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The Financial Situation

President Truman in a lengthy and tedious message to Congress has set forth his own personal political platform. It need have surprised no one when he showed himself, politically speaking at all events, heart and soul a New Dealer. That he is precisely such has been plainly and inescapably implied in what he has been saying and what he has been doing for a good while past. His associations with the so-called (and now apparently largely imaginary) conservative Southern element in his party, and the hope which is said to spring eternal in the human breast, may have led many to defer recognition of and reconciliation to the fact, and the lip service that is paid religiously to "free enterprise," the "American way," and the rest—an art in which President Truman's predecessor was among the masters—may possibly still becloud the vision of some observers, but the programs and measures which his predecessor had evolved are saturated with Rooseveltian doctrines and tactics.

Rooseveltisms Assembled

Indeed the President has done little but assemble the programs and measures which his predecessor had evolved and which he repeatedly asserted would occupy his attention as soon as the war was won. Such changes or additions, if any, as are to be found are quite strictly in accord with New Deal ideas, and almost certainly were for the most part formulated by New Deal managers and manipulators brought over from the Roosevelt regime. To his credit be it said that President Truman has not yet, at any rate, developed the vindictiveness, the rancour, or the general ill-will toward industry and trade in general which characterized President Roosevelt's attitude, and it is to be hoped that he will not do so as the months and years pass, but national policies and programs of the sort now laid before

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The President's Message

In Longest Message Submitted by Chief Executive to Congress Since 1901, President Truman Urges Retention of Certain War Time Controls to Prevent Deflation and Inflation, the Continuation of Selective Service, Additional Veterans' Aid, Transitional Tax Revision, a New Housing and Public Works Program, Aid to Small Business and to Agriculture, and a Government Research Institution. Reiterates His Approval of Pending Full Employment and Unemployment Benefit Bills and Calls for Adherence to No-Strike, No-Lock-Out Policy Pending a Conference of Labor and Industry. Cites Reconversion Policy and Aim Towards a Stable Economy.

In the longest Presidential message to Congress in more than four decades, President Harry S. Truman, on Sept. 6, mapped out a wide field of Congressional action both in relation to the immediate problems of reconversion from war to peace and in laying down a future program for economic stability and progress. He outlined a 21-point program of legislation, the adoption of some of which he had already urged on Congress, and he advocated unity and cooperation by all interests to achieve the transition from a wartime to a peacetime economy, and in concluding, expressed confidence that Congress "will continue to play its patriotic



President Truman

part in the difficult years ahead" and "that the job, the full job can and will be done."

A Time of Great Emergency

Complimenting Congress on the part it played in bringing about victory, Mr. Truman added:

The Congress reconvenes at a time of great emergency. It is an emergency about which, however, we need have no undue fear if we exercise the same energy, foresight, and wisdom as we did in carrying on the war and winning this victory.

The sudden surrender of the Japanese has not caught us unawares. President Roosevelt, as early as the Fall of 1943, began to set up machinery which he foresaw would become necessary to meet the reconversion period. The Congress in its wisdom has adopted some of that machinery by statute, and has improved and added to it. As a result, Government agencies, for some time, have been

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Autonomics and Economics

By ALDEN A. POTTER

Money Is Not Wealth: Savings Are Not Capital. Social Function of Saving: To Keep Wealth in Control of Fittest. Fools and Their Money Not Parted Adequately by Present Finance Which Often Advances Innovation Uneconomically. Capital Is Universally as Well as Specifically Competitive. Monopoly of Monetary Control, Not of Coercion, Is Prime Function of Modern State: Is Not Fulfilled by Current Methods. Speculation Must Involve Only Real Values and Costs, So as to Stimulate Efficiency by Risks Which Do Not Involve "Love of Money."

III

A Supra-Classical Theory of Saving

Of the many sore spots that have broken out on the complexion of modern society as it travels down the well-worn road to serfdom,

there can be no doubt that Senator Taft, though not unerringly, put his finger on the sorest spot in pointing to the "unsound calculations" of the New Deal as to saving. Just how sore a spot this is has been notably emphasized in editorials (The Financial Situation) in the "Chronicle" on



Alden A. Potter

April 12 last, and again on June 21, commenting on wartime "savings." In the April number exception is taken to the current illusions bred by the frequent use of the word "savings" to mean both money and wealth: Adam Smith is quoted as having protested against "this popular notion that wealth consists in money" and the danger that "even they who are convinced of its absurdity

are very apt to forget their own principles and in the course of their reasonings to take it for granted as a certain and undeniable truth."

Why this peculiar aptitude for reverting to the illusion that wealth is composed of or formed by, savings and their "investment"? Economists generally will deny a cost-theory of value, particularly when its incoherence is set forth in "Marxian" terms of "labor" costs; but when "capital" values are brought into question it is insisted that these result entirely from "savings." The words, indeed, come to be synonymously used. For example, the Securities and Exchange Commission has tabulated both real and monetary holdings as "savings"; and such "expert" discussions as those

evoked at Bretton Woods refer to "fights" or "capital" in which one can not but realize that it is not "lands, houses, and consumable goods" (to pursue the words of Adam Smith) that have sprouted wings, but that the word "capital" is being used to mean money.

Aside from these confusions in terminology, however, Senator Taft's analysis is mistaken in its implications; for neither is new value formed by saving, nor is it true that saving is not necessary to maintenance of capital values. The social function of saving is simply not what he and economists generally say it is, namely, curtailment of present for the sake of future consumption. Capital is, indeed, the very antithesis of an "evernormal granary" as the New Deal developed this ideology under the present Secretary of Commerce. Saving and wise investment enhance current, not future, consumption by directing

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"Planning" In Sweden

By AXEL IVEROTH

Secretary, Federation of Swedish Industries

Maintaining That Economic Planning in Sweden Has Reached an Advanced Stage, Mr. Iveroth States That Recent Aim Is to Avoid "a One-Sided and Short-Sighted Perfection of Economic Security Which Would Shackle the Progressive Forces in Industry." Says There Is Danger of an Over-Emphasis on the Need of Security Which May Result in Stagnation, and as 30% of Sweden's Industrial Production Is For Export, the Country's Policy Must Be to Avoid Trade Restrictions and Quotas. Sees No Need for Further Government Participation in Business and Advocates Establishment of an Investment Bank to Encourage Capital Outlays in Depression Periods.

The following is a rapid sketch of the general economic background against which the present discussion of economic planning in Sweden must



Axel Iveroth

be viewed, and also an indication of the main trends of thought which are being followed in continuation of the now traditional Swedish policy of bolstering employment and purchasing power in times of depression by various deliberate measures.

Planning At An Advanced Stage in Sweden

It should be said at the beginning that any criticisms of present

tendencies in Sweden are not to be taken as any reflection on the desirability of planning in general, nor should they be construed as a warning against any further extension of over-all planning in the United States. In making comparisons between Sweden and the United States it is always essential to bear in mind that these countries are in very different stages of development as regards economic planning and public control of matters concerning the common welfare. Thus basic, fundamental concepts, which are still the subject of violent clashes of opinion in the United States, are widely accepted and have actually been put into practice in Sweden. It is necessary to understand this clearly, as otherwise there is a danger that the whole discussion of how to arrange our economic future in the light of

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*These items appeared in our issue of Sept. 10, on pages indicated.

From Washington Ahead of the News

By CARLISLE BARGERON

General Wainwright has confided to friends that he is amazed that he is being received as a conquering hero when he is, through no fault of his own, a defeated general. The truth is that Washington officialdom, in particular, is conscience stricken. It is doubtful if any government has ever been more cruel to its soldiers than we were to the men of the Philippines.

The forthcoming Pearl Harbor investigation will reveal what many in Washington have known for a long time: that Mr. Roosevelt expected an attack and welcomed it as a way out of the dilemma in which he found himself. There is not the slightest reason in the world why his admirers should resent this statement, or a statement that he wanted a Japanese attack to justify his entering the European war. The reason why the British and the French are so grateful to him is that he maneuvered this country to their rescue, a tremendous job in view of the fact that for more than 20 years we had been determined never again to get into a European war. His admirers in this country proclaim his "world leadership." He foresaw the menace of Hitler, we are told, when the so-called isolationists were ostriches with their heads in the sand. Why they should resent the statement that he led us into war is difficult to understand. If he did not do this, what was the difference between him and men like Vandenberg, Taft, or Gerald P. Nye, or the America Firsters?

It has been known for a long time in Washington that he expected the Jap attack. But he did not expect it at Pearl Harbor. He looked for the Japs to strike at the Philippines. He was determined that this should be the occasion for our entry into the war against Germany. He, therefore, knew that the Philippines could not be saved. The amazing thing is, knowing this, why he continued to send men to the islands. He was doing this right up to the time of Pearl Harbor, sending National Guardsmen who had been called into the service ostensibly to protect our shores. It is becoming apparent, in fact, that we even had National Guardsmen in Java before Pearl Harbor. These men were being sent out there without any hope that they would be sufficient. They were being sent in just enough numbers to give warrant to the Japs' attack. General Wainwright and his gallant men are now being hailed as having fought a delaying action, to give us time to prepare. They fought heroically but, of course, they did not delay anything. The Japs swept quickly over everything they surveyed, the Dutch East Indies, Singapore, Burma, and so on. It is pathetic now to hear General Wainwright tell about how they looked to the skies for reinforcements. Expected reinforcements were the only justification for him and his men to fight as long as they did. But the Government never had any intention of sending reinforcements. It is well that he is now being acclaimed. Maybe the joy over being home and the reception his countrymen have given him will erase some thoughts which he has undoubtedly held for a long time.

Dramatically enough, his return coincided with the arrival of the British financial delegation to work out some means for their country's survival. They have



Carlisle Bargeron

come with a downright feeling that we have betrayed them, in cutting off lend-lease and in now suggesting that what money they need, they borrow and pay for. They have only to point to the utterances of our own leaders to justify their feeling. Not once did we ever hear any of our leaders justify our entry into the war on the ground that it was to help Britain. Rather, it was to defend ourselves, and we owed Britain, so we were told, a debt of gratitude for holding the fort until we could get ready. It was never even suggested that Britain had any selfish interest at all. She was just serving us. The trouble is that in propagandizing our own people, the people of Britain were similarly propagandized. Now, they want us to continue to pay the bill, and unless our leaders were lying to us, they, the British, would seem to be on sound ground. No one here really questions that they will get the money they need, either, although there will be an effort on the part of our Government to make it appear more palatable to the American taxpayers by disguising it as a business proposition. Secretary of State Byrnes was alarmed by Mr. Truman's frank statement that lend-lease debts are to be written off, and he has said this is not true. However, it is. And nobody knows it better than the Secretary.

It is beginning to look more and more as if Britain's plight may hold up her socialization program. The question arises, for example, where she is going to get the money to buy up the railroads, to cite one item, from the already overburdened American taxpayers?

However, the explanation is that Britain has no internal financial worries, probably on the same basis that we need not worry about a \$300 billion debt because we owe it to ourselves.

As to her external problems, it is our understanding that this Government is prepared to offer a non-interest bearing loan of \$4 billion, to be amortized in 40 years from 1951, on the condition that members of the Empire will make a similar loan of one billion, that other countries to whom Britain owes around \$14 billion, scale this amount down to \$7 billion, and also that Britain join the Bretton Woods set-up.

As serious as this whole problem is, there is a question in Washington as to whether one of our most serious post-war problems is not Henry Kaiser. Is he to be continued in the manner of living to which he has been accustomed: the Government putting up the money and letting him operate? He has made himself symbolic of the forces, mostly CIO labor leaders, who insist that no war plant be dismantled but should be continued in operation to give employment to CIO members. The rallying cry is "turn the plant over to Kaiser." With Mr. Roosevelt's death the Government seems to be bent upon getting some of its money back from Mr. Kaiser, not continuing to finance him willy nilly. The fact is, of course, that our automobile manufacturers, for example, will turn out just as many cars as they can sell and give just as much employment in that industry as people will buy cars. The propaganda about turning over a plant to Kaiser to let him manufacture cars and give additional employment is a vicious agitation, and it is going to be troublesome.

Krug of WPB Reports on Reconversion

Industries are meeting the challenge of reconversion, J. A. Krug, Chairman of the War Production Board, said on Aug. 30 in his first report on "The Progress of Reconversion," which showed that by the end of this year the country's key industries expect production to be slightly over 100% of the 1939-41 base period in terms of dollars and employment to be slightly under 100% of the same base period. Moreover, they expect both the production and employment figures to be climbing above these levels by the middle of 1946.

"Sixty-two major peacetime industries, representing 5,001 companies, were closely surveyed by the War Production Board," Mr. Krug said, "and the comprehensive preliminary data received from 42 of the most important of these industries, representing 3,750 manufacturers, gives us our first real indication of where we are heading in reconversion. These 42 industries covered in this report were primarily industries that had major reconversion problems. Additional industries will be included in future reports that will be made on industry's reconversion progress." Mr. Krug added:

"This WPB survey on production and employment expectations for the next 10 months shows that the industries reporting are going ahead with ambitious production and expansion plans, that they are meeting no greater difficulties than were to be expected during this transition period and that they are already surmounting such difficulties with typical American ingenuity."

The advices from the WPB also said in part:

"The survey of the industries showed the following, with respect to what the industries considered a normal prewar period:

"1. In July, 1945, production was at 46% and employment at 51%.

"2. It was estimated that production in August would be up to 48% with employment rising to 57%.

"3. By December of this year, their production will be 112% and their employment 96%.

"4. And that by June of 1946, their production may skyrocket to 187% with employment up to 133% of the base period.

"Commenting on these estimates, the Chairman of the WPB pointed out that the price differentiation between 1939 and 1945 must be taken into consideration; that is, it must be remembered that prices for the durable goods are higher in 1945 than they were in 1939 and therefore unit production as shown by these estimates may not be as great."

"The improvement noted," Mr. Krug said, "will help to allay the problems that several million war workers, now being released from war plants face. Their problems are serious, particularly in many cases where shipyard and aircraft workers are being released and they must find job opportunities as well as other people. The next three or four months will be a time of economic concern, as the millions involved make their own individual adjustments to fit into the framework of expanding civilian production. This release of employees from war plants naturally precedes the creation of new jobs in other industries."

These war plants, bearing in mind that entirely different machinery must be installed, represent little more than buildings. The fact that there is a Willow Run doesn't mean there is an idle automobile plant.

The State of Trade

Industrial production the past week continued to reflect a reduction in output over that of a year ago, but with greater progress occurring in the reconversion of plants, the sharp declines witnessed in preceding weeks were beginning to show signs of slackening. It is interesting to note that despite the precipitate rise in unemployment throughout the country, which is presently estimated to have

reached a total of 3,000,000 workers, and with the peak still to be attained, department store sales as reported by the Federal Reserve Board's index for the United States, reveal a decline of only 1% for the week ending Sept. 1 from that of the corresponding period a year ago and an increase of 2% for the four weeks ending on that date, in addition to a gain of 12% for the year to Sept. 1, last. Department store sales in August were about 6% larger than a year ago, according to the same source.

One answer to the sustained consumer buying in the face of increasing unemployment may be found in the belief of many displaced war workers that the situation which now confronts them is a temporary one and that with the return of industry to full-scale civilian production they will be re-employed.

Touching upon this most critical phase of our reconversion problem, the Guaranty Trust Company of New York in its monthly house organ, "The Guaranty Survey," had this to say: "The task that the country must face during the transition period, according to recent estimates by the Department of Commerce, will be that of finding places for about 11,000,000 members of the armed services and about 7,000,000 non-agricultural workers now in the civilian labor force who were not there before the war. Of the combined total of 18,000,000, about 7,000,000 are expected to withdraw from the labor market, including 4-500,000 women, 1,500,000 retirable men, 500,000 soldiers returning to school and an equal number entitled to pensions.

"This leaves 11,000,000 to be provided for. Of these, there is believed to be room for 2,000,000 in agriculture, on the basis of a decrease of about that number in agricultural employment during the last five years. A million or more are expected to return to the contract construction field, where employment has decreased by that amount during the war. Still another million may be absorbed by the Army and Navy, which are believed likely to require a substantially larger personnel than they did before Pearl Harbor." On the basis of these estimates, about 7,000,000 workers in excess of the prewar number would remain to be absorbed into our civilian economy. The time factor required for the attainment of expanded peacetime volumes that will be needed for full employment vary according to estimates from three to 18 months.

Taking up the principal fields of employment into which displaced war workers and returning veterans can go, the "Survey" states, "official reports mention the manufacturing and retail divisions that have been curtailed since 1941, the jobs that have been filled by women who will withdraw from the labor market, and the numerous opportunities for veterans to go into business for themselves in such lines as selling agencies, repair shops, restaurants, grocery stores and many others. Employment in the production of consumers' durable goods, such as automobiles, refrigerators and washing machines, is expected to increase promptly and expand rapidly, even though considerable periods may be required in some cases to attain capacity operations. A substantial increase is anticipated also in employment in trades and services, along with a gradual but steady rise in the field of construction, and expanding opportunities in the lumber, mining, clothing and leather in-

dustries, and at least temporarily in railroad transportation."

Steel Industry—Post Labor-Day reopenings found the steel industry well along as far as reconversion problems were concerned, according to "The Iron Age" in its Sept. 6 summary of the steel trade. Order volume last week was heavy with steel ingot operations showing a slow but steady upward climb. Steel consumer reconversion moved at a much faster rate than had been expected and normal market factors such as prices and wages were in greater evidence than has been customary in the war period.

A substantial increase is expected by all steel companies this month in nonrated business for shipment as soon as schedules reach a more normal level, notwithstanding the continuance of CMP orders through September. Railroad freight car builders, railroads and can makers to date have substantial orders on steel mill books and a minimum amount of reconversion troubles and consequently, deliveries to these industries are expected to be heavy for some time to come. Meanwhile, pressure from Detroit upon the steel mills is and will be greater, the trade paper adds, since the automobile industry is gearing itself for much higher output of new cars than quotas would have allowed.

The oil industry, too, is entering the steel market for heavy quantities of steel. Oil companies are especially interested in the production of "one trip" steel drums, the magazine reports, with some sources contending that steel requirements over the next several months for this production alone will approximate the Army's requirements. Stocks of oil well casing and drill pipe have dwindled rapidly the past few years and now that bomb programs have been practically eliminated, heavy ordering of oil country goods is currently taking form.

Most of the common steel products are, according to steel companies, being made today either at a loss or at a break-even point. Having lost nearly all of their volume-guaranteeing war contracts and with wage costs relatively high, the entire steel industry is vitally interested in possible ceiling price increases. Some companies have been forced to go to a 40-hour week in order to reduce their overhead, "The Iron Age" observes, but this action has not been entirely successful because labor shortages still exist in steel plants despite layoffs elsewhere. Shortages are higher in finishing mills where skilled workers are needed to process such products as cold rolled sheets, strip, galvanized sheets and other peacetime steel products which require more finishing operations than did the output of the war period.

Now that war cancellations have been effected, steel company earnings indicate that once again prices are being analyzed by OPA for the purpose of granting some type of relief. The steel industry has already asked for a general price increase, but judging from past performance the OPA will probably recommend and approve specific product price revisions covering those items on which the return is the least or the loss the greatest.

According to reports received from abroad, out of the 122 blast furnaces which were left undestroyed by the war in France and Lorraine, only 39 were in

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What the . . . ?

As long as there are more dollars than goods in circulation, the Government must hold the line against inflation. At the same time, for the future prosperity of the country, it must make sure that the national income continues high.

Stabilization is a many-sided problem. There will be simultaneous pressures for inflation and deflation. Widespread unemployment, even though temporary, threatens a depressing influence upon the economy. So also does the reduction in take-home pay brought about by loss of overtime work.

This will be felt more in some parts of the country than in others, but its ultimate effect will not be local. Our entire economy is too closely interlocked. When a mechanic in San Francisco is laid off, a manufacturer in the East may feel the impact.

At the same time, there is a continued shortage of many key commodities, a great deal of money in circulation, and a healthy demand for goods generally.

Since the pressures are in both directions—toward deflation and toward inflation—different controls must be exercised. The income of the unemployed must be sustained by increased unemployment benefits; the purchasing power of wage earners must be maintained. At the same time, the cost-of-living items and the level of business costs must be stabilized.—John W. Snyder, War Mobilization and Reconstruction Director.

This strange medley of ideas is a little too much for us.

Can any one suppose that a case for government controls has been made?

International Food Organization to Be Set Up

According to an announcement on Aug. 30 the Food and Agriculture Organization of the United Nations will be the first of the new permanent international organizations to come into existence, the New York "Times" was advised in a special dispatch.

Plans for the organization were first made at the United Nations Conference on Food and Agriculture, held at Hot Springs, Va., in 1943.

The Interim Commission was then formed, to be automatically dissolved as soon as the conference convenes to draw up a constitution for the organization and prepare for the first conference.

The new organization, which is designed to fit into the general framework of the United Nations Organization, will, says the "Times" advise, be formed on Oct. 16 at a meeting in Canada to which 44 countries have been invited.

More than 20 countries have now agreed to accept the constitution of the new organization and are free to send delegations. It is expected that several other governments will have agreed to ratify the constitution before the meeting.

From the "Times" account we also quote:

In announcing the organization's first conference, Gove Hambidge, Executive Secretary of the Interim Commission, said that the exact location of the meeting in Canada will be announced as soon as arrangements are completed.

According to the preamble of the organization's constitution, the countries joining the organization are "determined to promote the common welfare" through national and international action. The objectives of this action are to improve efficiency in the production and distribution of all food and agricultural products; to raise levels of nutrition and standards of living; to improve the condition of rural populations, and to contribute by these means toward an expanding world economy.

The member countries agree to "report to one another on the measures taken and the progress achieved" in these fields of action.

The conference in Canada will take the necessary steps to organize the organization and will formulate plans for its work.

The primary purpose of the organization will be to get these advances more widely used. It will

BLS Index No Longer to Be Wage Basis

After an exhaustive study of the so-called "cost of living" index compiled by the Bureau of Labor Statistics of the Department of Labor, Labor Secretary Schwel-lenbach announced that hereafter the index will be known as the "Consumers Price Index for Moderate Income Families in Large Cities." The index, in the past, has been used, the "Journal of Commerce" pointed out, in its report of the new announcement from Washington, Sept. 6, as a guide to management-labor wage contracts, and was the basis for the wartime "Little Steel" formula.

Mr. Schwel-lenbach asserted, the report continued, that the index has been scientifically accurate for "what it is designed to measure," but expressed the opinion that it had been used for "purposes for which it is not adapted."

Both the AFL and the CIO vigorously attacked the BLS index in seeking to break the "Little Steel" formula during the war, the "Journal of Commerce" pointed out. They asserted that the figures compiled by the Labor Department did not reflect "hidden" increases in the cost of living and were based entirely on studies of prewar metropolitan areas which did not show the costs of living in the mushroom war centers.

The advices to the "Journal of Commerce" from its Washington bureau, further stated:

Spokesmen for the AFL and CIO said that the change in status of the BLS index would not affect any existing labor contracts. Unions in both organizations have refused to accept the BLS figures in negotiating for contracts to the extent that wages would be raised when the BLS index went up and could drop if the BLS survey should show a decline in living costs.

The index will be continued because it is necessary to have a measure of the influence of price changes on living costs, Mr. Schwel-lenbach said. But hereafter two general principles will be applied:

(1) A definite, specific, and concrete objective should be served by the compilation of any statistics. The objective sought must be sufficiently worth-while to justify the time, effort and expense involved.

(2) The Government, management, and labor need facts of unquestioned accuracy to determine labor policies. The United States Department of Labor will continue to meet that need. The Bureau's figures would be valueless if either incompetently assembled or deliberately arranged to prove a pre-determined conclusion. Research must not be prostituted to policy; instead, policy must be based on facts determined by honest and competent research.

Ins. Commissioners to Meet at Grand Rapids

A group of executives representing Michigan insurance companies are planning for the approaching mid-winter meeting of the National Association of Insurance Commissioners, to be held Dec. 2-5 at Grand Rapids, Mich. On Aug. 23, the group met in the Michigan Mutual Liability Company home office in Detroit for discussion. David A. Forbes, Michigan Commissioner of Insurance, was present at the meeting. Tentative plans were consummated and appointments of chairmen and committee members were made.

