruit crop, as a whole, will be good this year, apples will be much scarcer than last year. Transportation difficulties may make it impossible to move to consumers all of our fruit and fresh vegetables."

"One bright spot is in our milk supply. It is good and civilians will have a billion pounds more milk than last year."

"Except for wheat, potatoes and most fresh vegetables, the 1945

crops will not be adequate for all of the demands that are being put upon the food production of this country.

"We are hopeful that through corrective measures now contemplated, and with the help of the consuming public, we will get more equitable sharing of scarce foods. But some important foods will still be unavailable in the amounts we would like."

The reduction this year of 5% from last year, he said, might be irritating but was not alarming from a health standpoint. He went on:

"We shall still be eating on the average a greater total amount of food than we did before the war. We are likely to dine on more simple fare, minus the choice roasts, the thick juicy steaks, and much of the sweetening of pre-war years."

The Secretary said this country still threw away the richest garbage in the whole world despite shortages in various food items.

"Because eggs are in such great demand," he said, "it is hard to realize we are consuming record quantities this year—an average of more than one egg a day per person. But supplies will be seasonally smaller in the last half of this year. Poultry supplies, allocated for civilians this year, will be smaller than last year."

"The prospective civilian supply of canned fruits is about the same as for last year, but much

below pre-war levels because of large military requirements. Citrus juices, however, will be plentiful. There will be a big crop of potatoes, but none to waste, because the demand is greater when the supply of other food is limited. A large crop of rice is in prospect, but increased military requirements will reduce civilian supplies to low levels."

The most likely possibility he advanced for improving the food situation, aside from intimation that foreign and American military demands were likely to be scaled down, was a proposal for the United States to be "a lot more aggressive in getting from abroad certain of the food and food items which are critically short here at home." He referred especially to South America where, he said, the reverse climatic season should give opportunity to fill in gaps in the United States.

Concerning foreign commitments, Secretary Anderson declared that the European peoples who gave up their substance and their lives to help defeat the Nazis must not be forgotten, but he added:

"At the same time, however, we must be as honest with them on this question of food as we intend to be with our own people, and not lead them to expect more than we can supply."

Invokes Use of 1798 Law to Deport Aliens

President Truman on July 17 reactivated a 1798 alien-enemy statute which makes possible the deportation of dangerous alien enemies who are not subject to ouster under immigration laws. This is learned from Associated Press advices from Washington July 17, appearing in the New York "Herald Tribune" from which we also quote the following:

By proclamation issued through the White House, the President authorized Attorney General Tom C. Clark to ship back to their respective countries aliens he considers dangerous to the security of the United States.

The provision made effective by the proclamation is part of the alien enemy act of 1798. The first part of the act, authorizing the arrest and internment of dangerous aliens was made effective by President Roosevelt when America entered the war. The second part, authorizing deportation, has now been invoked by President Truman.

The Justice Department explained that up to now alien enemies who have been deported have been voluntary repatriates or have been persons sent home because of immigration law violations. The department added that many dangerous aliens could not otherwise be deported because they have not been found to have violated immigration laws.

The department said it will announce shortly what steps it intends taking in view of the President's action.

Foreign Mail and Airmail

According to Postmaster Albert Goldman, information has been received from the Post Office Department, Washington, that, effective at once, letters not exceeding two ounces and non-illustrated postcards shall be accepted for dispatch by air or by surface means to destinations in Finland, Estonia, Latvia, Lithuania and Poland. The following postage rates are applicable to mail to be sent by surface transportation: Letters, five cents for the first ounce and three cents for the next ounce; postcards, three cents each.

Articles intended for dispatch by air are subject to the postage rate of 30 cents per half-ounce or fraction. Registration, special delivery, money-order, and parcel-post services are not available.

An International Bankruptcy Court Proposed

(Continued from first page)

28 countries were in default, from the Rio Grande border down to Cape Horn, and most of the countries of southeast Europe, plus Germany, Russia and China. Of the \$5.5 billion of investors' loans outstanding, \$2 billion, or about 37%, was in default.

The Annual Reports, of over 500 pages, of the Council of Foreign Bondholders of Great Britain, give the history of defaults for over 100 years. In the 19th Century, Spain defaulted 7 times, Austria 5 times, Germany 5 times, Turkey and Portugal 3 times, and Greece twice. The South American countries defaulted even more freely. Several countries like Honduras and Peru borrowed and defaulted almost recklessly. Columbia announced its default 14 times since 1820.

The French attempted to bring defaulting foreign debtors before a French court but failed. Proposals for an international court for defaulting foreign debtors date back about 70 years. In 1875, an International Court for Settling Disputes Due to Bankruptcy was discussed at the Congress for the Reform of International Law. The International Statistical Institute in the 1890's investigated the question of default of foreign loans and made recommendation to prevent further defaults.

The First Hague Conference in 1899 grappled with the question of international default but achieved nothing due to the trite reservations concerning "national honor and vital interests." A dishonest bum also affects pride when he does not wish to pay. At the Second Hague Conference in 1907, nations agreed to refrain from force in collecting debts unless the debtor refused to arbitrate. A debtor, invoking legal proceedings, might thus limit the use of force by creditors. However, the agreement provided no machinery to execute decisions of the court. Amusingly enough, during the sessions at the Second Hague Conference in 1907, Venezuela refused to repay a Belgian loan of ten million francs and simultaneously offered proposals to limit intervention as a means of collection.

The Pan-American countries showed a similar record of futile effort. In 1902, 17 American countries signed an agreement in Mexico to adjudicate disputes arising out of financial claims. This agreement was renewed at the Pan-American Congress in Rio de Janeiro in 1906 and extended through 1912. But in 1938, according to the report of the Foreign Bondholders' Protective Council, defaults on dollar bonds, whether national, provincial or municipal, were listed for Argentina, Bolivia, Brazil, Chile Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Mexico, Panama, Peru, Salvador and Uruguay. Yet these countries sat at Bretton Woods to decide on the machinery for further loans to themselves and other defaulting debtor countries.

Why did the Bretton Woods discussions and hearings in Congress ignore these facts? Why was not a single proposal made for bringing future defaults within the jurisdiction of international law?

The Covenant of the League of Nations provided for a World Court but not for the adjudication of bankruptcy. International finance is expected to play a major role in the reconstruction and development of foreign countries after the war but it is operating in a vacuum. Without an International Bankruptcy Court the Bretton Woods legislation for an International Bank for Reconstruction and Development will either end in futility or burden the taxpayer.

For he becomes an unwitting and unwilling investor when the representative of his government undertakes commitments which properly belong in the field of private investment. The private capitalist, small and large, would welcome the opportunity to invest abroad, if the law afforded him the same legal process which brings a private corporate borrower to book.

An International Bank is not a substitute for national honesty. An inter-government guarantee is not a surrogate for governmental integrity. However, such a bank and such guarantees can surely accelerate international reconstruction and development, if prospective government borrowers must agree, as a condition of the loan, to abide by the decisions of an International Bankruptcy Court in case of default.

The defects in both the Monetary Fund and the Bank can be overcome by top-notch management. If the Boards of the Fund and the Bank are composed of practical men with experience in private international banking or in central banking, the defects in method can be cured. This a job, not for well-meaning novices, but for critical professionals.

The Bretton Woods legislation should be amended. Or, the Board of the Bank could require that defaults on loans must be adjudicated by an International Bankruptcy Court—a division of the World Court. International loans would thus be brought within the law. *International anarchy would cease.*

Japan Warned Only Salvation Lies in Uncondit'l Surrender

In a broadcast as "an official spokesman of the United States Government," Captain E. C. Zacharias, U. S. N., addressing his words directly to "Japanese leaders," in their own language, told the Japanese people on July 21 that unconditional surrender offered them the only possible salvation for Japan, according to an Associated Press Washington report on that date, which said:

"The leaders of Japan have been entrusted with the salvation and not the destruction of Japan. . . . The Japanese leaders face two alternatives. One is the virtual destruction of Japan, followed by a dictated peace. The other is unconditional surrender, with its attendant benefits as laid down by the Atlantic Charter."

"President Truman is reported to have taken to the Potsdam conference a whole series of recommendations dealing with possible definitions of unconditional surrender of Japan."

The broadcast warning was stated by the Associated Press to have been made with the President's full knowledge, and was said to fit into the pattern of his diplomacy in his conference with Premier Stalin and Prime Minister Churchill at Potsdam.

President Truman's primary interest, said the Associated Press from there, on July 22, is in ending the war with Japan as quickly as possible. The American position apparently is that, if the Japanese surrender soon, this country can have a freer hand in dealing with the beaten enemy.

The Potsdam advices added: "Observers here believe that, unless the Japanese act quickly, important developments may be forthcoming in a Russian announcement, the price of which may complicate peace settlements when eventually they are made."

The Significance of the San Francisco Conference

(Continued from first page)

have just learned that the official history of this battle of words will run into 10 oversize volumes. It is true that men can't live by talk alone—unless you exclude commentators. We have had to talk ourselves into this new world organization; and it is my guess that we are going to have to keep talking to keep us sold on this alternative to a third World War.

Habit of Peace-Time Conference Renewed

All this talk is important for two reasons.

In the first place, the spokesmen of eventually 50 nations renewed the habit of peace-time conference—literally talking things over. This does not seem much in retrospect; but we must remember that the San Francisco parley means the reestablishment of this old habit of world conference. The people meeting at San Francisco had to talk their way to a common ground upon which they could all stand and work for future world order. Though the conference took place against the war-time setting of the battle for the Pacific, everything done at San Francisco is an effort to curb war.

Secondly, even for the Big Three it has been a new experience. America, Britain and the Soviet Union for the first time dealt with problems completely divorced from war making. There was none of the compromising force operating at Teheran and Yalta—the compromising force of facing a common foe. The American, British and Soviet leaders had to think beyond victory—make up their minds as to a world in which to live. The Big Three also expanded their councils at San Francisco; China and France had to be fitted into the inner circle of great Powers. These dominant nations, moreover, had to face the rest of the United Nations in hard fought definition of the respective rolls of power and democracy. The Charter of the United Nations essentially is the product of the compromises between the few powerful and the many weaker nations of our current world order.

Progress of the Conference

Just let me take you through the nine weeks of conference to highlight the achievement at San Francisco.

First Week . . . The conference opened with a moment of silence April 25. After that there was a week of keynote speeches while the conference organization was perfected behind the scenes. Secretary of State Stettinius retained effective control of the parley as head of the steering committee, while the conference presidency rotated among the Big Four. Soviet Commissar Molotov's fight against the seating of Argentina supplied the drama.

Second Week . . . May 2 the four commissions, subdivided into 12 committees, began the study of the basic Dumbarton Oaks plan. The admission of Poland was blocked; but the Ukrainian and White Russian delegations took their places. Delegates met in closed sessions. The Big Four, as conference sponsors, agreed on their ideas of changes in the Dumbarton Oaks plan. The secretariat struggled with the hundreds of amendments submitted by the conference deadline. V-E Day only registered in San Francisco as another reason for hurrying up the job of world organization.

Third Week . . . May 9 found the Big Four over optimistic in their clarification of the famous veto formula worked out at Yalta. The surrender of Germany speed-

ily returned Soviet Commissar Molotov, the British Foreign Minister and some other headliners to Europe. De Gaulle's France emerged from the eclipse of defeat as a permanent member of the Security Council. The United States maneuvered a ticklish compromise on regional security—ticklish, because it involved the Monroe Doctrine and Latin America. Two other major problems—trusteeships and the role of the smaller nations—held the stage.

Fourth Week . . . May 16 found the trusteeship issue acute, with Britain and the United States shying from the use of the word "independence" as the goal for dependent peoples. Australia's scrapping Foreign Minister, Dr. Evatt, began his championship of the claims of the smaller nations for a larger voice in the new world machinery. This renewed the fight on the Yalta veto formula. Though the charter was three-quarters completed, insiders began to worry over the adjournment date. The appearance of President Truman by June 6 seemed over-optimistic.

Fifth Week . . . May 24 opened up the fight of the smaller nations in earnest. The Big Five were beaten on two major issues. In committee, the smaller nations pushed through an amendment giving more power to the General Assembly; and the Big Five conceded a temporary seat on the key Security Council to any nation furnishing troops in the settlement of a dispute. The Big Five also found it necessary to call on their home governments for approval of the interpretation of the Yalta veto formula. Twenty-two other delegations waited for the answer to the trouble-making questions they'd put to the Big Five. Trusteeship issues remained unsettled—as did the World Court issues. But the setup of the General Assembly, the "town meeting" of the United Nations, was completed. . . . And the dull grind of detail work at San Francisco dropped from the front page to give space for the Syrian crisis.

Sixth Week . . . May 31 opened under the tension of the Near East show-down. The French position became a test of the proposed Charter and the powers of the Big Five. Soviet Russia came to the support of her French ally, who claimed that the pacts signed against any new German aggression provided for automatic action even before the Security Council made any decision. A new Soviet stand on the veto question split the parley wide open; we made a direct plea to Stalin.

Seventh Week . . . June 7 ended the veto crisis, for Stalin approved conciliatory efforts at San Francisco. A revision of veto power was worked out two days later—a generally acceptable formula on Yalta was approved by the week-end. The new World Court plan also was accepted.

Eighth Week . . . June 14 found the freedom of the General Assembly to discuss international questions the main issue. The "Little 45" successfully challenged Big Five curbs and the liberalized Assembly role won. The long trusteeship fight over the ultimate goal being independence was settled—as being independence.

Ninth Week . . . June 21 marked both the opening of summer and the completion of the draft of the new Charter. The signing of the Charter becomes the proof of the success of the San Francisco Conference.

The battle of wordage and verbiage of course hasn't ended. But the Senate fight for ratification

apparently is not going to have anything of the drama of 1920. President Truman, with his senatorial experience, has done a masterful job of bringing the Senate along with him on the Charter. It seems to me that the isolationists will continue to lie low—that we'll only hear from them when the United Nations Organization is actually in operation. There's every indication that the big American fight over the Charter will come in the future. It will manifest itself in efforts to sabotage our participation in the United Nations activities—especially where it comes to the auxiliary organizations yet to be set up. I believe that men like Senator Wheeler will bide their time . . . striking when we face a precedent-making action—possibly the employment of our armed forces on some unhappy day we've yet to face in the fight for world peace.

