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The Financial Situation

After a good many trial balloons and, of course, the usual crop of reports from those who assured us that they "knew" what decisions had been reached, the President has had his say about wages and prices. In doing so he has proved himself an "artful dodger." Like many who have preceded him and others who now accompany him, he has obviously chosen to set out in pursuit of a will-o'-the-wisp which will quite successfully elude him as it has eluded and will elude all the others who pursue it—the hope of dancing without paying the fiddler.

He takes great pains to set forth at length the now unfortunately common fallacies about the necessity of high wages. He finds it essential that rate of pay be advanced in order not only that workers receive what they deserve (according to the President's notion of their desserts), but that the rest of us may prosper by virtue of the high wages we pay. He says nothing, naturally, about the political "necessity" of higher wages, but for the matriculate this aspect of the matter needs no elucidation.

Yes and No

At the same time he avoids the "political blunder" of naming the amount by which wages need to be increased, and he is careful not to forget about the tribulations of the business man who must pay these higher wages. At least he did not forget to make a friendly gesture or two in the direction of the employer, who also has a vote, of course. He is quite emphatic that, in general, the consumer must not be asked to pay higher prices as a result of higher wages, or as the result of anything else. That is, he is quite emphatic on the point in one part of his address. In another he quietly, shall we say slyly, slips down at least some of the bars. Sum it all up, then, and we find that the

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Facts and Fallacies Of Foreign Trade

By JOHN QUIRK*

Trade Adviser, National Foreign Trade Council

Foreign Trade Expert Warns Producers Who Wish to Enter Export Trade That Despite Urgent Foreign Demand for American Goods, There Are Dangers and Pitfalls That Must Be Guarded Against. Advises Inexperienced Exporters to Get Aid of Commerce Department and Employ Experienced Agents Regarding Factors to Be Considered. Calls Attention to Shifts in Import Needs of Foreign Countries and Contends Savings May Result in Exporters Forming Associations Under Webb-Pomerene Act. Holds Foreign Trade Credit Risks Are Not as Great as Those at Home.

I am grateful for this opportunity to describe certain aspects of foreign trade with which some of you, without direct connection in export or import, may not be familiar.



John Quirk

Any number of unfounded notions with respect to foreign trade come to our attention. It is often relatively simple to distinguish fact from fallacy. On some occasions, though, the most complex situations confront us, demanding economic analysis to separate realities from misconceptions. Perhaps one of the most fallacious ideas currently being entertained is that a domestic businessman can rush into export, and overnight achieve a sales volume which he considers adequate from the point of view of his capitalization and employment status. We receive daily inquiries from companies of one kind or another who contemplate entering the export field as a source of ready revenue. I rather imagine that in your respective organizations a number of you are being requested for information and guidance as to foreign trade

*An address by Mr. Quirk before the Trade Association Executives in New York City, Oct. 10, 1945. (Continued on page 2257)

Observations

By A. WILFRED MAY

The most objectionable feature of Mr. Wallace's front-paged pronouncement to newspapermen that industry can raise wages 10% is his sanctification of the supporting figures by "hanging" them on his department of research and statistics. Surely he well knows that statistics can be adduced to support either side of any controversial question. And in this situation there are some particularly risky assumptions, such as those dealing with future sales and profits, annual increases in the productivity of labor, the effects of raw material costs on individual industries; and such details as, for example, in the motor industry, the cost of style changes.

Incidentally these Commerce Department statisticians went completely berserk in attempting to predict the volume of retail sales for 1943 and 1944.

The existence of glaring contradictions between various government policies is highlighted by the address Secretary of the Treasury Vinson delivered at the recent New York Victory Loan dinner. He pointed out the great importance of the devotion of the public's money to E Bond purchases for the holding of purchasing power off the market, for the financing of demobilization and reconversion, and for the prevention of "footloose spending that will invite inflation."

But, looking at the reverse side of the picture: this War Loan gesture toward mopping up the peoples' savings with \$2 billion of E Bond purchases (a quota half that in the previous Loan) is overwhelmingly counterbalanced by various contradictory phases of the Administration's some-

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*These items appeared in the "Chronicle" of Nov. 5, on pages indicated. a Not available this week.

Management's Role In Steady Employment

By RICHARD R. DEUPREE

President, The Procter & Gamble Company

Industrial Executive Maintains That 85% of Products Are Consumed Evenly Throughout Year, and That if Producers Discourage Dealers From Buying on a Seasonal Basis, Steady Production and Employment Can Be Accomplished. Describes Working of the Guaranteed Annual Employment in His Plant, and Contends System Leads to Increased Workers' Output, Lower Capital Investment, and Marketing Economies. Urges Manufacturers to Produce Evenly in All Periods Where Possible, but States That if Government Attempts to Guarantee Steady Jobs, the Program Is Doomed to Failure.

I think we in management of industry have to look to steady employment as a means of taking care of a lot of grief and trouble

in this country. I also think we have to consider this problem of steady employment both from the aspect of business economics and from the point of view of its effect in general upon our social structure.



Richard R. Deupree

A man with a job is potentially a good citizen; a man without a job is potentially a bad citizen, and I don't believe you can get away from this. I also don't believe anyone would argue with

the statement that steady operation in a plant is more economical than irregular operation; so I think you can safely work on the basis that if we can have regular and steady employment, it would be an economical as well as a socially beneficial move.

I believe that 85% of the goods used in this country are consumed evenly—it could be a greater percentage. But the goods aren't bought evenly—and there lies the difficulty. The cardinal principle of steady operation comes to this: We must produce to the consumption line instead of the buying line. While this is par-

*An address by Mr. Deupree at the Conference on General Management of the American Management Association, New York City, Oct. 11, 1945. (Continued on page 2256)

From Washington Ahead of the News

By CARLISLE BARGERON

The old-time A. F. of L. leaders are looking upon the CIO's tactics in the current wage controversy with a mixture of amusement and annoyance. They look upon Walter Reuther, Richard Frankenstein, Jim Carey, Lee Pressman, et al., as young squirts, not having in mind their age necessarily, but their entrance into labor leadership. Phil Murray, they accept as an old-timer and formerly one of them, but consider him a genial old fellow who doesn't know what is happening in the movement which he leads.

For the CIO leaders generally, it is their first test at real collective bargaining and they have introduced a lot of new and socio-political wrinkles which the A. F. of L. old-timers think, make it impossible. You can understand, for example, why the GM officials would be afraid to even let Reuther come into their office or to talk to him on the telephone, because he immediately makes known everything that was said, even a careless aside, to the glee-



Carlisle Bargeron

ful newspapermen. This comes from the fact that he and his colleagues have not been used to dealing with the employer as much as with the Government, some agency or another. And the idea was to pressurize through agitation and political threat. No GM official, so far as known, is running for public office.

The CIO had the support of the Government in its formative period and it was still in an uncertain state when the war came on to solidify its organization. During the war, practically all of its dealings have been with the Government. Its leaders are more adept at political agitation than bargaining across the table with an employer. Reuther started off, for example, with an attempt to browbeat the GM in public opinion and he did not confine himself to putting forward the CIO's case; he has been seeking to give the public the impression that GM is a colossal fraud, which would not seem to be the way (Continued on page 2259)

Production! Production!

"What is our production? What do our assets amount to? What is our production to be? What are we going to do with our production? . . .

"Everybody wants everything all over the world. This tremendous demand makes the cost of living and prices go up. The only place where things are being produced and can be produced for a long time is in this country. What are you going to do with the production?"

"I would say that the first priority ought to be to leave the United States enough for this country to prevent inflation and further rises in prices.

"Whatever we have left over let's divide for the other demands upon us. When we provide for U. N. R. R. A. or lend money to Great Britain or to anybody else, the only purpose for which they borrow that money is to buy things, and the only place they can get those things is from production. . . .

"I want to make it clear that I do not oppose helping other nations. They have made great sacrifices. I don't say that we have exhausted ourselves. But I would like to know what we have left. Then I should like to see our surplus allocated to the nations and to the people that need it most and will be able to help themselves. I only want to help them to help themselves. I should like to look after ourselves a little bit. I would like to see that we have enough of everything to stop inflation and protect ourselves in the future."

—Bernard M. Baruch.

Mr. Baruch was speaking extemporaneously in response to questions about several aspects of the current situation.

His emphasis on production should be all the more effective at a time when endless demands upon us and suggestions by day-dreamers coincide with apparent indifference on the part of many to ample postwar production.



Bernard M. Baruch

Economists Urge Tax Reform

Twentieth Century Fund Symposium Advocates Cuts in Business Taxes, and Elimination of Double Taxation of Corporate Earnings. Participants Favor Reduction of Federal Expenditures. They Disagree Regarding Wage Rises and Deficit Spending Policies.

Six of America's leading economists participating in the Twentieth Century Fund's symposium on "Financing American Prosperity,"

unanimously agreed on the immediate urgency of fundamental tax reforms. Those expressing their views, "chosen to represent the whole spectrum of responsible economic opinion, from white to pink," follow: John H. Williams, Vice-President of the Federal Reserve Bank of New York and Dean of the School of Public Administration at Harvard; Alvin H. Hansen, Littauer Professor of Political Economy at Harvard; Benjamin M. Anderson, Professor of Economics at the University of California; Sumner H. Slichter, Lamont Professor at Harvard and Chairman of the Research Advisory Board of the Committee for Economic Development; John Maurice Clark, Professor of Economics at Columbia, and Howard S. Ellis, Professor of Economics at the University of California.

The participants unanimously agreed on the desirability of rescuing the profit motive from emasculation by taxation, stating that our present tax system offers strong obstacles to private investment and new enterprises. They urged that all taxes on business be reduced, including "eventual" reduction in the corporate income levy. Five of the six members specifically advocated abolition of the double taxation of earnings distributed as income.

On the matter of wages all the economists agreed that higher wages usually mean higher purchasing power, but Professors Williams and Anderson stressed

the conflict between the concept of wages received as income and of wages paid out as cost. They pointed out the possibility that the effect of rising wages, in lifting costs of production unduly, might eliminate both the product and the enterprise from the market. Dr. Anderson in particular scored "the purchasing power theory of wages," and minimized the effect of wages as creating purchasing power or effective demand. He sought to prove this by a historical approach, citing our 1921-1923 experience, the NRA experiment in 1933, our abortive 1933-39 spending policy, and the French experience during the past decade.

On the size of Federal expenditures all the contributors, excepting Anderson, prophesied Government spending on a much larger scale than before the war. There was general disagreement and "hedging" as to deficit spending. Five of the six participants opposed it if chronic, but four of the five favored "compensatory" deficit spending during the depression phase of the business cycle. Professor Slichter said that "public deficit spending is less effective than most private investment in raising the national income," and attributed this largely to the difficulty of finding projects that increase private investment opportunities, such as the TVA, roads, airfields, irrigation projects, and scientific research.

Professor Williams felt that the public is getting to realize the fallacy in spending merely for spending's sake; and that one of the most difficult questions about public works is to assemble enough worthy projects.

Professor Hansen, on the other hand, took the opposite view in urging continuous application of a fiscal program and Government action to secure full employment in an economy faced with long-run underemployment. He stated that deficit spending may be absolutely necessary "not only to iron out fluctuations, but also to promote rising productivity and higher living standards. An ever growing, expanding economy is both a goal in itself and a necessary condition for the achievement of full employment."

Dr. Anderson devoted considerable attention to a refutation of the Keynes purchasing power doctrine.

He rebutted Lord Keynes' argument in his "The General Theory of Employment, Interest and Money," claiming that he fails to take into account the law of equilibrium among the industries; and attacked the Keynes theory of the function of prices, and his radical claims about the functions of interest and savings.

"Being an abridgment of Anderson's article, 'Equilibrium Creates Purchasing Power,' in the 'Chronicle' of Jan. 25, 1945.

Reminds Home Builders Of Responsibilities in Avoiding Inflation

The lifting on Oct. 15 of WPB Order L-41 and related controls over housing production, carrying with it the elimination of sales price ceilings, places new responsibilities on both the producers and purchasers of homes if further inflation is to be avoided, National Housing Administrator John B. Blandford, Jr. declared recently. Mr. Blandford further said:

"One clear-cut case is presented in the lifting of price ceilings on approximately 125,000 housing units built with priority assistance under the H-1 and H-2 war housing programs and under sales price controls until the revocation of L-41 the H-1 houses for migrating war workers generally had a sales price ceiling of \$6,000. The H-2 housing to relieve congestion was built generally under price ceilings of \$8,000. Fair profits were considered in relation to these ceilings when plans for construction were approved. It is to be hoped that these houses will be put on sale at the prices originally scheduled, instead of being sold at the prices they well might bring in the face of a desperate housing shortage. No builder should ask more than these houses cost, plus a fair profit, just because Government restrictions are removed; moreover, each purchaser has a responsibility in the national interest, as well as his own, to refuse to pay exorbitant prices and thus encourage inflation."

Mr. Blandford pointed out that housing built under the H-1 and H-2 programs and still offered for rent remains under rental controls of the Office of Price Administration in all rent-control areas; and present established rentals continue to be the official OPA rent ceilings, subject to any action the OPA may take in the future. He emphasized that the only ultimate solution of the housing situation and the corollary inflation in real estate prices is the construction of the greatest volume of housing in the country's history, and pledged the aid of the National Housing Agency in helping industry achieve that volume as soon as possible.

Wages

By ROGER W. BABSON

BABSON PARK, MASS.—I have just returned from a conference on wages. Labor was represented by a very smart lawyer; and management was represented by a kindly employer.

Arguments for Higher Wages

(1) Labor's lawyer stated that his people had worked 40 hours a week before the War; that during the War they had worked 54 hours a week.



Roger W. Babson

without this overtime, will be as high as it was before.

(2) Labor's lawyer then complained about the deductions which are made from the pay envelope, namely, for Social Security, the purchase of bonds and the payment of taxes. The employer answered by saying that the deduction for Social Security was matched by a similar amount from him and that the total amount (double what was deducted from the employee) is set aside for a pension. Therefore, it is really not a deduction. The same applies to bond purchases. These bonds are as good as money and can be cashed in at any time. As to taxes, both the lawyer for labor and the employer agreed that these would be eliminated by the new tax bill going into effect in January, 1946.

(3) Labor's lawyer talked about the increased cost-of-living. This was admitted by the employer; but he presented Government statistics showing that living costs as a whole have not gone up more than the base wage has risen without giving any account for overtime. It is true that wage workers are buying certain luxuries today which they did not buy before, which luxuries are not tabulated in the official cost-of-living figures.