The Honorary Chairman is Commissioner Forbes and the General Chairman is Walter E. Otto, President of the Michigan Mutual Liability Co., Detroit, Mich.

For Servicemen's Attention

Labor Unions Discussed

BABSON PARK, MASS.—I have today received a telegram from a returned serviceman who has just arrived from Europe. He states that, after paying certain bills and providing for his board and lodging, he is broke. "But," says he, "I cannot get a job until I pay a labor union twenty dollars or more. Please wire me some money immediately."



Roger W. Babson

Postwar Employment

This especially applies to boys from Republican homes or from Southern Democratic homes, including boys from the farms. But those who are returning to homes having brothers or fathers as union members are mostly favorable to the unions.

How to Avoid Unemployment
It is not necessary that the postwar prosperity should be short. It is not necessary that it be followed by another period of severe depression and unemployment. But I fear that these labor leaders who came into power during the war, have not yet learned their lesson, as the telegram above mentioned sadly illustrates. Hence, I am much disturbed and say that postwar employment will depend upon the attitude of the returning servicemen. They should insist upon freedom to work where and for whom they wish, with or without union membership, unless they become employers themselves.

Every employer is prepared to take back such returning servicemen as were in his employ when they were drafted. After this, a difficulty will come in deciding who shall next be in line for jobs, the young fellow who never had a job before entering the service, or the man who has been employed in shipbuilding, airplane construction or munitions manufacture? Certainly, many married women and old people will be expected to step aside and return to their prewar status.

Labor Unions Are "Big Business"

But then I am asked a second question:—"How long will this post-war prosperity last?" To this I am prepared to answer: The length of the postwar prosperity depends largely upon the labor union leaders. They can make the prosperity short or they can have it extend over a long number of years, according to how they act. As to what they will do, no one—including themselves—knows. Why? Because the actions of these labor leaders will be determined by the returning servicemen and we do not know what their attitude will be.

There is little real democracy in a big labor union. Members vote as ordered; they have far less freedom than the stockholders of any corporation. Often even the officers of the union are mere figureheads without real authority. The typical labor union today is a "big business" run by dynamic leaders primarily for their own advancement and profit. They make demands and call strikes to have their members think they are doing something.

Watch Returning Servicemen

Labor leaders can bluff their present membership, which has become docile from browbeating and blackmail. But these labor leaders may meet their match in the returning soldier. He is no namby-pamby. Hence, the important question is, "What will the attitude of these returning servicemen be toward the labor union leaders?" If the returning soldiers insist upon the open shop and peaceful collective bargaining, the postwar prosperity can be bright and of long duration with little unemployment; but otherwise, there will be much unemployment.

I do not attempt to guess what attitude these returning servicemen will take. They seem to be influenced much by the feeling of their families. Those who came from homes which are independent—especially white-collar homes—are against union dom-

Other members of the Council are: George L. Bliss, President of the Railroad Federal Savings and Loan Association; William Bradley, Secretary of the Yonkers Savings and Loan Association; Philip M. Burkard, President of the Home Federal Savings and Loan Association; William J. Dwyer, President of the Franklin Society for Home Building and Savings; Nugent Fallon, President of the Federal Home Loan Bank of New York; Leon Fleischmann, President of the Ninth Federal Savings and Loan Association; Claude B. Gandy, President of the Richmond County Federal Savings and Loan Association; Joseph Holzka, Executive Vice-President of the Northfield Savings and Loan Association; Hiram C. Horton, Secretary of the Westerleigh Savings and Loan Association; Arthur E. Knapp, Vice-President of the Nassau Savings and Loan Association; Edward H. Leete, Deputy Superintendent of Banks; Walter Mack, President of the New York Federal Savings and Loan Association; Dr. Herman L. Reis, President of the West Side Federal Savings and Loan Association; Andrew S. Roscoe, President of the South Brooklyn Savings and Loan Association; Frank Simon, President of the Fourth Federal Savings and Loan Association; and Gardner W. Taylor, President of the First Federal Savings and Loan Association.

Am. Savings & Loan Council to Meet

C. Harry Minners, President of the Bankers Federal Savings and Loan Association and Chairman of the Senior Advisory Council of the American Savings and Loan Institute, called the Council together for its first meeting of the 1945-46 term, on Wednesday evening, Sept. 5, at the Chapter's headquarters, 41 Park Row, New York City. Among the matters discussed and voted upon was the curriculum for the coming school year. Courses to be given this year include: Customer Relations and Advertising, Bonds and Investments, Fundamentals, Savings and Loan Law, Appraising, Real Estate Law, Accounting, Advanced Accounting, Effective Speech and Applied Business English.

Other members of the Council are: George L. Bliss, President of the Railroad Federal Savings and Loan Association; William Bradley, Secretary of the Yonkers Savings and Loan Association; Philip M. Burkard, President of the Home Federal Savings and Loan Association; William J. Dwyer, President of the Franklin Society for Home Building and Savings; Nugent Fallon, President of the Federal Home Loan Bank of New York; Leon Fleischmann, President of the Ninth Federal Savings and Loan Association; Claude B. Gandy, President of the Richmond County Federal Savings and Loan Association; Joseph Holzka, Executive Vice-President of the Northfield Savings and Loan Association; Hiram C. Horton, Secretary of the Westerleigh Savings and Loan Association; Arthur E. Knapp, Vice-President of the Nassau Savings and Loan Association; Edward H. Leete, Deputy Superintendent of Banks; Walter Mack, President of the New York Federal Savings and Loan Association; Dr. Herman L. Reis, President of the West Side Federal Savings and Loan Association; Andrew S. Roscoe, President of the South Brooklyn Savings and Loan Association; Frank Simon, President of the Fourth Federal Savings and Loan Association; and Gardner W. Taylor, President of the First Federal Savings and Loan Association.

The Financial Situation

(Continued from first page)

Congress by the President will not be the less burdensome, or the less dampening upon business for that reason.

Let those who may have been hoping for a post-war era of reasonable economy in government and a major lightening of the tax burden along with sound fiscal management take careful note of the cost of these measures that President Truman urges upon Congress. It is, of course, quite useless to attempt at this time to arrive at any precise estimate of the overall cost. The President has not only made no such attempt, but has shown no intimation that he has thought of the matter or cares much about it. But a study of the planks in his program will suggest to the understanding some notion of the order of magnitude of the cost involved—and that notion can hardly be heartening. The increase in unemployment "benefits" suggested would cost a pretty penny, but would be hardly more than "chicken feed" in comparison with some of the other items which, like the guarantee of employment at good wages for every man and woman in the land who wants to work, are left in that preliminary state of fine phrases out of which so often the most expensive of fol-de-rol presently emerges without the public ever once having given the cost a serious thought.

Let the President speak:

There has been much discussion about the necessity of continuing full employment after the war if we hope to continue in substantial degree the prosperity which came with the war years. The time has come for action along these lines.

To provide jobs we must look first and foremost to private enterprise — to industry, agriculture, and labor. Government must inspire enterprise with confidence. That confidence must come mainly through deeds, not words.

But it is clear that confidence will be promoted by certain assurances given by the Government:

Assurance that all the facts about full employment and opportunity will be gathered periodically for the use of all.

Assurance of stability and consistency in public policy, so that enterprise can plan better by knowing what the Government intends to do.

Assurance that every governmental policy and program will be pointed to promote maximum production and employment in private enterprise.

Assurance that priority

will be given to doing those things first which stimulate normal employment most.

A national reassertion of the right to work for every American citizen able and willing to work—a declaration of the ultimate duty of government to use its own resources if all other methods should fail to prevent prolonged unemployment—these will help to avert fear and establish full employment. The prompt and firm acceptance of this bedrock public responsibility will reduce the need for its exercise.

I ask that full employment legislation to provide these vital assurances be speedily enacted. Such legislation should also provide machinery for a continuous full-employment policy—to be developed and pursued in cooperation among industry, agriculture, and labor, between the Congress and the Chief Executive, between the people and their Government.

If this is not enough to convince the reader that (1) the President is concerned but little if at all with the cost of the things he is suggesting, and (2) that he is suffering from delusions identical with those of his predecessor, the following paragraph or two should do so:

We know that by the investment of Federal funds we can, within the limits of our own nation, provide for our citizens new frontiers — new territories for the development of industry, agriculture, and commerce.

We have before us the example of the Tennessee Valley Authority, which has inspired regional resource development throughout the entire world.

We know that we have programs, carefully considered and extensively debated, for regional development of the Columbia River in the great Northwest, the Missouri River, the Central Valley of California, and the Arkansas River.

In the Columbia Valley the first major step has been completed for the reclamation of barren land and the production of enormous quantities of power. The waters of the Missouri and the Arkansas and the rivers of California can be put to work to serve the national interest in a similar fashion.

If these rivers remain scourges of our nation, it is only because we do not have the prudence to harness them for the benefit of our people. If there are among us for any period of

time farmers who do not farm because there is no suitable land available to them, workers who do not work because there is no labor for their hands, we have only ourselves to blame so long as we fail to make available to them the opportunities before our very eyes.

In light of such plans as these it is not strange that the President speaks of "limited" tax reduction. It is indeed odd that he speaks of tax reduction at all—unless, of course, as one must suspect, he, like Professor Hansen and Lord Keynes, would look with equanimity upon public debt growing without limit through the years. One thing is certain. That is that the American people may as well give up the idea of ever again getting taxes under control, unless they either can bring themselves to the point of putting an end to this type of profligacy or else are reconciled to an ultimate extinction of public credit and probably of the present dollar.

"Assurances"

The fact is that the "assurances" which the President wishes to give the public, business, labor or perhaps all of them, are, in the main, of precisely the sort which will make it virtually impossible for business to function as the President repeatedly asserts he wants and expects it to function. What he is saying in effect is that if and when business fails to provide jobs for all — or more exactly, doubtless, when it becomes politically popular to decide that business is not providing sufficient jobs—Government will enter competition with business, but what is, if possible, even worse, is the plain implication that the fiscal affairs of the country are regarded of secondary importance, and that taxes must always be back-breaking, and the fear inevitably aroused that the currency of the country will soon or late lose much of its value.

Such assurances are not likely to be of much help.

Truman Abolishes OWI; Transfers Foreign Dept.

Under an executive order of President Truman the Office of War Information will cease to exist after September 15, and its foreign functions and the Office of Inter-American Affairs are transferred to the State Department, the Associated Press reported from Washington, August 31, giving the following as the three points of the President's order:

1. Created an interim international information service in the State Department to take over foreign activities of OWI and the inter-American office between now and the end of the year.
2. Gave OWI's duties of review of Federal publications to the Bureau of the Budget, as of today.
3. Directed abolition of OWI's remaining functions on September 15, when Director Elmer Davis will start liquidating the agency.

Army Announces Overseas Duty Exemptions

The War Department announced on Sept. 4 its latest demobilization policy, which, among other things, gives assurance to approximately 665,000 enlisted men in the United States that they will not be sent overseas for occupation duty. The changes automatically have the effect of freeing from foreign assignments numbers of men in divisions now scheduled to go overseas.

The following is the text of the War Department's latest pronouncement of exemptions, as released by the Associated Press from Washington, Sept. 4:

With the occupation of Japan proceeding according to schedule, the War Department announced today that no enlisted men, who as of May 12, 1945, had point scores of 45 points or over, or who are 37 years of age, or who are 34, 35 or 36 years of age, and have had a minimum of one year of honorable military service, will be sent overseas. This measure will utilize shipping to the best advantage by eliminating transportation to overseas theatres of men who would have had less than one year to serve in the theatre before being eligible for discharge.

Effective immediately, all enlisted personnel with 45 or more points under the May 12 computation, or who are 37 years of age, or who are 34, 35, 36 years of age and have had a minimum of one year of honorable military service will be screened out of units and detachments scheduled for redeployment to the Pacific and from all units and detachments which may in the future be earmarked for redeployment to the Pacific. In addition, no individuals who fall into these categories will be sent to the Pacific as replacements or casuals.

The original May 12, 1945, computation of point scores will be used for the purpose of determining which individuals will be sent overseas until the recomputation of points ordered by the War Department as of Sept. 2, 1945, can be completed. When this recomputation is completed, a revised screening score will be announced.

Only three exceptions, affecting only several hundred men, are made to the new screening score of 45 points. These are in the cases of enlisted men in the civil affairs unit presently scheduled for an early departure to the Pacific to assist in the vital task of instituting civil government in occupied territories, and enlisted men assigned to the headquarters of the Seventh and Eighteenth Corps, both of which are scheduled for immediate departure. In the cases of these exceptions, no enlisted man with 60 or more points or who is 37 years of age, or who is 34, 35, or 36 years of age with a minimum of one year of honorable military service will be sent overseas.

Under demobilization and redeployment policies for enlisted men now in effect the following summary gives the status of enlisted men:

An enlisted man is eligible for discharge if:

1. He has 80 or more points under the recomputation as of Sept. 2, 1945, or,
2. He is 38 years of age or over, or,
3. He is 35, 36 or 37 years of age and has had a minimum of two years of honorable military service.

Release of enlisted men under This must be completed by Dec. 31, 1945.

In the transfer of the OWI functions to the State Department is seen the inception of a peacetime propaganda agency for the United States abroad. President Truman, in a statement accompanying the executive order, emphasized that "the nature of present-day foreign relations makes it essential for the United States to maintain informational activities abroad as an integral part of the conduct of our foreign affairs".

The two age factors is effected upon application, with commanders being permitted to retain the applicant for no more than ninety days after receipt of the application.

There are now only three highly technical skills which are considered essential to the extent that enlisted men in those classifications must remain in the Army regardless of their point scores. They are: Orthopedic mechanic, transmitter attendant (fixed station), and electro-encephalographic specialists. There are only a small number of these men in the entire Army. The list of critical skills has been reduced from nineteen since the acceptance of the Japanese surrender.

The War Department has ruled that, even though an enlisted man has one of the three skills listed as critical, he can not be held for more than six months after he becomes eligible for release under the point system.

An enlisted man will not be sent overseas, but will be retained on active duty in the Continental United States if:

1. He is 34, 35 or 36 years of age and has had over one year of honorable military service or,
2. He is 37 years of age, or,
3. He has 45 or more points under the May 12 computation.

An enlisted man can be sent overseas only if:

1. He is below 34 years of age and has less than 45 points under the May 12 computation or,
2. He is 34, 35 or 36 years of age and has less than one year of service and less than 45 points under the May 12 computation, or,
3. He is in one of the excepted units (Civil Affairs or Headquarters of the Seventh or Eighteenth Corps) or,
4. He volunteers or enlists.

Under demobilization and redeployment policies for enlisted women (Wacs) now in effect the following summary shows the status of enlisted women:

An enlisted woman is eligible for discharge if:

1. She has 41 or more points under the Sept. 2 computation of points.
2. She is 38 years of age or over.
3. She is 35, 36 or 37 years of age and has had a minimum of two years of honorable military service.
4. She is the wife of a member of the military forces who has been discharged.

No additional members of the Women's Army Corps are being sent overseas.

The critical scores for discharge (80 and above for enlisted men and 41 and above for enlisted women) will be lowered progressively and whenever necessary to keep the flow of discharges at the highest possible level.

As previously stated, the Army will continue to use both tactical and transport planes to the maximum extent in order to bring back from Europe and the Pacific those eligible for discharge. As soon as the pool of eligible high-point men starts running low, the critical score again will be reduced so that there will be no slacking of the demobilization movement.

Overseas theatre commanders are authorized to return to the United States for temporary duty or furlough a limited number of enlisted men who will not be eligible for discharge and who can be spared from overseas duty for a brief period. These men will be returned to their overseas assignment upon expiration of their temporary duty or furloughs.

Industrial Activity in August Reported By Federal Reserve Board

In its summary of general business and financial conditions in the United States, based upon statistics for July and the first half of August, the Board of Governors of the Federal Reserve System stated on Aug. 25 that "industrial activity declined further in July and the early part of August and was sharply curtailed in the latter part of the month as munitions cutbacks were greatly accelerated." "Retail trade was maintained in July and early August at a high level for this season of the year," said the Board, which further reported:

Industrial Production

Industrial production in July, the last full month of high level production for war, was 212% of the 1935-39 average, according to the Board's seasonally adjusted index, as compared with 220 in June. Following the surrender of Japan most munitions contracts were cancelled, and as a result it is expected that munitions output and industrial production will show much larger declines in August.

Production of aircraft declined about 20% in July and operations at shipyards and in other munitions industries were reduced considerably from the June rate. Steel production in July and the early part of August was about 5% below the June level. In the week following Japan's surrender activity at steel mills decreased sharply to a rate of 70% of capacity. Production of nonferrous metals continued to decline in July, while output of lumber and stone, clay, and glass products was maintained.

Production of most nondurable goods declined somewhat in July, but, as a group, output of these products was slightly above a year ago. Cotton consumption was 14% below the preceding month and was 11% below last July. Activity in the meatpacking, canning, and baking industries, after allowance for seasonal changes, was down somewhat from June. Production of alcoholic beverages rose sharply as distilleries were released from industrial alcohol production. Activity in chemical, rubber, and other nondurable goods industries declined slightly.

Coal production declined about 5% in July and the first part of August from the June rate, while output of crude petroleum continued to increase and was in record volume.

Contracts awarded for private construction continued to rise sharply in July and were more than three times the low level prevailing last summer, according to F. W. Dodge Corporation data. Contracts for privately-owned non-residential building showed the largest increase. On August 21, all restrictions over the construction of industrial plants were removed.

Distribution

Department store sales declined much less than is usual from June to July, and the Board's seasonally adjusted index rose from 201 to 218% of the 1935-39 average. Sales in July were 15% larger than in the corresponding period last year. During the first two weeks of August sales were about 20% larger than a year ago.

Carloadings of most classes of railroad freight declined somewhat in July and the early part of August and were below the volume shipped during the same period last year. Shipments of l. c. l. merchandise, however, were at about the same rate as prevailed during the same period last year.

Commodity Prices

Wholesale commodity prices generally showed little change from the early part of July to the early part of August. Following the announcement of peace negotiations prices of cotton and grains declined somewhat—especially contracts for delivery next year—while prices of most other basic commodities continued unchanged.

Retail prices advanced somewhat further in June. Food prices rose 2% and retail prices of clothing, housefurnishings, and miscellaneous items continued to show slight advances.

Agriculture

Crop prospects improved during July and, according to indications on August 1, total output this year will be only slightly smaller than the record volumes of 1942 and 1944. Of the major crops only production of cotton, corn, and apples is expected to be less than a year ago. Marketings this summer of most livestock products expect hogs have been about as large as, or larger than, the high levels of recent summers.

Bank Credit

Loans and investments at reporting banks in 101 leading cities declined by 1.2 billion dollars between the close of the Seventh War Loan and mid-August. Reflecting repayments on advances made during the drive, loans for purchasing or carrying Government securities declined by a billion dollars. Loans both to brokers and dealers and to other bank customers decreased by approximately 500 million dollars each, compared to drive and immediate pre-drive increases of 1.1 billion and 1.8 billion dollars respectively. While bank holdings of Treasury bonds continued their steady week-to-week increase, holdings of bills and certificates, which had increased during the drive, began to decline again in late July and August. On balance, the total portfolio of Government securities declined by 350 million dollars. Holdings of other securities showed a small increase over the six-week period.

Following the close of the Seventh Drive, deposits of businesses and individuals began to increase again as Treasury expenditures transferred funds from war loan to private accounts. The average level of required reserves accordingly rose by about 500 million dollars between the drive-end low point and mid-August. Reserve balances increased by about 300 million dollars and excess reserves dropped by about 200 million to around 1.2 billion outstanding; this was still somewhat above the generally prevailing interdrive level of slightly less than a billion dollars.

Member bank borrowing from the Federal Reserve Banks, which had declined to a minimum by the close of the Seventh Drive, increased by 275 million dollars in the subsequent six-week period ended Aug. 15. Reserve funds were also supplied to member banks through an increase of 125 million dollars in Government security holdings at the Reserve Banks, as well as by temporary fluctuations in other Federal Reserve Bank credit and in Treasury deposits at the Reserve Banks. Only partially offsetting increases in such funds were a currency outflow of 520 million dollars and a small decline in gold stock. The currency outflow during July, 360 million dollars, was the largest in the past few months; early August increases were also substantial.

Atcheson Named MacArthur Adviser

Secretary of State Byrnes' choice of a political adviser to Gen. Douglas MacArthur in Japan is George Atcheson, Jr., the Associated Press reported from Washington, Sept. 4. Mr. Atcheson, 48 years old and a native of Denver,

Wachovia Bk. Sponsors Credit Conferences

To promote broader use of new type credit services and form closer working arrangements with correspondent bankers, the Wachovia Bank & Trust Co. of Winston-Salem, N. C., has arranged a series of four conferences throughout North Carolina in September on the general theme, "Bank Credit for Post-war Business." The series opened at Asheville Sept. 12, and other meetings will follow at Winston-Salem Sept. 14, Raleigh Sept. 18, and Charlotte Sept. 19. Bankers throughout the trade area of each city are being invited to attend. They will be one-day conferences, beginning with a luncheon session, continuing with a round table discussion during the afternoon and concluding with a dinner program. Subjects to be covered include term loans, accounts receivable financing, field warehouse credits, consumer credit and G. I. loans.

Each program will be opened with an address by Wachovia President Robert M. Hanes on the subject, "The Job Ahead for Banks." Mr. Hanes is President of the Association of Reserve City Bankers and Chairman of the ABA Post-War Small Business Credit Commission. A number of Wachovia credit officers will participate in the conference sessions and lead the round table discussions. In the letter of invitation to bankers to attend the conferences, Mr. Hanes points out that the problems of meeting competition and adequately serving the credit needs of business present a challenge to all bankers as the post-war period begins.

"For some years," he said, "the credit officers of the Wachovia Bank & Trust Co. have made a study of new credit services, at the same time seeking to improve old credit procedures. Whatever we have learned from this experience we want to share with other bankers throughout our trade area and we want to learn from these bankers what we can do to improve our own methods and our service to them."

Symposium on Federal Taxation at N. Y. U.

The fourth annual Symposium on Federal Taxation will open at the New School, 66 West 12th Street, New York City, Oct. 2 and will run for ten Tuesday evenings from 8:30 to 10:10 p.m. Randolph E. Paul, formerly General Counsel for the United States Treasury Department, will lead off the series with a talk on "Tax Avoidance and Family Partnerships." Other speakers and their topics include: Harry Silverman, "Capital Gain and Loss Transactions"; Louis Eisenstein, "Correlation of Income, Estate and Gift Taxes"; Maurice Austin, "Carry-Back Provisions Under the 1945 Tax Adjustment Act"; Harry J. Rudick, "Post-War Tax Plans"; Walter A. Cooper, "Timing of Taxable Income and Deductions"; Irvin Bendiner, "Taxation of Life Insurance and Pension Trusts"; Gerald L. Wallace, "Federal Tax Procedure"; Jerome R. Hellerstein, "Reorganization Tax Problems"; Alex M. Hamburg, "Significant Tax Decisions of 1945." Each lecture is followed by an open forum discussion. Alex M. Hamburg is Chairman of the series.

Colo., is a career diplomat with nearly 25 years of service in the Far East. He told the press that, after assembling a State Department staff to accompany him, he expected to start for Tokyo within a week or ten days.

Jap Troops Surrender in China

The formal surrender of about 1,000,000 Japanese troops in China was signed at Nanking, China, on Sept. 9 at 9:04 a.m. [8:04 p.m., Saturday, EWT], according to Associated Press accounts from Nanking, which said:

General Yasuji Okamura signed for Japan. The surrender was accepted by General Ho Ying-chin, delegated by Generalissimo Chiang Kai-shek. General Ho arrived here yesterday by plane, completely ignored six Japanese officers waiting at the airfield, and went to the Central Military Academy, China's West Point.

The capitulation papers for this theatre specified that the surrender to Generalissimo Chiang embraced all Japanese ground, sea, and air forces and that all military installations in the area will be maintained without damage.