Prompt Ratification Called For

This is the idea, too, of Stalin. I am making an especial effort at this time to get any sort of comment from the Soviet sources. I note that the Moscow mouthpieces are stressing the stab-in-the-back theme as explaining what to expect from American isolationists. This makes our prompt ratification of the Charter only the first stage in building full confidence as to the American intention to see world organization through this time. There is no doubt speedy affirmative Senate action will set off an avalanche of ratifications.

But our action in approving the Charter is only the first step, for we must expect considerable suspicion abroad as to our willingness to continue the job. This is why American leadership in world affairs must be firmly asserted. We will have to show Doubting Thomases among our world neighbors that we intend to make the Charter work.

Now let me just give you a few human highlights.

There isn't any question in my mind that the most consistent spokesman for a democratic United Nations was an Australian, Minister of External Affairs Evatt. No American could speak as wholeheartedly for democracy because the United States had—and has—a contradictory policy. We try to be democratic, especially in our alignment with Latin American neighbors; but we are basically part of the big power combine in global politics.

Stettinius's Efforts

The smoothest diplomatic job undoubtedly was done by Britain's Anthony Eden. The hardest worked man at the conference was Secretary of State Stettinius, who will emerge in a much more favorable light when I publish my book explaining some of the inside stories of the parley. He prevented the conference from bogging down and he prevented dangerous splits between the delegates by his personal efforts. The only tight bloc of countries to emerge at San Francisco is the Slavic group. The Soviet delegation called the tricks not only for the satellite Ukrainian and Bielorussian delegates but for the Czechoslovakian group. It's my bet that when Poland has a recognized regime the Poles obviously will be counted in the Soviet orbit of power.

San Francisco has scotched our old League of Nations fear of British Commonwealth domination. There was no British Commonwealth bloc, Australia and New Zealand taking the lead on lines frequently in sharp opposition to Great Britain.

Our domination of the republics of Latin America proves to be more fiction than fact. Our neighbors south of the Rio Grande don't follow us blindly. They drew a sharp line. They followed us when we stuck with Pan American ideals, but they di-

verged from us frequently on big power politics.

There's one thing that I'd like to make clear about the Soviet role at San Francisco. I think that the Soviet delegates got a liberal education in the democratic ways of the Western World. Mr. Molotov eventually found that he couldn't dismiss Mexico with a snap of his Commissar fingers; this is probably the beginning of a new deal in relationships between the Soviets and the outside world.

I should also like to make clear that the larger part of the delay imposed by the Soviet delegation was not obstructive. We just have to recognize that all important decisions must be referred straight back to Moscow. This will be the pattern of future Soviet participation in the United Nations conferences. But don't get the wrong impression. . . . Ambassador Gromyko was far from being Stalin's messenger boy after Molotov left. The truth is that all Soviet delegates are tough negotiators within the sharply defined limits of their instructions.

So the balance sheet of San Francisco strikes me as good. It represents probably the most successful conference since the First World War. But we must accept the hard fact that the San Francisco parley is just the beginning of our post-war collaboration. The very core of this post-war collaboration is the Big Five. The area of agreement at San Francisco has been wide. The Big Five have managed to get together on nine highly controversial issues—issues vital to a successful working of the Charter. But there has been a lot of diplomatic wear and tear in the process. The pessimists among us say that we're going to find it hard to get Big Five unanimity—concretely, that America, Britain, China and France will encounter great difficulty in working with Soviet Russia.

After watching the Russians in action at San Francisco I see something else. There is no doubt in my mind that the task of Big Five collaboration is difficult; but it is the condition of peace itself. The United Nations parley has shown me that we can work with Russia—and Russia knows that she has to work with us. This means hard bargaining all around the table . . . and it's hard on our nerves. We'll reach agreements this way—agreements that'll bridge one crisis after another in the looming post-war years.

Insured Parcels to Guatemala

Postmaster Albert Goldman made known July 23 receipt of information from the P. O. Dept., Washington, that an agreement has been made with Guatemala, effective Aug. 1, for the exchange of insured as well as ordinary parcels, up to the maximum weight of 44 pounds per parcel, and for the payment of indemnity for the loss, rifling, or damage of insured parcels in the actual amount based on the actual value (current price, or, in the absence of current price, the ordinary estimated value) at the place where and the time when the parcel was accepted for mailing, but not exceeding \$100 when mailed in Guatemala or in the United States (including Alaska, Hawaii, Puerto Rico, Guam, Samoa and the Virgin Islands), provided in any case that the indemnity may not be greater than the amount for which the parcel was insured and on which the insurance fee has been collected.

Parcel-post packages for Guatemala must comply with the export licensing requirements of the Foreign Economic Administration. With the inauguration of insurance service, registered parcel-post service with Guatemala will be discontinued.

Foley Heads FHA

Raymond M. Foley of Detroit, whose nomination by President Truman as Commissioner of the Federal Housing Administration of the National Housing Agency was confirmed by the Senate on July 13, becomes the fourth man to head FHA since it was created under the National Housing Act in June, 1934, NHA reports. Mr. Foley, who will serve out the unexpired term of Abner H. Ferguson, resigned, had been FHA State Director for Michigan almost from the time the office was established. Mr. Ferguson resigned in June to assume the responsibilities of Washington Counsel for the United States Savings and Loan League.

Under Mr. Foley's direction, more than 110,000 home mortgages were insured by FHA in Michigan. Together with some \$150,000,000 of insured property improvement loans, this brought the total FHA insurance operations in the state to approximately two-thirds of a billion dollars. This record made Michigan one of the leading states in FHA volume of insurance, while its loss ratio has been one of the lowest in the country. As part of his wartime duties as FHA director, Mr. Foley was in charge of processing priorities issued for construction of privately-financed war housing. Some 40,000 units of defense and war housing, privately built, were produced in 30 critical war housing areas in Michigan. During this time, Mr. Foley also served as housing chairman for the Office of Civilian Defense for Michigan under two governors, and on various regional planning and housing committees.

A bulletin from Morton Bodfish, Executive Vice President of the United States Saving and Loan League with headquarters in Chicago, advised member institutions that "in addition to his responsibilities arising from his affiliation as Washington Counsel, Mr. Ferguson will act in the capacity of mortgage consultant to the League." For the past five years Mr. Ferguson had been the chief executive of the FHA, having become administrator in 1940 and being then retained as Commissioner when the wartime consolidation of housing agencies in Washington brought about some temporary changes in titles and governing bodies of agencies. Before the creation of the FHA, he had been practicing law in Washington for a number of years, specializing in the problems of financial institutions operating in the mortgage field.

Result of Treasury Bill Offering

The Secretary of the Treasury announced on July 23 that the tenders of \$1,300,000,000 or thereabout of 91-day Treasury bills to be dated July 26 and to mature Oct. 25, 1945, which were offered on July 20, were opened at the Federal Reserve Bank on July 23. The details of this issue are as follows:

Total applied for, \$2,045,886,000.
Total accepted, \$1,312,071,000 (includes \$60,077,000 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.

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

There was a maturity of a similar issue of bills on July 26 in the amount of \$1,310,260,000.

The State of Trade

(Continued from page 434)

retailing failures were only two-thirds their number last week and in the comparable week of the prior year. Failures in manufacturing, which accounted for almost as many failures as retailing a year ago, declined sharply from 7 last week to only 1 this week.

One Canadian failure was reported as compared with 3 a week ago and 4 in the same week of last year.

Paper Production—The ratio of United States paper production to mill capacity for the week ending July 14, 1945, as reported by the American Paper & Pulp Association, was 87.3%, compared with 47.5% for preceding week and 87.7% for corresponding week a year ago. Paper board production was at 90% for the same week, compared with 62% for preceding week and 91% for corresponding week a year ago. Previous week's operations were affected by holiday closings.

Wholesale Commodity Price Index—Recovering from last week's dip, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., rose to a new war-time high of 178.56 on July 16, closing at 177.11 on July 17. This compared with 176.89 a week previous, and with 171.77 on the corresponding date last year.

Trading in grain markets broadened considerably as prices trended generally higher. Demand for wheat and other grains was stimulated to a large extent by the publication of the latest official report of the Bureau of Agricultural Economics which indicated that the corn crop had made a poor start and that the prospective yield would be only 2,685,000,000 bushels, the smallest crop since 1941, and 543,000,000 bushels less than the 1944 harvest. This year's production of all wheat is estimated at 1,129,000,000 bushels. This marks an all-time high record and the third time the crop has exceeded a billion bushels. Flour prices were firm although domestic demand was quiet and production was reported sharply curtailed by strike conditions.

Wholesale Food Price Index Shows Slight Rise—The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc. for July 13 moved 1 cent higher following the 2-cent drop recorded in the previous week. The index registered \$4.10 as of July 17, as compared with \$4.09 a week earlier, and with \$4.02 for the similar date a year ago. Advances during the week occurred in rye, eggs, sheep and lambs. Only potatoes declined. The index represents the sum total of the price per pound of 31 foods in general use.

Retail and Wholesale Trade—Retail sales continued at the high level set last week. The weather was generally cooperative for merchandising—cool and fair. Volume was well sustained in jewelry, cosmetics, furniture, and decorative items. Dun & Bradstreet, Inc. report apparel and food sales were about even with the previous week. Summer styles continued selling at an unprecedented level. The stock of bathing suits ran low and some retailers attributed the increased buying to the substitution of bathing suits for play suits. The rise in men's clothing was assigned to the increasing number of returned veterans anxious to return to civilian clothes. Millinery sales continued to rise over last year. Fine felts have aided in maintaining volume. In hosiery, meshes were bought to the extent that stocks were greatly diminished. The percentage increase in retail trade was partly attributable to early Fall buying; consumers reacted favorably to new styles in fur-trimmed coats. The demand for sheets, towels, and piece goods continued in ex-

cess of supply. Lingerie fabrics sold in greater volume this year. Sales of outdoor goods were higher than last Summer.

Food supplies were generally tight but eased in a few essential articles. Canned citrus fruits continued selling fast with point-free orange juice leading. Apples and blackberries sold rapidly. Melons were in great demand as the season reached maturity. Butter sold under slightly improved supply conditions—enough to meet immediate demands. Lamb and mutton were in greater supply. The acute shortage of eggs still prevailed. Increased stocks of poultry—dressed preferred over live—eased the meat situation. The meat shortage was reflected again in additional demand for fish, lobsters, and fresh water turtles.

Retail sales for the U. S. were estimated at 11 to 16% above 1944. Regional percentage increases were: New England 9 to 13, East 10 to 14, Middle West 7 to 11, Northwest 8 to 12, South 17 to 21, Southwest 18 to 22, and Pacific Coast 13 to 17.

Wholesale trade remained about at last week's level and a little above last year. Reorders for Summer apparel were still coming in with Fall orders; retail stocks were reported declining. Grocery sales were under last year.

In the clothing markets reorders for Summer apparel continued high, but all could not be filled. Most early buying of coats and suits was over; the number of buyers was well below the peak market week in June, but was about twice as high as two years ago. A very active demand was reported for men's work clothes, furnishings, children's school clothing, and underwear. Some hosiery buyers found their search rewarded by a few allotments from mills which had not sold to them for some time.

Millinery business compared favorably with that transacted last year. Stores which had begun sales of furs placed further orders. Deliveries to retailers of spun rayon and woolen piece goods increased slightly. Many buyers were looking for household linens, despite the fact that some lines had not yet been offered for third quarter delivery. Volume of hard goods moved increased slightly as civilian production of furniture and hardware began to rise and retail demand continued high.

Despite slightly improved supplies of poultry and meat, due to lower set-asides, wholesale food volume was 2% below 1944 in the latest recorded week. Egg receipts were low; storage reserves were tapped. Demand for dried fruits and canned foods was unusually high for this season, but military requirements kept civilian business low and packers were unwilling to accept much future business until crop prospects became more certain.

According to the Federal Reserve Bank's index, department stores sales in New York City for the weekly period to July 14, 1945, increased by 12% above the same period of last year. This compared with a gain of 26% in the preceding week. For the four weeks ended July 14, 1945, sales rose by 20%, and for the year to date by 14%.

Department stores sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended July 14, 1945, increased by 15% and compared with a gain of 32% in the preceding week. For the four weeks ended July 14, 1945, sales increased by 20%, and for the year to date by 13%.

Department and specialty store sales rose to new peaks in 1944, showing an increase of 12% over the preceding year, the National Retail Dry Goods Association

Hours and Earnings In March Declined

Further declines in employment resulted in 6¼ million or 1% fewer hours of manufacturing time in the mid-week of March as compared with the mid-week of February. Secretary of Labor Frances Perkins reported May 25. "The average number of hours worked per man per week in March was 45.5, the same as in February," she said. In her advice Miss Perkins said that:

"Only two of the durable goods groups reported more manufacturing hours per week. The increase of 231,000 hours in the non-ferrous group reflects gains in both employment and in the workweek while the rise of 141,000 in the stone group was made possible by extending the workweek by an average of 24 minutes."

Continuing she stated:

"The largest decrease in aggregate hours, close to 3¼ million, was reported by the transportation equipment group and was largely the result of an employment decline of 72,000 wage earners."

"Although the nondurable group reported a decline in aggregate hours, 6 of the 11 major groups reported increases, from 13,000 in the petroleum group to 275,000 in the chemical group. The size of the decreases in the remaining 5 groups was sufficiently large to offset these gains. Among the nondurable goods groups, the largest declines in aggregate hours were in the food and rubber groups. The decline in the food group occurred in spite of a lengthening of the workweek and was brought about by seasonal employment decreases. The decline in the rubber group was caused by a return to a 6-day workweek schedule occasioned by a shortage of materials, particularly carbon black."

"Weekly earnings in March averaged \$47.51. The earnings in the durable-goods group amounted to \$53.38 approximately the same as in February, while the earnings in the nondurable goods group averaged \$39.00, 27 cents above February. In addition to a longer workweek in many of the nondurable groups, gains in weekly earnings reflect increases in hourly earnings resulting from wage rate increases."