Argument for Higher Prices

After labor's lawyer got through presenting his case the employer stated: "We would not object so strongly to increased wages if we could correspondingly increase the price of our goods. To do one without the other, however, is an absolute impossibility. We would be obliged to shut down. He brought out the following points:

(1) Not only have the base wages mentioned above gone up (irrespective of overtime) but the cost of all materials have, likewise, gone up in an amount equal to the Little Steel Formula.

(2) Stockholders are getting no more in dividends; yet they must be given a corresponding increase in order for them to provide additional capital which is very much needed for reconversion work.

(3) In answer to labor's complaint about the salaries of officers, the employer stated that their increase has been less than the increase in labor's base wage; furthermore, that if all officers worked for nothing, it would provide an increase of only from 5-10% in the wages of all other employees.

Foreign Competition

I did not get into the above discussion but when asked for my comments, I called attention to the following three facts:

(1) This country will have huge foreign competition in the years ahead, from which it was abso-

lutely free during the War. Politicians can talk about putting up higher tariff walls, but this foreign labor must be given work if we are to have world peace.

(2) Foreign competition will first hit special industries, such as the textile industry; ultimately it will affect all industries.

(3) For awhile this can be compensated for by unemployment insurance and living off one's war savings; but both of these will some day come to an end and a great deal of unemployment will exist in this country. Only in case atomic energy should develop into a great new industry can such unemployment be prevented.

A Word to Wage Workers

Business as a whole should continue good for a few years; but there is bound to be a big reshuffling of jobs. This will apply to both union and non-union wage workers. For four years the newspapers have had many columns of "Help Wanted" and only a few inches of "Positions Wanted." Next year the newspapers will have many columns of "Positions Wanted" and only a few inches of "Help Wanted." Another thing: your employer has been taking anyone he could get during the War—old people, children, married women, to say nothing of many inefficient workers.

Next year this situation will entirely change. When you come to work a year hence, you will find the waiting room full of people seeking employment. This means that inefficient workers will be let go and their places substituted by more efficient ones. Labor unions can protect you on your basic wage; but they cannot make employers keep inefficient and careless workers when efficient, experienced workers are willing to take the same job at the same wage. Therefore, I say to all readers—For heaven's sake hang on to your present job. Quit squabbling about wages and hours and determine to do better work. Think of what is going to happen a year or two hence. When you were last out of employment it was bad enough not to have a pay envelope; but if the proposed wage increases are granted you may be faced with not only no pay envelope but with higher living costs.

Bankers to Discuss Consumer Credit

A two-day bankers' clinic for the discussion of consumer credit is scheduled for Nov. 26 and 27 at Roanoke, Va., according to Edwin Hyde, Executive Vice-President of the Peoples National Bank of Charlottesville, Va. and Chairman of the Consumer Credit Committee of the Virginia Bankers Association. Special advances from Charlottesville to the Washington "Post" reporting this on Oct. 24 also stated:

An estimated 150 members of the Association have expressed their intention of attending the clinic, said Mr. Hyde.

Included in the program will be panel discussions by bankers from Virginia and other states on automobile financing, individual banking, the GI Bill of Rights, consumer credit techniques, credit analysis and investigations, and costs, rates and rebates.

The Financial Situation

(Continued from first page)

pluses largely cancel the minuses and the net result is not very far from zero. One can only gain an over-all impression that he harbors the hope of higher wages with no increase in the cost of living.

The truth of the matter may well be that nothing that the President could have said or done would succeed in preventing a rather general increase in wages during the months immediately ahead. If such increases do not occur the cause will probably have to be found not in what the President says or does not say, or does or does not do. The unions seem to be far too strong for him to control—to say nothing of the unruly elements within the unions. But however all that may be, with him definitely, actively, and aggressively espousing the cause, there is no question left save the amount by which wages are to be increased.

Nor does it appear to make very much difference what the President had to say about prices. Prices are even now being raised almost daily—prices of things and of labor which together constitute the cost of producing the goods consumers are to buy. It would require a strange brand of naivete to believe that all these additions to cost can be "absorbed" by manufacturers, distributors or any one else. It would be about as difficult to believe that in the circumstances now existing goods will continue to be produced and distributed despite losses on transactions involved, or that politicians or bureaucrats will long succeed in preventing wage increases from being reflected in the cost of living, or at all events in the standard of living.

When we say that it makes no very great difference what the President had to say about prices we mean simply that he is dealing with forces far too powerful for him to control; that whether the cost of living rises or not would be governed by factors apart from his pious resolutions on the subject. In a larger sense, of course, it makes a great deal of difference what the President has to say on the subject, at least if we assume that he intends and is able to follow his words with consistent and potent action. Whether or not he can really control the situation, there can be no question that he, as his predecessor in office repeatedly did, can create conditions which greatly impede the normal functioning of the economic system as a whole and correspondingly retard the approach of the healthful and vigorous eco-

nomie situation to which we all aspire.

Most to Be Regretted

What is to be most regretted is that the President concerns himself with these things at all! It is true in the political world, as well as elsewhere, that there is little to be gained by asking for better bread than can be made of wheat. The political situation being what it is, and popular misconceptions being what they are—thanks to a decade or more of New Deal teachings—it is perhaps idle to suggest that it is not the responsibility of the Federal Government or of any other government in this country to induce prosperity, to prevent inflation, to increase or sustain "purchasing power," or otherwise to shape our economic destinies. To be sure, it is the duty of the Government to see to it that needless impediments to business are not placed in the path of progress—and, of course, to remove any that unfortunately have been placed there in the past.

But—governmentally imposed handicaps aside—the people of this country will prosper or be in want in proportion as they themselves effectively manage their own individual economic affairs. Their destinies are not dependent upon the whim of any groups of politicians in Washington—save only as the latter may get in the way—and it will be a great day when some leader arises in this land to tell the rank and file this simple truth and make them understand and believe it once more. There will be few great days prior to that date, we are afraid.

The effect of political management of our economic system, or at least the effort to give effect to this type of management, is distressingly evident on all sides at present. But for this state of affairs we should not have some would-be manipulator of the public mind letting it be known that some unnamed, and altogether mysterious group of "economists" in Government employ in Washington, have discovered that American corporations could pay wage increases in the amount demanded of them and still make larger profits next year than they did at any time during the war. How is it possible to gain any sort of calm and intelligent consideration of current wage issues with such absurd "official" determinations as this being heralded around the country?

Politico-Economic Demagoguery

Neither should we find the labor leaders of one of the

largest industries in the country—the motor industry—so obviously eager to play to the galleries rather than to get sensible settlement with employers so that all can go to work to begin to satisfy the needs of the public in the shortest possible space of time. Nor should we be bombarded with this endless argument about the profits of industry, and about the extent to which this or that saving or "improvement" in production processes will make it possible to pay higher wages. It is, of course, the function of industry to supply us with goods at the lowest possible price. Under a competitive system it actually does precisely that—passes on to the general public (not merely those who work for wages) the fruits of improved processes and technological advances.

How long shall we have to wait for some one in public life once more to remind the rank and file of these simple truths?

John Payne Jr. Joins Staff of ABA

Announcement that John H. Payne Jr., former Secretary-Treasurer of the Virginia Bankers Association, has joined the staff of the American Bankers Association, was made in New York on Oct. 30 by Harold Stonier, Executive Manager of the A. B. A. Mr. Payne, who will be an assistant to the Executive Manager, comes from the United States Navy, which he has served for three and a half years. Before becoming identified with the Virginia Bankers Association in January 1941, Mr. Payne served for a year and a half as Assistant Secretary of the New York State Bankers Association, and before that he was with the Washington Irving Trust Company at Tarrytown, N. Y. He is a graduate of Colgate University at Hamilton, New York, where he received his A. B. degree in 1938, and did editorial work on the University's publications. Mr. Payne was commissioned as an ensign in the Navy in May 1942. His three and a half years of naval service included participation in the Solomon Islands campaigns. A year after entering the Navy he was promoted to Lieutenant (jg) and after another year to Lieutenant.

ABA Mid-Winter Trust Conference in Feb.

The annual Mid-Winter Trust Conference of the American Bankers Association is to be resumed next winter, according to James W. Allison, President of the A. B. A. Trust Division, who announced in New York on Oct. 29 that the 27th mid-winter conference will be held in New York at the Waldorf-Astoria, Feb. 4-6. Mr. Allison is Vice-President of the Equitable Trust Company, of Wilmington, Del. The conference, which is always held in February, was omitted last year because of the wartime railroad and hotel congestion and the ban of the Office of Defense Transportation on meetings of more than 50 people. The officers of the Trust Division are working on the program which will be built around the theme of the role trust service may play in the postwar years of rapidly changing social and economic conditions.

50 Billion Dollars For War In Peace Year

By DANIEL W. BELL*
Under Secretary of the Treasury

Explaining the Urgency of Success of the Victory Loan, Secretary Bell States That in First Peace Year, Treasury Will Require \$50 Billions for War Expenditure and Will Need \$30 Billions to Balance Federal Budget. Cites Veterans' Costs and Increased Expenses From War's Aftermath. Anticipates Lower Revenues Because of Tax Reductions and Heavier Savings Bond Redemptions. Calls for More Bond Buying by Individuals to Ward Off Inflation.

It is a real pleasure to come here today to talk to those who are going to be on the firing line for the Treasury during the Victory

Loan Campaign. It is an honor to come to the State of Virginia—a State imbued with historical traditions—a State whose spirit has been the very essence of patriotism during our entire national existence—a State which since earliest times has furnished outstanding citizens who have been leaders in the development of our governmental structure. I do not have to look further for a reason as to why you have all so enthusiastically supported every one of our war loan drives. It is just a part of your very nature and background. It is the reason why there is so much confidence and enthusiasm here today on the eve of the Victory Loan Drive.



Daniel W. Bell

We are all very grateful that the war did not reach our shores; grateful that our cities did not suffer from the buzz bombs such as London; grateful that the United States won the race to unlock the secret of atomic energy and that our cities did not suffer the fate that befell Hiroshima and Nagasaki.

This gratitude alone is reason enough why every American able to do so should buy bonds in the Victory Loan Drive. We should be glad of the opportunity, by purchasing bonds, to be able to say to the millions of men and women returning from our fighting forces, "Well done," "Welcome home," "You have finished your job" and now "We are going to finish ours." But these are all sentimental reasons why we should buy bonds. They do not answer the questions as to why we need to raise such a huge sum through another loan drive, now that the war is over. You hear it said that Government expenditures should be immediately and drastically reduced so as to avoid this drive.

Yes, it is true the fighting has ceased, but the human and material resources of this nation are still being used and must continue for a while to be used for the needs of war, rather than for the sole needs of peace. This is inevitable so soon after victory. A machine running at as high speed as our war machine was on V-J Day just could not be stopped on the day hostilities came to an end. But getting back to a normal peacetime basis is our number one business. Much progress has already been made and as indicated in several Presidential actions during the past seven weeks, many steps have been taken to further speed this return.

Need \$50 Billions for War

Government expenditures have been substantially reduced. We spent during the fiscal year 1945,

*An address by Secretary Bell at the Statewide Victory Loan Conference, Richmond, Va., Oct 10, 1945.

which ended last June 30, the huge sum of \$100,000,000,000, 90 cents out of every dollar of which went directly for war purposes. When the President submitted his budget to the Congress in January last it was estimated that we would spend during the current fiscal year a total of \$83,000,000,000, of which \$70,000,000,000 would be for war. Then after V-J Day it was estimated that our expenditures for the year would drop to \$66,000,000,000, of which \$50,000,000,000 would be for war purposes.

You may well ask why \$50,000,000,000 for war when the war ended one and one-half months after the beginning of the fiscal year. Well, we still have millions of men and women in our armed forces and they are scattered all over this world. They must be fed, clothed, housed, and eventually transported back to this country for discharge. To these men and women who gave and sacrificed so much the war is not over until they are back home in civilian clothes. This all requires billions of dollars. In addition we have billions of dollars of bills for munitions already delivered which must be paid. Also, it will cost \$4,000,000,000 to \$5,000,000,000 to terminate and settle the war contracts. Mustering-out pay for our troops alone will cost, on the average, \$270 for every discharged man.

Estimates of our non-war expenditures have had to be increased because of additional outlays attributable to the aftermath of war. Take veterans' expenditures, for example. I am sure you have heard every commander of our troops returning from the battlefield praise the home-front for furnishing the Army and Navy with superior equipment with which to do their job. The American people demanded that they be given the very best that could be made available. As a result we had the best paid, the best fed, the best clothed, and the best equipped Army and Navy in the world, and one with the highest morale, which made them unbeatable. I am sure that the American people are going to insist that those boys and girls continue to get the very best that a grateful nation can give to restore them to civilian pursuits, and let's not forget that thousands of these veterans are in the hospitals; many must remain there for a long time to come; they will need constant care. It takes some \$7,000 to establish one veteran's hospital bed, and it costs \$5 a day to keep a veteran in a hospital.

General Bradley has said that a grateful nation does not stop at effecting a cure of the disabled veteran's afflictions. Every veteran with a service-connected disability may be given complete vocational rehabilitation which may extend over four years. He is also entitled to hospitalization and medical treatment as long as he may need it; and he is given an education that will equip him for whatever occupation he is qualified to follow.

Today more than 600,000 veterans of this war who have incurred physical disabilities are receiving pensions from the Gov-

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Revisions Urged in GI Bill of Rights

A Senate subcommittee on Oct. 31 recommended that the Servicemen's Adjustment Act (the so-called GI Bill of Rights) be amended to make the terms more liberal under which veterans may go to school at Government expense or obtain loans in buying homes, farms or business. Associated Press Washington advices stated, and enumerated the committee's proposals as follows:

1. Extension until 10 years after the war of the time in which veterans may apply for Government-guaranteed loans. Present law allows only five years after the war's official end.

2. Authorization for loans on farms or businesses to include not only the value of real estate but also supplies, capital and inventory.

3. Thirty-five years, instead of 20 for repayment of loans on farms.

4. Authorization for loans based on the "reasonable value" of the property. The present law reads "reasonable normal value" and complaints have been made that the word "normal" is being interpreted by appraisers as barring many loans on present market values.

5. Opening of the educational program to veterans irrespective of age. The present law applies to those whose education was interrupted by reason of war service and says this is presumed to be the case of men inducted below the age of 25.