"All Allied prisoners of war and civilian internees now under Japanese control in the areas named above will be liberated at once and Japanese forces will provide protection, maintenance and transportation to places as directed," General Okamura pledged.

It was added that all surrendering forces will be subject to control of Chiang Kai-shek. Their movements "will be dictated by him and they will obey only orders and proclamations issued or authorized by him or orders of their Japanese commanders based upon his instructions."

Trimly dressed members of the Chinese Sixth Army, flown into Nanking by American Army planes, preceded and followed General Ho along a road lined with armed Japanese guards. Thousands of Chinese school children waved flags and cheered the liberating troops.

Another arrival at Nanking was Major General Robert B. McClure, who represented the United States at the surrender ceremony. He took up residence in the building that was the Manchukuoan Embassy during the eight-year Japanese occupation of China's one-time capital.

The spirits of Nanking's ill-fed, often mistreated people rose visibly as the influx of Chinese soldiers continued. Many seemed to realize for the first time that the long years of bombings and beatings were over, that Nanking was free at last.

American troops in the capital have freedom of the city during daylight hours. Some of them mingled with Chinese troops in the shopping area.

Arrangements were concluded on Aug. 20 for the formal surrender of the Japanese army in China on the terms set down by Generalissimo Chiang Kai-shek, an Associated Press dispatch from Chungking reported on that date. At that time it was stated that peace seemed imminent in the eight-year old Sino-Japanese struggle, but China's Communist forces threatened civil war unless their leader, General Chu Teh was satisfied in his demands on the government of Chiang. These included full Communist participation in the surrender of Japanese forces in China. It was further stated on Aug. 20:

General Chu demanded that the Communists take part in Allied acceptance of Japan's formal surrender and in the peace conference. On internal issues he demanded the abolition of what he called the Government's "one-party dictatorship," and called for an all-party conference to establish a "democratic coalition government."

In Chungking (China) advices, Sept. 3, it was noted that Generalissimo Chiang Kai-shek called on China to crown her victory over Japan by building a new, united China as "a model democratic State in the Far East." Now that the war is over, Generalissimo Chiang said in a V-J message, "we shall brook no further delay in the inauguration of constitutional democracy." In part, these advices continued:

In a concession to Communist demands, he said the Government

would consult leaders of all parties before convoking the National Assembly at an early date. He promised equal legal status to all parties, but declared that private armies or armies of political parties could not be tolerated within China's borders.

To workers and farmers, he pledged a better livelihood, with greater employment; to war veterans, he offered grants of farm land; and to the people generally he promised freedom of speech and of person.

"The most important condition for national unity is the nationalization of all armed forces," he declared, and added:

"Disreputable practices like the employment of armed forces in political controversy and seizure of territory in defiance of Government orders are relics of the days of the war lords. . . . They could not be tolerated in national rebuilding."

He promised an early end to war-time press censorship "so that the people may have freedom of speech," and said the Government would promulgate a law permitting freedom of political assembly and organization.

"Only thus," he said, "can we tread the path of democracy traveled by the United States and Great Britain, and establish a model democratic State in the Far East."

Coffee & Sugar Exch. Elects to Membership

Proposed Contract Changes

At a meeting of the Board of Managers held Sept. 5, 1945, the following were elected to membership in the New York Coffee and Sugar Exchange, Inc.: Gordon Dow Hodge, of E. D. & F. Man, London, England, and Stuart Osborne Lowry, of A. J. Bustin & Co., Liverpool, England.

The attention of the Board of Managers of the Exchange has been called to a recent press article which would seem to indicate that the Exchange is about to adopt a new form of Number 3, or domestic, contract, under which Cuban sugar covered by U. S. quota identity certificates would be traded in for delivery during 1947 and 1948 on an f. o. b. basis out of Cuban warehouses.

The facts are that the Sugar Committee of the Exchange has, for more than a year, been studying a great many suggestions for revision of the present Number 3 contract. The various proposals can be divided roughly into four categories, which were outlined by the Board in a recent report to the membership, viz.:

(a) In warehouse Cuba (substantially the same as the Number 4 contract) but with U. S. quota identity certificates instead of world quota certificates attached.

(b) F. o. b. Cuba, plus the options perhaps of delivering f. o. b. other producing areas supplying the U. S. market; such as Puerto Rico, Hawaii and the Philippines.

(c) C. I. F. New York with Cuban or any other U. S. quota sugars deliverable.

(d) Delivery in warehouse New York with the advantages which the buyers now enjoys on the Number 4 contract paralled so far as possible in New York warehouses.

The Committee is continuing its deliberations, studying all suggestions and proposals submitted, but advises that it is not yet prepared to submit a new contract for the consideration of the membership.

The President's Message

(Continued from first page)

able to plan for the immediate and long-range steps which now have to be taken.

As the Congress has undoubtedly noticed, many steps were taken immediately after the surrender of the Japanese. Many more have been taken since.

Concerning what Mr. Truman called "the complicated and difficult process of reconversion," he stated that the "following policies have been laid down and will continue to be followed":

(1) Demobilize as soon as possible the armed forces no longer needed.

(2) Cancel and settle war contracts as quickly as possible.

(3) Clear the war plants so as to permit contractors to proceed with peacetime production.

(4) Hold the line on prices and rents until fair competition can operate to prevent inflation and undue hardship on consumers.

(5) Hold wages in line where their increase would cause inflationary price rises. Where price ceilings would not be endangered, collective bargaining should be restored.

(6) Remove all possible wartime Government controls in order to speed and encourage reconversion and expansion.

(7) Keep only those controls which are necessary to help reconversion and expansion by preventing bottlenecks, shortages of material, and inflation.

(8) Prevent rapid decrease of wage incomes or purchasing power. The major objective, of course, is to reestablish an expanded peacetime industry, trade, and agriculture, and to do it as quickly as possible.

Obviously during this process there will be a great deal of inevitable unemployment. What we must do is to assist industry to reconvert to peacetime production as quickly and effectively as possible so that the number of unemployed will be swiftly and substantially reduced as industry and business and agriculture get into high production.

The Government is now doing what it can to hurry this reconversion process.

Through contract termination procedures it is providing quick payment to contractors.

It has released controls on practically all materials which are necessary for peacetime production, reserving only those few in which there is still a critical shortage.

It has made arrangements for credit facilities for industry.

By plant and surplus property disposal, it is helping private enterprise to get started again.

In the consumer field the Government has released controls over articles which were needed for the war in such large quantities that civilians had to go without.

For the information of the Congress, I am submitting as an appendix to this message a report by the Director of War Mobilization and Reconversion showing what has already been done by the Federal Government in reconversion. [Printed on page 7 of this week's "Chronicle."]

There is much that the Congress can do to help this process and to tide over the period between now and the time when reconversion is completed and civilian jobs are plentiful in a stable economy that provides full production, full employment, and a high standard of living.

Briefly summarized, the President made the following recommendations:

1. **Unemployment Compensation:** Supplementing State unemployment benefits by providing a weekly maximum benefit of \$25 weekly to run for 26 weeks and extending unemployment benefit coverage to include Federal employees, maritime workers and

other groups not included under existing laws.

2. **Fair Labor Standards Act:** Substantially raising the present minimum wage from 40 cents, which the President regards as inadequate even when established in 1933 and insufficient to "assure the maintenance of the health, efficiency and general well-being of the workers."

3. **Wartime Controls:** A continuation of wartime price and wage controls to prevent deflation and inflation. In this connection the President said:

Many of the demands of the war for commodities have now decreased. They will decrease further during the initial period of unemployment which will come with the cancellation of war contracts. As a result, prices of some commodities are bound to soften. But if that happens in the next few months, we cannot allow ourselves to be misled. We must keep in mind the experience of the period immediately after the first World War. After a lull of a few months following the Armistice of 1918, prices turned upward, scrambling for inventories started, and prices soon got completely out of hand. We found ourselves in one of the worst inflations in our history, culminating in the crash of 1920 and the disastrous deflation of 1920 and 1921.

We must be sure this time not to repeat that bitter mistake. When reconversion really gets under way, and men go back to work, and payrolls increase, and the pent-up demands of the war years at home and abroad for peacetime products begin to make themselves felt, we shall face the same scramble for goods, the same speculative excesses that developed in 1919. We must be in a position to overcome that danger if we expect to achieve an orderly transition to peacetime levels of full production and full employment. However, we must not allow inflationary dangers to obscure our vision of the possibilities of lower incomes and widespread unemployment. Our policy must guard against both contingencies.

4. **War Powers and Executive Agencies Reorganization:** Urges Congress to delay action on proclaiming the end of the war and to preserve wartime powers and essential agencies. Asks again for power to reorganize the executive branch of the Government.

5. **Full Employment:** Recommends early passage of the pending Senate Full Employment Bill. In this connection, the President said:

There has been much discussion about the necessity of continuing full employment after the war if we hope to continue in substantial degree the prosperity which came with the war years. The time has come for action along these lines.

To provide jobs we must look first and foremost to private enterprise—to industry, agriculture, and labor. Government must inspire enterprise with confidence. That confidence must come mainly through deeds, not words.

But it is clear that confidence will be promoted by certain assurances given by the Government:

Assurance that all the facts about full employment and opportunity will be gathered periodically for the use of all.

Assurance of stability and consistency in public policy, so that enterprise can plan better by knowing what the Government intends to do.

Assurance that every governmental policy and program will be pointed to promote maximum production and employment in private enterprise.

Assurance that priority will be given to doing those things first

which stimulate normal employment most.

A national reassertion of the right to work for every American citizen able and willing to work—a declaration of the ultimate duty of Government to use its own resources if all other methods should fail to prevent prolonged unemployment—these will help to avert fear and establish full employment. The prompt and firm acceptance of this bedrock public responsibility will reduce the need for its exercise.

I ask that full employment legislation to provide these vital assurances be speedily enacted. Such legislation should also provide machinery for a continuous full-employment policy—to be developed and pursued in cooperation among industry, agriculture, and labor, between the Congress and the Chief Executive, between the people and their Government.

6. **Fair Employment Practice Committee:** The President requests that this committee be placed on a permanent basis, since "in the reconversion period and thereafter, we should make every effort to continue this American ideal. It is one of the fundamentals of our political philosophy, and it should be an integral part of our economy."

7. **Labor Disputes and Wage Stabilization:** Concerning this, the message said:

Our national welfare requires that during the reconversion period production of civilian goods and services—as full production as possible—go forward without interruption, and that labor and industry cooperate to keep strikes and lockouts at a minimum.

Those who have the responsibility of labor relations must recognize that responsibility. This is not the time for short-sighted management to seize upon the chance to reduce wages and try to injure labor unions. Equally it is not the time for labor leaders to shirk their responsibility and permit widespread industrial strife.

With this objective in view, I shall shortly convene a conference of representatives of organized labor and industry for the purpose of working out by agreement means to minimize labor disputes.

In the interim period, pending the convening of the conference, I have called upon the representatives of organized labor and industry to continue their adherence to the no-strike, no-lock-out policy. During this interim period, labor disputes which threaten a substantial interference with the transition to a peacetime economy should be submitted to the War Labor Board. They would there be handled by the Board under existing procedures. The country will expect parties to any such disputes to comply voluntarily with the determinations of the War Labor Board.

The threat of inflationary bidding-up of wage rates by competition in a short labor market has disappeared. Therefore the War Labor Board has removed the necessity of approving proposed voluntary wage increases, so long as they will not be used to obtain an increase in price ceilings.

I have conferred upon the War Labor Board adequate authority to correct maladjustments and inequities in wage rates arising in the reconversion period which will tend to interfere with the effective transition to a peacetime economy.

The Board should be terminated as soon after the conclusion of the forthcoming industry-labor conference as the orderly disposition of the work of the Board and the provisions of the War Labor Disputes Act permit, and after facilities have been provided to take care of the wage stabilization functions under the act of Oct. 2, 1942.

8. **United States Employment Service Extension:** The President

recommends the Federal Employment Service be continued until June 30, 1947 and that the appropriation for the Service be increased by \$10,000,000.

9. **Agriculture:** Recommends continuation of subsidies to support prices, Government crop insurance, export markets development and other aids to farmers, commenting that:

The Government now must be prepared to carry out the nation's responsibility to aid farmers in making their necessary readjustments from a wartime to a peacetime basis. The Congress already has provided post-war supports against price collapse for many farm products. This was a provision of wisdom and foresight.

After the first World War farm prices dropped more than 50% from the spring of 1920 to the spring of 1921. We do not intend to permit a repetition of the disaster that followed the first World War. The Secretary of Agriculture has assured me that he will use all means now authorized by the Congress to carry out the price-support commitments.

But there is need for additional measures to strengthen the machinery for carrying out price-support commitments, and for laying the basis for broader peacetime markets for agricultural products.

The Congress already has provided for one such post-war measure that needs now to be adapted to our changed situation. Recognizing that the lend-lease program required greatly increased production and that this increase could not be suddenly discontinued when the program stopped, the Congress wisely set aside \$500,000,000 of lend-lease funds for price support of farm commodities. This money is now available for the purpose for which it was intended, but in order that it may be used most effectively whenever the need arises, I recommend early legislation which would make those funds available to the Commodity Credit Corporation on a continuing basis. Such action would reaffirm the specific intent of the Congress as to the use of this money in safeguarding farm prices.

Strengthening the machinery for carrying out price-support commitments is one measure necessary to safeguard farm prices. Stimulation of the export of farm commodities is another. More food is needed in the war-ravaged areas of the world. In the process of meeting relief requirements abroad, we have the opportunity of developing export markets for the future.

10. **Selective Service:** Asks for continuation of Selective Service, limited to a maximum service of two years for ages 18-25 years, as well as for provision of inducements for voluntary enlistments.

11. **Housing:** Recommends Congress at an early date enact broad and comprehensive housing legislation, with "the cardinal principle underlying such legislation should be that house construction and financing for the overwhelming majority of our citizens should be done by private enterprise."

12. **Research:** Proposes a single Government agency for scientific research and encouragement and support to private research.

13. **Transition Tax Revision:** Recommends a transitional tax bill be enacted as soon as possible to provide limited tax reductions for the calendar year 1946, and adds:

We must reconcile ourselves to the fact that room for tax reduction at this time is limited. A total war effort cannot be liquidated overnight.

It is estimated that war expenditures in the current fiscal year will drop 40 billion dollars below last year, but that they will still amount to 50 billion dollars out of total expenditures of 66 billion dollars. With current receipts

estimated at 36 billion dollars, we face an estimated deficit of 30 billion dollars in the current fiscal year. Expenditures, although further reduced, will necessarily continue at high levels in the fiscal year 1947.

In considering tax reductions for 1946 we must not lose sight of the budgetary situation and our obligations to 85,000,000 bondholders.

After passage of the transitional bill, I hope that the Congress will give careful consideration to the modernization of the Federal tax structure. A major objective of this modernization should be the encouragement of business incentives and expansion, and of consumer purchasing power. In this connection consideration of further tax reductions should have due regard to the level of governmental expenditures and the health and stability of our economy.

14. **Surplus Property Disposal:** Recommends a single administrator to replace the present three-man board.

15. **Small Business:** Asks encouragement for small business, but makes no specific recommendations.

16. **Veterans:** Asks for further liberalization and clarification of provisions for veteran aid, and states: "Favorable consideration should be given by the Congress to Federal reclamation projects as outstanding opportunities for returning veterans. The great Columbia Basin project in the Northwest, the projects in the Missouri River Basin, and others of equal significance will bring into existence many thousands of new family-size farms upon which returning veterans can secure a livelihood for themselves and their families and create new wealth for the nation. A number of farms can be made ready for veterans rapidly if legislation now pending is enacted without delay. This legislation would authorize necessary and proper assistance to veterans who seek to develop farm homes on irrigated lands in Federal reclamation project areas."

17. **Public Works and National Resources:** Urges a wide and varied program of regional development of natural resources, including construction of Federal buildings, roads, airports, hospital construction and other public works, both directly and in the form of Federal grants to States and municipalities, as follows:

(1) During the war the construction of Federal public works has been restricted to those necessary for national defense and the prosecution of the war. Projects which normally would have been constructed were deferred, and a large backlog of needed construction has accumulated. Plans for some of these projects—specifically those relating to reclamation, rivers and harbors, flood control, and the conservation of our natural resources—are now ready, and their construction can go forward when funds are provided and materials and manpower are available without competing with private industry. Plans for other Federal projects are being prepared through the use of funds wisely appropriated by the Congress for advance preparation. Additional funds are needed for this purpose, and I urge that the Congress provide them.

(2) I recommend that the Congress enact legislation authorizing additional construction of certain Federal buildings. A portion of this program has already been authorized but has been held up by reason of cost limits imposed upon the buildings which cannot now be met because of increased needs and costs.

(3) I recommend that the Congress release the funds for the highway program authorized under the Federal Aid Highway Act

of 1944 (Public Law 521, 78th Cong.). Under this Act \$500,000,000 has been authorized for the first year and \$500,000,000 for each of the two succeeding years, making a total authorization of 1½ billion. With the States' share of the cost included, this would provide a total highway construction program of \$3,000,000,000 for a three-year period.

(4) I recommend that the Congress appropriate \$25,000,000 to continue the construction of the Inter-American Highway through the Central American Republics to the Canal Zone.

(5) I recommend that the Congress enact legislation to provide the necessary airports and airport facilities to serve the great needs of an expanded post-war air transportation and commerce. A well-planned airport program would improve transportation, amplify the usefulness of the airplane, and contribute to a healthy aircraft manufacturing industry.

The Congress now has before it a survey of the present and future needs for airports in the United States prepared by the Secretary of Commerce. This report indicates the necessity for approximately 3,000 new airports and for improvements to more than half of the existing 3,000 airports. The report recommends that the program be spread over a period of 10 years and that the cost be shared equally between Federal and non-Federal governmental agencies. I recommend passage of appropriate legislation to implement this program.

(6) States and local governments should be encouraged to construct useful public works of the types that must necessarily supplement and go along with the private construction of homes and industrial facilities. If private construction is to move forward at a rapid rate, it is vitally important that local governments promptly proceed with the construction of such facilities as streets, sewers, water supply, hospitals, airports, schools, and other necessary public facilities. Such projects should be undertaken at this time where they supplement and encourage private construction, not where they compete with it for manpower and materials.

18. Lend-Lease and Post-War Reconstruction: Regarding these topics, the message stated, in part:

In due time we must consider the settlement of the lend-lease obligations which have been incurred during the course of the war. We must recognize that it will not be possible for our Allies to pay us dollars for the overwhelming portion of the lend-lease obligations which they have incurred. But this does not mean that all lend-lease obligations are to be canceled. We shall seek under the procedure prescribed in the Lend-Lease Act and in subsequent agreements with other governments to achieve settlements of our war-time lend-lease relations which will permit generally a sound world-wide economy and will contribute to international peace and our own national security.

We must turn from economic cooperation in war to economic cooperation in peace. We have taken steps to carry out the Bretton Woods proposals for an international monetary fund and an International Bank. We are preparing to extend the operations of the Export-Import Bank. Our objective is to enable the peace-loving nations of the world to become self-supporting in a world of expanding freedom and rising standards of living.

Further legislation is also necessary. If we are to avoid the maintenance of governmental monopoly of international credit, the Johnson Act must be repealed. Private loans on a sane basis are an essential adjunct to the opera-

tions of the Export-Import and International Bank operations.

I am directing the executive agencies to give full weight to foreign requirements in determining the need for maintaining domestic and export controls and priorities.

We have already solemnly stated that we will do all that is reasonably possible to help war-torn countries to get back on their feet. I am sure that the Congress will wish the Government to live up to that pledge.

Further legislative action is needed in connection with the United Nations Relief and Rehabilitation Administration. I recommend that the Congress fulfill the commitment already made by appropriating the remaining \$550,000,000 granted by the Congress for United States participation.

The Council Meeting of the United Nations Relief and Rehabilitation Administration has just been brought to a successful conclusion. At that meeting our delegate found the need for an additional contribution from all participating countries, to enable the United Nations Relief and Rehabilitation Administration to complete its work in Europe and Asia. On his motion, the Council voted to recommend to member countries a further contribution. Our own share will amount to approximately \$1,350,000,000. I am confident that you will find this request for an additional authorization and appropriation fully justified, and I ask for prompt examination and consideration of the request.

In meeting the needs of the United Nations Relief and Rehabilitation Administration, surplus military and lend-lease goods will be used to the fullest possible extent.

Finally, I foresee the need for additional interim lending power to insure a rapid and successful transition to peace-time world trade. Appropriate recommendations will be made to the Congress on this matter when we have completed the exploratory conversations already begun with our associates. We wish to maintain the flow of supplies without interruption. Accordingly, I have directed the executive agencies to complete their conversations and studies at the earliest possible moment. I ask the Congress for speedy consideration of the recommendations when they are made.

19. Congressional Salaries: Thinks that Congressmen are entitled to a salary "anywhere from 15 to 25 thousand dollars a year," and recommends that Congress enact legislation providing for a \$20,000 per year salary; and that an adequate retirement system should be provided for the members who have served for a long period of years "as the first step in creating a decent salary scale for all Federal Government employees — executive, legislative and judicial."

20. Sale of Ships: It is recommended that suitable legislation to permit such sales be expedited so that the uncertainty about the disposal of our large surplus tonnage may be removed. In this way, American shipping companies may undertake commercial operation as rapidly as ships can be released from Government control, and the foreign market can also be used for selling those vessels which are in excess of the needs of our post-war American merchant marine and national defense.

21. Stock Piling of Strategic Material: Recommends that "Congress enact legislation to bring about the acquisition and retention of stock piles of materials in which we are naturally deficient but which are necessary to supply the needs of the nation for its defense."

OPA Rent and Other Controls to Continue

Pointing out the need for continued price control as, in his opinion, the way to "bridge the dangerous gap between sudden victory and sound prosperity," Chester Bowles, Price Administrator, announced on Aug. 15, according to the New York "Times" from Washington, on that date, that the OPA had ready a peacetime program with the following objectives for the period of transition: Rigid control of food prices; clothing price control; pricing of reconversion items, such as automobiles, refrigerators, etc., at or close to 1942 retail prices; continuation of rent control; vigorous enforcement. In the reconversion pricing he said the OPA policy would be flexible, the "Times" reported, and that individual adjustments for both large and small firms were promised "to fit unusual conditions." Regarding retention of rent controls, Mr. Bowles was reported to have said: "We are determined to take vigorous action to put a stop to trumped up, heartless evictions."

In New York, on Aug. 28, according to a further "Times" announcement, Leo F. Gentner, acting regional administrator, stated: "Our rent control will be just as tough as it ever has been, and maybe a little tighter. There will be no relaxation until the present OPA expiration date, June 30, 1946. It will be up to Congress to decide what happens after that."

A forecast of how much longer to expect rationing of those commodities still under consumer allotments was given by Mr. Gentner, the "Times" continued. On the basis of information obtained in Washington at a three-day conference of regional administrators from all over the nation, Mr. Gentner said it was his opinion that:

Meat would be rationed for another two or three months.

Shoe rationing would continue for three or four months.

Passenger car tires would be rationed for four to six months more.

Sugar, fats (including butter) and oils probably would remain under rationing at least through next June.

Explaining his estimate of two or three more months of meat rationing in the face of some recent predictions that meat might be taken off rationing within 30 days, Mr. Gentner said there was still "a pretty serious shortage" of hogs, although cattle supplies were good.

Tires will be rationed for possibly another half year, he said, because there are still 57,000,000 wheels turning on pre-Pearl Harbor rubber in this country. He said that OPA's tire inspection program would continue. The supply situation in sugar, fats and oils remains very serious, Mr. Gentner said.

"Up to now, 90% of the work of local boards has been rationing," said Mr. Gentner. "With several commodities already taken off rationing, the local boards will now put 80% of their work into price control. This will make for stricter enforcement of ceiling prices."

Enforcement of price controls is OPA's biggest job now, and the next few months will provide the "toughest" test, Mr. Gentner declared. Asserting that there would be "all sorts of pressures" to end or weaken price control now that the war was over, the regional chief said, according to the "Times" report, that OPA would hit hard against any increases in living costs.