"Average hourly earnings for manufacturing showed practically no change from February although 16 of the 20 major groups reported increases. The only sizeable decrease in hourly earnings was in the rubber group brought about by the curtailment of overtime in the workweek. Workers in the rubber group averaged \$1.12 per hour and \$50.62 a week in March as compared with \$1.15 and \$54.40 last month."

"Hours in bituminous coal mining averaged 43.6, a decline of an hour and a half from February. Comments from mines indicate that flood conditions along the Ohio River area stopped work from 1 to 5 days. Weekly earnings for bituminous coal miners declined almost 4% to \$52.17."

The February figures appeared on page 234 of our issue of July 12.

said July 23. Departmental profits before Federal taxes rose 1.2% to a new high record of 11.4%, but the effective corporate tax rate reduced net profits to a little less than one-third of that figure.

The report comprising figures of 288 stores reporting to the controllers' congress of the association showed aggregate sales volume of \$2,258,587,000. Typical sales volume of owned departments averaged \$3,856,000, while typical sales volume of leased departments amounted to \$272,000.

Cost of Uncompleted Pan American Highway

The Senate War Investigating Committee has begun an inquiry into the complete history of the Pan American Highway. Originally estimated by the War Department that the entire project could be constructed for \$14,714,000, the job was finally abandoned unfinished after \$42,715,591 had been invested in it. These were the figures, which, according to Associated Press Washington advices on July 14, Lieut. Gen. Eugene Reybold, Chief of Army Engineers, presented to the Senate committee. From the Associated Press we also quote:

General Reybold said that the original estimate was based on "incomplete information" but that an important factor in the high cost was lack of shipping which resulted in delays due to shortages of material. As a result, workers remained idle for long periods.

Senator Ferguson (R. Mich.) developed from Brig. Gen. Kenneth Hertford of the Army General Staff that Gen. Dwight D. Eisenhower, as assistant chief of staff in 1942, opposed wartime construction of the road.

He read into the record a memorandum in which Eisenhower expressed the opinion that "no justification exists" for diversion of critical materials to the project.

It was approved, however, by the General Staff and Secretary of War Stimson. The Army service forces urged the highway to assure movement of supplies to the Panama Canal area. The project involved 905 miles of construction between the southern Mexican border and Panama City.

Reybold acknowledged that Eisenhower had been right.

"It is certain," Gen. Reybold said, "that if the War Department had known, in 1942, the facts it knows today the Pan-American highway would never have been built. In other words with knowledge that the Japanese menace in the Pacific would be met as soon as it was met, and with knowledge that the submarine sinkings in the Caribbean would be decreased, as they were decreased, there would have been no necessity to start the construction of the highway as a matter of military insurance."

"It is also true that if the Army had known earlier that the strategic situation, particularly in the Pacific, would improve when it did in fact improve, the work on the construction of the highway could have been stopped earlier." Work was halted October 31, 1943.

China to Get More Gold From U. S., Also Cloth

Among the agreements negotiated in the United States by Premier T. V. Soong were two calling for the shipment to China of large but unspecified quantities of gold and cloth, it was learned on July 21, said Associated Press advices from Chungking, China, appearing in the New York "Times," which added:

"The gold is to be sold by the Chinese Government to absorb the vast amount of inflated notes in circulation. The cloth will be distributed at reasonable prices in an attempt to depress the ever mounting cost of consumer goods."

"Recent suspension of gold sales by the Chinese Government caused the black market value of the American dollar to spurt to more than \$3,000 (Chinese). It has dropped now to \$2,600 (Chinese)."

"All of the gold Premier Soong contracted for will arrive in China by the end of this year, it is reported."

War Agencies Voted Funds

Congress finally completed action on July 13 on the \$769,364,850 war agencies supply bill, which has been held up since July 1 as a result of the struggle over funds for the Fair Employment Practices Committee. This controversy ended with House and Senate agreement, as reported by the Associated Press from Washington, July 13, on a compromise plan under which the FEPC is to receive \$250,000 for operating purposes until next June 30, the Senate accepting by voice vote the House language which nullifies a previous stipulation that the agency must use the funds to liquidate. However, the Associated Press adds, the \$250,000 is just half what FEPC had asked.

The bill, which by normal practice should have been approved before midnight June 30, the end of the old fiscal year, also includes another Senate-House compromise by giving the Office of War Information \$35,000,000. The figure originally set for the OWI by the House had been \$18,000,000; the Senate had voted \$39,670,215.

Earlier in the FEPC wrangle Southern Senators, in an effort to bring about discontinuance of the agency, conducted a filibuster which for several days stood in the way of other legislation. The FEPC was set up by Executive Order of the late President Roosevelt to police industry against job discriminations on account of race, creed, color or national origin. The Southerners contended that it has just caused trouble, the Associated Press reported on June 30, and that it is backed by Communist influences which want to discard all racial barriers in this country. The appropriation measure, sent to the White House for signature, extends 20 civilian war agencies for the present fiscal year.

Construction Contracts Awarded First Half 1945

Marked by a pronounced recovery in privately-owned manufacturing building, construction activity in the 37 States east of the Rocky Mountains showed substantial gains in the first half of the year, it was reported on July 23 by F. W. Dodge Corp., fact-finding organization of the construction industry. The report continued as follows:

All major classifications of construction showed gains over the first half of last year except residential building, which was down slightly more than 3%.

The total of all construction contracts awarded in the 37 Eastern States during the first six months was \$1,482,399,000, compared to \$960,221,000 in the corresponding period of last year, a gain of 54%, the Dodge corporation reported.

Nonresidential construction in the first half amounted to \$807,612,000, an increase of 106%. Residential construction declined from \$203,892,000 to \$197,509,000. Public works and utilities totaled \$477,278,000, an increase of 31%.

Manufacturing building construction contracts aggregated \$515,806,000 in the first six months, to establish a gain of 162% over last year's \$197,077,000.

Continued improvement in the position of privately owned construction as compared with publicly owned construction was revealed by Dodge's tabulations.

Privately owned construction contracts in the first six months totaled \$573,491,000, compared to \$243,543,000 in the corresponding period of last year. Privately owned construction in the first six months represented 39% of the total of all contracts. It represented 25% of the total in the first half of 1944.

Truman Commends Press Mission Tour

The hope that "freedom of the press may become a vehicle of more sympathetic understanding and therefore closer friendship among the nations of the world," was expressed on June 21 by President Truman in a letter to Wilbur Forrest, Assistant Editor of the New York "Herald Tribune" and Chairman of a committee that recently completed a 40,000-mile world tour in the interest of press freedom. The "Herald Tribune" of June 22 indicated that the letter, along with the committee's full report to the American Society of Newspaper Editors' Board of Directors, is contained in a supplement to "Editor & Publisher," newspaper trade journal.

It is added that this supplement, which "Editor & Publisher" is sending to newspaper editors and Government officials throughout the world, also contained letters from Secretary of State Edward R. Stettinius, Jr., and other Government and military leaders.

Mr. Stettinius said he and other members of the United States delegation to the San Francisco Conference regarded freedom of the press as "one of the fundamental freedoms" that the developing United Nations organization is committed by its charter to promote.

The Secretary added that when the economic and social council sets up a commission on rights and freedom, the United States "will urge that it should promptly study the means of promoting freedom of the press, freedom of communication, and fuller flow of knowledge and of information between all peoples."

President Truman's letter, dated June 14, was given as follows in the "Herald-Tribune":

"It was good to see you and your associates, Mr. Ralph McGill, editor of 'The Atlanta Constitution,' and Dean Carl W. Ackerman, of the School of Journalism at Columbia University, comprising the freedom of the press committee of the American Society of Newspaper Editors. I desire to thank you heartily for sending me a copy of the report which you make to the A. S. N. E. and which you outlined to me in the course of a very interesting conference.

"Just as my lamented predecessor wished you and your colleagues godspeed when you started on your around the world mission in the interest of freer and better dissemination of news, so I was glad to welcome you home from an itinerary which I understand included the principal capitals of Europe, the Orient, Australia and South America.

"I sincerely hope that the laudable purpose of your mission will be realized to the end that freedom of the press may become a vehicle of more sympathetic understanding and therefore closer friendship among the nations of the world.

"The unhappy conflict of principles and policies which has sundered the world and threatened civilization through six tragic years emphasizes the need of continued cooperation among the governments and peoples of the United Nations. I hope your mission will contribute to that happy consummation. I shall look forward with keen anticipation to the study of your report."

From the "Herald Tribune" we also quote:

"The committee did not visit South America, as the President's letter mentioned. A proposed trip to that continent was postponed, the members explained, when the 'good news' came that representatives of 20 American republics, meeting in Mexico City, had pledged lifting of war-time controls and peace-time interchange of information.

The editors' committee said in its report that "the spark of press

freedom is alight" and that most newspapers everywhere will "insist that there be included in the peace treaties the elimination of peace-time censorship by governments, the elimination of press control by governments, and the establishment of a free flow of news between nations."

Mr. Stettinius's letter to Mr. Forrest follows:

"Thank you for your courtesy in sending me an advance copy of the report by the special free press committee of the American Society of Newspaper Editors.

"The support which this Government has given to the principle of freedom of information and to its promotion throughout the world is a matter of record.

"Here at the San Francisco Conference on International Organization, the United States has taken the leadership in insuring that the new world organization shall promote fundamental freedoms. The charter specifically provides that the organization shall promote universal respect for, and observance of human rights and fundamental freedoms for all without distinction as to race, language, religion or sex.

"I and my colleagues on the United States delegation regard freedom of speech as one of the fundamental freedoms referred to in this charter. It is our further understanding that freedom of speech includes freedom of the press, freedom of communication and freedom of exchange of information.

"Not only will the charter give strong and express recognition to these basic principles, it will also contain specific provision for action in these fields.

"The economic and social council is empowered to make recommendations on its own initiative, for promoting respect for and observance of human rights and fundamental freedoms, and the council is specifically directed to set up a commission for the promotion of human rights.

"We may be sure, I think, that when a commission is established, the United States Government will urge that it should promptly study the means of promoting freedom of the press, freedom of communication, and fuller flow of knowledge and of information between all peoples. In the meantime we shall press forward our active efforts to further these objectives in every practicable way.

"The report which your committee has brought back will, I am sure, be of great assistance to all of us. I congratulate you and your associates on the completion of a mission of public service in the best traditions of our democracy."

With the return of the directors of the American Society of Newspaper Editors from their tour a 50,000-word report which surveyed the results of a 40,000 mile world trip of three of its members who made the tour to study freedom of the press in other nations was issued at Washington it was stated in a dispatch from Washington to the New York "Times" on June 10

It was the first time in history, according to the "Times," that a mission such as this has been undertaken, and the main objective of the ASNE in being sponsor of the project was to obtain a pledge in the peace treaties "of Governments not to censor news at the source; not to use the press as an instrument of national policy, and to permit the free flow of news in and out of signatory countries."

The three press travelers said first that they did not find much press freedom under war-time conditions.

A large part of their report was given over to their reception in Russia. During their visit there they "achieved with top Soviet newspaper editors and Government press controllers a full and

frank mutual survey of their different system and conceptions."

From the "Times" we also quote:

The travelers visited the Kremlin as a special courtesy, and also made an inspection of the plant of Pravda.

In other countries the American editors reported that they got expressions of sincere concern for the establishment of a world free press.

However, in other cases they uncovered skepticism.

On the constructive side, the editors got from Pope Pius XII, "whose interest was sincere and natural," his unqualified support.

From Egypt there were contrasting views. King Farouk said that he believed in a free press and free flow of news, but that his Cabinet interfered with both. On the other hand, Dr. Ahmed Maher Pasha, Egyptian Premier, who later was assassinated, considered the visitors' mission "idealist but impossible."

The Americans, who traveled by Army transport planes, carried letters of recommendation from President Roosevelt, Secretary Stettinius, Senator Tom Connally and Representative Sol Bloom.

Among their general findings were:

Many governments are controlling the press politically under guise of war security.

People in Italy and Germany, emerging from the ruin of war, know little or nothing of the world around them because of the controlled press of their former dictatorships.

It is the impression of some editors abroad that the American press is dominated by the advertiser and that much American thinking is directed toward undemocratic policies by so-called press "trusts" or chains.

The three-man committee proposed support for a world press-freedom conference in Australia and recommended the study of a system of bringing young foreign journalists to American papers to widen journalistic horizons of other nations.

Directors of the Newspaper Editors Society adopted a resolution of support for the world press freedom conference, the time to be arranged when conditions permit.

The board of the ASNE also adopted a resolution commending Secretary Stettinius for his help on freedom of the press, notably at the United Nations Conference in San Francisco.

Another resolution adopted by the board looked with apprehension on any merger of transmission facilities which would eliminate competition. Other newspaper organizations similarly are on record as the result of a proposal, two months ago, by the Navy Department, that all United States-operated international communication facilities be combined, or jointly operated, after the war.

Increase in Payments To Policyholders of Life Insurance Cos.

Payments to policyholders and beneficiaries in the United States by life insurance companies in the first five months of the year amounted to \$1,140,699,000, or nearly \$75,000,000 more than payments in the corresponding period of last year, the Institute of Life Insurance reported on July 18. The Institute further says:

"Death benefit payments were \$560,591,000 in the five months, or \$42,316,000 more than in the first five months of last year. War death claims continued during May to account largely for the increased payments of this year, the May total death benefits of \$111,152,000 being 35% greater than in the same month of pre-war 1941. Total life insurance in force has increased 25% in the same period, however, accounting for some of the claim increase."

War Ration Book No. 5 Available in December

War Ration Book Five, "smaller than a dollar bill" and containing just half as many stamps as the last book issued, will be distributed through the public schools in December, Chester Bowles, Administrator of the Office of Price Administration, announced on July 24. At the same time, the new A gasoline ration book will be issued.

Distribution will take place at school houses or other public buildings throughout the nation from Dec. 3 through Dec. 15. OPA district offices will fix the exact time for each local area. The new A gasoline books will go into use Dec. 22, and War Ration Book Five will be used soon after the first of the year for food rationing and for rationing shoes.