6. An increase from \$50 to \$65 in the monthly living allowance for single veterans attending an educational institution and from \$75 to \$90 for those with dependents.

7. Authorization for the Veterans Administration to enter into an agreement with State institutions on payments for tuition of veterans without regard for the usual tuition charges.

President Cancels Trips

The White House announced on Oct. 29 that President Truman had cancelled all out-of-town trips for the next six weeks, the Associated Press reported from Washington, and went on to say that he would devote himself to the settling, if possible, of the innumerable problems confronting the Administration. Matters relating to labor were reported of first urgency, and added to them is the need for restoring a spirit of wholehearted cooperation between the United States, Great Britain and Russia in the straightening out of foreign affairs. In special advices Oct. 29 to the New York "Times" from Washington by W. H. Lawrence it was stated in part:

The planned visit of Prime Minister Clement Attlee, disclosed today, would have conflicted with one of the trips which the President canceled.

The planned trips called off by the President included:

Nov. 2—Statesville (N. C.) address to an adjourned session of the State Senate and probably a trip through Raleigh.

Nov. 3—Atlanta, Duke-Georgia Tech football game.

Nov. 4—Warm Springs, Ga., home of the Warm Springs Foundation, where the late President Roosevelt was treated for infantile paralysis and scene of his death last April, which elevated Mr. Truman to the Presidency.

Nov. 15—Liberty, Mo., to receive an honorary degree from William Jewell College and a visit to his home town at Independence.

Nov. 19—Oklahoma City, aviation conference.

Dec. 15—Waco, Texas, to attend Masonic convention and to receive an honorary degree from Baylor College.

Is the Full Employment Bill a Threat to Private Enterprise?*

By JAMES L. DONNELLY
Executive Vice-President
Illinois Manufacturers Association

Industrialist Gives as Reasons Why the Bill, if Enacted Into Law, Would Retard Production and Increase Unemployment: (1) The Measure Would Be Impractical in Operation; (2) It Is Honeycombed With Political Expediency; and (3) It Contemplates 'Planned Economy' Which Destroys Economic and Political Freedom. Holds Only Means of Assuring Maximum Employment Is Maximum Production to Be Helped by Incentive Taxation, Less Government Spending and a Sound Labor Legislative Program.

The sponsors of this legislation have granted that in America, the private enterprise system has contributed more to human welfare and human happiness than any previous system, and have represented the "Full Employment" Bill as a "Bill to help make free enterprise work."

The basis of our free enterprise system is the production of the largest possible output at the lowest possible cost. Therefore, whether the program contemplated by S. 380 will, as its sponsors assert, aid our private enterprise system, depends upon whether it will in actual operation stimulate private production. Industry, of course, desires maximum employment. However, it is believed that maximum employment can be assured only through maximum private production. I submit that this measure, if enacted into law, would retard production and increase unemployment. Some of the reasons for this conclusion follow:

The Measure Would Be Impractical in Operation—Under this measure, the President is required to draw up a periodic budget setting up (1) what will be needed in the way of production, investment and expenditure for full employment, (2) current and foreseeable "trends," and (3) the "planned economic program" for assurance of continuing full employment, including comprehensive legislative recommendations. (Sec. 3 and 4.)

The President, in making his complicated estimates, must gather facts regarding the 3,000,000 business units, the 165,000 governmental units, the 6,000,000 farmers, and the 129,000,000 individuals in this country not engaged in farming.

The Federal Administration in making the relatively simple forecasts of Federal expenditures missed by 14% in 1935, 30% in 1937 and 27% in 1939. The likelihood of the Government making dependable economic forecasts of the elaborate type suggested by this measure is indeed remote.

The Administration of the Measure Would Be Honeycombed with Political Expediency—The President is required under this measure to estimate the size of the labor force during the ensuing

*Addresses made at "America's Town Meeting" under the sponsorship of the "Reader's Digest" at Town Hall, New York City, Oct. 4, 1945, and broadcast over the network of the American Broadcasting Company.

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By JAMES F. WARBURG
Financier
Author of "Foreign Policy Begins at Home"

Mr. Warburg Contends That the Original Bill Was a Peacetime Preparedness Measure" and Would Help Private Enterprise by Furnishing the Means of Anticipating Depressions and Lessening Their Impact. Says Bill as Amended by Senate Is a Threat to Private Enterprise Because It Makes Certain We Will Again Face Depression Without Means to Prevent Hardship of Enforced Idleness. Holds Another "Deep" Depression With Unemployment "Is the Road to War."

The Full Employment Bill which we are invited to discuss tonight was murdered last Saturday in the chamber of the United States Senate.

It was a strange ceremonial murder, in which the sponsors and supporters of the measure welcomed defeat as if it were victory, while those who destroyed the Bill pretended that they had merely improved and clarified it.

One Senator had the courage to describe truthfully the shameful travesty which had been enacted. Senator Barkley characterized the emasculated substitute in these words:

"It now guarantees everybody out of work the right to seek a job if he can find one. In other words, if it is convenient for the Government to help him, it will do so."

The fatal amendments were sponsored by Senators Radcliffe of Maryland and Taft of Ohio. Mr. Radcliffe had previously made his attitude quite clear when he said, "there can be no such thing in this country as full employment," and admitted that he favored a return to the dole. Senator Taft has, as you know, an almost unbelievable record of having opposed every measure vital to the national interest. He opposed fortifying Guam, lifting the Arms Embargo, Selective Service and Lend-Lease. Had Senator Taft's policies prevailed, the atomic bomb might have fallen on New York instead of Hiroshima. Most certainly we should at this moment be fighting a desperate two-front war for the defense of this hemisphere, instead of being privileged to discuss the problems of peace.

Fortunately, Senator Taft was unsuccessful in opposing all those measures of preparedness which laid the foundations of victory.

Unfortunately, unless under pressure from an aroused people the House reverses the Senate, Senator Taft and those who think like him will have succeeded in sabotaging the first great preparedness measure for peace.

That is what the original bill was—a peacetime preparedness measure. Its aim was to create ways and means by which the people of the United States might in future anticipate economic depressions, offset or cushion their impact, and thus prevent the setting in of the familiar spiral of misery.

The original Bill would have been more accurately entitled a Full Production and Full Employment Bill. It would be only half correct to describe a buffalo nickel as a five cent piece with a

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By HON. WAYNE MORSE
U. S. Senator from Oregon

Senator Morse, a Republican, Calls Bill an "Economic Health Insurance Policy" That Gives the Greatest Assurance of the Survival of Private Enterprise. Says Opponents Are "Economic Fatalists" and Contends Bill Will Help Stabilize Prices and Furnish a Continuing Market for Agriculture, the "Very Foundation of Our Private Enterprise System." Accuses Opponents of Bill of Having No Confidence in Private Enterprise Providing Full Employment and a Decent Standard of Living.

The Full Employment Bill is an economic health insurance policy for the private enterprise system. Instead of being a threat to the private enterprise system it gives great assurance of the survival of that system in a world which today is questioning the advantages of a private enterprise economy.

As a Republican and a staunch believer in the private enterprise system I am proud to be one of the co-sponsors of the Full Employment Bill because I believe that maintaining full employment is absolutely essential to preserving our private enterprise economy in this country. If we lose that economy we shall lose many of our democratic rights as well because I do not believe that under our form of government we can separate our economy from political democracy itself.

The alternative to our system of private enterprise necessarily must be some form of federally regulated economy. Economic totalitarianism and political totalitarianism are inseparable, just as are political democracy and private enterprise. The common men and women of America know that it is unnecessary for them to be dunked periodically in the cold misery and sufferings of mass unemployment because of a lack of vision, sound economic planning and courageous statesmanship on the part of their national political and industrial leaders.

The Full Employment Bill seeks to help remove the fear of want in America. Its objectives and procedures are plain and simple. The bill says: "It is the responsibility of the Federal Government to foster free competitive private enterprise and the investment of private capital." It states, "that to the extent that continuing full employment cannot otherwise be attained, consistent with the needs and obligations of the Federal Government and other essential considerations of national policy, the Federal Government shall provide such volume of federal investment and expenditure as may be needed, in addition to the investment and expenditure by private enterprise, consumers, and State and local governments, to achieve the objective of continuing full employment." The bill calls for the preparation of a national employment budget by the President and approval of specific recommendations under the budget by Congress.

Opponents "Economic Fatalists"

In view of the Bill's objectives and sound procedures for democratic economic planning I am at

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By CARL HINSHAW
U.S. Congressman from California

Asserting That There Must Be in the Full Employment Bill "More Than Meets the Eye," Congressman Hinshaw Characterized It as "Full of Pious Phrases No One Can Take Exception to." He Asserts That Calling the Bill a "Full Employment Act" Is a Fraud and Deception and That Because the Public Is Led to the False Belief That It Insures the Right to "Hold a Job," It Is Supported by the Communists. Concludes Application of Bill Is "Nothing Else Than a Threat to Private Enterprise System."

The ancient Romans advised against trusting the Greeks, even when they brought gifts.

If he who has sworn in his

beard to destroy you comes smiling and bringing a gift—Beware. That is an old trick—told in song and story since ancient times. It began with the serpent in the Garden of Eden. There was the Trojan Horse—and Little Red Riding Hood said, "My

big eyes you have granma." And now we have a bill in Congress, the title of which says that it is for the purpose of establishing a national policy and program for assuring continuing full employment, in a free competitive economy—and the bill is on the "must" list of the Communist Party, the Citizens Political Action Committee and all of the Socialist and left wing organizations in the country.

Just imagine, the Communist Party, the party of Marx and Lenin, the party in America that takes its orders from Moscow, plus the Socialists, endorsing a bill which starts out by saying, "The Congress hereby declares that (a) It is the policy of the United States to foster free competitive enterprise and the investment of private capital in trade and commerce. . . ." That strikes a false chord. Those people are hell-bent on destroying the private enterprise system. Why should they now be so hell-bent to get this bill passed? There must be more to the bill than meets the eye. Indeed it is a cleverly drafted bill. It is as innocent in appearance as a newborn babe. As it came to the floor of the United States Senate there was no power granted to the President that he does not have already. It is full of pious phrases no one could take exception to. Who could be opposed to the principle that everybody should have the opportunity to be employed in a useful and gainful job? Nobody is opposed to that idea. Everybody is in favor of full employment. I am, you are, all of us are in favor of full employment.

So there must be something else tucked away in its language that these people are very anxious to get. They certainly wouldn't swallow that first sentence unless there was meat for them inside.

They like to refer to this bill as "The Right to Work" bill, and as a second "Bill of Rights." The official title of the bill is "The Full Employment Act of 1945."

Those titles and the propaganda that goes with them are a fraud and deception upon the people. The sponsors of the bill admit, in

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James L. Donnelly



James P. Warburg



Sen. Wayne Morse



Carl Hinshaw

JAMES L. DONNELLY

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year. If he predicts a shortage of jobs and recommends a program of legislation as contemplated by this Bill, confidence in the economic outlook will be impaired and decreased production with increased unemployment will result. If, on the other hand, he overestimates the number of jobs, the political prestige of the President, and perhaps of the party with which he is identified, would suffer. Efforts to solve economic problems through governmental channels are inevitably influenced and frequently dominated by political considerations.

The Measure Contemplates a System of Planned Economy Which Would Eventually Destroy Economic and Political Freedom.—Under this measure, the Federal Government is committed to the policy of assuring full employment for all seeking work. The measure requires the Government to develop and pursue a carefully planned economic program to carry out such policy.

The assumption by our Federal Government of the responsibility of assuring continuing full employment as contemplated by this Bill, will necessarily entail ever-increasing governmental controls over all business institutions and all individuals. Efforts to assure "full employment" through governmental machinery would eventually and inevitably involve controls over spending, distribution and consumption. The result would be a system of so-called "planned economy" with lower standards of living, more governmental spending, extension of the plague of Federal bureaucracy, an avalanche of legislative panaceas and bureaucratic mandates, impairment of confidence, loss of opportunities for private employment, and eventually the destruction of economic and political freedom.

Recommendations for Assuring Maximum Employment Through Maximum Production.—The only effective means of insuring maximum employment is through maximum production and distribution of goods and services through competitive private enterprise. Governmental policies which, it is submitted, are essential to the creation of conditions which will encourage private initiative and insure maximum production with accompanying maximum employment are the following:

- (1) The adoption of taxation policies that will provide incentives for production and for good management and will encourage the investment of private funds in private enterprise.
- (2) Real and permanent reduction in governmental expenditures.
- (3) The adoption of a sound labor legislative program which will eliminate special privileges and which will free workers and management from the shackles of bureaucratic control.
- (4) Definite and permanent removal of wartime controls over industry as soon as feasible on an economic and non-political basis.

Private enterprise converted from peacetime to war production promptly and efficiently. Private enterprise in this country supplied the requirements of our Armed Forces as well as a substantial proportion of the requirements of our Allies. With proper encouragement and cooperation from our Government, private enterprise will convert to peacetime production with equal promptness and effectiveness and will provide maximum peacetime production with accompanying maximum employment.

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buffalo on it, neglecting to mention the Indian on the other side. Yet this is what we do when we speak of a Full Employment Bill, forgetting that the other side of full employment is full production.

Once this is clear, to ask whether a real Full Employment Bill is a threat to private industry is like asking whether hay is a threat to a donkey. At that a donkey does not need hay as much as private industry needs full employment. A donkey can live without hay, if he must; but private industry cannot live without customers.

The original Bill sought to guarantee every willing and able worker a chance to earn a decent living. In so doing it would have guaranteed to private industry and to agriculture the widespread stable purchasing power without which they cannot prosper.

In other words, the original Bill did not only guarantee jobs to workers, it guaranteed a steady market to businessmen and farmers.

The emasculated Bill passed by the Senate guarantees nothing. It is like an endorsement on a check which says: "I promise to pay if I have the money and if I feel like it."

The Amended Bill

Unlike the original measure, the Taft-Radcliffe substitute is a threat to private industry, because it makes practically certain that some day in the future we shall again face depression without means to prevent great masses of human beings from suffering the indignity and hardship of enforced idleness.

I doubt whether the private enterprise system can survive another such catastrophe. The people of this country are not going back to the doles and to apple-selling. They are eventually going to exercise their sovereign right somehow to create economic freedoms commensurate with the political freedoms they have so long enjoyed and cherished. They are going to make the right to earn a decent living as much of a reality as the right of free speech.