"There are a lot of unemployed people today, and more are becoming unemployed," Mr. Gentner said. "The number has been estimated at 3,000,000, and it may go to 5,000,000 or 10,000,000 by Jan. 1. There are a lot of other

Presidential Power to Streamline Govt. Setup Recommended by Comptroller

The House Committee on Expenditures closed its hearings on Sept. 5 on the bill of its Chairman Representative Manasco (D.-Ala.), to limit the powers of the President in government reorganization, but not before it had been told by Lindsay C. Warren, Comptroller General, that the present setup is "a hodgepodge . . . of duplications, overlappings, inefficiencies and inconsistencies," a situation which he said, Congress cannot be expected to remedy and proposed that instead President Truman be given broad powers to clean house.

This is the picture, according to the Associated Press from Washington, Sept. 5, in reporting the testimony which Mr. Warren gave the committee of the Federal setup:

1. The transportation field is divided among 75 bureaus, divisions and agencies. The Government's travel and freight bill last year was as much as it cost to run the whole Federal establishment 30 years ago.

2. Public housing is financed by 15 agencies.

3. Labor relations are spread over eight departments and agencies.

4. A dozen bureaus and departments are involved in administration of Government land.

5. There is an obvious conflict between the functions of various agencies concerning aid to the States in care of dependent children.

6. Two Government corporations "are doing a thriving customs business," in addition to the Bureau of Customs.

7. There are at least 12 Federal retirement systems, each with its own rules.

Stating that the instances cited "are merely a drop in the bucket of things which the President should be empowered to look into and remedy," Mr. Warren recommended an addition to the proposed grant of power in that it be given to the President only for the length of his term.

Chairman Manasco and other members of his committee, however, according to the Associated Press, reported increasing sentiment for limiting sharply any revamping authority given the President. "I think it would be very foolish for us to go to the House with any proposal for a sweeping change," Mr. Manasco declared. "I've talked to influential leaders and they agree we would just get batted down."

Most committee men voiced support of Mr. Manasco's bill, which would exempt 21 agencies from presidential control.

Blake Quits Cleveland Reserve Bank

The resignation of Frederick J. Blake as an Assistant Cashier of the Federal Reserve Bank of Cleveland, effective Sept. 1, is announced by Ray M. Gidney, President of the bank. Mr. Blake has taken up his new duties as Assistant Vice-President and Assistant Secretary of the Sterling & Welch Co., Cleveland furniture store. A graduate of Westminster College and Harvard University School of Business Administration, Mr. Blake was sales manager of the Simmons Manufacturing Co. of Ashland, O., when he joined the Federal Reserve Bank four years ago. He is Chairman of the personnel recruitment committee of the Greater Cleveland Chapter, American Red Cross, and is past President of Cleveland Chapter, American Institute of Banking.

people whose take-home pay has been reduced by the elimination of overtime work, and there are the returning veterans.

"These people are jittery. Some are scared to death that prices will skyrocket. I want to make it clear to all of them that we intend to protect them."

Bank Credit Groups Conference in New York

A conference of the 40 bank credit groups organized throughout the country during the past year under the stimulus of the Post-War Small Business Credit Commission of the American Bankers Association will be held in New York on September 25 and 26, it was announced on September 6 by Robert M. Hanes, Chairman of the Commission and President of the Wachovia Bank & Trust Company of Winston-Salem, N. C.

Designed to coordinate activities of the credit groups, the meeting will also seek to aid group leaders in educational and merchandising phases of their work and to perfect the mechanics of bank credit group operations.

The 40 credit groups with resources in excess of \$600 million, blanketing virtually every trade area in the country, were organized as a part of banking's plan to assure adequate credit to small and medium sized business in the post-war period. They supplement the normal credit activities of local banks operating either alone or in cooperation with their correspondents in larger cities.

Meeting with bank credit group representatives will be members of the Post-War Small Business Credit Commission as well as the ABA's Credit Policy Commission, headed by Hugh H. McGee, Vice-President, Bankers Trust Co., New York City. A part of the conference will be devoted to a discussion of the technical aspects of current credit procedure by members of these two Commissions.

Representatives of the following credit groups are expected to be present at the meeting: State of Arizona; Atlanta; Baltimore; Boston; Carroll County, Maryland; Chicago; Clark - Taylor - Wood Counties, Wisconsin; State of Connecticut; Dallas; Damascus-Mt. Airy - Sykesville - Woodbine, Maryland; Detroit; District of Columbia; Easton - Phillipsburg Clearing House Association (Pennsylvania); Fort Worth; Frederick County, Maryland; Hazleton, Pa.; Houston; Louisville; Los Angeles; State of New Hampshire; New Orleans; New York City; Newark; State of North Carolina; Oklahoma City; State of Oregon; Philadelphia; Pittsburgh; State of Rhode Island; St. Joseph, Mo.; St. Louis; San Francisco; Scranton; Seattle; State of South Carolina; Tulsa; State of Virginia; Wichita, Kansas; Wilmington.

Hong Kong Again Under British Control

The British crown colony of Hong Kong is once again occupied by British forces with the arrival there on Aug. 30 of a strong naval task force, led by the new 35,000-ton battleship, Anson, according to Associated Press reports on that date from Sydney, Australia. The force of 19 ships and eight submarines, which were reported to be carrying special medical supplies for prisoners of war and internee civilians, had a Commonwealth flavor, the announcement stated, for it included seven Australian minesweepers and the Canadian armed merchantship Prince Rupert. In the line of warships also was the 23,000-ton aircraft carrier Indomitable, which operated for a time with the United States 3d Fleet while it was smashing Japan.

Additional naval personnel have been landed to take over the port and restore it to full working order, the report added.

"Planning" In Sweden

(Continued from first page)

experience will degenerate into sheer nonsense owing to misapprehensions. As an example of what is liable to happen, one has only to recall a recent editorial in a leading American business journal, which from a perusal of some information about post-war plans in Sweden drew the conclusion that even there economic planning was being given up as a failure. Nothing, of course, could be farther from the truth. The fact is that planning has already been carried so far in Sweden that there is considerable disagreement as to whether it should be carried further, and if so, how; also as to how to solve the secondary problems that are now involved, quite apart from and beside the positively good results that have been attained.

Balance the Key-Note of Swedish Policy

It is these secondary problems, mainly centered around the opposition between the desire for security and the necessity of maintaining flexibility in the national economy, that I shall discuss here. What we should like to avoid in the future development in Sweden is a one-sided and short-sighted perfection of a system of economic security which would gradually shackle the progressive forces in industry and business. It is fairly easy to see the necessity of an adjustment of Swedish economic policies towards a greater stress on dynamic factors, the provision of incentives, and encouragement of risk taking. Even from the political group most urgently in favor of a policy of security—the Social Democrats, who now have a majority in the Riksdag—sometimes come demands for more organized competition from other groups which might be able to offer an alternative to the Socialist program. Such competition, even if it could not and should not aim at the adoption of policies involving any greater degree of laissez faire, would at least provide resistance to the tendencies towards autarchic security that otherwise might destroy the balance which has been the basis of modern Swedish economic policy.

A basic ingredient, both of the policies adopted by the Government and of the programs of the various political parties and interest groups in Sweden, is the recognition of and respect for the interests of all, combined with an awareness of the necessity of following some procedure of co-operation. Underlying this endeavor always to arrive at a balance is of course the feeling that one-way solutions are never the right ones. An adequate balance in any issue is attained by forceful and active presentation of the various angles involved—often by means of pressure from the organized groups representing different interests. Such application of pressure is, of course, not unknown elsewhere; of fundamental importance in the Swedish system however is the fact that the interest groups try to settle their differences without involving the Government—except as a mediator in cases where mediation from without is necessary in order to reach an equilibrium. This is best illustrated in the organization of the labor market, which is the principle feature of what Marquis Childs has called "the middle way."

Improved Living Standards and Foreign Trade

The greatest difficulty Sweden faces today is to keep economic policies on the technical level of the problem involved, and to avoid allowing the Government to become emotionally responsible one way or another through the political parties. The principal danger is that present political devel-

opments may result in an over-emphasis on the demand for and need of security. There is already a tendency, in the writer's opinion, to put too much stress on stability and economic orderliness for their own sakes, with the inevitable consequences of excessive rigidity and red tape. There is a danger that this may result, first in stagnation, and later in retrogressive tendencies. We are thus faced with problems involving the correction of the secondary effects of a policy of social security and stabilization. But here again I must emphasize that we do not by any means wish to reverse this policy or to undo its good results; we just have to see to it that we do not overdo it.

The opposition between the need for flexibility and progressiveness in the country's economic set-up on the one hand, and the desirability of stabilized and guaranteed living standards on the other, is bound to become evident at a very early stage in the pursuit of social security and a policy of full employment in a small economic unit like Sweden. The possibility of raising the living standards of ever wider sections of the community is inextricably connected with our foreign trade. Before the war 30% of our industrial production was for export, and a decline in exports due to conditions in world markets has been the initiating factor of all known depressions in Sweden.

This very dependence on foreign trade puts obvious limits to our full employment policy aimed at combating depressions in the business cycle. This is what we call the "international space" within which our economic policy must operate. There are long-term as well as short-term aspects to the problem. The carrying out of an anti-depression policy in the domestic field, in which investments are used in place of exports to create purchasing power when the latter fall off, is in itself an intricate task. Furthermore the application of such a policy results in an excess of imports that have to be paid for out of our holdings of foreign currency. The size of these holdings sets the short-term limit to the usefulness of this policy. Taking the long-term view, we could of course adjust our imports at a permanently lower level, but that method runs directly counter to the more desirable one of maintaining and improving the national standard of living. It might be quite possible for almost any country to insulate itself against business fluctuations by making itself independent of outside markets; but at the same time it would destroy the basis for an improvement in its standard of living.

There are no indications however that Sweden will deliberately move in that direction. On the contrary, Sweden's official trade policy will of necessity be to uphold the principle of free trade across its borders, and to avoid employing such techniques as currency manipulation, or Government regulation of imports and exports as part of the country's anti-depression policies. Instead we shall try to bolster the domestic demand at times when conditions in foreign markets are unfavorable to our exports. But we can only do this to a limited extent; and such a policy might in fact lead, indirectly, to a more rigid economy—especially if a lengthy world-wide depression should once more set in, despite all efforts to prevent it, and if foreign markets should continue to be as uncertain as they were between the wars. Sweden is therefore vitally interested in all efforts to give increased stability at least to the means of foreign trade—the currencies—and we are also much concerned

as to whether and when a depressive reaction to the economic distortions caused by the war will appear in the United States.

The Spheres of Government and Private Enterprise

In order to be able to understand properly the economic discussion now going on in Sweden, it is essential to have some general idea of the relative positions occupied by private and public enterprise in that country. The main railroads, the post and telegraph systems, and a large proportion of the electric power generating plants are public undertakings in Sweden. Government ownership of most of these utilities dates from their construction, and thus constitutes a tradition. The liquor and tobacco monopolies are also owned by the State, the principal argument in favor of such an arrangement in these cases being the advantages gained in the application of fiscal policy. It is generally recognized in Sweden that these basic economic functions can best be organized in public ownership, and there is very little political disagreement on this point. The sphere of Government enterprise could probably even be extended somewhat without any marked political opposition. But the point has obviously been reached in Sweden at which the need for direct Government participation in economic activities is almost satisfied. What is now required is a more specific definition of the concept of "basic economic activities" and of the interrelationship of Government and private enterprise in the "free" area.

Manufacturing industry in Sweden is 95% in private ownership. The remaining 5% is shared equally between the State and the consumers' cooperatives. The Government holdings consist mainly of pulp and sawmills in northern Sweden, which had to be taken over after business failures in order to keep the population of these isolated communities employed. This was quite a natural step, in that the State is the principal seller of the raw material on which these industries base their production, namely, lumber. About one quarter of the forest lands of northern Sweden have been in Government ownership for centuries.

Only in one instance has the Government intentionally entered the manufacturing field: that is, in constructing and operating the new iron works at Lulea in the far north. One of the original reasons for starting this project was to provide a basis for more diversified industrial development in this region, hitherto almost entirely dependent on forest products industries. This lack of diversification resulted in very unsteady employment conditions within the area, owing to the greatly varying demands in world markets for pulp and lumber. Lulea is also the main port in Sweden for shipping the iron ore from the vast Lapland fields, and there is an abundance of locally generated electric power from the waterfalls, thus obviating the use of imported fuel. During the very decisive reconstruction period a shortage of many key raw materials is expected, among which will be coal and commercial iron. Commercial iron may be regarded as a raw material in Sweden, which before the war filled something like 50% of its requirements of this material by imports. The construction of the new iron works has therefore been hastened and the original project is even being extended in order to cover some of the country's own needs in this critical period when it will be practically impossible to obtain supplies from abroad.

Efforts are also being made to increase the domestic production of other raw materials, as for instance, copper. But as far as that most important basic raw material, coal, is concerned, there is little to be done. Sweden's own

mines cannot supply more than 2% of the country's needs. During the war we have had to substitute firewood to a large extent for coal and coke. Naturally after the war we would prefer to sell our wood as pulp. Even in the post-war period, with its probable acute shortage of coal everywhere, Sweden will continue to feel very strongly—as it has felt while locked up within the German blockade—its strange position of being almost the only country in the world which, without any coal resources of its own, has developed an extensive iron and steel industry.

But to return to the consideration of public and private enterprise in Sweden, some mention should also be made of the unique position held by the consumers' cooperatives in the present politico-economic balance. Contrary to a belief that appears to be common in the United States, the cooperatives, in addition to the small percentage of manufacturing industry in their hands, do not hold more than 10-15% of the total retail turnover. The most significant feature of their ideological attitude is their opposition to the extension of Government ownership and regimentation of industry and business. In taking this stand they wish primarily, of course, to safeguard their own territories from Government interference, but there does exist a sort of mutual recognition between the consumers' cooperatives and private enterprise proper, mainly on account of this common fear of the Government's power to limit their areas of activity. The cooperatives claim also to be, and do actually serve as, a safeguard against monopolies. The factories owned by the cooperative movement are mostly plants that were acquired in order to break trusts. The movement is generally accepted by private business as a valuable competitive force and also as a preferable alternative to anti-trust legislation.

Main Lines of Post-War Economic Policy

With this background we can now examine what appear to be the main lines of post-war economic policy in Sweden. The general aim of any policy we adopt to achieve full employment—in so far as such a policy may be necessary—will be to avoid, as far as possible, measures that would distort or disorganize the existing normal structure of productive industry and the economy in general. We think that the forces of self-adjustment should be allowed to dominate the long-range development of and changes in our economy, and believe that economic policy should in the first place concentrate on alleviating constantly repeated depressions, and especially their social consequences. The principal argument against the use of anti-depression measures that affect the economic structure—as for instance, the erection of new manufacturing plants, the relocation of industries or labor, etc.—is that a slump is usually so intimately connected with long-range processes of adjustment that the various components can scarcely be distinguished.

This does not mean, however, that no consideration has been given in Sweden to the possibilities of influencing long-range economic developments by Government action. But this is a question on which there are very divergent opinions—due to the fact that very little is known about the forces underlying economic trends. In consequence, there have so far been no actual measures aimed at influencing long-term developments. Action has been confined to investigations and studies, and a special Government agency for research into the business cycle has been set up. A series of special independent investigations are being carried out, as for instance into

the desirability of establishing a State-owned investment bank, one of the ideas being that such a bank would act as a yardstick for the private banking business. Similar studies are being made of various proposals for the socialization or over-all rationalization of certain industries, procedures which are favored by the social-democratic groups. The industries which are the most immediate object of this kind of attention are the building materials, the shoe and leather industries, and the distribution of gasoline and lubricants. It is around such socialization proposals the controversy regarding future planning in Sweden centers.

On the other hand, the shorter-term measures adopted as part of the slump-combating policy which has received fairly general support are far-reaching enough. Recently there has been set up an investment council consisting of representatives of business organizations, labor unions, Government agencies, etc. The task of this council is to try, by means of propaganda and information, to bring about a voluntary coordination of investments with the general anti-depression policy. There was already in existence a coordinating committee for public investments, and the sphere of activity of the new investment body covers all private construction except housing.

With regard to the construction of dwellings, the general principle will be to keep production at a high and stable level rather than to expand or contract it in order to counteract depressions and booms. This policy is being adopted because it is felt that the building industry is such an important factor in the development of the business cycle that stabilization of the industry itself would do much to level off extreme fluctuations. Another reason is that a policy of expansion or contraction of the industry according to the state of the business cycle would, besides having undesirable social effects, by over-expansion in time of depression produce those very distortions in the labor and investment markets that we are anxious to avoid. Likewise, the new investment council, in its efforts to influence private industrial construction, will concentrate on such investments as are made independently of the business cycle, such as the building of offices, etc., in order not to disturb the natural development of the construction industry.

In consistency with the general rule of interfering as little as possible with natural changes in the structure of the country's economy as a whole, and in consistency also with the endeavor to use labor as effectively as possible, there is in Sweden a tendency to put less emphasis on public works, highway construction, etc., as a means of absorbing unemployment. We shall strive instead to keep people employed in their regular field of activity. Support of production for stockpiling during a slump is among the devices under consideration with this end in view, and a special agency has actually been set up to organize such aid. During the limited period of stagnation which is probable before some sort of order emerges out of the chaos in Europe, production of export goods for stock may well be the means by which Swedish industry can be kept going.

A third instrument of our type of anti-depression policy is the promotion of consumption. Government plans for this are somewhat undeveloped; the matter is, however, closely bound up with the wider problem of price policies. The general aim of post-war price policy in Sweden will be gradually to regain and improve on the pre-war standard of living by stabilizing incomes as near their present level as possible and allowing prices to fall

Autonomics and Economics

(Continued from first page)

productive activity into creating speculative values that are not intrinsic—"capital" values that are risky digressions or indirections in which the attainment of an optimum result in intrinsic value (by Darwinian realism, food supply), is a matter, not of maintenance only, but also of intelligent control over capital. Willingness to work and save—to avoid needless dissipation—is not enough. Intelligence is paramount—or should be in a just and ethical, modern society where all men could be free, but not equal. Thus all the traditional virtues of industry, thrift, and brains, are—or should be—kept in control of the industrial system by way of private property which functions to afford an incentive for maximizing the net income produced. I mean, of course, that property should so function and does to the extent that the savings of intelligent individuals are (as they are not but should be, without qualification) the exclusive source of funds for maintenance against depreciation. Such funds need to be continually dis-invested and re-invested (diverted from depreciation reserves) at risks which are minimized and even turned into capital gains (as against the risk of obsolescence, which the Taft analysis entirely overlooks) by the intelligence of the trader who observes not only the rule of *caveat emptor* but also that of *caveat venditor*. "A fool and his money are soon parted"—though not always soon enough under existing financial practices. There is no excuse for a system of finance which lets honest idiots or dishonest sinners and dissipators gain control of industry by counterfeiting other people's savings with bank credit. Let me refer again on this to Father Dempsey's monograph on "Interest and Usury" and the supporting anti-

Keynesian argument of Dr. Anderson in *Commercial and Financial Chronicle*, cited above. See also, Ralph Manuel (Minneapolis banker) in *Congressional Record*, Remarks of Hon. Fred L. Crawford, p. A 185, Vol. 89, 1943; and "Managing the People's Money," by Joseph E. Goodbar, Yale Press, 1935, Chapter I, on Bank Credit, Sec. 8, p. 74 ff. This usurious finance often forces untimely innovations into use with resultant "technological" unemployment and loss by obsolescence (ignored also by Goodbar). Economically, employment of new devices should have to wait upon savings, that is, upon accumulation and diversion of depreciation reserves to such new capital as can and does produce more at less cost.*

This should be called *neoterism* (non-obsolete, up-to-date) capital, in order to clarify what even Lord Stamp (see quotation in article on interest in *Commercial & Financial Chronicle*, Dec. 14, 1944) found confusing when he described obsolescence as "a real factor of cost" that "cannot be spirited away." For as against that which it renders obsolete, *neoterism* saves savings, i. e., creates net income and capital gains without saving at a rate as great as had previously been requisite (to cover depreciation) in producing the same income. Note that a diminution, not an expansion, of saving is involved; costs actually are "spirited away" when income is maintained by new forms of capital. Properly financed and economically managed, obsolescence is never an overall loss. If the "computation for transition" (Lord Stamp's phrase) has failed for monetary or other reasons to balance its accounts correctly and so has displaced the old with the new either before or after enough durable components of the old assembly have been worn out so as to recover their cost, an overall loss may have occurred.

Only when the extent of insolvent accounts is expanded, normally (if adequate natural resources are available) by and with increasing population, does an increase in saving for capital account (maintenance) become requisite, and then not at the expense of consumption. If potential income is increased out of proportion to population, that is, abnormally, dissipation by leisure pursuits develops to maintain equilibrium between income and outgo. Such "dissipation" may be interpreted as a "higher standard of living"; but it tends to become an element of social instability and is generally transitory.

In what Lord Stamp described as the "kind of balance which is vital to economic progress and which may be ruined by over-rapid innovation", the balance is better described, not as between obsolescence and depreciation, but

*This failure to understand the true function and operation of saving and investment and provide a proper financial setting for its operation as an adventure in uncertainty for the individual (an uncertainty upon which the certainty of technological progress depends), is thoroughly socialistic in its implications. Note, for example, Norman Thomas' remark (see "The Call" for Oct. 6, 1944) that "private capitalism... tries to be a compound interest economy. That is, it wants to believe that every share of stock—invested savings—is immortal even after the tools it has bought are worn out. Your capitalist hopes to get interest on reinvested interest forever.... Always at the expense of the workers both as producers and consumers." Mr. Thomas complains that it is built on the assumption of an "interminable pyramiding of costs in forming new capital (quite in accord with Senator Taft's analysis). Speculative, it is, and will remain, because whatever the investor hopes to get in capital gains and increased income is dependent on the wisdom of the investment and not on "reinvestment" of net income (interest, or profit) from any source. That which is "reinvested" is spent on maintenance of the tools of production and goes mostly into wages that enable workers to consume so that they may do their part in producing those tools upon which all consumption depends in modern society.

as between obsolescence and neoterism. Most capital equipment of true economic value is a complicated assembly of different elements of various durabilities. Some are readily separable; others, usually the most durable and expensive elements, are separable, if at all, only at considerable cost. Until those parts of an obsolete assembly, the cost of which must be written off as capital value because of new inventions, actually require renewal for continued operation, they must be retained in use by replacing all less durable parts. As long as the obsolete assembly can be operated by partial replacements at no greater cost than full maintenance for the neoteric form, displacement is an "over-rapid innovation." It is only as the rate of replacement cost actually incurred in maintaining the obsolete form in operation comes to exceed the full rate of depreciation for the neoteric form, that displacement becomes economical. The extent of irreplaceability, that is, the value of those elements which can no longer be economically replaced against wear, is determined by the extent of reduction in unit cost in the neoteric process. This is a reduction in the "saving" necessary for maintenance of a given income, that is, a reduction in costs or, in effect, an increase in durability relative to productivity in unit terms.

Capital in a Free Market

While our industrial system must articulate its multifarious activities under these principles of capitalistic accounting, there is a fallacy (of "composition") involved in any statistical attempt to figure out and strike the balance indicated, for there is no necessary correspondence between entrepreneurial enterprise and ownership on the one hand, and the overall anatomy of the capital structure, that is cooperating in producing intrinsic value (food supply), is intricately affected by "demands" for goods which are not economically valuable, that is, demands that are purely "psychic" and develop insolvency in the economy. Indeed, the same items may and often do serve both economic and uneconomic ends. A conveyance may be devoted to both business and pleasure (sometimes "autonomic" and sometimes wasteful, a distinction which is not always clear) under the same ownership, or even simultaneously. Correlatively, it is seldom possible for any one economic enterprise to have either occasion or ability to figure out the status of the real unit cost of production in which its own costs of maintenance are involved; it is constrained to know its own field of business and then to depend on the competitive market to minimize the costs of processing outside its own field, upon which it has to draw.