Mr. Bowles said: "It takes a long time to plan, print and distribute a war ration book. That's why we must arrange now for a book that will not be used until early 1946.

"The supply agencies—the Department of Agriculture and the War Production Board—have told us that meats and fats, canned goods, sugar and shoes all will be in tight supply for some months to come, and so it looks as if a ration book will be needed at least throughout most of next year. To be reasonably on the safe side, and avoid the expense of having to get out still another book later, we have set up Book Five so that it can last from 10 to 15 months if it is needed.

"Even so, the book contains only half as many stamps as Book Four. By holding Book Five down to half the size of the present book, we are getting a book for less than half the cost of Book Four, and we are using only half as much paper.

"We hope War Ration Book Five will be the last in the series of war-time ration books, and that there will be plenty of stamps we won't have to use. We cannot gamble too heavily on that, though, since so many months are needed to bring a book into being.

"The new book is a better book, as it ought to be. It will be much easier to carry and handle, since it will be much smaller—smaller, in fact, than a dollar bill. It will be just as long as Book Four, but only one-half as wide. The numbering and arrangement of stamps is better, too. All the housewife and the grocer will have to remember is that stamps of certain numbers are good. The new stamps will not have both a letter and a number as the present stamps do."

The OPA announcement also said:

"The last full set of five blue stamps in War Ration Book Four will become good on Sept. 1. The final set of five red stamps will be validated a month later, on Oct. 1.

"Since War Ration Book Five, containing the new red and blue stamps, will not go into use before Jan. 1, 1943, it will be necessary to use other stamps in Book Four as substitutes for processed food and meat-fats stamps during the interim period.

"Interim period use of shoe and sugar stamps will not be necessary since the stamps provided for these items in Books Three and Four will carry the programs without resort to substitutions.

"Interim use of other stamps in Book Four after all blue and red stamps are validated will permit a considerable money saving. The saving will come from the fact that maximum possible use will be made of the remaining stamps in Book Four, and because the life of the incoming Book Five thereby will be lengthened.

"War Ration Book Five will be the fourth war ration book to be distributed by school teachers and other volunteers. On May 4, 1942, distribution of Book One began

at school houses and other public buildings throughout the country. Book Two was distributed in the same way, beginning Feb. 23, 1943. War Ration Book Three was distributed by mail, beginning June 20, 1943. Distribution of Book Four got under way at school houses on Oct. 18, 1943."

Diez Optimistic on Post-War Latin-Amer. Trade

That Latin Americans are really good neighbors, was the conviction expressed on July 19 by Mario Diez, Vice-President in charge of the Foreign Division of the Colonial Trust Company, of New York, as he returned from a three months' trip to Mexico, Salvador, Costa Rica, Venezuela, Colombia, Ecuador, Peru, Bolivia and Chile. He was enthusiastic about the prospects for post-war commercial and tourist trade to and from Latin America. During the course of his trip, Mr. Diez discussed with many government, business and financial leaders ways and means by which exports to and imports from their countries could be expanded, on the premise that only mutual exchange of products and services can be permanently satisfactory and successful. His survey indicated, he said, that only by increasing our imports from Central and South American countries could we hope to expand our sales to them, thus contributing to the solution of some of our most important post-war economic problems.

Mr. Diez reported that industrialism in most of the countries he visited have progressed to a considerable extent as a consequence of the war. He stated his belief that this had already resulted in a higher standard of living and an expanded potential market for our products.

He stressed emphatically the great opportunity which our business men have to assist in the development of Latin America's tremendous resources . . . but warned against the psychology of exploiting those resources for quick, easy profits. He emphasized that the future of our commercial relations with Latin America depended upon co-operation between United States and local business men in the financing and management of Latin American industries—possibly branches of well-known, established North American organizations—so that they would actually become partners. "Many Latin American companies and individuals," said Mr. Diez, "have the necessary organization, energy, ability and capital to build great industrial enterprises, but they will welcome partnership with men from this country who, in addition to sharing the investment, bring technical knowledge and marketing experience."

Historical Society Elects

The "Agricultural History Society" of the United States, at their recent 26th Annual Meeting, announced the election of the following officers: President: Charles J. Brand, Washington, D. C.; Vice-President: Dr. Richard O. Cummings, University of California; Secretary-Treasurer: Chas. A. Burmeister, War Food Administration; Executive Committee: Prof. Clarence H. Danhof, Lehigh University.

Charles J. Brand's election follows a long line of distinguished men to hold that position. In addition, he is Consultant to the President of The Davison Chemical Corporation, Baltimore, Md. At this meeting, Dr. Arthur Peterson, of the Army Industrial College of the War Department, former President of the Society, made his annual address entitled "The Agricultural History Society—The First Quarter Century."

Steel Production Up 1%—Deliveries Far Advanced—Rated Business Reaches New High

"Because of a sudden but not trend-making increase in rated steel business this past week the volume of this type of orders reached the highest point since the end of the European war," states "The Iron Age" in its issue of today (July 26), which further reports in part as follows: "Steel sales offices conceded that there was little possibility that this condition would be repeated or that it indicated any reversal in the recent leveling off of CMP steel orders.

"During the past week most steel centers reported that backlogs of unrated civilian orders now exceed those of rated bookings with many companies. Unrated business volume last week showed little change from recent experience, mainly because of a continuance in extended deliveries and the inability of most companies to give concrete commitments.

"Pressure continues upon steel companies from all steel consumers despite the size of backlogs and despite the inability to predict with any certainty when civilian manufacturers will be able to partially satisfy their demand which is growing day by day. The flat-rolled steel picture with respect to sheets is now as tight as it was during 1942 and 1943 for plates. Mill schedules are filled far into next year on some items, but some steel sources continue to predict that the fourth quarter of this year will see a far different picture.

"Recently it was disclosed to a Sheet and Strip Industry Committee by WPB officials that little if any steel sheet and strip of the gages needed for automobile passenger car output would be available in July and August. Prospects for September deliveries on an unrated basis are said to be somewhat brighter, but would probably not reach anywhere near requirements.

"The recent easement in the plate and structural delivery situation hit a temporary snag this week when Navy requirements for 129,500 tons of this type of products materialized. Directives will be placed for August deliveries. This will push back rated and unrated orders for plates and structurals which had been set for that month. There was some speculation that a substantial portion of the tonnage might be placed with far-western mills holding openings for these products, particularly in view of the ultimate destination of this steel.

"The backbone source for the more fortunate automobile manufacturers for the production of cars has been stocks of deep drawn sheets held since the cessation of passenger car output in 1942. Special treatment of such material because of aging has been necessary.

"Contrary to reports last week the base price of cold-finished carbon steel bars is expected to be advanced while some extras will be lowered. First reports had the base price lowered."

The American Iron and Steel Institute on July 23 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 90.7% of capacity for the week beginning July 23, compared with 89.8% one week ago, 91.5% one month ago and 95.5% one year ago. The operating rate for the week beginning July 23 is equivalent to 1,661,300 tons of steel ingots and castings, compared to 1,644,800 tons one week ago, 1,675,900 tons one month ago, and 1,717,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on July 23 stated in part as follows:

"Little effect of War Production Board's effort to clear the complicated mill situation in steel sheets and strip has appeared, following the freezing of books for third quarter and subsequent re-

vision to apply the freeze only to September orders.

"Cancellation of steel orders on mill books so far has been much less than expected, most applying to remote deliveries, leaving nearby schedules little higher. Mills have received few cancellations following the order to reduce inventories from 60 to 45 days supply, but more are expected to appear soon. Tightness continues in all major products except plates, the latter being available for August delivery in some instances, with expectation that further easing will be felt in fourth quarter. As a result of the tightness there is limited opportunity to schedule sheets, strip, bars and wire for civilian products before fourth quarter, except in cases where priority relief is afforded. Mills had heavy carryovers from second quarter, more than sufficient to overbalance total cancellations, with little expectation of substantial reduction of backlogs during the current quarter.

"Some relief is reported given manufacturers of automobile parts, some being able to place orders for early shipment, part of the volume replacing cancellations within lead time, while priority assistance with allotments accompanies others. Some of this tonnage is in heavier sheet and strip gages, which are considerably easier than for lighter gages.

"Structural demand is increasing and more projects are coming out, including public work and industrial expansion. Mills now are booked into November, with some capacity still open in October. Unrated orders are not likely to bring deliveries in third quarter. Relaxation in restrictions on building is causing projects to be forwarded more rapidly than in the past. At the same time contracting is held back in some instances by shortage of other materials than structural steel.

"Pig iron production is sufficient to fill needs but is critical, as neither producers nor consumers have much backlog and with a number of blast furnaces down for repairs or because of high costs there is little margin of safety.

"No betterment has appeared in steel and iron scrap supply and while melters are not distressed there has been no possibility of building reserves to the desired point and some apprehension is felt as to supply for the winter."

Cotton Spinning for June

The Bureau of the Census announced on July 20 that, according to preliminary figures, 23,140,502 cotton spinning spindles were in place in the United States on June 30, 1945, of which 22,188,330 were operated at some time during the month, compared with \$22,167,678 in May, 22,158,674 in April, \$22,232,168 in March, 22,223,848 in Feb., 1945, and 22,379,602 in June, 1944. The aggregate number of active spindle hours reported for the month was 9,239,765,994, an average of 399 per spindle in place, compared with 9,634,335,228, an average of 416 per spindle in place, for last month and 9,711,397,520, an average of 417 per spindle in place, for June, 1944. Based on an activity of 80 hours per week, cotton spindles in the United States were operated during June, 1945, at 118.8% capacity. The percent, on the same activity basis, was 114.8 for May, 116.9 for April, 121.8 for March, 122.2 for February, 1945, and 118.5 for June, 1944.

Senate Approves World Food Plan

The Senate approved on July 21 American membership in the United Nations Food and Agriculture Organization, a special dispatch to the New York "Times" stated from Washington on that date, by passage of a measure already approved in the House.

This country was committed, according to the "Times" report, simply to membership in the organization, to which 20 nations have announced their intention to adhere, and to provide \$625,000 to pay its share of the expenses during the first year.

The United Nations Food and Agriculture Organization, which was formed in a meeting of 44 countries at Hot Springs, Va., called by the late President Roosevelt in May of 1943, the New York "Times" continued, has the objective of serving as a world-wide pool of "the best knowledge and experience relating to nutrition, agricultural production and marketing, and the best use of farm, fishery and forestry resources." It has no authority over the member governments, and is wholly a fact-finding and advisory body.

"The organization will not in itself take action to put any of its recommendations into effect, or to actually utilize any of the new information which it makes available to its members," said the report of the Foreign Relations Committee recommending adherence. "Those are things which will be done by the individual governments or their citizens."

Requirements upon member nations are four: to make periodic reports on food and agriculture, to contribute to the organization's financial budget, to grant to the staff of the organization "whatever diplomatic privileges are possible under constitutional procedures," and "to respect the international character of the organization's staff by not attempting to influence any of their nationals who may be selected for service on the staff."

Manufacturer May Pass on Wage Increase to Retailer

Federal Judge Harry E. Kalodner, in a precedent-making decision of far-reaching importance in the dressmaking industry, on July 19 dismissed the Office of Price Administration suit against Biberman Brothers, Inc., and ruled that a manufacturer may add wage increases to his costs and pass on the increase to the retailer, according to an Associated Press dispatch from Philadelphia, Pa. The OPA on April 26, 1944 had filed a \$100,000 triple-damage suit, accusing the company of overcharging on 8,901 dozen dresses. Judge Kalodner refused to award damages or grant an injunction. The dispatch further went on to say:

Judge Kalodner ruled the manufacturers are entitled to add the wage increase as an item of labor cost regardless of whether the arbitrator was "right or wrong" in his decision. He added that the rule under which the OPA sued the Biberman company does not specify the manner in which ceiling prices are to be determined, but only provides a method for ascertaining "minimum allowable costs" of production, and that as there is no other regulation fitting exactly, OPA could not prove damages.

The OPA, in its suit, had charged that inclusion of an 8½% wage increase awarded workers in the dressmaking industry by an arbitrator might not legally be included in the manufacturer's costs because the contract between the Philadelphia Waist and Dress Manufacturers' Association and the International Ladies' Garment Workers' Union does not

Advances by FHLB Of Chicago in First Half of 1945

The Federal Home Loan Bank of Chicago advanced 3.9% more to its member savings, building and loan associations in Illinois and Wisconsin the first six months of 1945 than for the like period last year. A. R. Gardner, president, reports a total of \$23,953,890 lent during the half year ended June 30. The advances from the Bank July 13 added:

"According to a seasonal pattern dating back ten years, June was the busiest month of the Bank's first six. Contributing factors this year are the gradual expansion of loans to veterans under the G.I. bill of rights, in which program the savings and loan associations are making the bulk of the transactions. Anticipation of some further relation in home building has also led to the associations' needs for more cash, it was pointed out.

"The war years have seen a steadily decreasing number of associations calling on their reserve institution for supplementary funds, he said, but a change in the trend is likely to be seen shortly. As of June 30, the number of associations using a part of their credit line was 127, as compared with 302 in December, 1941."

Schwellenbach Wants Labor-Manpower Agencies Under Labor Dept.

President Truman's new Secretary of Labor, Lewis B. Schwellenbach, told a press conference that he intended seeking administrative authority for his department over all the Government's scattered manpower and labor agencies, including perhaps the War Manpower Commission, the National War Labor Board, National Labor Relations Board, United States Employment Service, and other labor units. He wants the Labor Department expanded, he stated according to the Associated Press from Washington, July 17, but has not made up his mind definitely just what agencies should be merged under his control. He expects to confer with the heads of the agencies now having independent status. The Associated Press also had the following to say in the matter:

The new Labor Secretary emphasized that if he did recommend taking over WLB and NLRB it would be only to do their "house-keeping"—try to improve and speed up their procedure.

He was asked whether he wanted any authority over wage stabilization, now handled by WLB and the Office of Economic Stabilization. He replied he believed his department should have some say in the matter but "not to become an errand boy for the labor unions or WLB" to Stabilization Director William H. Davis.