Nor are the people of this country going to endanger the hard-won peace by failure to set their house in order here at home. In a very real sense world peace depends upon the maintenance of full production and employment in the United States of America. Another deep depression here would inevitably mean dislocation, mass unemployment and resurgent nationalism throughout the world. That is the road to war.

Peace and full employment go hand in hand. They have become the twin inseparable objectives of mankind.

Private industry has a stake in both objectives. It has a stake in peace. Likewise, private industry has a stake in the enactment of a law which will unconditionally pledge the full resources and power of the nation to the elimination of unemployment.

Anything less would be a betrayal of the American tradition.

Pan Am. Good-Will Tour

Frederick E. Hasler, President of the Pan American Society of the United States, which has a number of members in South America, left New York Nov. 2 on a six-weeks good will tour of several Latin American countries. He will be accompanied by John J. Clisham, Executive Secretary of the Society. Traveling via Miami, the first country they will visit will be Panama, after which they will go to Colombia, Ecuador, Peru and Chile. Mr. Hasler who is completing his sixth year as head of the Society, is President of the Continental Bank & Trust Co.

HON. WAYNE MORSE

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a loss to understand the opposition to the bill on the part of some conservative business men and politicians. I wonder if it can be possible that consciously or unconsciously the opponents of the bill are economic fatalists who really believe that the private enterprise system must necessarily follow a cycle of boom and bust, or prosperity followed by hungry depression. As I listened to the opponents of the bill in the Senate debate last week I became convinced that most of them have no real confidence in the ability of private enterprise to provide continuing full employment and a decent standard of living for those in this country who seek employment. I was saddened by the economic implications and the social callousness of their arguments to the effect that periods of mass unemployment are unavoidable and when they do come the government should not assure wealth-creating jobs but only doles and relief work, projects such as WPA.

As a Republican and a staunch believer in the potentialities and dynamics of the private enterprise system I repudiate the philosophy of despair that states that private enterprise aided by government cannot maintain full employment at all times and lick depressions. The time has come to warn economic and political reactionaries in this country that the private enterprise economy is not synonymous with economic privateering. The license of American business and industry to maintain and exploit a large pool of unemployed but willing workers must be revoked because profiteering at the expense of human rights threatens the free enterprise system itself.

I think the Full Employment Bill will strengthen the private enterprise system in America because it will help stabilize at good prices a continuing market for the very foundation of our private enterprise system, namely, American agriculture. The farmers know that their market is primarily the market basket of the workers in the city. As a business man the farmer fully realizes that if there is full employment in the cities there will be opportunities for the farmer to earn a decent living because he can then sell his products at decent prices. The farmer has not forgotten the great depression of the '30s when agriculture became the poorhouse of our economy, the last refuge of the unemployed. He knows that doles and WPA wages don't buy farm products at decent prices. He knows that full employment in wealth-creating jobs is agriculture's best guarantee of good markets.

The Bill has now passed the Senate with all its objectives and procedures protected. Forces of reaction must not be allowed to cripple or prevent its final enactment.

Lumber Movement—Week Ended Oct. 27, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 450 mills reporting to the National Lumber Trade Barometer were 7.0% below production for the week ending Oct. 27, 1945. In the same week new orders of these mills were 11.2% less than production. Unfilled order files of the reporting mills amounted to 84% of stocks. For reporting softwood mills, unfilled orders are equivalent to 28 days' production at the current rate, and gross stocks are equivalent to 31 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 1.7%; orders by 3.8%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 38.6% less; shipments were 41.7% less.

CARL HINSHAW

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fine print, however, that the bill does not establish a "right" to a job; it only attempts to assure opportunities for employment in private enterprise.

As matters stand today, the workers have been given to understand that this bill, in its original form, gives them the "right" to their job, to have a job, to keep a job—a right that may be enforced. The bill does nothing of the kind, and its authors admit it. To that extent, it is a fraud upon the "Forgotten Man."

And perhaps that is the one reason why the Communists support the bill—a misunderstanding is created which the Communists can use to their political advantage—and they are expert in both creating confusion and misunderstanding and then using that situation to create unrest and dissatisfaction.

But there must be another reason, a greater reason than that for the Communist and the Socialist endorsement of this bill. Not having a scheming type of mind myself, I may not fathom their reasoning, and hence can be wrong. But the practical mechanics of the bill would require the setting up in the President's Bureau of the Budget, of an enormous planning bureau with divisions by industry and by geographical regions. This would be the equivalent of the Soviet "Gosplan" or central economic planning agency—the Soviet agency that produces their 5-year plans.

Slow strangulation of private enterprise, by strikes, sit-downs and slowdowns, will require more and more reliance upon Government; finally, the demand that Government take over all the farms and factories, transportation and communication systems and the mines of the United States and with an American "Gosplan" set up ready made, the United States can become a vassal State of the U. S. S. R. with a little bloody urging.

To that extent at least this bill is a threat to private enterprise. But if the left wing groups of this country are sincere in their support of this bill and the private enterprise system and will join in these measures necessary to really make it work, such as cessation of strikes, honest application of a full day's work for a day's pay, to help cut costs of production, and cooperate with management in solving management problems, and if management shall likewise cooperate with the workers in their problems, this bill can become a great boon to this land of the free. You can make your own guesses for the future, but I believe that until that change in attitude is demonstrated, the practical application of this bill can be nothing else than a threat to the private enterprise system. We are at a crossroad on a mountainside.

Living Costs Drop in 54 of 62 Industrial Cities in Sept.

Living costs of wage earners and lower-salaried clerical workers dropped during September in 54 of 62 industrial cities surveyed each month by the National Industrial Conference Board. Increased costs were shown in six cities, while two cities recorded no change, said the Board on Nov. 2, which added.

The largest decrease, 1.7%, was registered in Newark, Providence and Parkersburg, W. Va., both showed a drop of 0.9%. Relatively large declines of 0.8% occurred in Bridgeport, Muskegon and Pittsburgh. The Pacific Coast was the chief area to report increased living costs. Los Angeles, Sacramento, San Francisco-Oakland, and Spokane each experienced a rise of 0.2%. In Trenton, N. J., and Akron, the level rose 0.1%.

Russia Signs Credit Agreement With U. S.

The signing by Russia of a credit agreement with the United States for \$350,000,000 to \$400,000,000 worth of Lend-Lease goods whose delivery was halted on VJ-Day was reported in Associated Press advices from Washington on Oct. 17, from which we also quote the following:

"It was learned today that terms of the contract call for Russia to pay for the goods in 30 years at 2% interest with the first payment beginning nine years hence.

"General Leonid G. Rudenko, chief of the Russian Supply Mission in Washington, signed the agreement for the Soviet Union and Foreign Economic Administrator Leo Crowley signed for the United States.

"Signing the contract was Crowley's last official act. His resignation as FEA chief became effective at midnight Monday.

"Similar credit arrangements have been offered to all other former Lend-Lease recipients to finance purchase of goods on contract when Lend-Lease ended.

"It was learned that China is about to sign a contract at the same terms for \$64,000,000 in former Lend-Lease supplies.

"Items included in the Russian agreement are raw materials, industrial equipment, locomotives, transportation supplies and food, it was said.

"British and American officials currently conferring in Washington are expected to reach an agreement on British Lend-Lease goods within the next two weeks. Britain was offered the 30-year 2% arrangement several months ago but declined because of a dislike of the interest rate."

U. S. Navy Is Honored Throughout the World

All over the world on Oct. 27 the United States Navy was honored for its accomplishments in World War II, in ceremonies which included the assembling of a mighty flotilla at New York where President Truman came to give formal expression to this nation's gratitude. It was the first major fleet review which the city had witnessed in more than 11 years. Elsewhere in the capitals throughout the world special celebrations had been planned to pay tribute to the United States fleet, from Honolulu to London and Shanghai. A. V. Alexander, First Lord of the British Admiralty, expressed gratitude for the part of the United States Navy in the war, according to Associated Press reports, which added that in London a luncheon was given for high ranking Allied naval personnel, while a baseball game and free beer party were provided for enlisted men.

Throughout the United States ceremonies, in addition to the Presidential review in New York, marked the day as a memorable occasion. At Miami, Gen. A. A. Vandegrift, commander of the Marine Corps, decorated Navy and Marine Corps heroes, according to the Associated Press, and said that the United States would have been defeated if the scientific weapons available to America had been in the hands of her enemies. At Los Angeles, Read Admiral Robert B. Carney, chief of staff of Admiral Halsey, declared, according to the Associated Press: "The United States is the only power able to fully police the Pacific. We shouldn't be thinking of disarmament or of weakening America's position in the world."

Wherever parts of the fleet were gathered along the east and west coasts, multitudes turned out to give it a welcoming ovation.

Paternalism—Danger to Free Enterprise

By HON. ALBERT W. HAWKES*
U. S. Senator from New Jersey

Senator Hawkes Warns Veterans That We Must Do a Better Job in Getting Back to Law and Order and That We Will Not Accomplish Our Goal if We Seek to Have Government Solve All Our Problems. Says There Is Danger of Becoming Fettered by the Strong Arm of Government and That Democracy and Free Enterprise Cannot Survive, if Individuals Do Not Accept Responsibilities. Lists Seven Points for Preservation of Peace at Home and Abroad.

The men and women who have served in the armed forces, which service is a prerequisite to membership in your great organization,



Sen. A. W. Hawkes

have a right to be proud of what they have done in World War I as well as World War II, and they have the respect and gratitude of every fair-minded, sound-thinking American citizen.

A great part of the job to preserve the rights of free men in our country and the world has been done, but all the accomplishment you have made can be lost unless you and those who are back of you at home do their post-war job well in preserving our American form of government and the American method of making a living as free men.

I speak of it as "the American method of making a living as free men" because there seems to be so little realization of the fact that when we speak of our American free enterprise system we mean the system devised among our people as free men for the purpose of earning a living, supporting and educating our families, and bringing to each of them as much as our abilities and work under that system can possibly earn honestly and legally.

On the back of each of your membership cards you have printed the preamble of your Constitution which is about as fine an American statement as I have ever read. Among other things it says you are associated together under God and for your country to uphold and defend the Constitution of the United States of America; to maintain law and order; to foster and perpetuate a one hundred per cent Americanism; and to preserve the memories and incidents of your associations in the great wars.

Then it says "to inculcate a sense of individual obligation to the community, State and Nation." It goes on to say many more wonderful things, but I want to talk with you about the great importance of making these statements in the preamble of your Constitution effective before it is too late.

Must Get Back to "Law and Order"

It is my opinion that we are not doing too good a job in the United States in maintaining law and order at the present time, and I wish to leave this thought with you—that unless and until we get back to the maintenance of law and order, there is little hope of our accomplishing any of the other great objectives set forth in the preamble of your Constitution.

The history of the world shows that whenever the people's respect for law and order breaks down completely the result is the undermining of the pillars and foundations which support the

*An address by Senator Hawkes before the American Legion Department of New Jersey at Atlantic City, Oct. 13, 1945.

form of government and the way of life. An organization such as yours, which has two million men experienced in the conduct of war and who have fought to defend the people of the United States and our form of government and the American system of free men, has great power and if each of you accepts your full responsibilities in maintaining law and order and defending the Constitution and building a one hundred per cent Americanism, the results you will accomplish through the cooperation of other Americans who think as you do will be equal to or greater in value than the accomplishment of the physical victory in war.

The physical victory in war had to be won in order that you, and we, might have an opportunity to do the things which must be done on time if we are to bring order out of chaos and get back to harmonious cooperation in civil life so that we may make the rules of the American system of earning a living function as they can and will if we each recognize that in addition to rights we have responsibilities to the other fellow.

It will require great effort to understand the problems that come as the aftermath of war. It will require tolerance, patience and more tolerance and patience, but I have faith that the returning veterans, combined with you who have returned and who served in the previous war, will exert every power and influence you have to make the cause of free men a reality.

Fettered by Strong Arm of Government

It does no good to call men free if they are fettered and their liberties unnecessarily curtailed by the strong hand of government.

We will not accomplish our goal if we seek to have the Government solve all of our problems and relieve us of all of our responsibilities. To be sure you each want your full rights and you want justice in your human relationships. You want fair opportunities and you seek a fair division of the fruits of common effort in whatever business or occupation you may engage.

On the other hand, I think we must all be realistic and recognize that to have these rights and opportunities of free men we must remain free men, and the only way we can remain free men is to support the government and make it our servant rather than to look to the government for support at the expense of sacrificing individual freedom and liberty.

The whole history of the world shows conclusively that when any people have reached the point where they try to find the easy way to make a living and rid themselves of their responsibilities, then those in control of government who think government can accept these responsibilities, and through false promises offer opportunity which never materializes, always step in and relieve the people of their liberties, with the result that some kind of a Government control or dictatorship which dominates the lives of the people, takes the place of the liberty and freedom which the

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The State of Trade

Industrial output showed little change from the previous week but was about three quarters of the high level of one year ago. Production is well above the comparable period in 1939. In general, shipments continued behind schedule. Some concerns in consumers' durable goods industries have brought production up to the levels of years immediately before the war.

Saturday of last week, Nov. 3, saw the termination of the War Production Board after four years of difficult administration in which the Nation experienced the greatest industrial expansion in its history. The old Board was replaced by the Civilian Production Administration headed by J. D. Small, War Production Board chief of staff.

The functions of the new organization are the administration of the 52 remaining WPB orders and 3 major priorities regulations. These remaining orders are being continued because of present scarcities of materials such as crude rubber, tin, lead, antimony and textiles. Of the two automotive orders remaining, one governs the salt and petroleum type anti-freeze solutions and the other has to do with the placing of quotas on the export of automobiles and trucks. Among chemicals, six are subject to restrictions and they are molasses, chionna bark and alkaloids, ethyl alcohol, tapioca flour, lead used in paints and rosin. In the container division there are five orders of which three govern minerals such as corundum ore, rough diamonds and uranium.

In the furniture industry the materials and labor situation the past week continued to show improvement with production above the previous week. Some radios were completed and delivered to retail outlets, though the output of automobiles lagged. There was moderate improvement in shoe production over that of last month. Some manufacturers of men's suits, however, were threatened with shutdowns as a result of the continued shortage of rayon lining. Wool mill production too, suffered due to an acute manpower shortage. An extreme scarcity of yarns, cotton, wool and rayon continued to prevail the past week, but notwithstanding this, production increased slightly.

Steel Industry—The controversy between steel management and the steel union over the wage question is beginning to reflect an uncompromising attitude on the part of both and there is the distinct possibility that after steel employee ballots are counted within a month or so, the steel industry may be paralyzed by its first general walkout for many years, so states "The Iron Age," national metal-working paper in its issue dated Nov. 1.