There is implied in this analysis the fact that, outside of land tenure, there is, in a free society, virtually no form of capital that does not have to meet the competition of every other form. However indirectly, efficiencies must approach the same level relative to the final product, that is, to the nutrition that is requisite to a maximum of autonomic investment (reproduction of the species). The benefits of competition are not, then, eliminated by lack of atomistic organization ("trust busting"), for they accrue, not from the lowest possible price, but from the lowest possible cost. If the owners of productive enterprises reduce their costs, what they do to prices obviously does not prevent their own consumption of the product, but only the consumption of outsiders who have not kept up with the procession and so have no similar source of values which can be traded on equal terms. In effect, every entrant in a properly competitive market thus fixes the terms of his

own position by that which he, as a monopolist or controller of supply, puts on the market. His own inherent ability to contribute income cannot be gainsaid or altered by social action in a free society, but his acquisition and retention of monopoly in property is subject to the conditions imposed by social forms and rules. These are equitable and wise only if they enable free competition to impel the greatest contribution to "general welfare" (as defined by Darwin) by a natural (competitive) selection of the fittest to own the property upon which, in large part, the general welfare depends.

Such competitive conditions can be assured only by as fully liquid a market for all values, of both autonomic (insolvent) and economic (solvent) type, as can be arranged, so that speculative bidding is continually selecting values in a system the dynamics of which are never materially monetary but are confined to the field of real values by governmental maintenance of monetary stability. The maintenance of monetary uniformity and stability is therefore the primary function of civilized government. The success of government—of social organization—rests upon a monopoly of coercion (police power) only if this is applied to enforcing fair ("neutral") monetary conditions as the "ounce of prevention" against the use of coercion (the "pound of cure") in control of conflicts over the maldistribution of property by the "unseen hand" of a distorted price system. A money system that is not uniform through time and space (geographically) cannot fail to lead to misunderstandings and ultimately to war. Such uniformity cannot be developed by present methods in finance. Coercion employed to impose present methods upon the price and property system must result in more or less autocratic government and hence lead to bitter conflicts, ultimately to war.

The significance of this analysis, then, is that of indicating the urgent necessity for a free market affording capital gains and losses to property in competitive, private enterprise, and the grave consequences of permitting the normal dynamics of such a market to be eclipsed by the need for hedging against monetary instability. The true dynamics of a normal market are not those of any general instability—not a matter of the "business cycle" induced by usurious finance or "forced saving" with its excessively "easy money" acting to produce investments that should never be made or are badly timed and productive of unemployment that is not induced by any real scarcity of natural resources as related to population. What is essential is that individuals shall not gain or lose by speculating in money, so that "moneychanging" and "the love of money" may be eliminated and speculation shall involve only real values and costs, with no monetary or other political loophole by which to escape economic responsibility for minimizing costs and maximizing values.

It is monetary confusion that that has created the demand for political "responsibility" in the conduct of economic affairs; such confusion, for example, as that of Prof. Hansen, who throws the whole machinery of individual responsibility into the discard and alleges that: "While improvements in production techniques can more or less be expected to occur automatically we should not leave this important matter to mere chance. We should deliberately foster technical progress by ample governmental support for scientific research. We should reform our patent laws so as to promote full use of existing technical knowledge. We should undertake a far more effective antimonopoly program." (Am. Ec. Review, June 1945, p. 408). Without benefit of bureaucracy, says this expert on

compensatory squandering, production techniques may be improved only as a matter of "mere chance." What more revealing evidence of his own lack of faith in his fiscal program to maintain a price structure which does not leave profitable innovations to mere chance but gives them maximum stimulus by the personal rewards and penalties of competitive enterprise?

David McCord Wright, a Hansen disciple, in the same number of the Review, iterates (p. 306) the contention that "cyclical fluctuations are an inevitable concomitant of rapid change; that we cannot avoid one without destroying the other"; and in the current (summer) Harvard Business Review reiterates it: "The same rapid growth and change which produce... desirable results also produce individual insecurity and the business cycle..." With atomic power at hand it should follow that the outlook has become hopelessly chaotic! Life is to be, at last, just one damned thing after another; and by this wrong Wright analysis there's nothing we can do about it!

So Professor Hansen thinks government should foster those factors which, says Professor Wright, induce instability and insecurity. Bureaucracy can then undo, by boondoggling with its left hand, what it fostered with its right—with the strange excuse that progress and poverty are inseparable and only the "thought and discretion", that go with a government brain trust can minimize (not eliminate!) this paradox of poverty periods produced by progress. Indeed, the Unseen Hand in the price system is going to have to cross its fingers when undertaking to "reconcile... the conflicting aims of security and progress" and so keep "capitalism" on the beam (despite itself!) by intermittently "discouraging expansion" or progress, regardless of real benefits, in order to attain control over purchasing power (money) conditions!

Again let us put the query raised by Adam Smith: why the persistent inability to separate the monetary (price) from the real (value) factors, in either thought or policy? This, of course, is the essence of the money illusion which is so artfully evaded, in the pending Full Employment Bill, by dilatory doles and by conferences to find out how to lock the barn door when statistical extrapolation indicates that, if used, the horse will either lie down in the harness or run away! Statisticians do not agree that the behavior of the economy can be thus anticipated and offset by a public squandering and retrenchment program.

[The foregoing is the third part of Mr. Porter's paper, previous installments having appeared in our issues of Aug. 30 and Sept. 6, respectively. The next portion will be given in the issue of Sept. 20.—Editor.]

High Corporate Taxes Set

In an address to a clinic on double taxation of stockholders sponsored by the Investors' Fair-play League Thomas N. Tarleau, former counsel to the United States Treasury and a law partner of the late Wendell Willkie, condemned high post-war taxes for corporations. Mr. Tarleau asserted, according to the New York "Herald Tribune", May 18, that a high level of such taxation tends to reduce consumption, remove purchasing power where most needed, and place undue burdens on production and distribution.

Recommending the progressive income tax as the best instrument for dealing with corporate earnings, Tarleau said that earnings of a corporation when distributed to stockholders would be taxed like all other income, "but should not be singled out from all other forms of income for additional taxation."

The State of Trade

(Continued from page 1258)

blast on July 31, with a daily average capacity of only 270 tons.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 30.3% of capacity for the week beginning Sept. 10, compared with 74.9% one week ago. This week's operating rate represents an increase of 7.2% from last week's rate and is equivalent to 1,470,800 net tons of steel ingots and castings, compared to 1,371,900 net tons last week and 1,687,400 tons one year ago. A month ago the industry was at 82.5% of capacity and 93.8% one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Sept. 1, 1945, totaled 860,439 cars, the Association of American Railroads announced. This was an increase of 7,013 cars, or 0.8%, above the preceding week this year, but 37,164 cars, or 4.1%, below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 40,636 cars, or 4.5%, is shown.

Railroad Income in July—Class I railroads of the United States in July, 1945, had an estimated net income, after interest and rentals, of \$63,500,000, compared with \$57,362,282 in July, 1944, according to the Association of American Railroads.

In the first seven months of 1945, estimated net income, after interest and rentals, amounted to \$394,000,000, compared with \$379,895,682 in the corresponding period of 1944.

In July, 1945, net railway operating income, before interest and rentals, totaled \$97,126,390, compared with \$99,745,527 in July, 1944.

Net railway operating income, before interest and rentals for the first seven months of this year, was \$635,994,956 as against \$652,170,786 in the same period of 1944.

For the 12 months ended July, 1945, the rate of return on property investment averaged 3.91% compared with 4.24% for the similar period in 1944.

Operating revenues for July totaled \$796,128,617 compared with \$809,038,158 in July, 1944, while operating expenses were \$549,017,065 compared with \$525,056,745 in the same month of 1944.

Total operating revenues in the first seven months of 1945 totaled \$5,495,999,125 compared with \$5,445,109,779 in the like period of 1944, or an increase of 0.9%. Operating expenses in the first seven months of 1945 amounted to \$3,744,762,962 and compared with \$3,602,834,594 in the corresponding period of 1944, or an increase of 3.9%.

In the first seven months of 1945 the class I carriers paid \$1,005,930,355 in taxes compared with \$1,076,735,355 in the same period in 1944. For the month of July alone, the tax bill of these roads amounted to \$133,378,103, a decrease of \$34,419,860, or 20.5% over July, 1944.

Electric Production—The Edison Electric Institute reports that the output of electricity increased to approximately 4,137,313,000 kwh. in the week ended Sept. 1, 1945, from 4,116,049,000 kwh. in the preceding week. Output for the week ended Sept. 1, 1945, was 6.3% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 165,400,000 kwh. in the week ended Sept. 2, 1945, comparing with 169,900,000 kwh. for the corresponding week of 1944, or a decrease of 2.6%.

Local distribution of electricity amounted to 160,700,000 kwh. compared with 157,700,000 kwh. for the corresponding week of last year, an increase of 1.9%.

Paper and Paperboard Production—Paper production in the United States for the week ending Sept. 1, was 95.2% of mill capacity, against 95.4% in the preceding week and 89.4% in the like 1944 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 97%, compared with 99% in the preceding week, and 94% in the like 1944 week.

Business Failures Rise Slightly—Despite a holiday-shortened work week, commercial and industrial failures increased in the week ending Sept. 6, Dun & Bradstreet, Inc., reports. Concerns failing totaled 19 against 16 last week and nine in the corresponding week a year ago.

Large failures involving liabilities of \$5,000 or more remained at 12, the same as in the previous week. But they were three times the number in the comparable week last year. All of this week's increase occurred among small failures with liabilities of less than \$5,000. Concerns failing with small liabilities rose from four a week ago to seven in the week just ended, bringing them above the 1944 level for the first time in a month.

Manufacturing and commercial services accounted for 12 of the week's 19 failures, the number increasing over that of last week and a year ago. The sharpest rise from 1944 was among manufacturers, with eight failing as compared with only one. Commercial services accounted for four failures this year as compared with two in the corresponding week a year ago. Although there was one less retailer failing than in the previous week, failures in this industry group also were higher than in 1944's comparable week.

The Middle Atlantic States reported eight failures, the same as in the previous week, but more than twice the number occurring in this region last year. An upswing occurred this week in the Pacific States, five concerns failing against only one a week ago, and in the New England States with three concerns failing against one a week ago. The only sharp decline occurred in the East North Central—only one concern failed as compared with five last week.

No Canadian failures were reported for the week just ended. There were three in the previous week and one in the comparable week of 1944.

Wholesale Commodity Price Index—Commodity markets as a whole were quite steady during the past week in contrast with the uncertainty of the two preceding weeks. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., registered 175.32 on Sept. 4, comparing with 175.09 a week earlier and with 171.15 on the corresponding date a year ago.

With a moderate increase in trading volume, leading grain markets developed considerable strength. The feature of the week was the sharp advance in rye prices in response to good foreign demand and the promising outlook for foreign trade. Barley also was stimulated by buying orders from abroad. Wheat futures rose moderately, aided by active buying in cash markets by the CCC, which more than counterbalanced the heavy movement of new wheat in the Southwest and the approach of the peak movement of Spring wheat in the Northwest. There was good demand for cash oats and prices were maintained. Corn prices were irregular and movements narrow, due to uncertainties surrounding the crop. Recent warm weather was beneficial to crop growth.

Flour trading increased in the last week of August. Although hog weights remained above average,

receipts of principal markets were again far below the active demand. Clearances were good and prices held steady at ceilings. Choice steers were firm; Spring lambs were steady to slightly higher.

Although holding within a comparatively narrow range, cotton values registered a mild advance last week. Stimulating factors included reports of damage to the new crop by the severe hurricane in Texas, complaints of increasing weevil damage from the South and buying of American cotton by Spanish interests.

Trading in domestic wools in the Boston market remained at a practical standstill for the second week in succession. This reflected the uncertainties as to the disposition of the huge surplus of domestic wools resulting from the cancellation of Government orders. Buying of foreign wools was also at a low ebb due to the uncertainty surrounding future prices of domestic wool.

Food Price Index Lowest in 10 Months—Dropping another two cents in the week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., registered \$4.04 on Sept. 4. Although still 1.3% above the \$3.99 recorded in the like week last year, the current index marks the lowest level since the week of Nov. 7, 1944. During the latest week advances were shown for flour, rye, barley and potatoes. Declines were listed for wheat, oats, eggs, steers, sheep and lambs. The index represents the sum total of the price per pound of 31 foods in general use.

Retail and Wholesale Trade—Retail volume when stores were open was well sustained at a level perhaps very slightly above the previous week. Volume for the holiday week for the country at large was lower than in the previous week and was slightly over that of a year ago, according to Dun & Bradstreet, Inc. In war boom areas purchasing of women's apparel was slackening but for the country sales were well maintained. Greater caution with regard to price and quality was reported apparent. Grocery volume was moderately higher than in the previous week and in the corresponding 1944 week.

Women's apparel sales held even with last week. Dressy black dresses were prominent. Increased buying was noted in heavier underwear and pajamas, while rayon hosiery volume was said to be declining in anticipation of nylons. Consumer demand for coats and suits continued high. Back-to-school buying also was large.

Fur coat retail stocks were ample with sales appreciably higher for the week and year. Promotions of fall hats were well received, the volume exceeding the 1944 level. Demand for non-rationed shoes declined.

Volume in housewares compared favorably with last year; the biggest demand was for small appliances. Bedroom sets and single pieces featured furniture sales. Buying of piece goods was active with plaid woolens perennial favorites. The long week-end stimulated buying of cigarettes, liquor and gasoline.

Grocery volume rose during the week and remained above last year's level, due to increased supplies and lowered point values. Produce was in good supply; soap flakes, mayonnaise, certain canned foods, and sugar remained hard to find.

Retail sales for the country were estimated at 2 to 6% above a year ago. Regional percentage increases were: New England, 3 to 8; East and South, 3 to 7; Northwest and Pacific Coast, 5 to 9; Southwest, 1 to 5; the Middle West decreased 0 to 4.

Wholesale volume last week was substantially even with a week ago and slightly under last year; there was less activity in the wholesale markets during the holiday week. Wholesalers handling specialized war goods, espe-

cially in such lines as uniforms and service men's merchandise were liquidating their inventories as rapidly as possible. In all lines retail buyers stressed quality in their requests. Food volume rose again last week with the gradual easing of supplies. Piece goods buyers attempted to purchase fabrics for late fall delivery to augment exhausted inventories.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Sept. 1, 1945, decreased by 1% and compared with an increase of 6% in the preceding week. For the four weeks ended Sept. 1, 1945, sales increased by 2% and for the year to date by 12%.

Here in New York retail trade was fairly active. In both wholesale and retail food lines a demand for better quality products was noticeable during the week. A more plentiful supply of merchandise also stimulated trade. In wholesale markets major interest centered on the return of a number of major home appliances, according to the New York "Times," resulting in buying activity in other lines being less pronounced the past week. In soft lines, indications were that they would grow increasingly easier in the weeks directly ahead.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Sept. 1, 1945, increased by 2% above the same period of last year. This compared with an increase of 4% in the preceding week. For the four weeks ended Sept. 1, 1945, sales rose by 3% and for the year to date by 13%.

Labor Day Statements by President, Others

President Truman keyed the expressions of other government leaders in his Labor Day statement hailing the first Labor Day of peace in six years, declaring that the workers of all free nations would always be remembered gratefully for their contribution to victory, a special dispatch to the New York "Times," from Washington, stated on Sept. 1.

Words of praise came also from Secretary of the Navy Forrestal and from WPB Chairman, J. A. Krug.

President Truman in his tribute to labor, said:

"Six years ago the workers of the United States and of the world awoke to a Labor Day in a world at war. The democracies of western Europe had just accepted the challenge of totalitarianism. We in the United States had two years of grace, but the issue was squarely joined at that hour, as we now know. There was to be no peace until tyranny had been outlawed.

"Today we stand on the threshold of a new world. We must do our part in making this world what it should be—a world in which the bigotries of race and class and creed shall not be permitted to warp the souls of men.

"We enter upon an era of great problems, but to live is to face problems. Our men and women did not falter in the task of saving freedom. They will not falter now in the task of making freedom secure. And high in the ranks of those men and women, as a grateful world will always remember, are the workers of all free nations who produced the vast equipment with which the victory was won.

"The tasks ahead are great and the opportunities are equally great. Your Government is determined to meet those tasks and fulfill those opportunities.

"We recognize the importance and dignity of labor, and we recognize the right of every American citizen to a wage which will

permit him and his dependents to maintain a decent standard of living."

Mr. Forrestal said: "The builders of our war fleets have now become the architects of peace. Labor's contributions to the era of progress and prosperity that lies before us will, I am sure, be as important as its contribution to victory."

Mr. Krug recalled that during the war labor was asked to remain on the job Labor Day, and the workers responded. "Now, at last, thanks to Labor's patriotic steadfastness," he continued, "this year it is a pleasure to invite Labor to celebrate its magnificent accomplishments in winning the war." He added in part:

"Now that the war has been won, it is to labor's interest to keep up its efforts until the peace has likewise been won and the peacetime economic structure rendered secure by a full-bodied production of civilian goods.

"Labor, therefore, in accepting the well-merited tribute that the country wholeheartedly bestows upon it for meeting its grave wartime responsibilities so splendidly, should pause in a spirit of thanksgiving that victory has come at last and, in reflecting upon its great accomplishments of the immediate past, should not be unmindful of the weighty problems ahead for the immediate future."

Philip Murray, Chairman of the Congress of Industrial Organizations, told his radio audience, according to the New York "Times," that America's vast war production facilities must be put to work on peacetime production which would result in unlimited prosperity for the nation. Said Mr. Murray:

"I must confess that I sneaked to you tonight in terms of alarm lest the decision be not taken, and taken speedily, to use the vast enterprise of America for full production and full employment for all willing and able to work."

Mr. Murray said the purchasing power of the people must be maintained at the highest possible level to enable consumers to buy the goods they need and thereby provide full employment.

"This is a debt not only due to returning veterans but also America's war workers who provided during the dark days of war all of the materials essential to speedy and sure victory."

Sir Chas. Lidbury Again Heads London Bankers Inst.

At the 67th annual general meeting of the Institute of Bankers in London on May 16, Sir Charles Lidbury was re-elected President for a seventh year. Sir Charles is Director and Chief General Manager of the Westminster Bank Ltd. The annual report of the Institute, for the year ended April 30th, 1945, and the Accounts up to the 31st of December, 1944, were adopted.

In accepting office for a further year, Sir Charles Lindbury pointed out that the customary term of office for the President was two years and indicated that his own tenure of office, which had extended since May, 1939, and would, with his election for the current year, cover a period of seven years, was exceptional in character merely because of the fact of war. Of necessity the present President's work had been that of a caretaker and it might well be that for the further period of one year it might be necessary to continue very largely on a "caretaker" basis owing to the fact that so large a proportion of the members of the Institute were in the Armed Forces and the younger ones were not likely to be back at their banking duties in time to take very active parts in the forthcoming Autumn/Spring session.

Federal Reserve July Business Indexes

The Board of Governors of the Federal Reserve System issued on Aug. 25 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time, the Board made available its customary summary of business conditions. The indexes for July, together with a comparison for a month and a year ago follow:

BUSINESS INDEXES

	Adjusted for Seasonal Variation			Without Seasonal Adjustment		
	1945 July	1945 June	1944 July	1945 July	1945 June	1944 July
1939 average = 100 for factory employment and payrolls;						
1923-25 average = 100 for construction contracts;						
1935-39 average = 100 for all other series						
Industrial production—						
Total	*212	220	230	*213	221	232
Manufactures—						
Total	*224	233	246	*225	234	248
Durable	*291	303	347	*292	308	348
Nondurable	*169	173	165	*171	174	167
Minerals	*144	144	139	*147	147	143
Construction contracts, value—						
Total	†	50	38	†	59	43
Residential	†	22	14	†	24	14
All other	†	73	57	†	87	66
Factory employment—						
Total	*143.4	149.0	165.2	*143.5	148.4	165.3
Durable goods	*184.2	193.6	225.3	*184.4	193.8	225.5
Nondurable goods	*111.2	113.8	117.9	*111.2	112.6	117.9
Factory payrolls—						
Total	†	†	†	†	298.3	326.8
Durable goods	†	†	†	†	393.6	453.8
Nondurable goods	†	†	†	†	205.1	202.6
Freight carloadings	139	140	143	143	145	147
Department store sales, value	218	202	189	163	186	142
Department store stocks, value	†	181	165	†	172	148

*Preliminary. †Data not yet available.
 Note—Production, carloading, and department store sales indexes based on daily averages. To convert durable manufactures, nondurable manufactures, and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, nondurable by .469, and minerals by .152.

Construction contract indexes based on 3-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by \$410,269,000, residential by \$184,137,000, and all other by \$226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for Seasonal Variation			Without Seasonal Adjustment		
	1945 July	1945 June	1944 July	1945 July	1945 June	1944 July
Manufactures—						
Iron and steel	188	192	202	188	192	202
Pig iron	182	181	196	182	181	196
Steel	204	214	222	204	214	222
Open hearth	173	173	184	173	173	184
Electric	422	505	491	422	505	491
Machinery	*370	393	435	*370	393	435
Transportation equipment	*523	574	704	*523	574	704
Automobiles	*194	210	223	*194	210	223
Nonferrous metals and products	†	219	244	†	219	243
Smelting and refining	*183	184	246	*182	183	244
Lumber and products	*115	116	124	*120	121	130
Lumber	†	104	114	†	112	123
Furniture	*136	138	143	*136	138	143
Stone, clay and glass products	*166	165	165	*165	166	165
Plate glass	62	43	60	62	43	60
Cement	†	95	86	†	102	94
Clay products	*118	120	124	*117	118	124
Gypsum and plaster products	*168	165	182	*168	169	182
Abrasive & asbestos products	*294	298	294	*294	298	294
Textiles and products	*141	150	139	*141	150	139
Cotton consumption	123	144	139	123	144	139
Layon deliveries	219	220	193	219	220	193
Wool textiles	†	144	131	†	144	131
Leather products	*112	127	105	*109	125	103
Tanning	†	119	113	†	116	107
Cattle hide leathers	†	137	125	†	132	119
Calf and kip leathers	†	97	78	†	99	77
Goat and kid leathers	†	58	61	†	59	80
Sheep and lamb leathers	†	137	144	†	135	154
Shoes	*107	132	100	*107	132	100
Manufactured food products	*146	151	153	*155	150	163
Wheat flour	*134	138	113	*133	132	112
Meatpacking	*135	141	175	*127	139	162
Other manufactured foods	*150	156	153	*155	146	159
Processed fruits & vegetables	*117	135	130	*152	104	169
Tobacco products	†	139	122	†	145	127
Cigars	†	93	86	†	93	86
Cigarettes	†	177	154	†	186	162
Other tobacco products	†	90	78	†	92	78
Paper and products	†	142	133	†	142	132
Paperboard	149	160	148	149	160	148
Newsprint production	80	79	83	78	80	82
Printing and publishing	*107	106	95	*101	105	89
Newsprint consumption	88	85	87	76	84	75
Petroleum and coal products	†	273	247	†	273	247
Petroleum refining	†	289	259	†	289	259
Gasoline	*152	148	137	*152	148	137
Fuel oil	†	177	164	†	177	164
Lubricating oil	†	136	125	†	136	124
Kerosene	†	132	128	†	124	119
Coke	†	163	172	†	163	172
Byproduct	†	155	164	†	155	164
Beehive	*365	424	442	*365	424	442
Chemicals	*312	320	314	*308	316	310
Rayon	*243	243	237	*243	243	237
Industrial chemicals	*412	412	408	*412	412	408
Rubber	*217	221	227	*217	221	227
Minerals—						
Fuels						
Bituminous coal	*149	150	143	*149	150	143
Anthracite	*146	153	151	*146	153	151
Crude petroleum	*117	129	118	*117	129	118
Metals	*154	151	142	*154	151	142
Iron ore	†	110	117	†	131	142
Other	†	†	†	†	301	323

*Preliminary or estimated. †Data not yet available.