Mr. Schwellenbach, reporting on conferences he has had with 30 leaders of AFL, CIO, railroad brotherhoods, United Mine Workers, and independent labor groups, said all of them favored his department taking over every governmental labor function, except the railroad mediation machinery. Reporting on his reorganization studies, the Secretary said he had written the Senate and House Labor Committees urging legislation to create two additional Assistant Secretaries of Labor.

provide for an increase "of a percentage of the basic pay."

Similar OPA suits were reported pending against a dozen other Philadelphia manufacturers.

Sydney M. Friedman, OPA attorney, said the decision probably would be appealed.

The Biberman company operates plants at Sunbury, Northumberland and Philadelphia, and at Wilmington, Del.

Seek Raise in Fair Labor Wage Minimum

Legislation has been proposed, in similar bills introduced simultaneously in the Senate and House, to increase the minimum wage under the Fair Labor Standards Act of 1938 from the present 40 cents per hour minimum to 65 cents, with provision for an increase of 5 cents per hour each year until a minimum of 75 cents is reached, the Associated Press stated in a dispatch from Washington on July 18.

A few days earlier a Senate Labor sub-committee headed by Senator Claude Pepper (D-Fla.), recommended that any wages below 65 cents an hour be considered sub-standard. The Senate bill, introduced by Senator Mead (D-N. Y.), acting for Senator Pepper, who was absent because of the death of his father, was said to have the sponsorship of ten Democratic members.

In offering the measure to the House, Rep. Frank E. Hook (D-Mich.) estimated that some 10,000,000 workers might be affected. Similar bills were introduced by Reps. Walter B. Huber (D-Ohio), Donald L. O'Toole (D-N. Y.) and Melvin Price (D-Ill.).

The proposed legislation would empower industry committees to raise the minimum in a particular industry to 75 cents an hour immediately and also would authorize them to set higher minimums for key occupations. The press accounts continued:

Another change would make wage-and-hour provisions applicable to seamen, persons employed in the processing of fish and allied products and individuals employed "within the area of production."

The bill also would eliminate exemptions from the hours provisions of employees engaged in operations on agricultural or horticultural commodities, poultry or livestock.

The National War Labor Board's recently announced policy of barring reductions in wages paid in reconversion from rates paid for similar war work met its first challenge today.

Edward O. Werner, attorney for the American Car & Foundry Co., of Wilmington, Del., sought a reduction in rates paid mechanics in its war-time shipbuilding plant when transferred to railroad car building and repair work in reconversion.

He asserted that the job classifications were different and less hazardous in car building and that his company lost money on repairing 15 cars recently because it paid the higher shipbuilding wages.

Illinois Bankers Assn. To Hold '46 Convention

The Illinois Bankers Association will hold its 1946 annual convention at the Jefferson Hotel in St. Louis, May 1, 2 and 3. Harry C. Hausman, Secretary, announces that a full program of activities for Illinois bankers has been scheduled, contingent, of course, upon ODT restrictions on travel and the relaxation of the present ban on holding of such meetings. The program for the rest of the Association year begins with committee meetings in Chicago at the Palmer House the week of Sept. 10. The fall group meetings will be held for the Northern Groups the week of Oct. 8 and for the Southern Groups the week of Oct. 22. The Mid-Winter Conference will be held at the Palmer House, Chicago, Feb. 22, 1946. The activities of the present Association year terminate with the annual convention in St. Louis.

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite during the week ended July 14, 1945 is estimated by the United States Bureau of Mines at 12,000,000 net tons, an increase of 3,874,000 tons over the preceding week.

Production of Pennsylvania anthracite for the week ended July 14, 1945, as estimated by the Bureau of Mines, was 1,282,000 tons, an increase of 349,000 tons (37.4%) over the preceding week.

The Bureau also reports that the estimated production of beehive coke in the United States for the week ended July 14, 1945 showed an increase of 19,100 tons when compared with the output for the week ended July 7, 1945; but was 14,100 tons less than for the corresponding week of 1944.

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

Table with columns for Week Ended (July 14, July 7, July 15, 1944) and Jan. 1 to Date (July 15, 1944). Rows include Bituminous coal & lignite, Total incl. coll. mine fuel, and Daily average.

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

Table with columns for Week Ended (July 14, July 7, July 15, 1944) and Calendar Year to Date (July 14, July 15, July 17, 1937). Rows include Penn. anthracite, Total incl. coll. fuel, and Commercial produc.

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

Large table listing production by state for the week ended July 7, 1945, July 30, 1944, and July 8, 1944. Includes states like Alabama, Arkansas, Colorado, etc.

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.

Electric Output for Week Ended July 21, 1945 0.1% Above That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 21, 1945, was approximately 4,384,547,000 kwh., which compares with 4,380,930,000 kwh. in the corresponding week a year ago and 4,295,254,000 kwh. in the week ended July 14, 1945.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Table showing percentage increase over previous year for various geographical divisions like New England, Middle Atlantic, Central Industrial, etc.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Table showing kilowatt-hour data for recent weeks from 1945 back to 1929, including percentage change over 1944.

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) and MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices). Large tables with columns for 1945-Daily averages, U.S. Govt. Bonds, Corporate by Ratings (Aaa, Aa, A, Baa), and Corporate by Groups (R.R., P.U., Indus).

Market Transactions In Govts. in June

During the month of June, 1945, market transaction in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of \$56,414,050, Secretary Morgenthau announced on July 16.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

Table showing Treasury transactions in Government securities for 1943-1945, including monthly sales and purchases in millions of dollars.

Moody's Daily Commodity Index

Table showing Moody's Daily Commodity Index values for various dates from Tuesday, July 17, 1945, to Low, Jan. 24.

Witkin of Cocoa Exchange Returns From Trip

Isaac Witkin, President of the New York Cocoa Exchange, Inc., and President of General Cocoa Co., Inc., recently returned from an extensive trip throughout the cocoa-producing area in the Western Hemisphere, visiting Brazil, Trinidad, Venezuela and the Dominican Republic.

Brazil, it is stated anticipates a crop of approximately two million bags, and even though Brazil has inquiries from South American and European countries, the Trade has been advised that the U. S. have been assured their usual quota as in the past.

Bank Debits for Month of May

The Board of Governors of the Federal Reserve System issued on June 11 its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS (In millions of dollars). Table showing bank debit data for May 1945, May 1944, and May 1945, broken down by Federal Reserve District (Boston, New York, Philadelphia, etc.)

Trading on New York Exchanges

The Securities and Exchange Commission made public on July 18 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 June 30, 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 June 30 (in round-lot transactions) totaled 3,909,636 shares, which amount was 15.07% of the total transactions on the Exchange of 12,973,920 shares. This compares with member trading during the week ended June 23, of 3,331,086 shares, or 14.45% of the total trading of 11,529,100 shares. On the New York Curb Exchange, member trading during the week ended June 30 amounted to 978,295 shares or 12.38% of the total volume on that exchange of 3,951,870 shares. During the week ended June 23 trading for the account of Curb members of 834,095 shares was 12.90% of the total trading of 3,233,350.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares) WEEK ENDED JUNE 30, 1945

A. Total Round-Lot Sales:	Total for week	%
Short sales.....	354,020	
†Other sales.....	12,619,900	
Total sales.....	12,973,920	
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.....	1,159,860	
Short sales.....	156,958	
†Other sales.....	917,450	
Total sales.....	1,074,430	8.61
2. Other transactions initiated on the floor—		
Total purchases.....	411,550	
Short sales.....	54,900	
†Other sales.....	402,730	
Total sales.....	457,630	3.35
3. Other transactions initiated off the floor—		
Total purchases.....	323,927	
Short sales.....	45,050	
†Other sales.....	437,189	
Total sales.....	482,239	3.11
4. Total—		
Total purchases.....	1,895,337	
Short sales.....	256,930	
†Other sales.....	1,757,369	
Total sales.....	2,014,299	15.07

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares) WEEK ENDED JUNE 30, 1945

A. Total Round-Lot Sales:	Total for week	%
Short sales.....	28,360	
†Other sales.....	3,923,510	
Total sales.....	3,951,870	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases.....	269,775	
Short sales.....	16,225	
†Other sales.....	265,740	
Total sales.....	281,965	6.98
2. Other transactions initiated on the floor—		
Total purchases.....	109,710	
Short sales.....	8,300	
†Other sales.....	88,055	
Total sales.....	96,355	2.61
3. Other transactions initiated off the floor—		
Total purchases.....	54,170	
Short sales.....	1,900	
†Other sales.....	164,420	
Total sales.....	166,320	2.79
4. Total—		
Total purchases.....	433,655	
Short sales.....	26,425	
†Other sales.....	518,215	
Total sales.....	544,640	12.38
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales.....	0	
†Customers' other sales.....	100,135	
Total purchases.....	100,135	
Total sales.....	94,223	

*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."

Wholesale Prices Declined 0.2% In Week Ended July 14, Labor Dept. Reports

Lower quotations for a number of agricultural commodities caused a decline of 0.2% in the Bureau of Labor Statistics index of commodity prices in primary markets during the week ended July 14, according to the United States Department of Labor, which on July 19 reported that the index, at 105.6% of the 1926 level, was 0.4% below mid-June and 1.6% above the corresponding week of last year. The Department's advice added:

"Farm Products and Foods—Average prices for farm products dropped 0.9% during the week as the result of lower quotations for grains, fruits and eggs. Among the grains, substantially lower prices for rye and for wheat more than offset advances for oats and corn. Live poultry declined seasonally and egg prices were lower. Prices for oranges dropped sharply as increased supplies came on the market and apples were generally lower. Lemons and white potatoes were seasonally higher and small price increases occurred for onions and for tobacco. Cotton quotations advanced on reports of a small crop with continued heavy demand. In the past four weeks average prices for farm products have declined 2.1% but were still 3.2% above mid-July of 1944.

"The food index also dropped 0.9% as the result of lower quotations for fruits and eggs, with a price decline for rye flour and lower

prices on dressed poultry in accordance with seasonal ceilings. Since mid-June primary market prices for foods have dropped 1.4% and were 0.6% above the corresponding week of last year.

"Other Commodities—The group index for all commodities other than farm products and foods remained unchanged during the week at a level of 0.1% above a month ago and 1.2% above the corresponding week of last year. Mercury prices continued to decline on cautious buying. Turpentine advanced about 4% following the decline of the previous week. Seasonally lower prices for potash caused a drop of 0.2% in the group index for chemicals and allied products. Other commodities remained generally unchanged."

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 June 16, 1945 and July 15, 1944 and (2) the percentage changes in subgroup indexes from July 7, 1945 to July 14, 1945.

WHOLESALE PRICES FOR WEEK ENDED JULY 14, 1945 (1926=100)

Commodity Groups—	7-14			7-7			6-30			6-16			7-15			Percentage change to July 14, 1945, from—		
	1945	1945	1945	1945	1945	1945	1944	1945	1945	1944	1945	1945	1944	1945	1945	1944	1944	
All commodities.....	105.6	105.8	105.9	106.0	106.0	103.9	-0.2	-0.4	+1.6									
Farm products.....	128.2	129.4	130.1	131.0	124.2	-0.9	-2.1	+3.2										
Foods.....	106.2	107.2	107.3	107.7	105.6	-0.9	-1.4	+1.6										
Hides and leather products.....	118.5	118.5	118.5	118.3	116.8	0	+0.2	+1.5										
Textile products.....	99.1	99.1	99.1	99.1	97.3	0	0	+1.3										
Fuel and lighting materials.....	84.8	84.8	84.8	84.5	83.8	0	+0.4	+1.0										
Metals and metal products.....	104.8	104.8	104.8	104.8	103.8	0	0	+1.0										
Building materials.....	117.3	117.3	117.4	117.3	115.6	0	0	+1.3										
Chemicals and allied products.....	95.2	95.4	95.4	95.3	95.4	-0.2	-0.1	-0.2										
Housefurnishing goods.....	106.2	106.2	106.2	106.2	106.0	0	0	+0.2										
Miscellaneous commodities.....	94.6	94.6	94.6	94.6	93.3	0	0	+1.4										
Raw materials.....	117.6	118.3	118.7	119.0	113.9	-0.6	-1.2	+3.2										
Semimanufactured articles.....	95.2	95.2	95.3	95.3	93.7	0	-0.1	+1.6										
Manufactured products.....	101.9	102.0	102.0	102.0	101.0	-0.1	-0.1	+0.9										
All commodities other than farm products.....	100.6	100.6	100.6	100.6	99.5	0	0	+1.1										
All commodities other than farm products and foods.....	99.8	99.8	99.8	99.7	98.6	0	+0.1	+1.2										

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JULY 7, 1945, TO JULY 14, 1945

Group	Increases		Group	Decreases	
	%	Index		%	Index
Plumbing and heating.....	0.2	Paint and paint materials.....	0.1		
Fruits and vegetables.....	4.4	Meats.....	0.4		
Fertilizer materials.....	1.8	Livestock and poultry.....	0.1		
Other farm products.....	1.3	Other foods.....	0.1		
Grains.....	1.0				

National Fertilizer Association Commodity Price Index Advances Slightly

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on July 23, advanced slightly to 141.3 for the week ended July 21, 1945, from 141.2 for the preceding week. A month ago the index stood at 141.6 and a year ago at 138.2, all based on the 1935-1939 average as 100. The report went on to say:

Two of the composite groups of the index advanced during the latest week and two declined. The foods advanced fractionally with higher quotations for eggs more than offsetting small declines in the prices for potatoes and cottonseed oil. The farm products group showed a moderate advance with higher prices in the livestock subgroup more than offsetting the small declines registered in both the cotton and grains subgroups. The decline in the grains index was due to lower quotations for wheat at Kansas City and for rye; the advance in the livestock index reflected higher prices for cattle, lambs and eggs. A fractional decline was shown for the chemicals and drugs group because of lower prices for alumina sulphate. The textiles group also declined fractionally. All other groups in the index remained unchanged.

During the week 4 price series in the index advanced and 6 declined; in the preceding week there were 5 advances and 8 declines; in the second preceding week there were 3 advances and 6 declines.