There continued this week to be high hopes that the Government policy would finally become clear enough to forestall nationwide strikes in major industries such as steel and aluminum.

Steel consumers to date have been severely affected by the reduction in steel production and shipments resulting from the recent coal strike, and most deliveries are so far extended and rolling mill schedules so far behind that it may take several weeks for steel companies to again make bona fide delivery promises. By that time steelmakers may be running into labor difficulties of their own, so states the above trade authority.

The steel industry has been subjected to sharp criticism from customers for being unable to make either firm delivery or price commitments caused by OPA's failure to announce expected steel price revision.

This inaction on OPA's part has made it impossible for customers to plan their own production schedules or to produce sound cost estimates of their own on which to base their requests to OPA for possible price revision.

The effects of OPA's delay in announcing steel price revisions has been felt all along the line with engineering and construction projects being seriously retarded by reluctance of contractors to make firm bids on a fixed price basis with specified completion dates. Such construction contracts as are being awarded are mostly on a cost plus basis with completions specified only "as soon as possible."

Fear of possible disruption of steel deliveries to the automobile industry in case of an automotive strike has been dispelled by notification of one of the big three to its steel suppliers that it will continue to accept steel deliveries even if the strike occurs—stockpiling steel for resumption of production. The success of such a measure, "The Iron Age" points out, depends upon the outcome of the steel labor controversy.

Steel ingot output the past week continued to run almost 10 points below the post-V-J Day peak with some blast furnaces still down, but it is expected that by next week the operating rate will again advance. A tentative estimate of steel ingot tonnage lost during the coal strike approaches 800,000 tons.

The American Iron and Steel Institute announced on Monday of this week the operating rate of steel companies having 94% of the steel capacity of the industry will be 77% of capacity for the week beginning Nov. 5, compared with 72.9% one week ago, 73.5% one month ago and 96.3% one year ago. This represents an increase of 1.4 points from the same week of 1944.

This week's operating rate is equivalent to 1,410,000 tons of steel ingots and castings, and compares with 1,335,300 tons one week ago, 1,346,300 tons one month ago and 1,732,400 tons one year ago.

Paper and Paperboard Production—Paper production in the United States for the week ending Oct. 27, was 95.8% of mill capacity, against 96.5% in the preceding week and 91.3% in the like 1944 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 98%, compared with 96% in the preceding week and 95% in the like 1944 week.

Business Failures Unchanged—In the week ending Nov. 1, commercial and industrial failures remained at 17, the same number as in the previous week, reports Dun & Bradstreet, Inc. For the third consecutive week and for the ninth time this year, failures exceeded those in the comparable week of 1944—17 against 11.

No change occurred from a week ago in the number of large and small failures. Over two times as many concerns failed with liabilities of \$5,000 or more as failed with liabilities under \$5,000. Twelve large concerns failed in the week just ended, doubling the 6 in the corresponding week of last year. On the other hand, there were 5 small failures, the same as both last week and a year ago.

More than half the week's failures were concentrated in manufacturing. Nine manufacturers failed as compared with 6 in the previous week and only 2 in the same week of 1944. While there were four times as many manufacturing failures as a year ago, there were only one-half as many retail failures as a year ago. In the two lines where no failures

occurred last year, wholesale trade and commercial service, 1 and 2 failures were reported this year.

Six Canadian failures were reported as compared with 2 in the previous week and 2 in the corresponding week of 1944.

Wholesale Commodity Price Index—Continuing its gradual upward movement, the daily wholesale commodity price index compiled by Dun & Bradstreet, Inc., climbed to a new high of 179.33 on Oct. 30. The current figure represents a postwar rise of 5.62 points, or 3.2%, above the year's low of 173.71 recorded on Aug. 18. At this time a year ago the index stood at 171.98.

Following the downward tendency of the previous week, there appeared a renewal of demand for leading grains which carried prices on nearby futures contracts up to within a few cents of the season's highs. Cash wheat, barley, and corn held at or close to ceiling levels. The movement of cash wheat to terminal markets was reported considerably under trade expectations due to a shortage of box cars and stocks of wheat at mills were said to be running low as a result of the near-record grind of flour. Domestic flour business dropped to a very low level during the week as the trade awaited announcement of November subsidy rates.

The outlook for flour export trade appeared brighter as a result of the gradual lifting of Government controls. Demand for hogs was active with supplies showing some increase over the previous week.

Cotton was in broader demand last week as sales in southern spot markets went above last year's volume for the first time this season. Prices were firm during the fore part of the week, reflecting the improved outlook for foreign exports. After reaching new highs for 20 years, values eased off somewhat due to heavy selling induced largely by uncertainty over the fate of the Pace Parity bill. Current crop advices appeared to point to an even smaller cotton yield than was indicated a month ago. Cotton consumption is reported to be still on the decrease despite the enormous demand for cotton textiles. Scarcity of certain materials and manpower difficulties are said to be the leading drawbacks to enlargement of civilian production.

Transactions in domestic wools in the Boston market were slow last week following the activity noted in the preceding period. Sales made during the week were mostly for small amounts required for immediate needs. Demand for spot fine foreign wools continued to exceed the supply. However, substantial volume covering a variety of types was reported in some quarters. Prices were firm. Buying of wool in South American markets was reported somewhat improved although still restricted by the rising trend of prices. According to a U. S. Department of Agriculture report, there are indications of a further reduction in sheep numbers which may affect the quality of domestic wools.

Wholesale Food Price Index Equals Year's High Mark—A rise of one cent this week brought the Dun & Bradstreet wholesale food price index for Oct. 30 to \$4.11, equalling the year's high mark recorded last Feb. 13. The current figure compares with \$4.02 on the corresponding date last year, a gain of 2.2%. Wheat, rye, oats and eggs advanced during the week. There were no declines.

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

Retail and Wholesale Trade—There was a moderate rise in retail volume for the country at large last week over the previous week, according to Dun & Bradstreet, Inc. Volume also was moderately over a year ago. In-

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Baruch Suggests Inventory on Country's Productive Capacity, Making of Foreign Loans

In proposing that "A kind of inventory" which should be taken by the nation "before we can decide the question of inflation and all the other economic problems domestic and foreign facing us," Bernard M. Baruch stresses the need of examining "our productive capacity and determine how to divide that production, first, to see that enough of what is produced remains in the United States to avoid disastrous inflation, and then how much to allocate for the rehabilitation of Europe, China, the Philippines. Unless this dividing is done wisely," he said, "we will sink and the whole world will go down with us." Mr. Baruch also declares that "if we promise loans to foreigners, the money will be useless if they cannot buy the goods from our production here. Such demands will further inflation temporarily because they aggravate demands here." Mr. Baruch likewise expresses the belief that "in the present circumstances reducing taxes too much now, and with no indication of future plans, is unwise—and may be seriously inflationary—until we have a better prospectus of our financial and economic condition. He stresses the fact that "we must have full production. Without it," he said "we cannot keep any semblance of modern civilized Government. We risk inflation." "With this full production," he added, "we can escape inflation—Labor and management must be made to realize this," he said, adding that:

Reaction from the war effort has caused much of the unrest, but unless strife ceases soon, Government must take a hand, and a strong one, in the interest of the contestants, the public and itself.

As a P. S. in a letter in which he expresses these views Mr. Baruch says:

The miracle of American production can save the situation now, as it did in war, but it must hurry, hurry, hurry.

The letter in which these views were set out by Mr. Baruch was addressed to Representative Albert Gore, (Dem.) of Tennessee, made public in Washington Nov. 4, and given as follows in the New York "Times".

It was nice seeing you and your friends the other night. My only regret is that after such wonderful stories from all parts of the country I should have been called upon to speak on so serious a subject as inflation. Whether I succeeded or not at that late hour—perhaps all of our minds were on pleasanter subjects—I do not know.

Here is what I wanted to say. Before we can decide the question of inflation and all the other economic problems, domestic and foreign, facing us we must get an over-all picture of the balance sheet of the country—a kind of inventory that would show these facts:

What are our present debts? These must be divided into what the public holds in bonds which is more or less a demand debt, and what is owed to others. Also, how much further do we have to go in debt to pay for war contracts terminated with the goods delivered and contracts still to run? How much will we have to raise for Bretton Woods, UNRRA and foreign loans of every type?

Then we ought to examine our productive capacity and determine how to divide that production, first, to see that enough of what is produced remains in the United States to avoid disastrous inflation, and then how much to allocate for the rehabilitation of Europe, China, the Philippines. Unless this dividing is done wisely we will sink and the whole world will go down with us. We should direct our aid to foreign countries by giving priority to those who need the most and who will use it to help set themselves on their own feet.

If we promise loans to foreigners, the money will be useless if they cannot buy the goods from

our production here. Such demands will further inflation temporarily because they aggravate demands here. There is no use giving foreigners credit (or our citizens greater buying power through increased wages and decreased taxes) unless we are willing to establish priorities which will ration our production where we want it to go until production increases.

We must be careful, when we give aid to other countries, that this aid is not used to nationalize their industries against us, to destroy our own competitive system which, I think, should be preserved. England, Czechoslovakia, France and other countries are nationalizing or are about to nationalize their industries. Russia has totalized herself—one buyer and one seller—and is totalizing all countries coming under her aegis.

While examining our production here, we must survey all our mineral, agricultural and other natural resources. We should not dispose of raw material surpluses unless they really are surplus for the whole United States, not simply surplus for some one Government department. On everything else, on all that is really surplus, sell, sell, sell. We cannot go on depleting our soil and mineral resources as we have in the past seven years without tragic results to our whole economy and national life. A study of our resources and modern scientific methods to replenish them must be undertaken quickly.

The demand for goods and increased wages—the race between prices and the cost of living—is going on here and all over the world. Last night, different men raised this question. Being the host I wanted to say as gently as I could that the conditions we are facing were brought about by our own procrastination and negligence in not having faced the issue when the first Price Control Bill was enacted into law. All elements of cost, wages, rents—everything—should have been included in the original bill. Failure to do so started the race—as was then predicted by yourself, Monroney [Representative A. S. Mike Monroney, Democrat, of Oklahoma] and a few others. That failure is the basic cause of the present, continuous spiraling of prices.

I think that in the present circumstances reducing taxes too much now, and with no indication of future plans, is unwise—and may be seriously inflationary—until we have a better prospectus of our financial and economic condition. I had hoped this "scuttle and run" policy which is evidenced throughout our life—military, economic, spiritual—should have been held off and made parallel with peace and as we knew what our demands and obligations were.

As I tried to say last night, tax reductions should have been more considered, outlined and then put into effect, and only after the inventory into our national wealth and liabilities was known. Perhaps the experts had this before them. Even now it would not take long, perhaps a month. Then we would have had facts—not fictions stirred by all the contending pressure groups trying to help themselves in prices, wages and taxes for their own interests and ignoring the general good. The race of selfishness is on. It plays an important part in the inflationary process.

One other thing I tried to bring out was that we must have full production. Without it we can-

U. S.-Russian Accord Necessary to Success Of United Nations

The view that "it is absolutely necessary for us to get along with the Russians" in order to make the United Nations organization succeed was expressed at Philadelphia on Oct. 30 by Dr. Virginia C. Gildersleeve, only woman member of the U. S. delegation to the World Security Conference in San Francisco. This is learned from United Press advices from Philadelphia on Oct. 30, which further reported:

"Dr. Gildersleeve, Dean of Barnard College, spoke at University of Pennsylvania graduation exercises, where she received an Honorary Doctor of Laws degree.

"She said the word "democratic" was the most misunderstood at the San Francisco Conference. She attributed the dispute on the Polish question to the different meanings attached to the word "democratic in the Yalta agreement."

"The Yalta agreement," Dr. Gildersleeve said, took steps to reorganize the provisional Polish government to include "democratic leaders now in Poland and those abroad."

"She said her personal interpretation was that, since the Russians consider their own government to be the most democratic in the world, they took the agreement to mean that only Polish Communists should be considered citizens. The United States and Britain, she pointed out, took entirely different meanings of the word."

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of Sept. 30, 1945, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was \$27,825,550,737, as against \$27,684,945,663 on Aug. 31, 1945, and \$23,794,299,623 on Sept. 30, 1944, and compares with \$5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, the total was \$3,459,434,174.

not keep any semblance of modern, civilized government. We risk inflation. We mute the voice with which we speak for peace in this world. With this full production we can escape inflation. Labor and management must be made to realize this. Labor disputes cannot continue to interfere with production as they do. In our civilization, where people are induced to buy things and to make them a part of their daily lives, a deep obligation rests on management and labor to fill those needs.

For years I have had high hopes of collective bargaining and intelligent leadership in management and labor to bring about understanding without interference of Government.

Reaction from the war effort has caused much of the unrest, but unless strife ceases soon, Government must take a hand, and a strong one, in the interest of the contestants, the public and itself.

Whole segments of society have lost their perspective as to the rights of others. Worse yet, many have lost their capacity for indignation over their own wrongs and the wrongs inflicted upon others.

P. S. The miracle of American production can save the situation now, as it did in war, but it must hurry, hurry, hurry.

Unions Ask Congress to Start Inquiry on Higgins Shutdown—Sixteen Points Listed

A 16-point Congressional investigation into both management and labor activities in the New Orleans (La.) plants closed Nov. 1 by Andrew J. Higgins was requested by two American Federation of Labor unions in a joint letter to Congress made public on Nov. 4, according to a United Press dispatch, from which we also take the following:

The unions indicated that when the inquiry is completed they would like to "forget the whole thing" and return to work for Higgins.

The unions said that Mr. Higgins was only "playing to the galleries" when he said he was closing his plants for good.

The unions' letter asked that a joint committee of the House and Senate conduct the investigation and requested that the National Association of Manufacturers, veterans' organizations and religious groups also be represented on the committee.

The unions asked that the Justice Department prosecute all individuals who can be proved by the investigators to be guilty of sabotage, slowdowns or "any other thing or term that would prove detrimental to the (recent) war effort."

The 16 points which the unions asked be investigated follow:

1. The financial standing of all unions, including receipts and expenditures.
2. The financial standing of all union officers, including business agents.
3. Salaries of all union officers.
4. Police and criminal records of all union officers.
5. Spiritual or moral life of all union members, including "anything Mr. Higgins may want investigated."
6. Financial "structure" of Higgins, dating back to January, 1940, and all Higgins industries expenditures since that time.
7. Income taxes paid by Mr. Higgins personally since that time.
8. The sincerity of Mr. Higgins' statement that his plants are "closed for keeps when he knows this is only playing to the galleries."
9. "Bribes" that were paid to union officials, government offi-

cial, Army and Navy officials and professional lobbyists by Higgins.