FREIGHT CARLOADINGS
(1935-39 average = 100)

	1945 July	1945 June	1944 July	1945 July	1945 June	1944 July
Coal	136	143	143	136	143	143
Coke	193	181	194	187	178	188
Grain	157	155	144	188	158	172
Livestock	121	121	124	97	99	102
Forest products	140	144	156	140	149	157
Ore	171	170	139	273	263	302
Miscellaneous	145	146	150	148	150	151
Merchandise, l.c.l.	67	68	66	67	68	66

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548.

Revenue Freight Car Loadings for the Week Ended Sept. 1, 1945 Increased 7,013 Cars

Loading of revenue freight for the week ended Sept. 1, 1945, totaled 860,439 cars, the Association of American Railroads announced on Sept. 7. This was a decrease below the corresponding week of 1944 of 37,164 cars, or 4.1%, and a decrease below the same week in 1943 of 40,636 cars or 4.5%.

Loading of revenue freight for the week of Sept. 1 increased 7,013 cars, or 0.8% above the preceding week.

Miscellaneous freight loading totaled 363,700 cars, an increase of 9,393 cars above the preceding week, but a decrease of 48,504 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 105,114 cars, a decrease of 915 cars below the preceding week and a decrease of 4,452 cars below the corresponding week in 1944.

Coal loading amounted to 179,264 cars a decrease of 1,000 cars below the preceding week, but an increase of 5,626 cars above the corresponding week in 1944.

Grain and grain products loading totaled 66,255 cars a decrease of 513 cars below the preceding week but an increase of 18,393 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of Sept. 1 totaled 48,079 cars, an increase of 853 cars above the preceding week and an increase of 14,725 cars above the corresponding week in 1944.

Livestock loading amounted to 17,455 cars an increase of 998 cars above the preceding week and an increase of 615 cars above the corresponding week in 1944. In the Western Districts alone loading of livestock for the week of Sept. 1 totaled 13,296 cars, an increase of 919 cars above the preceding week, and an increase of 589 cars above the corresponding week in 1944.

Forest products loading totaled 45,281 cars an increase of 2,656 cars above the preceding week but a decrease of 2,142 cars below the corresponding week in 1944.

Ore loading amounted to 70,959 cars a decrease of 4,292 cars below the preceding week and a decrease of 5,260 cars below the corresponding week in 1944.

Coke loading amounted to 12,411 cars an increase of 686 cars above the preceding week, but a decrease of 1,440 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding week in 1944 except the Northwestern and Centralwestern, and all reported decreases compared with 1943 except the 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	3,055,725
4 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,846	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
4 Weeks of June	4,364,662	4,338,886	4,003,393
4 Weeks of July	3,378,266	3,459,830	3,455,328
4 Weeks of August	3,240,175	3,576,269	3,554,694
Week of September 1	860,439	897,603	901,075
Total	28,740,825	29,218,903	28,242,474

Data on Citizenship of Customers Must Be Kept By New York Stock Exchange Members

Announcement that a ruling by the New York Stock Exchange requires that member firms should keep records whereby essential facts as to whether each customer is a non-citizen of the United States, was made by the Exchange on July 17. This announcement, to members and member firms, said:

Under Rule 504 of the Board of Governors every member firm is required to learn the essential facts relative to every customer. The Exchange has ruled that one of the essential facts which a member firm should know with respect to each customer is whether the customer is a non-citizen of the United States. This information should be placed upon the new account form, signature card, or some other readily available record.

In any case, where a firm does not have this information as to non-citizenship, it should be obtained as promptly as possible.

It was pointed out in the New York "Herald Tribune" of July 19 that the new regulation which requires firms to place this information "upon the new account form, signature card or some other readily available record," permits the Exchange to provide the Treasury or other Federal authorities with data relative to trading in securities by aliens.

The paper quoted further observed: Emil Schram, President of the New York Stock Exchange, in a recent speech, drew attention to the fact that certain classifications of aliens now on this side are exempt from some capital gains tax provision applicable to citizens.

Mr. Schram also stated that, apparently, such aliens engaged in sizable securities transactions under this exempt basis. Similar assertions have recently been voiced by other quarters and yesterday's move by the Exchange foreshadows possible correction of the alleged tax loophole.

Under Foreign Funds Control

Regulations and under certain provisions of the Trading With the Enemy Act, banks and law firms, real estate operators and insurance companies have been required to record the citizenship status of most of their customers.

While many of the larger brokerage concerns have kept such records since the war broke out for the same legal reasons, the new rule by the Exchange makes this mandatory for the entire membership. In case the Government should decide on an investigation to determine how much tax revenue is lost because of the exemption, member firms might now be able to give some of the answers, it was indicated yesterday in informed quarters.

NYU Law School Will Publish Tax Law Review

The Tax Law Review, a new quarterly publication for the practical use of attorneys, accountants, corporate officers and specialists in taxation will be published, beginning in October, by the New York University School of Law, Dean Arthur T. Vanderbilt announced on Sept. 3. In addition to leading articles by well known authors engaged in tax practice, each issue will present the views of a social scientist in an attempt to bridge the gap between legal and economic thinking on tax matters, Dean Vanderbilt said. Authors scheduled for the first two numbers

include Randolph E. Paul, former tax advisor to the Secretary of the Treasury; Beardsley Ruml, author of the Ruml plan; George E. Cleary; Philip Zimet; Prof. Harry J. Rudick, member of the Advisory Committee appointed by the U. S. Treasury to study Federal Estate and Gift Tax revision, and Prof. Gerald J. Wallace, formerly chief of the Criminal and Compromise Division of the Tax Division of the Department of Justice. The inspiration for the new Tax Law Review was credited by Dean Vanderbilt to J. K. Lasser, author of the annual, "Your Income Tax" and "Your Corporation Tax" and Chairman of the New York University Institute of Federal Taxation since its inception in 1942. A faculty editorial board headed by Prof. Edmond N. Cahn as editor-in-chief and including Prof. Victor E. Ferrall, Mark H. Johnson, Harry J. Rudick and Gerald L. Wallace, with Prof. Miguel A. de Capriles as business manager, will be assisted by an advisory board.

Labor Secretary Backs "Full Employment" Bill

The Senate Banking subcommittee holding hearings on the so-called "full employment" bill has been told by Secretary of Labor Lewis B. Schwellenbach that the Government has a definite responsibility to see that widespread unemployment does not recur in the United States, according to Associated Press advices from Washington, Aug. 29. The Labor Secretary stated that he was in full accord with the proposed legislation to provide that the Government assure jobs for all workers.

Mr. Schwellenbach said, according to the Associated Press, "Full employment" is "not only a slogan but it is good business for the American people" and added:

"It is good business for industrialists because it guarantees a steady flow of purchasing power to absorb the products of industry."

"It is good for labor because it affords a steady income and a feeling of security that accompanies such an income. It is good for the farmer because it affords him a steady market for his products."

Albert S. Goss, master of the National Grange, also endorsed the proposed measure, but stated that it was his opinion that the Government's first duty was to see that free enterprise has full opportunity to provide maximum employment.

Result of Treasury Bill Offering

The Secretary of the Treasury announced on Sept. 10 that the tenders of \$1,300,000,000 or thereabouts of 91-day Treasury bills to be dated Sept. 13 and to mature Dec. 13, 1945, which were offered on Sept. 7, were opened at the Federal Reserve Bank on Sept. 10.

The details of this issue are as follows:

Total applied for, \$2,024,665,000.
 Total accepted, \$1,301,933,000 (includes \$60,925,000 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, 99.909, equivalent rate of discount approximately 0.360% per annum.

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

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

There was a maturity of a similar issue of bills on Sept. 13 in the amount of \$1,309,767,000.

Steel Production Again Increased — Consumer Reconversion Needs Shaping Up Rapidly

In the midst of nationwide temporary unemployment, many steel companies this week are facing the greatest manpower shortage since Pearl Harbor, according to "The Iron Age," national metalworking paper. Practically all large companies are in need of from one to several thousand employees for such skilled jobs as are required in finishing mill operations which are being stepped up for civilian demand, the magazine says in its issue of Sept. 13, further adding:

"Operations at one large mill in the Chicago district are being hampered by the lack of 3,500 men. Two or three blast furnaces there remain idle for lack of labor. Although some companies have been able to approach a 40-hour week in the finishing mill departments, blast furnace and openhearth employees are working six or seven days a week.

"The manpower shortage, the cancellation of war contracts and the inability to reach a 40-hour work week schedule have produced such a financial hobgoblin that steel company representatives are meeting this week with OPA representatives to present expected operating schedules for the balance of the year in order to prove probable financial loss. It is expected that steel price increases on many products will materialize before the end of the year.

"The elimination of the single basing point reducing the delivered price on stainless steel products in certain areas announced this past week by many producers is expected to be a boon to consumers and go a long way towards substantially increasing the use of this product on the civilian front. Many companies have announced new basing points at the point of manufacture for various stainless steel products which will make a considerable inroad into producers' profits but will mean a windfall for consumers because the latter will be paying much smaller freight charges than heretofore.

"Steel consumer reconversion requirements were shaping up rapidly in the past week accompanied by a sharp upturn in new order volume. Deliveries on most products were extended further this week, with most items booked through the rest of this year and with some such as tinplate into 1946. Greatest consumer pressure is being exerted on the flatrolled steel market, where backlogs are reaching new peaks.

"Reflecting the end of cancellation difficulties as well as the substantial increase in the number of civilian steel orders, the national steel ingot rate this week is up six points to 81% of capacity. Whether it goes much higher than this depends upon the manpower situation.

"WPB officials are about ready to further restrict authorized uses for lead. Because of the importance of tin in the national economy and the expected liquidation of reserves within a year, the Government may soon see fit to establish a director of tin operations.

"Reconversion in the machine tool industry was said to be going forward this week at a greater pace than had been anticipated. Foreign inquiries principally from France and Belgium are active and machine tool makers are eyeing the Chinese market."

The American Iron and Steel Institute on Sept. 10 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 80.3% of capacity for the week beginning Sept. 10, compared with 74.9% one week ago, 82.5% one month ago and 93.8% one year ago. This represents an increase of 5.4 points or 7.2% from the preceding week. The operating rate for the week beginning Sept. 10 is equiv-

alent to 1,470,800 tons of steel ingots and castings, compared to 1,371,900 tons one week ago, 1,511,100 tons one month ago, and 1,687,400 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 10, stated in part as follows:

"Substantial headway is being made in setting up schedules but steel mills still find problems ahead, apart from those arising from cancellations and the difficulty of many consumers in appraising their requirements accurately.

"Although there will be no further Controlled Material Plan allotments after Sept. 30, the question still puzzles many as to whether validated orders already on books for fourth quarter should be given preference over the general run of civilian requirements. Informed opinion is that WPB imposes no such obligation, with the matter entirely up to the producers themselves. Undoubtedly as many of these orders represent firm contracts they will be filled to the general satisfaction of the consumers.

"There also is renewed speculation as to the extent of MM and CC tonnage that may develop next quarter. Such business would take precedence over ordinary civilian work. While not expected at best to be too heavy, the opinion nevertheless prevails that MM tonnage may be heavier than originally expected. Also, CC ratings, proposed for expediting essential civilian work, may cover a wider scope than earlier expected. Some trade interests look not only for canners to obtain such ratings but possibly the automobile industry and railroads, particularly with regard to rails, and the utilities, among others.

"Also to be cleared up more definitely are the policies relating to exports, particularly with regard to substantial commitments made originally under lend-lease and still, it is understood, to be held on the books. Meanwhile some large cancellations are still being noted, although in general the volume of canceled tonnage is shrinking appreciably and producers are booking tonnage more freely. Sheet and strip orders are fast filling up cancellation gaps in fourth quarter schedules and in some lines, notably galvanized and silicon sheets, most mills are booked solidly well into next year. However, full effect of MM and CC ratings remains to be seen.

"Strength in scrap continues, with large consumers paying ceiling prices for steelmaking grades and no weakness visible, except perhaps in lack of buying of borings and turnings, which are in far smaller supply than formerly.

"Despite slackened steel production while industry readjusts to peacetime conditions movement of iron ore from Lake Superior mines shows little change. August saw 10,731,804 gross tons loaded at the head of the lakes, only 1,556,449 tons less than moved in August last year. To Sept. 1 the tonnage moved was 51,128,672 tons, compared with 54,574,672 tons to the same date in 1944. Expected heavy steel production during the winter causes consumers to desire to build up reserves to a better level than existed last winter. Qualified observers believe the total will be close to 80 million tons, compared with 81,170,538 tons in the 1944 season."

Moody's Common Stock Yields

For yields in prior years see the following back issues of the "Chronicle": 1941 yields (also annually from 1929), Jan. 11, 1942, page 2218; 1942 levels, Jan. 14, 1943, page 202; 1943 yields, March 16, 1944, page 1130; 1944 yields, Feb. 1, 1945, page 558.

MOODY'S WEIGHTED AVERAGE YIELD OF 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1945	4.4	6.3	5.2	3.3	3.6	4.6
February, 1945	4.2	5.9	5.0	3.3	3.4	4.3
March, 1945	4.4	6.2	5.1	3.6	3.5	4.6
April, 1945	4.1	5.5	4.8	3.4	3.4	4.3
May, 1945	4.1	5.5	4.7	3.4	3.3	4.2
June, 1945	4.1	5.3	4.6	3.3	3.4	4.2
July, 1945	4.1	5.6	4.5	3.4	3.4	4.3
Aug., 1945	3.9	5.7	4.5	3.4	3.4	4.1

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

The New York Stock Exchange announced on Aug. 17 that the following companies have reported changes in the amount of stock held as heretofore reported by the Department of Stock List:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
Allied Kid Co., common	2,651	2,655
American Ice Co., 6% preferred	4,301	None
American Locomotive Co., common	4,300	4,756
American Locomotive Co., preferred	10,445	10,705
Associates Investment Co., common	43,584	44,332
Associates Investment Co., preferred \$5 cumulative	1,116	147
Atlas Corporation, common	21,889	26,392
Borden Company, The, common	192,958	198,158
Chicago and North Western Railway Co., common	232,538	None
Chicago and North Western Railway Co., preferred	155,434	None
Columbia Pictures Corp., \$2.75 convertible preferred	1,900	2,300
General Motors Corp., common	122,814	129,814
Gimbel Brothers, \$4.50 cumulative preferred	23,553	23,753
Goodyear Tire & Rubber Co., The, \$5 preferred	6,865	7,165
International Minerals & Chemical Corp., common	64,379	64,179
Johnson & Johnson, common	32,610	32,217
Johnson & Johnson, preferred	1,432	1,413
Madison Square Garden Corp., capital	49,300	49,800
National Cylinder Gas Co., common	20,919	29,417
National Steel Corp., common	155	130
Norfolk and Western Railway Co., preferred	10,437	10,021
Plymouth Oil Co., common	4,999	7,299
Purity Bakeries Corp., common	30,269	29,869
Rustless Iron and Steel Corp., common	14	15
Safeway Stores, 5% preferred	252	None
W. A. Sheaffer Pen Co., common	6,124	6,101
Sinclair Oil Corp., common	954,142	954,143
United Cigar-Whelan Stores Corp., common	21	25

NOTES

- (1) Purchased 30,308 shares; retired 34,609 shares.
- (2) Canceled 1,116 shares; purchased 147 shares.
- (3) Acquired 6,200 shares, issued 1,000 shares under the Officer's and Employees Stock Option Plan.
- (4) Shares issued upon exercise of outstanding warrants during the month of July, 1945.
- (5) Decrease represents shares delivered under the Employees Extra Compensation Plan.

The New York Curb Exchange made available on Aug. 17 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
Amer. Cities Power & Light Corp., A. Opt. Div. Ser. 1936	None	5,000
Amer. Cities Power & Light Corp., Cv. A. Opt. Div. Ser.	100	10,515
American General Corp., common	443,461	448,859
Carman & Co., Inc., class A	1,065	64
Equity Corp., \$3 convertible preferred	75,995	76,295
Hygrade Food Products Corp., common	30,540	32,541
International Utilities Corp., common	267	271
Knott Corporation, common	11,064	11,084
N. Y. Merchandise Co., Inc., common	130,381	130,481
Niagara Share Corp., B common	223,281	231,181

National Bank Assets at Nearly \$82 Billion June 30 Compare With \$76,160,538,000 Mar. 20

The total assets of national banks on June 30 this year amounted to nearly \$82,000,000,000 (\$81,794,833,000), it was announced on Sept. 3 by Comptroller of the Currency Preston Delano. Returns from the call covered 5,021 active National banks in the United States and possessions. The assets reported were greater by \$5,600,000,000 than those reported by the 5,025 active national banks as of Mar. 20, 1945, the date of the previous call, and

an increase of \$11,400,000,000 over the amount reported by the 5,042 active banks as of June 30, 1944.

The Mar. 20 figures were referred to in our issue of May 31, last, page 2430. In giving the details of the June 30 figures the Comptroller said:

"The deposits of National banks on June 30, 1945, were nearly \$77,000,000,000, an increase since March 1945 of \$5,642,000,000, or 8%, and an increase of nearly \$11,000,000,000, or 17% since June of last year. Included in the current deposit figures are demand and time deposits of individuals, partnerships and corporations of \$37,127,000,000 and \$14,315,000,000, respectively, United States Government deposits of \$13,205,000,000, deposits of States and political subdivisions of \$3,154,000,000, postal savings of \$5,000,000, certified and cashiers' checks of \$768,000,000, and deposits of banks (excluding reciprocal balances) of \$8,252,000,000.

"Loans and discounts were \$12,389,000,000, an increase of \$1,844,-

000,000, or 17½%, since March, and an increase of \$1,159,000,000, or 10.32%, since June, 1944. Included in the total loans were commercial and industrial advances of \$4,506,000,000, real estate loans of \$2,083,000,000, loans to brokers and dealers in securities of \$1,331,000,000, other loans for the purpose of purchasing and carrying securities of \$1,872,000,000, agricultural loans of \$941,000,000, consumer loans to individuals of \$942,000,000, and all other loans of \$714,000,000. The percentage of loans and discounts to total deposits on June 30, 1945, was 16.13 in comparison with 14.81 on March 20, 1945, and 17.06 on June 30, 1944.

Investments by the banks in United States Government obligations (including \$25,000,000 guaranteed obligations) as of June 30, 1945, aggregated \$47,255,000,000, which was greater by \$3,262,000,000, or more than 7%, than the amount reported for March, 1945, and an increase of \$3,465,000,000, or nearly 22%, over the amount

reported for June, 1944. Other bonds, stocks and securities held of \$3,764,000,000, which included obligations of States and political subdivisions of \$2,201,000,000, showed an increase of \$118,000,000 since March, 1945, and an increase of \$267,000,000 in the year.

"Cash of \$821,000,000, balances with other banks (including cash items in process of collection) of \$7,144,000,000, and reserves with Federal Reserve banks of \$9,648,000,000, a total of \$17,613,000,000, increased \$400,000,000 since March, and \$1,553,000,000 since June of last year.

"The unimpaired capital stock of the banks on June 30, 1945, was \$1,624,000,000, including \$80,000,000 of preferred stock. Surplus was \$1,875,000,000, undivided profits \$692,000,000, and reserves \$281,000,000, or a total of \$2,848,000,000. This was an increase of \$38,000,000 over the surplus, profits, and reserves in March, and an increase of \$291,000,000 over the aggregate of these items at the end of June last year."

NY Bankers Committees for 1945-1946

The appointment of New York State Bankers Association committees for 1945-1946 was announced on Sept. 10 by the Association's President, Bernard E. Finucane, who is also President of the Security Trust Company, Rochester, N. Y. Mr. Finucane revealed the Association's plan to continue, at least for another year, the existence of the special committees, created in 1944 to deal with economic problems of war and reconversion—the Committee on International Monetary Matters and the Committee on Commercial Development.

The Committee on International Monetary Matters, headed by Percy H. Johnston, Chairman of the Board of the Chemical Bank & Trust Company, of New York, will follow its studies of the original Bretton Woods proposals with further research into problems of foreign trade and monetary exchange. Members of the Committee, besides the Chairman, are William C. Potter, Chairman of the Executive Committee of the Guaranty Trust Company, New York City; George Whitney, President of J. P. Morgan & Co. Incorporated, New York City; Gordon S. Rentschler, Chairman of the Board of the National City Bank of New York, New York City; H. Donald Campbell, President of the Chase National Bank, New York; D. S. Iglehart, Director of Grace National Bank and President of W. R. Grace & Co., New York City; Charles H. Diefendorf, President of the Marine Trust Co., Buffalo, N. Y.; Bernard E. Finucane, President of the Security Trust Co., Rochester.

The Committee on Commercial Development, headed by Neil D. Callanan, Vice-President of the Manufacturers & Traders Trust Co., Rochester, will continue to work with the Committee for Economic Development, the New York State Department of Commerce, local chambers of commerce and various national, state, and local trade associations, in an effort "to encourage manufacturers, wholesalers, retailers, and service agencies to locate in New York State, and to facilitate the extension of bank credit in adequate amounts for a sufficient length of time to any constructive business enterprise within the state."

Other Association projects which will be continued in 1945-1946 include studies of bank personnel management techniques, bank policies, consumer credit and personnel instalment lending, modern commercial credit procedures (field warehousing, loans on receivables, term loans), and production loans for agriculture.

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite in the week ended Sept. 1, as estimated by the United States Bureau of Mines, was 12,150,000 net tons, a decrease of 50,000 tons when compared with the preceding week and an increase of 466,000 tons over the corresponding week of 1944. The total output of soft coal from Jan. 1 to Sept. 1, 1945 is estimated at 393,426,000 net tons, a decrease of 7.4% when compared with the 424,762,000 tons produced during the period from Jan. 1 to Sept. 2, 1944.

Production of Pennsylvania anthracite for the week ended Sept. 1, 1945, as estimated by the Bureau of Mines, was 1,197,000 tons, an increase of 36,000 tons (3.1%) over the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 104,000 tons, or 8.0%. The calendar year to date shows a decrease of 16.6% when compared with the corresponding period of 1944.

The Bureau also reports that the estimated production of beehive coke in the United States for week ended Sept. 1, 1945 showed a decrease of 700 tons when compared with the output for the week ended Aug. 25, 1945; and was 21,200 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE (In Net Tons)

	Week Ended			Jan. 1 to Date	
	Sept. 1, 1945	Aug. 25, 1945	Sept. 2, 1944	Sept. 1, 1945	Sept. 2, 1944
Bituminous coal & lignite:	12,150,000	12,200,000	11,684,000	393,426,000	424,762,000
Total, incl. mine fuel:	2,025,000	2,033,000	1,947,000	1,911,000	2,032,000
Daily average	2,025,000	2,033,000	1,947,000	1,911,000	2,032,000

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

	Week Ended			Calendar Year to Date	
	Sept. 1, 1945	Aug. 25, 1945	Sept. 2, 1944	Sept. 1, 1945	Sept. 4, 1944
Penn. anthracite:	1,197,000	1,161,000	1,301,000	36,417,000	43,650,000
Total incl. coal fuel:	1,149,000	1,115,000	1,249,000	34,962,000	41,904,000
Commercial prod.	1,149,000	1,115,000	1,249,000	34,962,000	41,904,000
Beehive coke:	21,200	21,200	21,200	21,200	21,200
United States total	1,218,200	1,182,200	1,322,200	37,014,000	44,125,000

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

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

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

State	Week Ended		
	Aug. 25, 1945	Aug. 18, 1945	Aug. 26, 1944
Alabama	393,000	224,000	370,000
Alaska	6,000	4,000	5,000
Arkansas and Oklahoma	103,000	63,000	87,000
Colorado	136,000	76,000	140,000
Georgia and North Carolina	1,000	1,000	1,000
Illinois	1,488,000	630,000	1,445,000
Indiana	553,000	262,000	534,000
Iowa	40,000	30,000	52,000
Kansas and Missouri	125,000	99,000	127,000
Kentucky—Eastern	1,036,000	465,000	1,029,000
Kentucky—Western	436,000	341,000	341,000
Maryland	38,000	19,000	43,000
Michigan	2,000	2,000	3,000
Montana (bitum. & lignite)	90,000	68,000	107,000
New Mexico	29,000	16,000	35,000
North & South Dakota (lignite)	33,000	40,000	39,000
Ohio	824,000	435,000	697,000
Pennsylvania (bituminous)	2,777,000	1,375,000	2,727,000
Tennessee	140,000	66,000	138,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	128,000	64,000	133,000
Virginia	363,000	173,000	385,000
Washington	22,000	18,000	35,000
West Virginia—Southern	2,100,000	1,084,000	2,261,000
West Virginia—Northern	1,161,000	668,000	1,161,000
Wyoming	176,000	124,000	178,000
Other Western States	1,000	1,000	1,000
Total bituminous & lignite	12,200,000	6,260,000	12,076,000

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

Wholesale Prices Declined 0.3% in Week Ended Sept. 1, Labor Department Reports

Lower prices for agricultural commodities were responsible for a decrease of 0.3% in the Bureau of Labor Statistics' index of commodity prices in primary markets to 105.2% of the 1926 average in the week ending Sept. 1, it was announced by the U. S. Department of Labor on Sept. 7. It was added that "since the first week in August the index has declined 0.5% to a level 1.5% above the corresponding week of last year." The Department's advices further reported:

Farm Products and Foods—The group index for farm products dropped 1.3% to the lowest level of the year because of sharp declines for fresh fruits and vegetables, and smaller decreases for eggs and livestock. Prices of sweetpotatoes, lemons and oranges dropped sharply, and there were seasonal declines for white potatoes and onions. Apples were higher in Chicago and New York, reflecting upward adjustments of OPA ceilings, and lower in Portland, Oregon. Quotations for cows, ewes and wethers were lower. Following the declines of the previous week, prices of grains rallied. Demand for barley was good with the discontinuance of exports from Canada, and demands for wheat and oats were well maintained. On the average, egg prices were lower contra-seasonally, with lower quotations in New York, New Orleans and Philadelphia, and increases in Cincinnati and San Francisco. There were advances for cotton and hay. Average prices for farm products were 3.1% below the first week in August and 2.5% above the corresponding week of 1944.