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

%	Group	Week	Preceding Week	Month Ago	Year Ago
Total Index		July 21, 1945	July 14, 1945	June 23, 1945	July 22, 1944
25.3	Food.....	142.7	142.4	144.0	140.8
	Fats and Oils.....	145.0	145.2	145.2	145.1
	Cottonseed Oil.....	162.4	163.1	163.1	163.1
23.0	Farm Products.....	167.6	167.1	168.0	160.7
	Cotton.....	215.5	216.4	214.8	202.8
	Grains.....	163.0	163.7	166.1	158.9
	Livestock.....	161.8	160.6	161.6	154.6
17.3	Fuels.....	133.3	133.3	132.0	130.1
10.8	Miscellaneous Commodities.....	133.7	133.7	133.7	132.2
8.2	Textiles.....	157.2	157.3	157.1	152.6
7.1	Metals.....	108.9	108.9	108.9	104.4
6.1	Building Materials.....	153.8	153.8	153.8	154.0
1.3	Chemicals and Drugs.....	125.8	125.9	125.9	126.9
.3	Fertilizer Materials.....	118.3	118.3	118.3	118.3
.3	Fertilizers.....	119.9	119.9	119.9	119.7
.3	Farm Machinery.....	104.8	104.8	104.8	104.5
100.0	All groups combined.....	141.3	141.2	141.6	138.2

*Indexes on 1926-1928 base were: July 21, 1945, 110.1; July 14, 1945, 110.0; and July 22, 1944, 107.7.

Dissolutions of Banks and Credit Unions

The New York State Banking Department announced in its weekly bulletin issued June 15 the granting by the court of final orders dissolving and terminating corporate existence of the following institutions, which have been in voluntary liquidation for one or more years, filed pursuant to provisions of Section 605 of the Banking Law.

Name of Institution and Location—	Date of Order	Filed
Merchants Bank of Buffalo, Buffalo, N. Y.....	6-4-1945	6-9-1945
Imco Credit Union, Buffalo, N. Y.....	6-8-1945	6-13-1945
Hiam Salomon Credit Union, New York, N. Y.....	6-4-1945	6-14-1945
Canarsie State Bank, Brooklyn, N. Y.....	6-4-1945	6-14-1945

A previous item in the matter appeared in our issue of June 21, page 2780.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on July 18 a summary for the week ended July 7 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 July 7, 1945		Total
Odd-Lot Sales by Dealers— (Customers' sales)	Number of orders.....	For Week
	Number of shares.....	518,132
	Dollar value.....	\$20,521,760
Odd-Lot Purchases by Dealers— (Customers' sales)	Number of Orders:	
	Customers' short sales.....	79
	Customers' other sales.....	19,346
	Customers' total sales.....	19,425
	Number of Shares:	
	Customers' short sales.....	2,919
	Customers' other sales.....	426,546
	Customers' total sales.....	429,465
	Dollar value.....	\$15,978,971

Round-Lot Sales by Dealers—	Total
Number of Shares:	
Short sales.....	40
†Other sales.....	98,410
Total sales.....	98,450
Round-Lot Purchases by Dealers:	
Number of shares.....	156,880

*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."

Lumber Movement—Week Ended July 14, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 470 mills reporting to the National Lumber Trade Barometer were 5.9% below production for the week July 14, 1945. In the same week new orders of these mills were 12.7% more than production. Unfilled order files of the reporting mills amounted to 110% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 5.2%; orders by 9.8%.

Freight Traffic Volume Increased 3.1% in June

The volume of freight traffic, handled by Class I railroads in the first six months of 1945, measured in ton-miles of revenue freight, was slightly less than that moved in the same period in 1944, the Association of American Railroads announced on July 20. Freight traffic in the first half of the current year totaled approximately 366,337,903,000 ton-miles, compared with 368,733,822,000 ton-miles, or a decrease of 0.6%.

June traffic amounted to 63,600,000,000 ton-miles, according to estimates based on reports received by the Association from Class I railroads. This was an increase of 3.1% compared with June, 1944, and an increase of 10% compared with the same month in 1943. The amount of traffic handled by the Class I railroads in June this year, however, was almost 2½ times the volume carried in June, 1939.

The following table summarizes revenue ton-mile statistics for the first six months of 1945 and 1944 (000 omitted):

	1945	1944	Change
1st 4 mos.....	238,137,903	242,748,437	-1.9
Mo. of May.....	64,600,000	64,270,148	+0.5
Mo. of June.....	63,600,000	61,715,237	+3.1
Total 6 Mos.....	366,337,903	368,733,822	-0.6

*Revised estimate. †Preliminary estimate.

Daily Average Crude Oil Production for Week Ended July 14 Up 57,800 Barrels to New High

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 14, 1945 was 4,944,000 barrels, a new high record, up 57,800 barrels per day when compared with the preceding week. It was also 341,650 barrels per day higher than the output in the corresponding week in 1944, and exceeded the daily average figure recommended by the Petroleum Administration for War for the month of July, 1945, by 64,100 barrels. Daily production for the four weeks ended July 14, 1945 averaged 4,907,882 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 4,945,000 barrels of crude oil daily and produced 15,349,000 barrels of gasoline; 1,611,000 barrels of kerosine; 5,197,000 barrels of distillate fuel, and 9,337,000 barrels of residual fuel oil during the week ended July 14, 1945; and had in storage at the end of that week 46,079,000 barrels of civilian grade gasoline; 39,322,000 barrels of military and other gasoline; 10,610,000 barrels of kerosine; 34,804,000 barrels of distillate fuel, and 41,489,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*F. A. W. Recommendations	*State Allowables	Actual Production		Change from Previous Week	4 Weeks Ended July 14, 1945	Week Ended July 15, 1944
			Week Ended July 14, 1945	Week Ended July 15, 1944			
Oklahoma	380,000	380,000	389,700	387,800	+ 950	387,800	341,250
Kansas	274,000	269,400	1,227,700	267,450	+ 35,400	267,450	278,800
Nebraska	1,000	---	1,900	900	---	900	900
Panhandle Texas	---	---	87,500	88,750	---	88,750	89,150
North Texas	---	---	152,300	153,450	---	153,450	151,550
West Texas	---	---	521,400	509,500	---	509,500	463,550
East Central Texas	---	---	139,000	139,450	---	139,450	148,350
East Texas	---	---	379,500	378,550	---	378,550	363,550
Southwest Texas	---	---	360,750	359,200	---	359,200	319,750
Coastal Texas	---	---	568,950	566,000	---	566,000	531,400
Total Texas	2,170,000	\$2,174,285	2,209,400	2,194,900	---	2,194,900	2,067,300
North Louisiana	---	---	70,700	69,700	+ 950	69,700	72,150
Coastal Louisiana	---	---	296,900	297,950	---	297,950	285,400
Total Louisiana	360,000	400,800	367,600	367,650	+ 950	367,650	357,550
Arkansas	80,000	78,786	80,200	80,000	+ 200	80,000	80,550
Mississippi	53,000	---	51,800	51,400	---	51,400	44,050
Alabama	500	---	950	800	+ 200	800	150
Florida	---	---	250	132	---	132	50
Illinois	200,000	---	202,150	207,600	---	207,600	196,950
Indiana	13,000	---	12,900	12,400	+ 1,850	12,400	12,850
Eastern (Not incl. Ill., Ind., Ky.)	64,200	---	66,250	64,650	+ 5,950	64,650	66,650
Kentucky	28,000	---	30,400	30,400	+ 400	30,400	24,350
Michigan	47,000	---	53,900	49,600	+ 4,800	49,600	50,300
Wyoming	118,200	---	115,350	111,100	+ 5,050	111,100	87,300
Montana	22,000	---	20,800	20,500	---	20,500	22,100
Colorado	12,000	---	10,700	10,950	---	10,950	8,450
New Mexico	105,000	105,000	103,250	103,550	---	103,550	108,000
Total East of Calif	3,927,900	---	3,994,200	3,961,732	+ 48,200	3,961,732	3,747,550
California	952,000	\$952,000	949,800	946,100	+ 9,600	946,100	854,800
Total United States	4,879,900	---	4,944,000	4,907,882	+ 57,800	4,907,882	4,602,350

*PAW 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. July 5, 1945.

‡This is the net basic allowable as of July 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 15 days, the entire State was ordered shut down for 5 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 5 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JULY 14, 1945
(Figures in thousands of barrels of 42 gallons each)

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

District	% Daily Crude Runs Refining to Still	% Capacity	% Operating	% Gasoline		% Stocks		% Gasoline Stocks	% Cl-villian
				Pro-duction of Ref. Inc. Nat. Blended	Stocks of Gas Oil Fuel Oil	Stocks of Residual Fuel Oil	Stocks of Other		
East Coast	99.5	785	99.2	1,949	7,919	6,363	5,475	7,717	
Appalachian									
District No. 1	76.8	93	63.7	340	764	284	1,401	1,217	
District No. 2	81.2	53	106.0	1,853	259	1,32	157	765	
Ind., Ill., Ky.	87.2	789	92.1	2,858	4,794	2,579	6,124	13,285	
Okl., Kan., Mo.	78.3	392	83.6	1,364	1,914	1,355	1,950	7,073	
Inland Texas	59.8	245	74.2	965	591	309	1,239	1,488	
Texas Gulf Coast	89.3	1,158	93.6	3,587	6,002	5,628	9,713	5,007	
Louisiana Gulf Coast	96.8	267	102.7	970	1,647	972	2,087	2,086	
No. La. & Arkansas	55.9	89	70.6	236	850	190	73	2,379	
Rocky Mountain									
District No. 3	17.1	13	100.0	43	21	37	---	80	
District No. 4	72.1	129	81.1	404	333	622	633	1,657	
California	87.3	932	93.5	2,450	9,710	22,418	10,470	3,325	
Total U. S. B. of M. basis July 14, 1945	85.8	4,945	91.0	15,349	34,804	41,489	*39,322	46,079	
Total U. S. B. of M. basis July 7, 1945	85.8	5,006	92.1	15,082	33,677	40,754	†39,429	†46,900	
U. S. B. of M. basis July 15, 1944		4,588		14,023	36,907	54,804	35,539	45,315	

*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 11,734,000 barrels unfinished gasoline this week, compared with 11,767,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. †Stocks at refineries, at bulk terminals, in transit and in pipe lines. ‡Not including 1,611,000 barrels of kerosene, 5,197,000 barrels of gas oil and distillate fuel oil and 9,337,000 barrels of residual fuel oil produced during the week ended July 14, 1945, which compares with 1,589,000 barrels, 4,875,000 barrels and 9,238,000 barrels, respectively, in the preceding week and 1,510,000 barrels, 4,861,000 barrels and 8,446,000 barrels, respectively, in the week ended July 15, 1944. †Revised figure.

Note—Stocks of kerosene at July 14, 1945, amounted to 10,610,000 barrels, as against 9,939,000 barrels (revised figure) a week earlier and 10,829,000 barrels a year ago.

Civil Engineering Construction \$50,065,000 For Week of July 19

Civil engineering construction volume in continental United States totals \$50,065,000 for the week. This volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is the third highest week reported to "Engineering News-Record" this year, is 10% higher than the previous four-week moving average, and is 39% above the corresponding week of 1944. The report issued on July 19 continued as follows:

Private construction for the week is 30% lower than a year ago, but public construction shows an increase of 73%. Federal construction is 92% higher than a year ago and state and municipal is up 35% compared with the 1944 week.

The current week's construction brings 1945 volume to \$1,006,049,000 for the 29 weeks, compared with \$1,009,325,000 for the corresponding week last year. Private construction, \$288,149,000, is 20% above last year, but public work, \$717,900,000 shows a decrease of 11% due to the 17% drop in Federal construction. State and municipal construction, \$559,303,000, is 18% above the 1944 period.

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

	*7-19-45 (5 days)	7-12-45 (5 days)	7-20-44 (5 days)
Total U. S. Construction	\$50,065,000	\$49,009,000	\$36,063,000
Private Construction	8,349,000	10,250,000	11,926,000
Public Construction	41,716,000	38,759,000	24,137,000
State and Municipal	10,854,000	9,390,000	8,037,000
Federal	30,862,000	29,369,000	16,100,000

*Current week's statistics.

In the classified construction groups, gains over the preceding week are in waterworks, sewerage, bridges, streets and roads, public buildings and unclassified construction. All classifications show gains over the 1944 week. Subtotals for the week in each class of construction are: waterworks, \$1,554,000; sewerage, \$755,000; bridges, \$1,373,000; industrial buildings, \$5,602,000; commercial building and private mass housing, \$1,785,000; public buildings, \$16,110,000; earthwork and drainage, \$307,000; streets and roads, \$8,860,000; and unclassified construction, \$13,719,000.

New capital for construction purposes for the week totals \$6,425,000 and is comprised solely of state and municipal bonds. The current week's new financing brings 1945 volume to \$1,477,938,000, 48% above that reported for the corresponding period last year.

Post-War Construction Planning Volume \$21.6 Billions

Identified and recorded engineering projects proposed for construction in the post-war years totals \$21,614,222,000 according to reports to "Engineering News-Record" in the period from Jan. 1, 1943, through July 12, 1945. Plans are under way or completed on post-war projects valued at \$9,484,279,000, 43.8% of the total volume proposed, and on \$1,510,728,000 worth of projects all financing arrangements have been completed.

Non-Ferrous Metals—Lead Sales in Good Volume—Copper and Zinc Demands Moderate

"E. & M. J. Metal and Mineral Markets," in its issue of July 19, stated: "Open-ending of CMP has brought some improvement in civilian demands for copper and other metals, but not to an extent to offset heavy cutbacks in war production. As a result, the buying of copper last week remained on the quiet side. Lead continued in good demand, but zinc was slow. WPB has again reduced its purchases of Canadian aluminum. Brass mills were informed that reports on month-end open capacity are no longer required. The situation in quicksilver remains unsettled and lower prices were named for spot and forward metal." The publication further went on to say in part:

Copper
The copper industry is operating on the assumption that an order will be issued shortly defining just when MRC metal will come into play now that the demands for copper for the war program have diminished. The order is expected to declare that domestic production will receive prior consideration, and, after it has been disposed of, MRC metal will be released to consumers. Current buying of copper for shipment next month is holding at about the same level as that experienced a month ago.