10. Mr. Higgins' "secret sources of information that enabled him to run paid advertisements in newspapers all over the nation when he had advance information, such as the time the Navy Department issued a cancellation order for small cargo contracts."

(The unions charge that Mr. Higgins was able to forestall the cancellation by his advertisements praising the Higgins products.)

11. All letters written by Mr. Higgins condemning the "so-called brass hats, shot-nosed admirals, etc."

12. All Higgins' files having a bearing on contracts, "whether of a private or confidential nature."

13. Why Mr. Higgins maintains "a department" to write to service men all over the world inviting them to come to work for Higgins.

14. How many veterans have been employed by Mr. Higgins and what their status was when the work stoppage occurred.

15. How many "stool-pigeons or spies" were and are on the pay rolls.

16. The wages paid veterans at the Michaud plant, where the unions have no contract. (The Michaud plant, which was not closed by the strike and not included by Higgins in his shutdown order, makes atomic-bomb parts and air-borne lifeboats.)

A strike on Oct. 29 by 3,500 A. F. of L. metal-trade workers climaxed Higgins' post-war labor troubles and preceded by two days his announcement that he was shutting down his \$10,000,000 plant that had started a \$45,000,000 reconversion program of manufacturing pleasure boats, commercial craft and building block.

Prolonged British Loan Talks Viewed as Due to Empire Trading System

United Press advices from Washington on Nov. 4 reported that it is learned that American officials are about reconciled to abandoning their objective of getting Great Britain to abolish at once her Empire preference trading system. It was noted in the press advices that that is one of the issues which has prolonged the Anglo-American financial talks into eight weeks and which may prevent Congressional action on a loan to Britain until

after the first of the year. These advices, as given in the New York "Herald Tribune" went on to say:

Many American officials—and especially members of Congress—have insisted for some time that one of the conditions of a United States loan must be elimination of trading preferences within the British Empire.

The British have been just as insistent that the preference system was inaugurated in the early 1930's as a result of the United States Smoot-Hawley high tariff act and must be changed gradually. The British are willing to diminish empire preferences at apparently the same rate that the United States is willing to reduce its tariffs.

To support their position, the British negotiators have raised some embarrassing questions about United States trade preferences with such places as the Philippines. They also claim that high tariffs are just another name for American trade preferences.

As a result, there is general agreement among the technicians that the only reasonable way to cope with the empire preference and United States tariff systems is to get Britain, her dominions and colonies headed in the right direction and then work out with the United States a gradual diminu-

tion of trade barriers by both countries.

British officials here have been consulting with their home office for more than a week on details of the over-all agreement which is near completion. The final answer from London is expected this week and both sides are hopeful of ending their talks before British Prime Minister Clement Attlee arrives next week end.

The final accord will be an extremely technical and complicated document. The overshadowing part of it will be a "line of credit"—or drawing account—of about \$4,000,000,000 for the British. After five years of grace the amount of it used will be repaid over fifty years at something approaching 2% interest.

The actual interest rate paid probably will be less than 2%, because of the five years of grace and if the "escape clause" is invoked, which would let British skip interest payments in years when her dollar imports exceed her dollar exports.

The dispute over empire preferences has been resolved into attempts to determine how much of a cut in them the United States should ask if return for the potential 50% cut in United States tariffs recently authorized in the renewed Reciprocal Trade Agreement Act.

Management's Role In Steady Employment

(Continued from first page)

ticularly a problem for the manufacturer of the finished article, the producer of the raw material is tremendously affected, so I think he, too, must get into the picture and must help to whatever extent he can.

Some manufacturers have great control over their production, others have practically none. For instance, the men who produce the coal to run our plants or the steel to build our plants or our equipment haven't very much control over their production. We, the users of their products, more or less control their output. Therefore, if we can find a way to operate our factories evenly and add to our present plants or build new ones gradually as consumption goes up, we will make it possible for the coal producer and the steel producer and those like them to operate more evenly.

Producing to the Consumption Line

Let me take a minute to cover what I mean by producing to the consumption line as against producing to the buying line. In all industry that I know anything about, there come periods when, either because of rising raw material prices or a scare in the market for some cause or another, the buyers become alarmed and want to buy heavily. At such times, of course, we know the seller of goods doesn't minimize this situation; in fact, a lot of times he is the one who emphasizes it. The result is a tremendous wave of buying; but simply because those purchases are being made doesn't mean that the goods are being consumed, and any manufacturer who supplies to that buying line is inevitably in trouble later on. The first thing we have to do is to make up our minds whether or not we should produce to the line of consumption, with some leeway of course, or whether we are going to follow the practice of producing to a buying hysteria.

In our business, the fundamental by which we reasoned that our goods should and could be produced evenly was that they were evenly consumed. There are no particular ups and downs in the consumption of soap and shortening — our predominant products. There may be a 10% upward movement in the spring of the year and a 10% downward movement in the winter months, but the variation in consumption is not wide enough to worry about. But even with this basically favorable set of conditions, we operated for over 80 years with wide swings of production — which meant wide swings of employment. That was because we thought that when a dealer bought a car of soap he had to have it within a week or two after he bought it; but when we realized that all he was doing was stocking the goods and that, as a result, later on our plants would be shutting down while he disposed of it, we changed our ideas of supplying purchasers. Then it was that we commenced to work out a plan to get away from producing and selling to this uneven, up-and-down buying line.

The Procter & Gamble Plan

Our plan, which has been in effect since 1923, is very simple in its concepts and administration. Its effect, we guarantee a worker 48 weeks' work in the calendar year provided he wants to work and is willing to take any job which we can give to him. The employee's pay is controlled by the rate which covers the specific job that he is working on. An employee is eligible for this plan after he has worked for the company for two years; in other words,

there is a two-year probation period wherein the company can get acquainted with the man and the man with the company, but if he is with us for that period he then is assured 48 weeks' work in a given year. The guarantee applies to the standard work-week whether it's 40, 45, or 48 hours.

I think you can reason very quickly from this statement that our guarantee applies only to approximately 70% of our employees. With the two years' service requirement and the very natural coming and going of workmen, we know about 70% of our force will be steady, so that immediately our responsibility for steady jobs is limited to approximately 70% of our force. Fortunately for us, once the plan was established, we have been able to operate even through the depression on a fairly even basis; so that not only those who were entitled to operate under the steady employment plan, but most of the others have had steady work. The greatest strain came during the depression in the early 30s. During this period general conditions were so blue and uncertain that in line with our right to withdraw or modify the plan the board of directors in 1932 felt that we should take the precaution to limit the guarantee to 75% of the established work week. However, at the end of the year all employees in the plan had worked the full 48 weeks.

When I say the plan is simple, I don't say it was simple to put into effect, because we had a great deal of trouble with our sales department when we started it, and I can talk particularly on this subject because I was General Sales Manager at that time. But without going into any of the gruesome details, I will say that within three to four years the sales department was thoroughly satisfied in having its goods regularly produced and regularly shipped. That has been the procedure of the company for over 20 years now.

While today we will sell a dealer for forward shipment, that is, 30 days or 45 days, we never allow ourselves to be booked up more than 60 days, and we never try to ship a 60-day supply within 30. Of course, the dealer likes it; all he apparently is seeking is reasonable protection on the price in a favorable market, and if he has that, he is very well satisfied; and then he makes delivery to his customer as he gets goods in. Barring war-time shortages, the dealer is never out of stock, and the goods are flowing evenly, and the result is a very much better method of distribution than we formerly had.

With all I have said about even consumption and regularity of shipments, there are periods when the dealer becomes frightened, and instead of carrying a normal stock he reduces his inventory to subnormal. While he is doing this we are not shipping him goods, and it backs up in our plants. But consumption continues just the same. To take care of these periods we have been compelled to arrange for storage facilities for a minimum of one month's supply and a maximum of two. But our experience shows that such a situation confronts us only about one year in three, and then for a period of not more than six months. So we feel that even if we have to lease outside storage at these times, it isn't too costly a procedure in consideration of the advantages of operating plants evenly. In our own particular business we have had no financial problem in handling steady employment, because over

the 20 odd years I think we have paid out, to maintain the plan in the most difficult period, no more than 3% of our annual payroll in any one year; and that was an exceptional year.

You may be surprised to know that even the manufacturing force did not accept this plan too readily—I mean the administrative force of production. They felt it was cramping them to say they had to produce evenly; that there were exigencies in business that would make it almost impossible. So there were, but there weren't too many of them. After a while the idea was fully accepted by them, too, and in our judgment results were obtained through uniform production that would have been utterly impossible without it.

I will illustrate that with one or two examples. You may not know that in our business great strides have been made in ability to produce more units per man in the past 20 years. In fact, there has been a tremendous development along these lines that has been responsible for keeping costs down. We found that once the plan was in effect we had no trouble getting our people to experiment and cooperate with us in working out important procedures of production—such as having, say, four people on a line doing what five used to do—because each man knew that he wasn't going to lose his job if the experiment were successful.

In buying materials, for example, we found out that we could go to a manufacturer of boxes and instead of saying, "We want to buy 300 cars of boxes per year," and ask him for a price, we could say to him, "What will the price be if you ship us one car a boxes per day every day for the coming year?" The significance of this was perceptible to him at once—in the steady running of his plant, the steady employment of his people. As a result, of course, we obtained a better price than we otherwise could have obtained.

Steady Employment Reduces Capital Investment

One of the things we never figured on particularly, at first, turned out to be a great saving to us: that was the reduced investment of capital in plants and equipment, and consequently in the fixed carrying charges associated with plant investment. In other words, under the plan, we were able to run our plants from 90% to 95% capacity at all times. Formerly we were compelled to construct for 140% to 150% of the average production.

All of these production and marketing economies were important, but none of them approached that which we will call the intangibles—the benefits resulting from the change in the state of mind of the employee who knew he had a regular job. With steady employment he could plan his own life, the purchase of the home itself, the purchase of the things he wanted in his home, the schooling of his children, the one hundred and one things that those of us on a salaried basis seldom think of as problems for the man who works in a plant and who doesn't know whether he has a regular job or not.

I don't think it is accidental at all that we have not had a real strike in 60 years in our plants. The fact that that record goes back long before the guarantee plan was inaugurated may be significant of a tradition of what you might call healthy management-worker conditions in our plants. We don't pretend to say that the plan is an insurance against strikes under certain conditions. But we do feel that it is going to take a very intense situation to cause employees to walk out of a plant when you are making every possible effort to see to it that they have a steady job. Strikes are costly.

Now I have taken most of the time to more or less review our own plan. I thought that was the best way of covering the subject. I want to make plain that I am not going to try to tell any industry that it can go and do likewise. Goodness knows it's hard enough to operate the soap and shortening business without thinking that you know how to operate a shoe business or a food business, or a packing house, or anything like it. But I do think it is possible to say to any man in a producing industry that if he knows that his goods are consumed evenly there ought to be some way to produce them evenly.

Certainly I can say if any manufacturer can find the way to produce his goods evenly he will find economies in his operation that he doesn't now enjoy.

I also think we have the right to say that men of industry are facing one of the toughest set of social problems that this world has ever seen, and I think you will all agree with me that management-labor relations is the No. 1 problem in America today. While none of us can tell what the actions of our National Administration may be in connection with this problem (and of course that in itself is one of the most important "IFS" in the immediate future), certainly those of us who are responsible for production, responsible for the employment of men, have an obligation to do everything we can, to be of help in this very critical situation that faces us in the next X number of years.

If you can tell me a more potent move towards bettering conditions than assuring steady jobs for workers, I would like to know what it is. You don't have to be a very wise man to see the reverse side of this—that if we continue to have great uncertainty in employment there is untold trouble ahead. I know that anyone can say that no matter what we do there is trouble ahead. That's probably correct. But I say, by the same token, there is no chance of correcting it—there is no chance of having a stable economy—except as we in some manner are able to work out the problem of creating reasonably steady employment.

I hope very much that neither the State nor the Federal Government attempts to guarantee steady jobs. I think such a program is doomed to failure before it starts, and will do nothing but make for trouble. On the other hand, it is going to be very helpful to the Administration at Washington if the men responsible for employment can work out to a reasonable extent steady jobs for their workers—steady employment. I happen to be one of those who believes that if this subject were thoroughly tackled by industry, such a tremendous improvement would result that labor leaders would see it; that labor itself would see it; that the Administration would see it. This would be very helpful to our economy and our people.

Commission Aircraft Carrier F. D. Roosevelt

One of President Truman's official acts during the Navy Day ceremonies in New York was the dedication of the new 45,000-ton aircraft carrier, Franklin D. Roosevelt, named for the late President, which was placed in commission as a part of the fleet on Oct. 27 at the New York Navy Yard in Brooklyn. Mr. Truman, in his address, said that the carrier "is a symbol of our commitment to the United Nations Organization to reach out anywhere in the world and to help the peace-loving nations of the world stop any international gangster." Mrs. Roosevelt and the late President's son Franklin D., Jr., were present during the commissioning ceremony.

Braden Takes Office As Asst. Sec. of State

Spruille Braden was sworn into office on Oct. 29 as Assistant Secretary in the State Department where he will be in charge of U.S. Latin-American Affairs. In a Washington dispatch Oct. 29 to the New York "Times" it was stated:

Supreme Court Justice Stanley Reed officiated at the ceremonies, in the presence of Secretary Byrnes and Under-Secretary Dean Acheson.

At the same time Secretary Byrnes designated Ellis O. Briggs of Topsfield, Me., as director of the Office of American Republic Affairs.

Mr. Briggs, who recently was Minister-Counselor at Chungking, has held various posts in South American countries since he joined the foreign service in 1925.

Mr. Braden was named to his new post by President Truman on Aug. 25 to succeed Nelson A. Rockefeller, resigned. The Senate confirmed Mr. Braden's nomination on Oct. 22, after the Senate Foreign Relations Committee unanimously approved the appointment on Oct. 17. Mr. Braden had previously been Ambassador to Argentina. Reference to his appointment to his new office was made in our issue of Sept. 6, page 1160. In Associated Press advices from Washington Oct. 22 it was stated:

Action on his nomination reportedly was held up by the Foreign Relations Committee as notice to the Department that some Senators were displeased by the single-handed move by this country in postponing the Inter-American Conference which had been scheduled at Rio de Janeiro Oct. 20.