"The decline for fresh fruits and vegetables was chiefly responsible for the decrease of 1.0% for foods during the week. Cereal products were also fractionally lower, with declines for wheat, flour and oatmeal. Quotations for rye flour were higher. The group index for foods was 1.4% below a month ago and 1.3 above a year ago.

Other Commodities—Average prices of other commodities remained unchanged from the previous week. Fuel and lighting materials increased 0.2% as the result of higher sales realizations for electricity and further upward adjustments in prices of coal under increased ceilings previously allowed by OPA. Mill prices for Douglas fir boards were substantially lower, reflecting the cancellation of Government contracts at premium prices. Shearling prices

advanced with increased demands. These changes did not affect the group index for all commodities other than farm products and foods which remained at 100.1% of the 1926 average, 1.4% above the corresponding week of last year."

The Labor Department also 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 past three weeks, for Aug. 4, 1945, and Sept. 2, 1944, and (2) percentage changes in subgroup indexes from Aug. 25, 1945 to Sept. 1, 1945.

WHOLESALE PRICES FOR WEEK ENDED AUG. 25, 1945 (1926=100)

Commodity Groups—	Percentage changes to Sept. 1, 1945 from—								
	9-1 1945	8-25 1945	8-18 1945	8-4 1945	9-2 1945	8-25 1945	8-4 1945	9-2 1945	8-4 1944
All commodities	105.2	105.5	105.5	105.7	103.6	-0.3	-0.5	+1.5	
Farm products	125.1	126.7	127.0	129.1	122.0	-1.3	-3.1	+2.5	
Foodstuffs	105.5	106.6	106.3	107.0	104.1	-1.0	-1.4	+1.3	
Hides and leather products	118.6	118.5	118.5	118.5	116.5	+0.1	+0.1	+1.8	
Textile products	99.1	99.1	99.1	99.1	98.1	0	0	+1.6	
Fuel and lighting materials	85.5	85.3	85.3	84.8	83.7	+0.2	+0.8	+2.2	
Metals and metal products	104.8	104.8	104.8	104.8	103.8	0	0	+1.0	
Building materials	118.0	118.2	118.2	117.3	116.0	-0.2	+0.6	+1.7	
Chemicals and allied products	95.3	95.3	95.3	95.2	94.9	0	+0.1	+0.4	
Housefurnishing goods	106.2	106.2	106.2	106.2	105.1	0	0	+0.1	
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+1.4	
Raw materials	115.8	116.9	116.9	118.1	112.7	-0.9	-1.9	+2.2	
Semimanufactured articles	95.4	95.4	95.4	95.2	94.1	0	+0.2	+1.4	
Manufactured products	102.1	102.1	102.1	101.9	101.1	0	+0.2	+1.6	
All commodities other than farm products and foods	100.8	100.8	100.8	100.6	99.6	0	+0.2	+1.2	

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM Aug. 25, 1945 to Sept. 1, 1945

	Increases		Decreases		
	Aug. 25, 1945	Sept. 1, 1945	Aug. 25, 1945	Sept. 1, 1945	
Anthracite	0.6	Grains	0.6	Bituminous coal	0.5
Hides and skins	0.6	Bituminous coal	0.1		0.1
Fruits and vegetables	6.3	Lumber	0.4		0.4
Other farm products	2.2	Other foods	0.4		0.4
Livestock and poultry	0.5	Cereal products	0.1		0.1

Electric Output for Week Ended Sept. 8, 1945 7.5% Below 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 Sept. 8, 1945, was approximately 3,909,408,000 kwh., which compares with 4,227,900,000 kwh. in the corresponding week a year ago and 4,137,313,000 kwh. in the week ended Sept. 1, 1945. The output for the week ended Sept. 8, 1945 was 7.5% below that for the same week in 1944.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR

Major Geographical Divisions—	Week Ended			
	Sept. 8, 1945	Sept. 1, 1945	Aug. 25, 1945	Aug. 18, 1945
New England	11	6.5	6.5	19.3
Middle Atlantic	7.2	3.5	3.2	12.5
Central Industrial	13.6	12.2	13.7	18.8
West Central	2.2	1.5	3.7	6.0
Southern States	4.0	2.7	1.1	1.6
Rocky Mountain	2.8	1.4	7.0	11.7
Pacific Coast	3.6	5.9	6.1	8.9
Total United States	7.5	6.3	6.8	11.5

*Increase over similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	% Change over 1944					
	1945	1944	1943	1932	1929	
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19	4,377,221	4,245,678	+ 3.1	3,992,250	1,425,151	1,705,460
May 26	4,329,605	4,291,750	+ 0.9	3,990,040	1,381,452	1,615,085
June 2	4,203,502	4,144,490	+ 1.4	3,925,893	1,435,471	1,689,925
June 9	4,327,028	4,264,600	+ 1.5	4,040,376	1,441,532	1,699,227
June 16	4,348,413	4,287,251	+ 1.4	4,098,401	1,440,541	1,702,501
June 23	4,358,277	4,325,417	+ 0.8	4,120,038	1,456,961	1,723,422
June 30	4,353,351	4,327,359	+ 0.6	4,110,793	1,341,730	1,592,077
July 7	3,978,426	3,940,854	+ 1.0	3,919,398	1,415,704	1,711,622
July 14	4,295,254	4,377,152	- 1.9	4,184,143	1,433,903	1,727,225
July 21	4,384,547	4,380,930	+ 0.1	4,196,357	1,440,386	1,732,031
July 28	4,434,841	4,390,762	+ 1.0	4,226,705	1,426,986	1,724,226
Aug. 4	4,432,304	4,399,433	+ 0.7	4,240,638	1,415,122	1,729,667
Aug. 11	4,395,337	4,415,368	- 0.5	4,287,827	1,431,910	1,733,110
Aug. 18	3,999,195	4,451,076	-11.5	4,264,824	1,436,440	1,750,056
Aug. 25	4,116,049	4,418,298	-6.8	4,322,195	1,464,700	1,761,594
Sept. 1	4,137,313	4,414,735	-6.3	4,350,511	1,423,977	1,674,568
Sept. 8	3,909,408	4,227,900	-7.5	4,229,262	1,476,442	1,806,259
Sept. 15	4,394,839	4,358,512	+ 0.8	4,358,512	1,490,863	1,792,131
Sept. 22	4,377,339	4,377,339	0	4,359,610	1,499,459	1,777,854
Sept. 29	4,365,907	4,365,907	0	4,359,003	1,505,216	1,819,276

Cotton Ginned From 1945 Crop Prior to Sept. 1

The Census report issued on Sept. 8, compiled from the individual returns of the ginners, shows as follows the number of bales of cotton ginned from the growth of 1945 prior to Sept. 1, 1945 and comparative statistics to the corresponding date in 1944 and 1943.

RUNNING BALES (Excluding linters)

State—	1945			1944			1943		
	1945	1944	% Change	1945	1944	% Change	1945	1944	% Change
United States	461,280	576,999	-20.7	461,280	576,999	-20.7	1,785,245	1,785,245	0
Alabama	613	39,835	-98.4	613	39,835	-98.4	157,626	157,626	0
Arizona	53	3,099	-98.8	53	3,099	-98.8	6,969	6,969	0
Florida	13,132	94,324	-86.1	13,132	94,324	-86.1	154,826	154,826	0
Georgia	21,919	63,452	-65.5	21,919	63,452	-65.5	214,137	214,137	0
Louisiana	8,565	39,495	-78.1	8,565	39,495	-78.1	351,654	351,654	0
Mississippi	19,511	63,416	-69.2	19,511	63,416	-69.2	58,913	58,913	0
South Carolina	300,578	258,028	+16.1	300,578	258,028	+16.1	705,124	705,124	0
Texas	154	13,973	-98.9	154	13,973	-98.9	131,634	131,634	0
All other States	154	13,973	-98.9	154	13,973	-98.9	131,634	131,634	0

*Includes 132,737 bales of the crop of 1945 ginned prior to Aug. 1 which was counted in the supply for the season of 1944-45, compared with 48,182 and 107,053 bales of the crops of 1944 and 1943.

The statistics in this report include no bales of American-Egyptian for 1945, none for 1944, and 928 for 1943; also included are no bales of Sea-island for 1945, none for 1944, and none for 1943. The ginning of round bales has been discontinued since 1941.

The statistics for 1945 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Aug. 16 is 231,542 bales.

U. S. and Finland Resume Relations

On Aug. 31, at midnight, the United States and Finland resumed diplomatic relations, thus ending a year of strained relations brought about by Finland's allying herself to Germany in the war against Great Britain and Russia. Ten days earlier our State Department offered to resume diplomatic relations between the two governments inasmuch as the United States was satisfied that the present Finnish Government is "broadly representative of all democratic elements" in the country's political life, and the Helsinki Government sent a favorable reply to the proposal. Thus is revived the sympathy which Finland has won for herself in this country by being the only nation to meet her payments on debts arising from World War I. Official relations with Finland started deteriorating after Germany attacked Russia. Finland went to war again with Russia in June, 1941. And in December she declared war on Britain. However unwillingly she may have acted, the Associated Press pointed out in its dispatch of the renewed relations announcement from Washington, Aug. 30, she still was a belligerent against the two more powerful Allies of the United States. The Associated Press continued:

Germany had the benefit of Finnish raw materials and a friendly coast at the back of German sea and air forces hitting supply lines to Murmansk.

The late President Roosevelt tried repeatedly to arrange some sort of peace between Finland, Russia and Britain, but by the middle of 1944, this Government decided that it no longer could remain on technically friendly terms.

Relations were broken off on June 30, but there never was a declaration of war, and under the surface of diplomatic coolness there remained a bit of warmth for Finland.

Apparently the reestablishment of relations was not opposed by Britain or Russia, since the Big Three agreed at their Berlin conference that each country should go its separate way in handling relations with the Finns.

On Aug. 31 the Finnish Government decided to send Kalle T. Jutila, the Minister of Supply, to Washington as Minister, and Communication Minister Eero A. Vuori to London in the same capacity, according to a wireless message on that date to the New York "Times," from London, which added:

Trading on New York Exchanges

The Securities and Exchange Commission made public on Sept. 5 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 the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Aug. 18, 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 Aug. 18 (in round-lot transactions) totaled 1,057,957 shares, which amount was 15.74% of the total transactions on the Exchange of 3,359,120 shares. This compares with member trading during the week ended Aug. 11 of 1,962,745 shares, or 17.30% of the total trading of 5,674,200 shares. On the New York Curb Exchange, member trading during the week ended Aug. 18 amounted to 238,695 shares or 15.52% of the total volume on that exchange of 768,903 shares. During the week ended Aug. 11 trading for the account of Curb members of 385,235 shares was 14.31% of the total trading of 1,345,985 shares.

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

WEEK ENDED AUGUST 18, 1945			
A. Total Round-Lot Sales:	Total for week	†%	
Short sales.....	114,340		
‡Other sales.....	3,244,780		
Total sales.....	3,359,120		
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.....	334,390		
Short sales.....	49,510		
‡Other sales.....	297,470		
Total sales.....	346,980	10.14	
2. Other transactions initiated on the floor—			
Total purchases.....	89,020		
Short sales.....	7,800		
‡Other sales.....	76,800		
Total sales.....	84,600	2.58	
3. Other transactions initiated off the floor—			
Total purchases.....	99,337		
Short sales.....	17,400		
‡Other sales.....	86,230		
Total sales.....	103,630	3.02	
4. Total—			
Total purchases.....	522,747		
Short sales.....	74,710		
‡Other sales.....	460,500		
Total sales.....	535,210	15.74	

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

WEEK ENDED AUGUST 18, 1945			
A. Total Round-Lot Sales:	Total for week	†%	
Short sales.....	17,700		
‡Other sales.....	751,203		
Total sales.....	768,903		
B. Round-Lot Transactions for Account of Members:			
1. Transactions of specialists in stocks in which they are registered—			
Total purchases.....	67,915		
Short sales.....	5,675		
‡Other sales.....	59,030		
Total sales.....	64,705	8.62	
2. Other transactions initiated on the floor—			
Total purchases.....	10,700		
Short sales.....	800		
‡Other sales.....	11,810		
Total sales.....	12,610	1.52	
3. Other transactions initiated off the floor—			
Total purchases.....	23,705		
Short sales.....	400		
‡Other sales.....	58,660		
Total sales.....	59,060	5.38	
4. Total—			
Total purchases.....	102,320		
Short sales.....	6,875		
‡Other sales.....	129,500		
Total sales.....	136,375	15.52	
C. Odd-Lot Transactions for Account of Specialists—			
Customers' short sales.....	0		
‡Customers' other sales.....	32,149		
Total purchases.....	32,149		
Total sales.....	27,364		

*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."

National Fertilizer Association Commodity Price Index Declines Sharply

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Sept. 10, declined 0.6% to 139.8 for the week ended Sept. 8, 1945 from 140.7 in the preceding week. This is the third consecutive week that the index has declined and it has now dropped 1.4% from its highest point which was reached Aug. 18 as well as in two previous weeks. A month ago the index stood at 141.6, and a year ago at 138.6, all based on the 1935-1939 average as 100. The Association's report added:

Three of the composite groups of the index declined and one advanced during the latest week. The fuels index showed the greatest decline with quotations for gasoline and kerosene substantially lower. The farm products group declined for the fifth consecutive

week from an all-time peak of Aug. 4. This index has shown a 2.4% drop in these five weeks. The decline for the week was small, however, and prices were mixed. The cotton index advanced moderately. The grains index moved up fractionally with higher prices for wheat at Kansas City, oats and rye more than offsetting lower prices for wheat at Minneapolis. The livestock index declined moderately with quotations for good cattle, lambs, sheep and eggs declining and a small increase in the prices for choice cattle. Hay prices in New York advanced. The foods group declined fractionally. The textiles index advanced slightly. All other groups included in the index remained unchanged.

During the week 7 price series in the index declined and 8 advanced; in the preceding week 8 declined and 3 advanced; in the second preceding week 9 declined and 4 advanced.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Sept. 8, 1945	Preceding Week Sept. 1, 1945	Month Ago Aug. 11, 1945	Year Ago Sept. 9, 1944
25.3	Food.....	142.0	142.5	144.2	141.3
	Fats and Oils.....	145.2	145.2	145.0	145.1
	Cottonseed Oil.....	163.1	163.1	162.4	163.1
23.0	Farm Products.....	164.3	164.8	167.8	161.2
	Cotton.....	214.6	212.7	214.3	201.9
	Grains.....	157.7	157.2	160.7	155.3
	Livestock.....	158.1	159.6	163.0	156.6
17.3	Fuels.....	129.9	134.4	134.2	130.1
10.8	Miscellaneous Commodities.....	132.8	132.8	133.9	132.2
8.2	Textiles.....	157.1	156.8	157.0	154.2
7.1	Metals.....	108.9	108.9	108.9	104.3
6.1	Building Materials.....	153.8	153.8	153.8	154.0
1.3	Chemicals and Drugs.....	125.8	125.8	125.8	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.....	139.8	140.7	141.6	138.6

*Indexes on 1926-1928 base were: Sept. 8, 1945, 108.9; Sept. 1, 1945, 109.6, and Sept. 9, 1944, 108.0.

Moody's Bond Prices And Bond Yield Averages

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

MOODY'S BOND PRICES†										
(Based on Average Yields)										
1945—	U. S.	Avg.	Corporate by Ratings*				Corporate by Groups*			
Daily	Govt.	Corpo-	Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Averages	Bonds	rate*								
Sept. 11.....	122.03	115.82	120.63	119.00	116.02	108.52	112.19	116.02	119.61	
10.....	122.06	115.82	120.63	119.00	116.02	108.52	112.37	116.02	119.61	
8.....	122.09	116.02	120.63	119.20	116.22	108.52	112.37	116.02	119.61	
7.....	122.09	116.02	120.63	119.20	116.22	108.52	112.37	116.02	119.61	
6.....	122.09	116.02	120.84	119.20	116.02	108.52	112.56	116.02	119.61	
5.....	122.09	116.02	120.84	119.20	116.22	108.52	112.56	116.02	119.61	
4.....	122.07	116.02	120.63	119.00	116.22	108.52	112.56	116.02	119.61	
3.....	Stock Exchange Closed									
1.....	Stock Exchange Closed									
Aug. 31.....	122.09	116.02	120.84	119.00	116.22	108.52	112.56	116.02	119.61	
24.....	121.91	115.82	120.63	119.00	116.02	108.16	112.56	115.63	119.41	
17.....	121.91	115.82	120.84	119.00	116.22	108.16	112.56	115.82	119.41	
10.....	122.14	116.02	121.04	119.20	116.02	108.34	112.93	115.82	119.41	
3.....	122.36	115.82	120.84	119.20	116.02	108.16	112.93	115.82	119.00	
July 27.....	122.39	115.82	120.84	119.20	115.82	108.16	112.93	115.63	119.00	
20.....	122.80	116.02	121.04	119.41	116.02	108.34	112.93	115.63	119.41	
13.....	122.89	116.22	121.04	119.61	116.22	108.34	113.31	115.63	119.61	
6.....	122.92	116.02	121.04	119.41	116.02	108.16	112.93	115.63	119.61	
June 29.....	122.93	116.02	121.04	119.20	116.02	108.16	112.93	115.43	119.41	
22.....	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.20	
15.....	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.41	
8.....	122.81	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.41	
1.....	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20	
May 25.....	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20	
Apr. 27.....	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20	
Apr. 31.....	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20	
Feb. 23.....	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41	
Jan. 26.....	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60	
High 1945.....	123.05	116.22	121.04	119.61	116.22	108.52	113.31	116.02	119.61	
Low 1945.....	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20	
1 Year Ago										
Sept. 11, 1944.....	119.45	112.56	118.60	117.20	112.19	103.13	106.74	114.27	117.00	
2 Years Ago										
Sept. 11, 1943.....	120.57	111.07	119.20	116.61	111.25	99.04	103.13	113.89	117.00	

MOODY'S BOND YIELD AVERAGES

(Based on Individual Closing Prices)

1945—	U. S.	Avg.	Corporate by Ratings*				Corporate by Groups*			
Daily	Govt.	Corpo-	Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Averages	Bonds	rate*								
Sept. 11.....	1.66	2.86	2.62	2.70	2.85	3.25	3.05	2.85	2.67	
10.....	1.66	2.86	2.62	2.70	2.85	3.25	3.04	2.85	2.67	
8.....	1.65	2.85	2.62	2.69	2.84	3.25	3.04	2.85	2.67	
7.....	1.65	2.85	2.62	2.69	2.84	3.25	3.04	2.85	2.67	
6.....	1.65	2.85	2.61	2.69	2.85	3.25	3.03	2.85	2.67	
5.....	1.65	2.85	2.61	2.69	2.84	3.25	3.03	2.85	2.67	
4.....	1.65	2.85	2.62	2.70	2.84	3.25	3.03	2.85	2.67	
3.....	Stock Exchange Closed									
1.....	Stock Exchange Closed									
Aug. 31.....	1.65	2.85	2.61	2.70	2.84	3.25	3.03	2.85	2.68	
24.....	1.67	2.86	2.62	2.70	2.85	3.27	3.03	2.87	2.68	
17.....	1.67	2.86	2.61	2.70	2.84	3.27	3.03	2.86	2.68	
10.....	1.65	2.85	2.60	2.69	2.85	3.26	3.01	2.86	2.68	
3.....	1.64	2.86	2.61	2.69	2.85	3.27	3.01	2.86	2.70	
July 27.....	1.64	2.86	2.61	2.69	2.86	3.27	3.01	2.87	2.68	
20.....	1.60	2.85	2.60	2.68	2.85	3.26	3.01	2.87	2.68	
13.....	1.60	2.84	2.60	2.67	2.84	3.26	2.99	2.87	2.67	
6.....	1.60	2.85	2.60	2.68	2.85	3.27	3.01	2.87	2.67	
June 29.....	1.60	2.85	2.60	2.69	2.85	3.27	3.01	2.88	2.68	
22.....	1.59	2.86	2.61	2.69	2.8					

Daily Average Crude Oil Production for Week Ended Sept. 1, 1945 Decreased 16,050 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Sept. 1, 1945 was 4,875,500 barrels, a decline of 16,050 barrels per day from the preceding week, and 25,400 barrels less than the daily average figure as recommended by the Petroleum Administration for War for the month of August, 1945. The current figure, however, was 217,350 barrels per day higher than the output in the week ended Sept. 2, 1944. Daily production for the four weeks ended Sept. 1, 1945 averaged 4,908,750 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 4,685,000 barrels of crude oil daily and produced 14,904,000 barrels of gasoline; 1,517,000 barrels of kerosine; 5,030,000 barrels of distillate fuel, and 8,528,000 barrels of residual fuel oil during the week ended Sept. 1, 1945; and had in storage at the end of that week 47,599,000 barrels of civilian grade gasoline; 36,619,000 barrels of military and other gasoline; 13,234,000 barrels of kerosine; 40,859,000 barrels of distillate fuel, and 46,807,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

State	P. A. W. Recommendations August	*State Allowables Begin Aug. 1, 1945	Actual Production		4 Weeks Ended Sept. 1, 1945	Week Ended Sept. 2, 1944
			Week Ended Sept. 1, 1945	Change from Previous Week		
Oklahoma	380,000	388,000	†390,100	+ 1,100	390,250	338,200
Kansas	274,000	269,400	†272,050	+ 5,500	270,650	266,250
Nebraska	1,000	---	†850	---	850	900
Panhandle Texas	---	88,000	---	---	88,000	98,700
North Texas	---	152,850	---	---	152,850	148,750
West Texas	---	526,650	---	---	526,650	484,950
East Central Texas	---	145,600	---	---	145,600	147,650
East Texas	---	380,950	---	---	380,950	371,700
Southwest Texas	---	361,650	---	---	361,650	321,650
Coastal Texas	---	567,600	---	---	567,600	535,200
Total Texas	2,190,000	†2,195,012	2,223,300	---	2,223,300	2,108,600
North Louisiana	---	70,200	---	+ 450	69,700	73,800
Coastal Louisiana	---	295,700	---	---	295,700	288,950
Total Louisiana	360,000	400,800	365,900	+ 450	365,400	362,750
Arkansas	80,000	77,836	78,650	- 350	79,350	80,350
Mississippi	53,000	---	54,400	+ 750	54,000	46,400
Alabama	500	---	1,000	---	1,000	300
Florida	---	---	100	- 100	200	50
Illinois	200,000	---	201,900	+ 3,650	200,900	200,100
Indiana	13,000	---	13,600	+ 500	13,350	13,250
Eastern (Not incl. Ill., Ind., Ky.)	65,200	---	68,650	+ 2,900	65,050	72,500
Kentucky	28,000	---	28,450	+ 50	28,850	25,200
Michigan	47,000	---	45,200	- 1,500	47,250	51,400
Wyoming	118,200	---	112,400	- 2,650	115,150	92,300
Montana	22,000	---	20,150	- 200	20,300	19,600
Colorado	12,000	---	10,750	- 1,000	11,150	8,950
New Mexico	105,000	105,000	102,850	- 50	102,900	106,050
Total East of Calif.	3,948,900	---	3,990,300	+ 9,050	3,989,900	3,793,150
California	952,000	†952,000	885,200	- 25,100	918,850	864,500
Total United States	4,900,900	---	4,875,500	- 16,050	4,908,750	4,657,650

*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. Aug. 29, 1945.