Lead
Demand for lead continued at a good rate, and producers believe that the tonnage purchased for August shipment will be about the same as that sold for July. Total supply, which includes foreign metal, will be somewhat in excess of requirements. Sales for the last week amounted to 9,152 tons.

Aluminum
Consumption of lead in the United States in 1944, covering both primary and secondary metal, amounted to 1,118,643 tons, according to the Tin-Lead-Zinc Division, WPB. In addition, 15,524 tons of lead were exported. Total consumption in 1943 came

dian aluminum. This was reduced to 100,000,000 lb. in May.

Tin
The War Production Board continues to regard the tin situation as highly critical and in a statistical study released during the last week produced figures to impress upon consumers the need to conserve on the metal wherever possible in the transition period. The report placed the stock available for allocation as of May 1 at 23,654 long tons, against 83,076 tons at the beginning of 1942. Current production at the Texas smelter was not divulged, but in market circles output is estimated at around 3,200 tons a month. United States consumption of primary and secondary tin in 1944 was placed officially at 90,352 tons, against 81,840 tons in 1943. Bolivia shipped tin concentrates during June that contained 4,537 metric tons of the metal, against 3,386 tons in May and 3,029 tons in June last year. Exports in the first six months of 1945 contained 21,476 tons of tin, which compares with 17,504 tons in the Jan.-June period of 1944.

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

	Aug.	Sept.	Oct.
July 12	52.000	52.000	52.000
July 13	52.000	52.000	52.000
July 14	52.000	52.000	52.000
July 15	52.000	52.000	52.000
July 16	52.000	52.000	52.000
July 17	52.000	52.000	52.000
July 18	52.000	52.000	52.000

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

Quicksilver

Buying interest in quicksilver was inactive, and the price situation in the last week developed further weakness. Spot metal was available at prices ranging from \$142 to \$146 per flask, a drop of \$2 compared with a week ago. Just where the market stood on forward business was a subject that puzzled all concerned. A report was circulated among traders to the effect that foreign metal could be purchased as low as \$134 per flask, August shipment from abroad. In brief, on quantity business covering metal for August shipment from Spain, the price was considered to be a matter for private negotiation. Pacific Coast sellers also refrained from naming flat quotations on forward business, owing to the unsettled state of the market. Actual consumption of quicksilver has increased, but so have available supplies.

Silver

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

Urges Action on Full Employment Bill

On July 16 Henry Morgenthau, Jr., retiring Secretary of the Treasury, urged speedy Congressional action on what its sponsors term the "full employment" bill. In a letter to Chairman Wagner (Dem., N. Y.) of the Senate Banking Committee, Mr. Morgenthau, according to Associated Press accounts from Washington appearing in the New York "Journal of Commerce" said the measure expanding social security coverage would fix a definite employment policy for the post-war reconversion period. He added:

"I am strongly of the opinion that Government does have a definite responsibility, together with industry, agriculture and labor, for seeing to it that a sound and prosperous economy in this country is maintained—an economy that will be able to absorb profitably the honest toil of the American worker and offer full encouragement to American productive genius."

Revenue Freight Car Loadings During Week Ended July 14, 1945 Increased 156,864 Cars

Loading of revenue freight for the week ended July 14, 1945, totaled 883,268 cars, the Association of American Railroads announced on July 19. This was a decrease below the corresponding week of 1944 of 20,633 cars, or 2.3%, but an increase above the same week in 1943 of 5,933 cars or 0.7%.

Loading of revenue freight for the week of July 14 increased 156,864 cars, or 21.6% above the preceding week.

Miscellaneous freight loading totaled 388,954 cars, an increase of 54,359 cars above the preceding week, but a decrease of 7,412 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 104,877 cars, an increase of 11,435 cars above the preceding week and an increase of 3,401 cars above the corresponding week in 1944.

Coal loading amounted to 175,081 cars an increase of 57,130 cars above the preceding week, but a decrease of 4,369 cars below the corresponding week in 1944.

Grain and grain products loading totaled 65,645 cars an increase of 10,713 cars above the preceding week and an increase of 3,109 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of July 14 totaled 46,157 cars, an increase of 5,314 cars above the preceding week and an increase of 4,173 cars above the corresponding week in 1944.

Livestock loading amounted to 13,293 cars, an increase of 2,398 cars above the preceding week but a decrease of 1,283 cars below the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of July 14 totaled 9,231 cars, an increase of 1,733 cars above the preceding week, but a decrease of 495 cars below the corresponding week in 1944.

Forest products loading totaled 43,502 cars an increase of 11,911 cars above the preceding week but a decrease of 5,017 cars below the corresponding week in 1944.

Ore loading amounted to 77,255 cars an increase of 7,512 cars above the preceding week but a decrease of 9,474 cars below the corresponding week in 1944.

Coke loading amounted to 14,661 cars an increase of 1,406 cars above the preceding week, and an increase of 412 cars above the corresponding week in 1944.

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

	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	3,056,725
5 Weeks of March	4,018,027	3,916,879	3,845,547
4 Weeks of April	3,374,438	3,278,446	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
5 Weeks of June	4,364,662	4,338,886	4,003,393
Week of July 7	726,404	744,347	808,630
Week of July 14	883,268	903,901	877,335
Total	22,871,617	22,933,449	22,017,342

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 14, 1945. During the period 63 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JULY 14

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections		
	1945	1944	1943	1945	1944	1943
Eastern District—						
Ann Arbor	258	255	193	1,294	1,303	1,303
Bangor & Aroostook	1,472	1,072	1,007	329	286	286
Boston & Maine	6,571	6,522	6,180	12,124	12,779	12,779
Chicago, Indianapolis & Louisville	1,215	1,310	1,393	1,851	2,036	2,036
Central Indiana	34	45	26	40	35	35
Central Vermont	1,025	1,053	1,030	2,242	2,287	2,287
Delaware & Hudson	4,950	4,929	6,723	10,271	11,645	11,645
Delaware, Lackawanna & Western	7,735	7,622	8,081	9,418	11,019	11,019
Detroit & Mackinac	286	229	173	142	108	108
Detroit, Toledo & Ironton	1,708	1,859	1,880	1,202	1,179	1,179
Detroit & Toledo Shore Line	404	346	319	2,285	2,294	2,294
Erie	12,649	13,209	13,419	15,064	16,100	16,100
Grand Trunk Western	3,979	3,748	3,603	7,009	6,888	6,888
Lehigh & Hudson River	189	208	170	2,778	2,252	2,252
Lehigh & New England	1,936	2,036	2,299	848	1,614	1,614
Lehigh Valley	8,878	8,736	9,258	10,160	15,138	15,138
Maine Central	2,490	2,460	2,506	2,775	2,371	2,371
Monongahela	6,414	6,402	5,852	298	380	380
Montour	2,823	2,610	2,458	17	20	20
New York Central Lines	49,818	51,985	55,490	47,420	52,640	52,640
N. Y., N. H. & Hartford	9,425	9,017	9,427	15,706	17,518	17,518
New York, Ontario & Western	919	1,221	1,438	2,980	3,647	3,647
New York, Chicago & St. Louis	6,554	7,064	6,351	13,596	15,509	15,509
N. Y., Susquehanna & Western	407	399	543	1,674	1,777	1,777
Pittsburgh & Lake Erie	7,604	8,042	7,221	8,877	8,820	8,820
Pere Marquette	5,146	5,300	4,919	7,359	7,468	7,468
Pittsburgh & Shawmut	906	935	1,008	173	18	18
Pittsburgh, Shawmut & North	366	369	376	4	8	8
Pittsburgh & West Virginia	980	1,510	1,252	2,564	2,461	2,461
Rutland	360	359	322	1,126	1,050	1,050
Wabash	6,118	6,347	5,837	10,469	11,718	11,718
Wheeling & Lake Erie	5,999	5,229	5,419	3,730	4,102	4,102
Total	159,628	162,428	166,173	195,850	216,674	216,674
Allegheny District—						
Akron, Canton & Youngstown	609	771	709	1,029	1,176	1,176
Baltimore & Ohio	48,310	48,606	42,068	25,889	30,297	30,297
Bessemer & Lake Erie	6,214	7,006	6,354	2,119	2,237	2,237
Buffalo Creek & Gauley	†	†	278	†	†	†
Cambria & Indiana	1,679	1,613	1,907	19	22	22
Central R. R. of New Jersey	7,181	7,153	7,111	16,431	20,113	20,113
Cornwall	543	555	658	44	49	49
Cumberland & Pennsylvania	176	226	248	14	8	8
Ligonier Valley	118	144	146	55	50	50
Long Island	2,356	1,692	1,162	4,060	3,925	3,925
Penn.-Reading Seashore Lines	1,760	1,712	1,680	2,122	2,306	2,306
Pennsylvania System	99,627	91,638	86,181	57,844	65,495	65,495
Reading Co.	15,422	13,836	14,783	24,570	28,130	28,130
Union (Pittsburgh)	19,113	19,771	17,201	7,244	7,966	7,966
Western Maryland	4,233	4,196	4,712	11,433	12,082	12,082
Total	197,341	198,918	185,188	152,879	173,856	173,856
Poconantas District—						
Chesapeake & Ohio	28,368	30,276	30,298	14,732	14,343	14,343
Norfolk & Western	21,168	22,545	22,523	6,368	8,789	8,789
Virginian	4,620	4,820	4,949	2,276	2,160	2,160
Total	54,156	57,641	57,770	23,376	25,292	25,292

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Southern District—					
Alabama, Tennessee & Northern	475	363	358	242	280
Atl. & W. P.—W. R. R. of Ala.	758	809	630	2,241	2,511
Atlanta, Birmingham & Coast	1,316	1,260	906	1,162	1,215
Atlantic Coast Line	9,940	10,227	11,010	8,959	9,716
Central of Georgia	3,941	4,354	4,077	4,161	4,671
Charleston & Western Carolina	900	829	536	1,501	1,671
Clinchfield	1,750	1,880	1,697	2,614	2,915
Columbus & Greenville	202	190	261	307	289
Durham & Southern	117	139	107	470	601
Florida East Coast	912	862	1,371	973	1,249
Gainesville Midland	43	45	41	134	90
Georgia	1,500	1,404	1,125	2,535	2,533
Georgia & Florida	332	455	344	561	706
Gulf, Mobile & Ohio	4,981	4,440	3,418	4,315	4,080
Illinois Central System	27,461	28,875	25,822	16,137	15,758
Louisville & Nashville	26,815	26,331	25,564	11,778	11,385
Macon, Dublin & Savannah	336	308	312	729	857
Mississippi Central	416	247	285	497	591
Nashville, Chattanooga & St. L.	3,440	3,151	2,855	4,554	5,080
Norfolk Southern	1,102	1,610	1,807	1,202	1,766
Piedmont Northern	385	346	357	1,064	1,091
Richmond, Fred. & Potomac	521	407	416	9,437	10,724
Seaboard Air Line	10,431	10,910	9,988	7,230	8,385
Southern System	26,065	24,492	21,728	22,873	24,417
Tennessee Central	601	725	547	792	900
Winston-Salem Southbound	119	129	101	971	995
Total	124,859	125,488	115,663	107,439	115,435

Northwestern District—					
Railroads	1945	1944	1943	1945	1944
Chicago & North Western	19,584	20,078	22,507	14,307	12,317
Chicago Great Western	2,532	2,278	2,669	3,225	3,101
Chicago, Milw., St. P. & Pac.	22,314	21,853	21,188	10,757	11,778
Chicago, St. Paul, Minn. & Omaha	3,592	3,397	4,109	3,481	3,333
Duluth, Missabe & Iron Range	28,692	28,648	31,875	258	316
Duluth, South Shore & Atlantic	796	766	883	562	529
Elgin, Joliet & Eastern	8,342	9,166	8,612	8,210	9,581
Ft. Dodge, Des Moines & South	482	459	478	90	67
Great Northern	21,556	25,385	26,044	8,642	6,059
Green Bay & Western	225	491	368	775	968
Lake Superior & Ishpeming	3,084	3,306	2,496	139	45
Minneapolis & St. Louis	2,165	2,195	2,091	2,534	2,325
Minn., St. Paul & S. M.	7,179	7,774	7,526	3,140	2,876
Northern Pacific	10,056	11,479	11,478	5,946	5,426
Spokane International	276	154	116	599	543
Spokane, Portland & Seattle	2,255	2,766	2,681	3,904	3,076
Total	133,345	140,195	145,221	66,569	62,340

Central Western District—					
Railroads	1945	1944	1943	1945	1944
Atch., Top. & Santa Fe System	30,649	30,905	23,984	14,135	12,097
Alton	3,714	3,556	3,366	3,509	4,359
Bingham & Garfield	400	420	405	108	105
Chicago, Burlington & Quincy	20,069	19,669	21,027	12,344	10,886
Chicago & Illinois Midland	3,168	3,103	3,196	900	865
Chicago, Rock Island & Pacific	14,669	15,126	13,662	14,290	12,289
Chicago & Eastern Illinois	3,116	2,910	2,477	4,383	6,885
Colorado & Southern	672	713	782	2,972	2,123
Denver & Rio Grande Western	3,011	3,971	3,497	6,680	5,503
Denver & Salt Lake	572	821	768	109	43
Fort Worth & Denver City	957	1,435	1,208	1,874	1,340
Illinois Terminal	2,027	2,437	1,845	1,822	2,001
Missouri-Illinois	1,340	1,181	1,106	730	672
Nevada Northern	8	1,027	2,090	47	107
North Western Pacific	862	1,014	988	738	704
Peoria & Pekin Union	33	6	8	0	0
Southern Pacific (Pacific)	33,772	34,515	33,985	15,008	13,268
Toledo, Peoria & Western	396	322	384	1,991	2,032
Union Pacific System	17,667	16,596	15,629	18,856	15,916
Utah	666	409	600	2	5
Western Pacific	2,217	2,084	2,164	4,647	3,518
Total	139,985	142,220	133,171	105,145	94,718

Southwestern District—					
Railroads	1945	1944	1943	1945	1944
Burlington-Rock Island	314	649	541	815	348
Gulf Coast Lines	4,834	5,988	5,177	2,233	2,336
International-Great Northern	2,652	2,965	2,247	3,378	3,747
Kansas, Oklahoma & Gulf	379	168	267	601	944
Kansas City Southern	3,662	6,286			

Items About Banks, Trust Companies

(Continued from page 438)

Secretary, and Harold C. O'Brien is Assistant Cashier and Assistant Secretary. Directors are Fred H. Cook, P. D. Lockwood and all of the officers except Mr. O'Brien.