The State Department action was based on the contention that Argentina, which would have been represented, had not fulfilled democratic commitments.

Committeemen said other Western Hemisphere nations should have been consulted before this country asked for the postponement. The Pan American Union later voted officially to delay the conference.

In his first public address, Oct. 26, since he assumed his new office Mr. Braden, according to advices from New Brunswick to the New York "Times" stated that the Argentine regime is "just as Fascist as any which ever existed in Germany or Japan" and there is nothing the United States can do about it unilaterally. The "Times" advices added:

Mr. Braden made this declaration in answer to a question from the floor after delivering a prepared speech at the opening seminar in the Rutgers University gymnasium on "New Jersey Meets Her World Neighbors." Nearly 1,000 persons attended.

"I do not see," Mr. Braden added, "how we can have cordial relations with the Argentine Government, and we are consulting with the other American republics on a course of action."

He said the consultations had developed many divergent points of view on what course to pursue.

Answering another question from the audience after his speech, Mr. Braden indicated that the United States was preparing to grant recognition to the new Government of Venezuela by saying:

"I believe the new group is well-intentioned and serious and that it eventually will receive the recognition of all of the republics of the Western Hemisphere."

In his prepared address, Mr. Braden reaffirmed the long-standing non-intervention policy of the United States toward domestic affairs in Latin-American nations.

Facts and Fallacies Of Foreign Trade

(Continued from first page)

possibilities, and perhaps it will be helpful to have whatever the benefit of our experience may be to you.

The American manufacturer who looks for the first time to foreign markets as possible outlets for his product is probably motivated by one or more of the following considerations. His plant may have undergone wartime expansion, increasing his capacity for the production of goods formerly manufactured, or for wholly new products, to an extent greater than his potential American market. He may be experiencing an understandable desire to step up his volume and scope of business, fostered perhaps by somewhat vague estimates of huge post-war exports. He may have been among those manufacturers who supplied commodities for foreign destination via Lend-Lease orders or Foreign Government Purchasing Missions, and he may now seek means of continuing the outbound flow in peacetime. There are also businessmen who rightfully strive through export operations to protect trademarks, patents and copyrights in foreign countries.

Advice to Inexperienced Exporters

For these various reasons or a combination thereof, or for other reasons, the domestic manufacturer may well be interested in foreign sales. His first question, presumably, is whether or not there exists abroad a demand for his product sufficient to result in a satisfactory sales volume. The answer to this question may be obtainable more easily than you might imagine. His first step should be an informational request to the office in his region of the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce. The latter office is equipped to supply him with the export sales record of his particular product. If his item has not been exported in volume in the past, he can obtain information concerning comparable products. Assuming the item under investigation is of a standard nature, available statistics should afford some guidance as to future export prospects. Foreign trade statistics, incidentally, are looked upon by exporters and importers as most valuable business tools. Experienced exporters, however, penetrate somewhat further into market potentialities than statistical information can take them. For example, newly developed industrialization and other recent changes in each foreign area must be studied and properly evaluated.

For an instance of this, let us turn briefly to Brazil. Prior to the war, Brazil was a large scale buyer of American and British cotton textiles. During the war her textile manufactures were greatly expanded to a degree that warrants the prediction that at some future time Brazil may become an importer only of special, highest quality textiles. As a matter of fact, when the enterprising Brazilians are able to purchase the required modern equipment, they may well become a competitor of the United States in the other Latin American markets. As peacetime production is restored in other countries, of course, the mill owners of Brazil will probably find it necessary to forego their large wartime margins of profit. These earnings were recorded despite the fact that installations may have been decidedly antiquated. At one factory which I visited in 1943, British equipment almost a 100 years old was still in use, although crudely and repeatedly repaired.

Another example is found in the rubber tire industry of Peru. No tires whatsoever were manufac-

ured in that country before the war. A large American tire company, utilizing local crude and American synthetic rubber, put a plant into operation in Peru in July of 1943. Currently, it appears very unlikely that Peru will be an importer of tires in the future. These are just two of the broad changes which have occurred recently in the structure of Latin American markets. Later, I shall say something more about industrialization abroad.

What Exporter Must Contend With

Businessmen turning for the first time to foreign markets will encounter various factors affecting procedure and cost to consumer that he has never before had to reckon with. There is the matter of import duties, or tariffs, which may raise the price at which goods may be profitably sold. Local laws and regulations within each foreign country differ very widely, and a familiarity with them must be gained before business can be safely undertaken.

Let us suppose that the manufacturer has a new product without an export history. Potentialities cannot be studied in the usual manner, so a special survey to determine foreign market possibilities will be an absolute requirement. While the facilities of the Department of Commerce are already excellent in many respects and are being expanded rapidly, they are not geared to hand-tailored investigations of this nature. Private agencies probably will have to be employed on a fee basis. It would hardly seem advisable to proceed without an adequate survey. Established American export merchants, survey services, and consulting engineers are among those who may be engaged to conduct a complete market analysis of foreign areas.

Arriving at the point where a determination has been made that a product possesses export salability, the next step is to decide what means are to be employed to assure the manufacturer the highest possible volume of sales. If the sales potential warrants such a move, the manufacturer may engage the necessary personnel and establish an export division, or a separate export subsidiary. He would be well advised to employ an Export Manager of established capabilities, and to lean heavily upon his choice. The manufacturer who is a novice in export and who nevertheless attempts to direct foreign operations will only be jeopardizing his own investment. In certain circumstances the services of an export merchant or independent combination export manager may be preferable to the establishment of a separate export subsidiary or division. Under other circumstances best results might be obtained through installation of a local plant in a foreign country. Generally speaking, plants of this type should be operated in cooperation with local businessmen and local capital. Another possibility is to grant manufacturing rights to a local foreign company on a fee basis. It should always be borne in mind, if the final decision is to engage in straight export selling, that local tariff conditions or other considerations may dictate the need for shipping finished products to some countries, semi-finished articles to others, and perhaps bulk goods for local packaging to other areas.

The Webb-Pomerene Act

Investigation could be made regarding participation in a Webb-Pomerene Export Association, under the Export Trade Act of 1918. This act was passed by Congress

to clarify the situation which had arisen through doubt and fear of the applicability of the Sherman and Clayton Anti-Trust Acts to combinations for the purpose of extending our export trade. The act was designed to permit Americans to combine in associations for selling abroad, to enable these associations by reason of their combined efforts to compete on an equal basis with foreign cartels and other organized groups, and to make it feasible for small enterprises to enter foreign markets on an equal footing. Participants in such an association may be competitors or non-competitors. Large savings may result from a uniform sales association of this nature, using perhaps a joint advertising or distribution organization with agreed upon sales prices. Participation in such organizations should be carefully checked by competent legal counsel.

There are several important tax exemption provisions in the United States Internal Revenue Code attractive to foreign business which should receive the careful study of foreign traders and their attorneys. In particular there is the Western Hemisphere Trade Corporation, a form of commercial organization specifically authorized by Congress, and granted exemption from surtax if various specified qualifications are met. The Tax Committee of the National Foreign Trade Council has issued an instructive study of Western Hemisphere Trade Corporations.

Thus we see that despite the very urgent demands for American goods in most foreign countries today there is much to be considered prior to entering the export field for the first time. It is a fact that too hasty an entrance into foreign selling could prove disastrous to the domestic businessman.

One foreign trade fallacy which by now should have been exploded for all time still seems to persist. Temporarily, loans and investments abroad can finance foreign purchases of our goods, but let us fully realize that our future export volume will be at the expense of American taxpayers and private investors if we do not exercise sufficient intelligence to permit other countries to earn the dollars with which to carry on commerce with us. Ultimately, foreigners can only reimburse Americans with the proceeds of our purchases from them, or with profits from services performed by them for us. As the strongest trading nation in the world we must exhibit leadership in this field.

The extension of the Reciprocal Trade Agreements Act this year, granting the executive division of our Government discretionary authority to adjust import duties by 50% of the individual rates in effect as of Jan. 1, 1945, represents a move unquestionably in the right direction. In his testimony before the Ways and Means Committee during the hearings on the Trade Agreements Bill, William L. Clayton, Assistant Secretary of State, estimated that "perhaps five years after the war the United States may have an excess of exports over imports in the order of perhaps \$15,000,000,000 to \$20,000,000,000." He pointed out that unless we take measures, such as selective tariff reduction through trade agreements negotiation, the foreign nations of the world will not be able to find means of repaying credits that may be extended to them through the Bretton Woods institutions, the Export-Import Bank and through other means of giving credit. He carefully noted that foreign productive facilities will not be reconstructed for several years after the war, at least to the extent enabling them to satisfy domestic requirements and to provide export surpluses acceptable to us as imports. Mr. Clayton's testimony emphasized one of the most per-

sistent fallacies that has ever existed with regard to foreign trade—the belief that we can sell without buying.

Mr. G. C. Hoyt, Vice-President of the International Harvester Company, Chicago, another witness before the House Ways and Means Committee during the trade agreements hearings, also dealt the import fallacy a much needed blow. This is what Mr. Hoyt had to say on the subject:

"Certainly the evidence is abundant that the most efficient industries in our country, which provide the most jobs and pay the highest wages, by and large are not in the group of 'protected' industries. The efficient industries are also the exporting industries which have proved their ability to go into world markets and meet successfully the competition of foreign labor both at home and abroad with little or no aid from protective tariffs.

"The farm implement industry of which the International Harvester Company is a part, is one of the American industries just described. The Committee should note that for more than 30 years the United States has had no import duty on farm implements, with the sole exception of cream separators. Moreover, so far as the International Harvester Company is concerned, we have never asked for or desired a tariff on farm implements."

For many years, not only in the United States but also in many foreign countries, an export balance was considered to be of great economic value. The common term of reference was "a favorable balance of trade." Psychologically, we in the United States need much education to break us from favorable balance of trade worship. We must realize that the fundamental reason for foreign trade is to acquire the means of purchasing abroad things that we desire. These may be essential raw materials, such as rubber and tin; foodstuffs, such as sugar and coffee; luxuries, such as perfume for our ladies, or the means to travel throughout the world.

Another situation probably not generally understood outside foreign trade circles arises from the administrative provisions of our customs laws. Administration of customs law is frequently so cumbersome and involved that imports may be discouraged even more so than by excessively high rates of duty. Not uncommonly, importers must wait five or six years to learn the exact amount of duty payable on imported goods, pending decision by the Treasury Department as to the proper exchange rate and valuation.

Earlier I discussed some of the factors involved in foreign industrialization as they may affect American exports. Because of tariff considerations, many American companies have found it advisable to establish branches or subsidiary companies abroad. Criticism of this procedure has been advanced by those who look upon it as the "exporting" of jobs, causing a consequent decline in employment in this country. However, it should be realized that without this action on the part of our enterprising industrialists Americans would not participate in the trade of some markets. Furthermore, it is observed that the industrialization of any country is normally accompanied by a rising standard of living, and a broadening in general of the market for American goods. As a matter of record, our best export customers are the most highly industrialized nations.

Still another fallacy concerning foreign trade may be found in the view that for some reason the credit risk is greater in foreign sales than in domestic. Repeated surveys, however, by representative foreign traders have shown that credit risk in foreign sales is almost negligible, and that, in fact, credit losses are lower than in the domestic market.

Program Urged for Military Aircraft Mfg.

A military aircraft production program, representing a two year study by representatives of the War, Navy, State and Commerce Departments, as well as other Federal agencies interested in aviation, was presented to Congress on Oct. 29, the Associated Press reported in Washington advices. Dr. George P. Baker, War Department consultant, appeared before a Senate Military Affairs subcommittee and recommended a peacetime production of 3,000 military planes yearly. The recommendation was part of an eight-point proposal, the main features of which were enumerated by the Associated Press as follows:

1. Thorough testing of the developing weapons of airpower so they will be ready for large scale production if needed.
2. Production of 3,000 military planes, with airframe weight of 30,000,000 pounds, yearly to maintain a reservoir of engineering, tooling and production skills.
3. Making surplus Government aircraft plants available to private industry on "favorable terms."
4. Dispersion of the aircraft industry, at a cost of from \$15,000,000 to \$20,000,000.
5. Expenditure of \$5,000,000 yearly by the Army and Navy to plan and organize an expansion program for use in case of war.
6. Government ownership of aircraft, airframe and engine plants with a floor space of 26,000,000 square feet.
7. Maintenance of a reserve of 65,000 general purpose machine tools.

8. Assurance that an intelligence service will warn of attack; preparation in advance of industrial mobilization plans to meet the attack and preparation of an over-all program for raw materials and fabricating capacity.

Senator Joseph C. O'Mahoney (D.-Wyo.), who presided at the hearing, observed, according to the Associated Press, that the United States had invested some \$3,600,000,000 to bring the United States air power from "nothing to the most powerful in the world." Robert A. Lovett, Assistant Secretary of War for Air, who also appeared before the committee, remarked that most people regarded this as a "miracle," when actually the "miracle required a great deal of time." He added, the Associated Press stated, that all the airframes and engines used in the war actually were designed before 1940. Both Mr. Lovett and Dr. Baker, according to the Associated Press, said that the future defense program would require "industrial maneuvers" for mobilization of industry similar to peacetime maneuvers carried out by the armed forces. "If we are perpetually waiting for new developments to mature," said Dr. Baker, "we shall end up by being unprepared to produce anything."

There is a tendency in some quarters to regard export business as a means of disposing of surplus production at a discount. Well-founded export manufacturers would quickly challenge this fallacy. Although most companies, it is true, do not separately report profits on foreign sales in their regular statements, there are some important ones that do. Colgate-Palmolive-Peet Company is one of these, and, on the average, Colgate's foreign profits percentage-wise are normally about twice their domestic earnings.

No doubt you are aware of numerous fallacies held by the public in your own various fields of business. If I have been helpful in clarifying certain matters concerning my own field, foreign trade, I am happy to have done so.

50 Billion Dollars for War In Peace Year

(Continued from page 2251)

ernment. Dependents of nearly 98,000 men and women who gave their lives that we may enjoy peace, are receiving monthly pensions. Benefits in the form of pensions or compensation for disabilities are being paid to more than one million persons by the Veterans Administration.

A \$30 Billion Deficit

On the other side of the ledger, our receipts from taxes and other miscellaneous sources will meet these expenditures to the extent of only \$36,000,000,000. This figure may be reduced somewhat as a result of pending tax reduction proposals now before the Congress. But we will have a deficit of at least \$30,000,000,000 which must be met through the sale of public debt obligations.