This is the net basic allowable as of Aug. 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 SEPT. 1, 1945

(Figures in thousands of barrels of 42 gallons each)

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

District	% Daily Crude Runs			Pro-duction of Gasoline at Ref. Inc. Nat. & Dist. Blended Fuel Oil	Stocks of Gas Oil & Dist. Fuel Oil	Stocks of Residual Fuel Oil	Gasoline Stocks	Mill-Other	Cl-vilian
	Refining Capacity	Average	Op-erating						
East Coast	99.5	725	91.7	1,939	12,061	7,907	5,498	9,226	
Appalachian									
District No. 1	76.8	98	67.1	319	799	279	1,411	1,274	
District No. 2	81.2	61	122.0	200	177	212	242	988	
Ind. Ill., Ky.	87.2	800	93.3	2,649	5,552	2,919	5,396	12,578	
Okl., Kan., Mo.	78.3	407	86.8	1,530	2,602	1,357	1,460	6,020	
Inland Texas	59.8	243	73.6	980	427	993	943	6,415	
Texas Gulf Coast	89.3	991	80.1	3,374	5,185	6,072	10,942	6,415	
Louisiana Gulf Coast	96.8	283	108.8	936	1,801	1,079	1,873	2,000	
No. La. & Arkansas	55.9	78	61.9	217	1,160	227	169	2,009	
Rocky Mountain									
District No. 3	17.1	13	100.0	36	21	38	15	76	
District No. 4	72.1	112	70.4	417	366	634	555	1,271	
California	87.3	874	87.7	2,307	10,708	25,090	9,015	4,140	
Total U. S. B. of M. basis Sept. 1, 1945	85.8	4,685	86.2	14,904	40,859	46,807	†36,619	47,599	
Total U. S. B. of M. basis Aug. 25, 1945	85.8	4,931	90.7	15,986	39,782	46,201	†38,153	†46,540	
U. S. B. of M. basis Sept. 2, 1944		4,595		14,409	40,754	59,872	37,068	41,294	

*Includes aviation and military gasoline, 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 10,154,000 barrels unfinished gasoline this week, compared with 11,972,000 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. †Revised in East Coast due to error by reporting company. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,517,000 barrels of kerosene, 5,030,000 barrels of gas oil and distillate fuel oil and 8,528,000 barrels of residual fuel oil produced during the week ended Sept. 1, 1945, which compares with 1,573,000 barrels, 4,960,000 barrels and 9,356,000 barrels, respectively, in the preceding week and 1,412,000 barrels, 4,577,000 barrels and 8,221,000 barrels, respectively, in the week ended Sept. 2, 1944.

Note—Stocks of kerosene at Sept. 1, 1945, amounted to 13,234,000 barrels, as against 12,696,000 barrels a week earlier and 13,389,000 barrels a year before.

Weekly Statistics of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders		Percent of Activity Current	Percent of Activity Cumulative
			Tons	Remaining		
June 2—Week Ended	168,204	153,359	546,211	93	95	
June 9	189,674	159,228	575,167	97	95	
June 16	129,618	159,230	537,182	96	95	
June 23	115,768	157,932	491,287	96	95	
June 30	166,083	156,447	499,505	96	95	
July 7	180,155	159,960	575,918	62	94	
July 14	151,085	145,797	575,134	90	94	
July 21	121,864	156,619	537,639	96	94	
July 28	127,772	156,519	507,758	95	94	
Aug. 4	223,467	153,694	577,024	94	94	
Aug. 11	157,653	153,368	582,785	94	94	
Aug. 18	82,362	109,034	532,186	67	93	
Aug. 25	131,952	161,763	488,289	99	94	
Sept. 1	173,322	159,653	494,699	97	94	

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

Non-Ferrous Metals—Call for Lead Steady—Foreign Silver Price May Rise—Mercury Lower

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 6, stated: "Demand for lead was fairly active during the last week, and buying interest in zinc showed some improvement. The situation in copper was unchanged, with interest centering in a possible revision of the Government's purchasing program for foreign metal. Price changes occurred in quicksilver, indium, and metallic manganese, all downward. Consumers were anxious to accumulate foreign silver, believing that an upward revision in the price will be sanctioned sooner or later. Demand for silver of domestic origin was quiet. Increased buying occurred in platinum, largely for jewelry purposes. Iridium prices were unsettled. "The publication further went on to say, in part, as follows:

Copper

The domestic situation in copper was unchanged last week, consumption continuing in excess of current production. Deliveries for September are expected to total between 90,000 and 100,000 tons, which would call for a fair tonnage of MRC copper, assuming that not more than 75,000 tons of domestic production will be available.

The strike at the Laurel Hill refinery of Phelps Dodge was settled on September 5.

Nervousness over the foreign outlook continues. There was wide interest in a report that International Nickel plans to curtail operations by 40%.

Lead

Sales of lead were in good volume last week, amounting to 13,119 tons, which compares with 2,348 tons in the preceding week. Permission from WPB to expand production of white lead is expected shortly. The base period for establishing the rate of production will be either 1942 or 1943, instead of 1944, a year of far from normal operations. Order M-38 has been amended, fixing the maximum quantity of antimony in antimonial lead for storage batteries at 9% except on Army and Navy business.

Stocks of lead at United States smelters and refineries, in tons, according to the American Bureau of Metal Statistics:

	Aug. 1	July 1
In ore, matte, & in process at smelters..	75,178	74,518
In base bullion:		
Smelters & refin..	10,687	8,105
Transit to refin..	2,479	3,514
Process at refin..	13,420	14,743
Refined pig lead..	35,514	31,350
Antimonial lead..	5,631	6,102
Totals	142,909	138,332

All control restrictions on the distribution of lead and lead alloys in Canada have been lifted by Munitions Minister Howe, it was announced in Ottawa last week.

Zinc

Zinc purchases for September improved last week, but the mar-

Quicksilver

Until buying again enters into the market on a substantial scale, the price situation is expected to remain soft. During the last week the metal was offered at \$110 per flask, a drop of \$10 from the nominal quotation named in the preceding week. Realizing that quantity business under prevailing circumstances is unlikely to develop, importers are merely marking time. They insist that the market here has dropped to the point where producers in Spain and elsewhere are unwilling to name competitive prices. Production in the United States is being curtailed sharply and most sellers on the Coast again are "not quoting."

The E. & M. J. average price of quicksilver for August was \$123.20 per flask, which compares with \$140.72 in July, and \$147.73 in June.

Silver

The tight situation in foreign silver continues and operators believe that conditions in the market will not change until sellers learn, from the authorities in Washington, the stand to be taken in regard to adjusting the ceiling to conform with the selling basis obtaining abroad. In some instances, foreign silver is bringing as high as 60c, an ounce outside of the United States.

The New York Official price of foreign silver continued at 44 3/4c, with domestic at 70 3/4c. The London silver market was unchanged at 25 1/2d.

Reconversion of Series E Bonds to Peace-Time Sale

It will be "United States Savings Bonds, Series E" after current stocks of "War" Savings Bonds have been sold, according to Secretary of the Treasury Vinson, who on Sept. 7 approved amendments to Treasury circulars governing the bonds to permit "reconversion" of the E's to peace-time sale. Mr. Vinson has expressed the hope that there will be a continuing large sale of Series E Bonds, and widespread maintenance of the payroll savings plan of purchase. The Treasury Department's advice added:

"The Bureau of Engraving and Printing already has begun production of bonds without the "war" designation. However, it is expected that existing stocks will supply most of the bonds needed for the coming Victory Drive.

"The 'war' designation was dropped from Series F and G Bonds printed after Dec. 1, 1942, when the Treasury determined to place major emphasis on the E's as a war security; and in order to provide a security acceptable to certain groups conscientiously opposed to participating in war activities."

Lumber Movement—Week Ended September 1, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 431 mills reporting to the National Lumber Trade Barometer were 4.7% below production for the week Sept. 1, 1945. In the same week new orders of these mills were 1.4% more than production. Unfilled order files of the reporting mills amounted to 78% of stocks. For reporting softwood mills, unfilled orders are equivalent to 28 days' production at the current rate, and gross stocks are equivalent to 34 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 4.5%; orders by 6.9%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 4.6% less; shipments were 9.4% less; orders were 1.0% more.

	Sept.	Oct.	Nov.
Aug. 30	52,000	52,000	52,000
Aug. 31	52,000	52,000	52,000
Sept. 1	52,000	52,000	52,000
Sept. 2	52,000	52,000	52,000
Sept. 3	52,000	52,000	52,000
Sept. 4	52,000	52,000	52,000
Sept. 5	52,000	52,000	52,000

Quotations continued on the basis of 52c. per pound for Straits quality tin. Forward prices were nominally as follows:

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

Items About Banks, Trust Companies

Percy H. Johnston, Chairman of the Chemical Bank & Trust Co. of New York, announces that Major Harrison D. Blair of the Army Air Forces has received his honorable discharge after three years' service and has returned to his position as Assistant Vice-President of the bank.

Major Thomas Hildt, Jr. has been appointed an Assistant Treasurer of The New York Trust Co. of New York, according to an announcement of John E. Bierwirth, President of the company. Prior to receiving a leave of absence to join the armed forces in 1941, Major Hildt had been continuously associated with the trust company after graduation from Yale University in 1936. Recently returned to inactive status, Major Hildt will serve as an officer in the general banking division. He is a son of Thomas Hildt, President of the Trenton Trust Co., Trenton, N. J.

John T. Madden, President of the Emigrant Industrial Savings Bank of New York, has announced that Alexander P. Haber will join the staff of the bank as an Assistant Vice-President, as of Sept. 15. Mr. Haber has been associated with the real estate departments of the Brooklyn Savings Bank and the Bank for Savings. Previous to that he was for many years with the New York State Insurance Department.

Freeman Koo, son of Dr. Wellington Koo, Chinese Ambassador to the Court of St. James's, has been appointed head of the newly-created Far East Department of the Colonial Trust Co.'s (New York) foreign division, according to an announcement by Arthur S. Kleeman, President. Mr. Koo was graduated from Harvard University in 1942, received his M.A. from Columbia University, and became associated with the bank in July, 1943. In his announcement Mr. Kleeman said: "With the end of the war in the Pacific our foreign division has received an increasingly large number of inquiries from our clients about the prospects of trade with the Far East. As a result, Mario Diez, Vice-President in charge of our foreign division, has set up a Far East department under Mr. Koo, whose intimate knowledge of the Asiatic area will enable the bank to give quicker and more authoritative information to those who are interested in commerce with the countries of that part of the world."

Frederick William Bristow, Assistant Vice-President of Bankers Trust Co., in charge of the 57th Street office, died on Aug. 31 after a brief illness, at the age of 53. Born in Swindon, England, Mr. Bristow came to this country in early boyhood. He entered the banking business as a messenger in 1906 and had been associated with Bankers Trust Co. for 33 years. After graduation from public school, he attended night classes in high school, followed by courses in economics, accounting and law at the American Institute of Banking. Mr. Bristow had been associated with the bank's 57th Street and Madison Avenue office since its opening in 1921. He was appointed Assistant Treasurer of the bank in 1929 and Assistant Vice-President in charge of that office in December, 1944.

Announcement is made by The First National Bank of Boston, Mass., of the appointment of G. Earle Killeen as its special credit representative in New York City, this marking a further step by that bank in its program to render complete service in the textile and allied fields. With resources of over \$1,600,000,000, the Boston bank is the largest commercial bank in New England, which section is one of

the most important textile manufacturing areas in the United States. Founded in 1784, as the first chartered bank in the nation, The First National Bank of Boston has been a leader in the financing of textile mills for over a century. Mr. Killeen, the newly-appointed special credit representative of the bank, is one of the leading figures in New York credit circles. Since 1938 he has been credit manager of Brand & Oppenheimer, Inc., formerly having been credit manager and Secretary, for 18 years, of D. I. & C. H. Stern, Inc., and its successor, The National Fabrics Corp. Mr. Killeen has long been active in the New York Credit Men's Association, The New York Chapter, National Institute of Credit, and other credit groups. He is a former President of the 475 Club. Mr. Killeen will make his headquarters in New York City, in offices to be announced later.

At the regular meeting of the Board of Directors of the National City Bank of New York, held on Sept. 11, Lewis B. Cuyler, Clifford D. Rahmer, Edward L. Pierce and William Weiss were appointed Assistant Vice-Presidents. Mr. Cuyler will return to the bank from Army duty as a Colonel, having served as Deputy Chief of Staff for Personnel and Operations of the Army Air Corps. He was injured in a parachute jump from a crippled Army plane last January over Kentucky.

At a special meeting of the stockholders of the State Street Trust Co., Boston, held on Sept. 10, it was voted to change the par value of the capital stock from \$100 to \$20 a share, increasing the number of its shares from 40,000 to 200,000. Five shares of \$20 par stock will be distributed in exchange for each \$100 par share outstanding as of the close of business Oct. 1, 1945.

The Newark "Evening News" reports that the Franklin Washington Trust Co. of Newark has announced the return of Jesse G. Knipshild as Assistant Secretary and Treasurer after leave of absence to serve as field director for the Red Cross. He was stationed at Fort Devens, Mass., and Naval Receiving Station, Boston. Mr. Knipshild will assist returning veterans at the Newark bank. He is a veteran of World War I, in which he won the Silver Star and the Purple Heart.

David R. A. Carson, a Vice-President of the Central-Penn National Bank of Philadelphia and a former member of the Lansdowne Borough Council, died on Sept. 6. Mr. Carson, who was born in Philadelphia, entered the banking business in 1899 with the Fourth Street National Bank, Philadelphia, and became associated with the Central-Penn bank in May, 1918, according to the Philadelphia "Inquirer," which states that he was a director of the Quaker City Federal Savings and Loan Association, Secretary of the board of trustees of the Delaware County Hospital, and Treasurer of the Glen Mills School.

A special meeting of the stockholders of Land Title Bank and Trust Company of Philadelphia has been called to meet on Nov. 14th, to vote upon a proposed increase in its authorized common stock from the present 75,000 shares outstanding to 150,000 shares. Some part or all of the additional shares will be used to retire the remaining \$2,500,000 of preferred stock now outstanding, it was stated by Percy C. Madeira, Jr., President of the bank. He added that if the stockholders approved the increase, the terms of any offering will be fixed by the directors at such time as they think most favorable and that all

shares which may be issued will be offered to the stockholders for subscription pro rata. He expressed the hope that it might be possible to complete retirement of the preferred stock before the end of the year.

United Press advices from Madison, Wis., published in the Milwaukee "Journal" of Sept. 6, state that T. Leroy Herreid, senior examiner in the liquidation department of the State Banking Commission, has resigned to become Executive Vice-President of the People's State Bank of Prairie du Chien, it was announced.

The election of W. Gentry Harpole as Vice-President of Franklin Title & Trust Co. and of Franklin Pioneer Corp. of Louisville, Ky., was announced on Aug. 30 by Mark V. Rinehart, President of the two institutions, following a meeting of the boards of directors. Donald McWain, the financial editor of the Louisville "Courier-Journal," reporting this, added:

"Mr. Rinehart said Mr. Harpole and Charles Lamar, Secretary of both companies, would be in charge of mortgage loans on city property in all of Kentucky except Lexington. Lexington will be served by the branch offices of the two companies.

"Mr. Harpole, experienced in the mortgage loan field, formerly was assistant manager of the companies' Lexington offices."

Plans for a \$4,000,000 increase in the capital funds of the Wachovia Bank & Trust Co. of Winston-Salem, N. C., were approved by the directors of the bank in a special meeting on Sept. 4 and will be submitted to the stockholders at a called meeting on Sept. 20. When approved, the capital increase would be made through the sale of 80,000 shares of new stock of \$25 par value. The sale price to stockholders would be \$50 a share, and from the proceeds of this sale \$2,000,000 would be added to capital, increasing it from \$3,000,000 to \$5,000,000, and \$2,000,000 would be added to surplus. It is stated that when the transaction is completed capital, surplus and reserve funds of the bank would be approximately \$14,000,000. The plan includes the retirement of the \$700,000 preferred stock from reserves already provided. In commenting on the proposed issue of new stock, President Robert M. Hanes stated that for some time the officers and directors had felt the desirability of increasing the bank's capital funds in order that they might more nearly keep pace with the rapid increase in deposits. "Our deposits are now around \$270,000,000 and have increased over \$100,000,000 in the past two years," he said. "Larger capital would also enable us to increase our legal lending limit."

It is expected that rights for the purchase of the new stock will be issued to stockholders of record at the close of business Sept. 22. They would have until Oct. 29 to subscribe and pay for the new stock at \$50 per share, according to the proposed plan. Each stockholder will have the right to subscribe to two-thirds of a share of the new stock for each share held on Sept. 22. The Wachovia is a State-wide bank operating offices in Winston-Salem, Raleigh, Charlotte, Asheville, High Point and Salisbury, and, it is claimed, ranks as the largest bank between Washington and Atlanta and 67th in size among the nation's 15,000 banks.

Frank W. Foote of the First National Bank of Hattiesburg, Miss., was the recipient of a silver service on behalf of the stockholders of the bank on the occasion of his 50th anniversary with the institution, it is learned from Hattiesburg advices, Sept. 7, to the New Orleans "Times-Picayune." Mr. Foote has been President of the bank since 1921. On

Sept. 4, at the weekly meeting of the Rotary Club, President Polk of the Chamber of Commerce and Rotarian, paid Mr. Foote a glowing tribute from the Rotary Club, said the advices.

The stockholders of the Union Bank & Trust Co. of Los Angeles, Calif., at a special meeting on Sept. 6 approved a proposed increase of 10,000 shares in the present \$50 par value stock. The stock will be sold to holders of record as of Sept. 6.

Ben R. Meyer, President, said that the \$1,000,000 in new capital funds to be realized from the sale will be divided equally between capital account and surplus account, increasing the aggregate of these accounts from \$5,000,000 to \$6,000,000.

Each stockholder will have the privilege of subscribing for one share of the new stock at \$100 per share for each five shares presently held; no fractional shares will be issued, said the Los Angeles "Times," which further reported:

"An underwriting agreement has been made with Dean Witter Co., Stern, Frank & Meyer, A. W. Morris Co., and Pacific Co. of California for the purchase of all shares not subscribed by stockholders.

"The new shares, if authorized, will be issued as of Oct. 1 and will participate in any dividends declared in the last quarter of 1945."

The United States National Bank of Portland, Ore., has purchased the First National Bank of Madras, Ore., and will operate the institution in the future as the Madras branch. Announcement to this effect was made by E. C. Sammons, President, at the time of the switch in ownership; Aug. 13. E. J. Resch, who has served as Cashier for the Madras First National for several years, will continue as manager of the Madras branch of the United States National. Howard W. Turner, long action head of the Madras bank, will retire from the banking field to devote his time to other interests.

On Aug. 31 the shareholders of the United States National Bank of Portland, Ore., approved the recommendation of the directors to increase the bank's capital stock from \$6,000,000 to \$8,000,000 and its surplus from \$8,000,000 to \$10,000,000. Frank Barton, financial editor of "The Oregonian," in the Sept. 1 issue of that paper, said:

"The favorable action taken on the proposal will provide the bank with a paid-up capital and surplus of \$18,000,000 and undivided profits of approximately \$4,750,000, it was pointed out by E. C. Sammons, President, who announced the results of the meeting.

"The plan contemplates the offering of 100,000 additional shares of common stock, with present shareholders being given first rights to purchase these at \$40 per share. Of the \$4,000,000 to be realized from the sale of this stock, \$2,000,000 will be allocated to new capital and a like amount to surplus.

"Each shareholder will have the right under the program to subscribe for one new share for each three shares presently held. This option must be exercised prior to 3 p. m. on Sept. 17. Any shares not subscribed by the common shareholders will be sold to a group of investment bankers, according to an agreement. This underwriting group is headed by Blyth & Co., Inc., with Merrill Lynch, Pierce, Fenner & Beane as co-managers. Other members include: E. M. Adams & Co.; Atkinson Jones & Co.; Blankenship, Gould & Blakely, Inc.; Camp & Co.; Conrad Bruce & Co.; Daugherty, Cole & Co.; Foster & Marshall; Hemphill, Fenton & Campbell, Inc.; Holt, Robbins & Co., and Pacific Northwest Co."

Michalis Heads Com. For Welfare Council

Clarence G. Michalis, President of the Seaman's Bank for Savings, New York, has accepted Chairmanship of a committee sponsoring the first annual dinner for directors of the 500 member agencies of the Welfare Council of New York City, it was announced on Sept. 7 by Colonel Allan M. Pope, President of the Welfare Council. The dinner will be held Wednesday evening, Oct. 3, at the Waldorf Astoria. Serving as Co-Chairman with Mr. Michalis are Mrs. Sidney C. Borg, Adrian P. Burke and Bayard F. Pope. "By inaugurating this annual dinner," Col. Pope said in making the announcement, "we hope to bring the task of central planning and coordinating of New York City's ramified welfare and health activities directly to the attention of some of the most social minded and responsible citizens of our community, the board members of our member agencies. We believe that agency board members have a vested interest in the Council as a planning and coordinating organization for their respective agencies and are among the enlightened and community-conscious citizens on whom the Council must depend."

The Council's budget for 1945 totals \$499,323, Col. Pope said, a figure which can be met "only if contributions from member agencies, philanthropic foundations and individual givers are doubled before the end of the year." Others serving on the dinner committee are: Honorary Chairmen: John W. Davis, Archbishop Francis J. Spellman and Mrs. Felix M. Warburg; Vice-Chairmen: Lady Armstrong, Winthrop W. Aldrich, Mrs. Richard J. Bernhard, James G. Blaine, Mrs. Mary C. Draper, Frederic W. Ecker, Norman S. Goetz and James L. Harrison.

Also George Z. Medalie, Michael C. O'Brien, Mrs. Arthur David Schulte, F. A. O. Schwarz, Mrs. Adrian Van Sinderen, Donald Stralem and Walbridge S. Taft.

The membership of the committee also includes a number of others.

Life Insurance Service to Veterans

The New York Savings Bank, 14th Street corner Eighth Avenue, has announced that its Savings Bank Life Insurance Department would hereafter offer free advice and assistance on National Service Life Insurance to men and women in service, to returning veterans and to their dependents. William G. Green, President of the Bank, stated that the bank also offered free advisory service to veterans respecting GI loans for homes or business. According to Mr. Green, thousands of veterans after the last war abandoned their Government insurance because they did not have qualified and impartial advice and, therefore, did not fully realize its exceptional low cost and liberal benefits. "All veterans of World War II should be urged to retain as much Government insurance as they can afford," Mr. Green said, "and to aid them in making a wise determination, we are offering to help them with their insurance questions and problems, including necessary changes to permanent plans of insurance, reinstatements and changes of beneficiary."

The New York Savings Bank was one of the first savings banks to offer savings bank life insurance in New York State. Since 1939 it has issued over 11,000 policies and today has more than \$9,600,000 of insurance in force.