Merger of the Fidelity Trust Company and the Public Bank of Maryland, both of Baltimore, was approved on July 17 at meetings of the stockholders of the respective institutions. The Baltimore "Sun," noting this on July 18, added:

"It is contemplated that the merger will become effective at the close of business on July 28, after which date stockholders of the Public Bank may exchange their stock at the main office of the Fidelity Trust Company, on the basis of four shares of stock of the Public Bank for one share of stock of the Fidelity.

"The combined institutions will have total resources of more than \$60,000,000 and capital accounts exceeding \$3,000,000. The merger will give the Fidelity five offices in addition to its main office, and a personnel not only trained to handle trusts and general banking but in consumer-credit and personal loans.

"Four new directors were chosen: Walter Sondheim, James F. Turner, Robert O. Bonnell and Leonard A. A. Siems, the first three being directors of the Public Bank, while Mr. Siems is a Vice-President of the Fidelity.

"Mr. Sondheim is Vice-President and Treasurer of Hochschild, Kohn & Co., a Vice-Chairman of the Baltimore Chapter, American Red Cross, a former President of Associated Jewish Charities.

"Mr. Turner, President of Flynn & Emrich Co., long-established foundry and engineering company, is a director of William C. Robinson Company, the Industrial Building Company, the YMCA and the Kernan Hospital for Crippled Children.

"Mr. Bonnell, in addition to being President of the Public Bank, is President of the Associated Hospital Service, Chairman of the Baltimore Aviation Commission. He will become a Vice-President of the Fidelity and a member of its executive committee.

"Mr. Siems before coming to the Fidelity as Vice-President was engaged in bank supervisory work for the Federal Reserve Board, and for many years examiner in charge of examination of Federal Reserve banks and foreign corporations chartered under the Federal Reserve Act."

The Liberty Trust Company of Cumberland, Md., announced on July 17 the sale of stock under its recapitalization plan had been oversubscribed. Reporting this the Baltimore "Sun" said:

"Present stockholders took up 8,374 shares of new stock, leaving 1,266 shares to be distributed among new subscribers and to old subscribers who wished to subscribe for more stock than their present holdings entitled them to.

Under the plan 10,000 shares of \$20-par-value stock were first offered to the present stockholders, share for share, at \$25 per share.

The Towson National Bank of Towson, Md., is expanding its capital from \$100,000 to \$150,000 by increasing the number of shares from 10,000 to 15,000 of \$10 par value, H. Guy Campbell, President of the bank announced on July 5, it is learned from the Baltimore "Sun," from which we also quote:

"The increase was voted by stockholders to enable the bank to keep its capital structure in proper ratio to its steadily increasing deposits, Mr. Campbell said.

"Assets of the bank stood at \$5,793,925 last December as against \$3,016,211 two years earlier. De-

posits in the same period advanced from \$2,799,083 to \$5,548,721, and loans and discounts rose from \$797,557 to \$1,005,437."

The transfer of \$750,000 to the surplus account of the Riggs National Bank of Washington, D. C., has been authorized by the directors, President Robert V. Fleming reported on July 10, it was made known by S. Oliver Goodman in the Washington "Post" of July 11. From these advices we also quote: "Together with \$250,000 added to surplus last January, this brings the bank's surplus account to \$5,750,000 and 'is in keeping with the bank's established policy of continuing to build up capital structure,' according to Mr. Fleming.

"Directors also voted regular quarterly dividends of \$3 a share on capital stock, payable July 16 and October 15 to stockholders of record July 9 and September 30."

Henry J. Mergler, Vice-President of the Fifth-Third Union Trust Co., of Cincinnati, Ohio, died on July 9. In its July 10 issue the "Cincinnati Enquirer" said:

"Mr. Mergler, who was 63 years old, had served the Fifth-Third since 1903, when he was employed as a clerk by the Union Savings Bank & Trust Co., predecessor of the present institution. Advancing to Assistant Treasurer and then Secretary, Mr. Mergler was elected Vice-President in January, 1934.

"A Past President of the American Institute of Banking, the educational division of the American Bankers Association, Mr. Mergler was for many years an instructor of the Cincinnati chapter of the Institute."

The Cynthia State Bank, Cynthia, Ind., became a member of the Federal Reserve System July 19. The new member was organized in 1905. It has a capital of \$30,000, surplus of \$13,000 and total resources of \$714,492. Its officers are: Ray B. Hollis, President; W. O. Boren, Cashier and Trust Officer.

The Mercantile - Commerce Bank and Trust Company, St. Louis, recently announced the election of Thomas W. Pettus to the bank's board of directors. Mr. Pettus is President of the National Bearing Division—American Brake Shoe Company, with which he has been associated since 1928. A graduate of Princeton University in the class of 1927, Mr. Pettus is a native St. Louisan and has held various positions with National Bearing, including that of Sales Manager Vice-President and Executive Vice-President before becoming President.

Retirement of \$60,000 of the preferred stock held by the Reconstruction Finance Corporation was announced by Merle E. Robertson, President of Liberty National Bank & Trust Company, of Louisville, Ky., on July 9, according to Donald McWain, financial editor of the Louisville "Courier Journal"; advices continued:

"This reduced RFC's holdings of Liberty preferred from \$750,000 to \$690,000, which is represented by 27,600 shares of \$25 par value stock.

"Coincident with this retirement directors of the bank declared a stock dividend on common stock by increasing the 60,000 shares of common from a par value of \$15 to a par value of \$16. This increases the capital represented by common stock from \$900,000 to \$960,000.

"Capitalization of the bank now includes preferred stock, \$690,000; common stock, \$960,000, and surplus, \$960,000, for a total of

\$2,610,000. Pushing capital funds past \$3,000,000 are undivided profits and a reserve for contingencies, Mr. Robertson said."

The board of directors of the United States Trust Company, of Louisville, Ky., on July 19 elected A. B. Comstock President of the institution on motion of Bethel B. Veech, retiring President. Mr. Comstock was elevated from his position as Vice-President, according to the Louisville "Courier Journal," which further reported: "The directors also chose Mr. Veech as Chairman of the board of directors and A. R. Landes as Treasurer.

"The meeting was the first since the choice the preceding day of Thurston Morton and Eli H. Brown, III, as new members of the board. They were elected at a stockholders' meeting."

The Bank of Sharon, Sharon, Tenn., became a member of the Federal Reserve System on July 20. In reporting this the Federal Reserve Bank of St. Louis said: "The new member opened for business Dec. 1, 1902. It has a capital of \$35,000, surplus of \$25,000 and total resources of \$1,316,958. Its officers are: R. H. Jackson, President; Lon Harkey, Vice-President; R. S. Moore, Cashier; R. S. Roberts and Harry Cornell, Assistant Cashiers.

In its July 15 issue the "Dallas Times-Herald" reported that Nathan Adams and E. L. Flippen were named directors of the Hillcrest State Bank of University Park and the American National Bank of Oak Cliff at their stockholders' meetings during that week, and that T. E. Jackson was also elected a director of the Hillcrest State Bank. The advices further said:

"The American National Bank and the Hillcrest State Bank are now affiliates of the First National Bank in Dallas. In commenting on this affiliation, E. L. Flippen, President of the First National Bank in Dallas, said: 'These two rapidly growing suburban banks were acquired in order to better serve the business interests, and the people, in their respective sections of Dallas. We feel that the association of these two banks with the First National will not only benefit the individuals and businesses they serve, but will help to build a greater Dallas, as suburban banks play no small part in the increasing financial importance of our city.'

"Cooper E. Wyatt, President of both the Hillcrest and American National, stated that 'Our affiliation with the First in Dallas will enlarge materially our scope of operations, while continuing to maintain the individuality of each unit bank.'

The 75th anniversary of the Seattle-First National Bank of Seattle, Wash., has recently been observed. The Seattle "Post-Intelligencer" of July 8, referring to the bank's development through the course of the years, from the time of its inception in 1870 as the Phillips-Horton & Company Bank, had the following to say in part:

"The Phillips-Horton and Company Bank, which grew through successive changes and mergers into the Dexter Horton National Bank and finally into the Seattle-First National Bank, will celebrate the 75th anniversary of its founding this week.

"The bank opened its doors for business June 16, 1870, in a one-story frame building, 20 feet by 40 feet, on the corner of what is now 1st Ave. S. and Washington St.

"In the beginning Dexter Horton and David Phillips were storekeepers. They got in the habit of hiding money in their store for customers who had no place to leave cash in bankless Seattle. Usually they hid the

money in a coffee barrel. Then they bought a safe and finally opened a bank, the first in the Pacific Northwest.

"Still an active account on the bank's books is that of the Frauenthal Brothers, early day merchants, who made their first deposit on the day the bank opened. The Frauenthal brothers are long since dead but the holdings they left are being administered by their nephew, J. H. Neuberger, a Seattle-First National Bank Vice-President.

"In 1872 Phillips dropped out of the firm, selling his interest to Arthur A. Denny, and the institution became known as Dexter Horton and Company.

"Seventeen years later the big fire which swept Seattle destroyed the building in which the bank began, but, like the rest of the burned-out town, the bank was rebuilt.

"Now, with 35 offices throughout the State, the bank has its main office at 2d Ave. and Cherry St., only a few blocks from its original site.

"High point of the week-long anniversary celebration will be a reception, to which Seattle's pioneers have been invited, in the bank tomorrow night. G. N. Latimer, whose father, N. H. Latimer, was the bank's President when it celebrated its 50th anniversary, is in charge of arrangements for the reception."

A. W. Winden, who last month became President of the Tacoma Savings & Loan Association, Tacoma, Washington when Alfred Lister died, and who has been prominent in northwest banking circles since 1909, died on June 24 according to Associated Press advices which added:

"Mr. Winden had been with the company since he came here in 1909. He was a past President of the Northwest Conference of Savings and Loan Associations, a member of the committee on loan procedure of the United States Savings and Loan League, Vice-Chairman of the League's committee for social security, and a member of the League's state section committee."

The Royal Bank of Canada announced on July 19 the appointments of A. F. Mayne as supervisor of foreign branches and C. B. Clark as assistant supervisors of banking arrangements. Both Mr. Clark and Mr. Mayne have been connected with various branches of the bank for many years.

The Directors of Westminster Bank Limited of London have declared an interim dividend of 9% for the half year ended 30th June, 1945, on the £4 shares, and the maximum dividend of 6¼% on the stock for the same period. The dividends (less income tax) will be payable on the 1st of August to those shareholders and stockholders whose names were registered in the books of the company on the 30th of June, last.

The Directors of the Midland Bank Limited announce an interim dividend for the half year ended June 30, last, at the rate of 8% actual less income tax, which was payable on July 16. The same rate of dividend was declared a year ago.

The death of Sir Harry Goschen, former Chairman of the British Bankers Association, on July 7, at Harlow, Essex, was reported in Associated Press advices from London July 9. He was 78 years of age. In the New York "Herald Tribune" of July 10 it was stated:

"Sir Harry was born William Henry Neville Goschen, in Addington, Surrey, but when he was knighted in 1920, he chose to be known as Sir Harry because there already was a Sir William Henry Goschen, a relative.

"He began his career in the of-

Life Ins. Owned by Americans at New Peak

Life insurance owned by American families reached a new peak at mid-year, with an estimated \$153,000,000,000 in force, it was reported on July 20 by the Institute of Life Insurance. This is an increase of \$9,000,000,000 over the previous mid-year and \$29,000,000,000 greater than the total in force at the outbreak of the war. These figures said the Institute do not include the National Service Life Insurance written on the men and women in the armed forces.

"This is a striking illustration of the extent to which the American people have increased their insurance protection while directing their greater wartime incomes into the channels of thrift and savings," Holgar J. Johnson, President of the Institute, said in commenting on the mid-year report. "They have made unprecedented purchases of War Bonds, holding about \$44,000,000,000 at mid-year; they have increased savings deposits at a record pace to over \$44,000,000,000 at mid-year; and they have increased their ownership of life insurance to a record amount. The net result is an important contribution to stabilization of the national economy for the war period and to the nation's fight against inflation." The Institute further says:

"Total life insurance company holdings of U. S. Government securities reached approximately \$18,000,000,000 at mid-year, up \$11,000,000,000 since Pearl Harbor. Life insurance company subscriptions in the Seventh War Loan Drive alone came to \$3,200,000,000. At mid-year, total assets of all American life insurance companies were \$42,500,000,000, guaranteeing the life insurance protection for 70,000,000 policyholders.

"Aggregate benefit payments to policyholders and beneficiaries in the first half of the year were approximately \$1,370,000,000, which is \$93,000,000 more than payments in the corresponding period of last year. The increase is due in large part to war death claims. Total death claims exceeded \$670,000,000 in the half year, which compares with \$614,014,000 in the first half of last year and \$507,869,000 in the first half of pre-war 1941. Direct payments to living policyholders, exclusive of cash surrender payments, also increased in the first half of this year, aggregating \$585,000,000 which is 15% over the corresponding period of pre-war 1941."

Truman Sends Bastille Day Message to French

The following is reported by the United Press from Washington, July 13, to be President Truman's message to the French people on Bastille Day, July 14, the French national holiday:

"In Bastille Day, the people of France have given the world an undying symbol of freedom. Throughout the long history of our friendship with France, the people of the United States have shared the principles for which it stands.

"Never have those principles had a greater significance than in this year of the final overthrow of one of the darkest tyrannies that has ever tried to enslave mankind."

office of his father's firm, Fruhling & Goschen, and soon became a partner in the firm of Goschen & Cunliffe. He was made a director of the chartered Bank of India, Australia and China, and of the National Provincial Bank. He became Chairman of the London Clearing House in 1918 and received the Order of the British Empire. He received a baronetcy in 1927."