In addition to the expenditures just enumerated there are other requirements for which the Treasury must have cash. These additional cash requirements include redemptions of Savings Bonds; redemption of savings notes; the amounts by which maturities of certificates of indebtedness and other marketable securities exceed new refunding issues; and the cashing of the excess-profits-tax refund bonds held by corporations, as provided by the Tax Adjustment Act of 1945.

As a result of all of these types of cash outlays, the present cash balance in the Treasury would be completely exhausted by about the end of this calendar year were it not for the expected proceeds of the Victory Loan. Expenditures will continue to be heavy even during the remainder of the fiscal year, and the Victory Loan will be our last large-scale popular loan.

Savings Bond Redemptions

Before proceeding further I should like to say a few words about redemptions of Savings Bonds. Savings Bond redemptions during the month of September amounted to \$528,000,000. September was the first full month after V-J Day, and it was also the first month in which all of the E bonds sold during the Seventh War Loan were redeemable. It was also a tax month. Yet redemptions during September were only 1.13% of the total amount of Savings Bonds outstanding at the end of the month, taken at their current redemption value.

Redemptions in September, expressed as a percentage of the outstanding amount of bonds, are about equal to their peak. In only three previous months during the entire war period have Savings Bond redemptions exceeded 1% of the amount of bonds then outstanding. Redemptions may run somewhat higher in the months immediately ahead. A substantial volume of redemptions is inevitable when it is considered that Savings Bonds are, in effect, the savings accounts of many people. Consequently, they must be drawn upon to meet personal and family emergencies in the same manner as other forms of savings would be drawn upon in similar circumstances. Savings Bond redemptions compare very favorably, however, with the withdrawal experience of mutual savings banks and of other types of privately managed savings institutions.

There is one significant point and that is that out of more than \$3,000,000,000 of all Savings Bonds sold in the last 10½ years, 83 cents out of every dollar of such bonds sold, including those matured, are still in the hands of the original purchaser.

This is an outstanding performance and one of which we are very proud. You have sold these bonds so that, for the most part, they have stayed sold. This is the

kind of selling that counts. It is a record of which you may also be proud, and one which I know you will repeat in the Victory Loan.

We have set the national goal for the coming year at \$11,000,000,000, \$7,000,000,000 for corporations and \$4,000,000,000 for individuals. \$2,000,000,000 of the latter has been set as the goal for Series E Bonds.

The individual goal—and particularly the E Bond portion of it—is the real nub of the drive, as it has been in previous drives. It is the goal which will be the hardest to make. It is also the goal which counts the most. The money received from individuals is important in two ways. It will help both to finance essential Government expenditures during the reconversion period, and to lessen the pressure of individual demand on the limited supply of consumers' goods that will be available during this period.

As you know, during the whole war the Treasury has centered its appeals on those funds in the hands of individuals. This is because wartime production placed large amounts of added income in the hands of individuals, but provided no goods for them to buy with it. A part of this added income was taken by wartime taxes, but much of the remainder had to be saved if inflation was to be avoided.

Bond Buying vs. Inflation

The American people responded to this challenge. They saved an unprecedentedly large proportion of their dollars and so kept them off the markets for consumers' goods. As a result, price increases during this war have been held to much narrower limits than was the case in any previous major conflicts in which the United States has been engaged. The retail prices of living essentials purchased by moderate-income families in large cities, as measured by the Bureau of Labor Statistics, have advanced less than 4% between May, 1943, when the President's "Hold-the-Line" order became effective, and V-J Day. The exact figure is, of course, a subject of some controversy; but there can be no doubt of the general success of the program.

Our wartime savings stand as a testimonial to the common sense of the American people. As a result of them, we have won our main wartime battle on the home front against inflation. But our position is not yet secure. There is still an important rearguard action to be fought. If we do not win this action, our previous victory on the main front will have been in vain. As Secretary Vinson said in his statement to the House Ways and Means Committee last week:

"It would be pathetic if, after besting the enemy of inflation all through the war, we allowed it to overtake us on the home stretch."

For the past few months many factories throughout the nation have been stepping up their production of peace-time goods. Others are still re-tooling and rearranging their plants in order to change over from the goods of war to the goods of peace. The output of peace-time goods is increasing; and it will increase yet further as the men now in the armed forces again find their places in civilian life.

But these things require time. For the most part, it is a matter of months, rather than years; but these months will be crucial. If we try to spend too many of our dollars before enough goods are produced, it will undo our efforts of the past four years. That is

why we so urgently request individuals to subscribe to the Victory Loan.

The total individual goal of \$4,000,000,000 is a third of the income payments which individuals will receive in this month of October. The E bond goal of \$2,000,000,000 is a sixth of this month's income payments to individuals. These proportions are those of a single month's income, while individuals' purchases of E, F and G bonds and of savings notes during the entire period from Oct. 29 until the end of December will be counted toward the drive goal. Individuals, therefore, have two months' income, rather than one, accruing to them during the drive period, upon which they can draw for investment in savings bonds.

There is no lack of money available in the hands of individuals to buy Victory bonds. The goal is small relative to the available funds; but it is, nevertheless, very worth while relative to the extra spending by individuals, which might make the difference between an orderly reconversion, on the one hand, and a price boom and collapse—such as followed the last war—no the other.

If these extra dollars are spent now they will merely serve to raise prices; if they are saved, they will provide an invaluable backlog of purchasing power for maintaining full employment in the years to come. So, it is only common sense for all of us to keep up our payroll deductions and to continue to buy extra bonds until our dollars are able to look the oncoming goods of the reconversion face to face.

In concluding let me take this occasion to extend the thanks of the Treasury Department for the wonderful job you have done in the various war loan drives. But you have not quite completed your war-time duties. You still have to make the Victory Loan a success. I know that you will again do your job well and that the people will respond just as they always have whenever their Government needed their help in the long conflict behind us.

Palmer Chairman of ABA Bank Division

Gordon D. Palmer, new Chairman of the Executive Committee of the National Bank Division of the American Bankers Association, is President of the First National Bank, Tuscaloosa, Ala. He was elected to the Chairmanship by the new Executive Committee of the Division at a meeting held at the close of the A. B. A. Administrative Committee meeting in New York, Sept. 28. Mr. Palmer is a native of Joliet, Illinois. He received his bachelor of science degree at the University of Alabama. He served overseas in World War I as a lieutenant and later captain of infantry with the 82nd Division of the A.E.F. Returning to civil life he became associated with the Sloss-Sheffield Coke Plant in Birmingham, Ala. Later he became bursar and business manager of the Birmingham Southern College, and subsequently executive secretary of the University of Alabama. Mr. Palmer entered the banking business in 1926 as Vice-President and Trust Officer of the City National Bank of Tuscaloosa. In 1935 he was elected Executive Vice-President of the First National Bank of Tuscaloosa, and in 1941 he became President, the office he now holds. Mr. Palmer served the Alabama Bankers Association as Secretary from 1937 to 1942, was elected Second Vice-President in 1942, First Vice-President in 1943, and President in 1944. He is a director of the Birmingham Branch of the Federal Reserve Bank of Atlanta, the Alabama Power Co. and the Alabama Great Southern R. R.

Observations

(Continued from first page)

thing-for-everybody policy—as the new tax bill's reduction of government revenue by \$6 billion and the exemption of 12 million taxpayers from all obligations; the proposed increases in the salaries of Federal workers and members of Congress at an annual cost of \$415,000,000; government-encouraged wage rises in industry; increased unemployment insurance; additional subsidies to farmers; tax exemption, loans, and prospective bonuses for veterans; enormous subsidies to foreign nations (the budgetary expenditure for international finance for 1946 being estimated by the Treasury at \$2.3 billion; excluding a \$1.8 billion transfer from the Stabilization Fund to the Bretton Woods monetary fund); and by the pumping-out of new purchasing power reflected in a 3-year increase of \$200 billion in deposits and currency.

Remarkably enough, the week's chief plea for economy has come from a military man—General Eisenhower. In his recorded address dispatched to the "Herald Tribune" Forum from Germany the avoidance of unnecessary expense and even national bankruptcy—by coordination and efficiency of the armed services—was referred to four separate times.

As in the case of other member nations, the U. S. is to an ever greater degree pursuing policies which are antithetical to the spirit and basic principles of the United Nations Organization. (1) During and since the San Francisco Conference practically all Congressional leaders have stressed the necessity of our permanent acquisition of the Pacific Islands taken from the Japanese during the War. (2) Chairman Tom Connally of the Senate Foreign Relations Committee has been insisting that we retain the atomic bomb secret. (3) The prospects and eventual size of our financial aid to Great Britain, with its stimulation to trade, have markedly diminished in recent weeks. It is said that mail coming to the State Department from the public has overwhelmingly opposed a Loan under any terms. (4) The House Appropriations Committee has turned down a request from the State Department to finance the contemplated Interim International Information Service. (5) And our inter-American regional policies surely are at least a potential factor toward the undermining of the Charter.

Secretary Byrnes' address before the Tribune Forum (set forth in full elsewhere in these columns), reflects a strong reiteration of the bedevilment of the late San Francisco Conference by the problem of regionalism—namely, that regional sovereignty constitutes a fundamental conflict with the spirit of an effective world organization, and that any formula for the resolution of the said conflict will be over-legalistic and actually impracticable.

Again in the face of the trans-Atlantic protestations that the British Labor party really is a capitalistic wolf in socialist sheep's clothing, the new British Government is taking another nationalisation jump in extending government ownership to civil aviation and the Empire communications system of Cable and Wireless, Ltd. Next in the line is the coal mining industry.

If now appears that, contrary to widespread expectations, the repeal of the excess profits tax will not cause a reduction from wartime levels in the nation's total expenditure on advertising. It has been reasoned that the 1941-

1945 increases were largely the result of business extravagance with "10-cent tax dollars." In the case of "Life" Magazine, for example, twelve advertisers have for 1946 already contracted for 4-color spreads at the \$930,000 price. It is now felt that excess profits tax termination will eliminate only the "nouveau riche" and other marginal advertisers.

The investor's habitual volatility in his valuation of common stocks, is illustrated by price-earnings ratios of utility operating companies. The shares of a selected group of these companies are now selling at 17 times current earnings, contrasted with a ratio of 11.5 in Jan. 1944. The companies are long-established, and nothing material is known now that was not known then, including the facts that the war would some day be over and the excess profits tax repealed.

Industry Cannot Raise Wages Without Higher Prices: Robertson

That industry cannot raise wages without a compensatory increase in prices of manufactured products was pointed out on Nov. 1 in New York by A. W. Robertson, Chairman of Westinghouse Electric Corp., who, according to the New York "World Telegram," also declared:

"Management is deeply concerned over the possibility of runaway inflation which threatens the country, but if the national Government orders an increase in wages there will be no escape but to increase the prices of manufactured products."

The same paper also said:

Mr. Robertson's statement was made following a meeting of Westinghouse directors and was regarded as an answer to President Truman's proposal that wages be raised without increasing prices.

At the same time, Mr. Robertson said that the company's profit outlook "cannot be described as being bright although the company is in the best position it ever has been."

Prices and wages are the core of the matter, he pointed out, saying: "With OPA opposing advances in the selling prices of our products and with labor insisting upon increases, it is difficult to estimate profits from operations."

Virtually every division of Westinghouse is being expanded to increase production by 40 to 50% over prewar levels, he revealed.

Strikes of several thousand salaried workers in six of the Westinghouse plants last month were reflected in the company's production figures for the first nine months of this year which showed a 15% drop from a year ago.

Shoe Rationing Ends

Price Administrator Chester Bowles announced the ending of rationing of all types of footwear as of midnight, Oct. 30. The OPA director's statement said, according to a Washington report to the "Journal of Commerce": "Production of ration-type shoes has taken a big jump since V-J Day. Approximately 28,000,000 pairs will be made in October, as against 20,000,000 pairs in August. Prospects are that output for November and December will reach 29,000,000 to 30,000,000 pairs a month—equal to normal consumer demand before the war." The industry itself is reported to feel that present inventories will take care of demand until they are replenished by expanded production.

Paternalism—Danger to Free Enterprise

(Continued from page 2254)

American citizen has known since we founded our government in 1780.

Let me say to you that it is my firm belief that every man who has worn the uniform and served his country in these two world wars is a better man in character and has better elements of citizenship than he possessed before he donned the uniform.

There may be a few who lose the value of this service and training and self-sacrifice in the interest of others—but the overall picture makes the veterans better men for having served. They can use these improvements in character, morals and understanding to defend the Constitution and preserve the American system of free men and to maintain law and order and foster and perpetuate a one hundred per cent Americanism—or they can sit idly by and see the things they fought for and the things they cherish destroyed because of their failure to take the necessary fair and just action on time.

Action Essential to Preserve Free Government

I say "on time" because the history of the world again shows that people generally are pretty sound in their conclusions and reactions when once they are roused and awakened to a proper sense of responsibility. However, in innumerable cases the people have inactively sat by while government has curtailed their rights until such time as they were ready to arise to action, only to find that they had lost the power of action.

There is nothing more important at the moment than to think straight, think honestly and fairly and take the wise and necessary action on time to build our great American system back into a cooperative, harmonious system, improved by the elimination of as much injustice and unfairness as it is possible for free men to accomplish.

We must have learned many lessons from the last five years, as well as from the preceding World War I, and those lessons should be analyzed and brought to gether in an effective and fair way for the purpose of building greater opportunity for all people who are willing to work to make a living of a better standard for all without the destructive hand of paternalistic government.

I would rather be a free man and make, temporarily, a lower living than to take the fruits of our system through the hand of government for a limited period of time—knowing as I do know that when the fruits of the past are exhausted our government, like any other government, will find itself in exactly the same position as all other governments which have destroyed the productive results that come from a system of free men, stimulated by reward as an incentive for initiative and accomplishment.

I am told your organization has slightly more than 12,000 Posts throughout the United States, and a membership of more than two million men and women of which 700,000 veterans of World War II have already joined.

You are a grass-root organization and great numbers of your Posts have located in small communities which, from my point of view, gives the American Legion a great power in American life.

As the veterans return from World War II your membership should be tremendously increased, and I am certain that the new and younger members will be welcomed into the fold with the idea of their taking an important part in the direction of the affairs of the American Legion.

The wiser men of advanced

years in every organization appreciate that in the tomorrow the younger men must take over the leadership, and under the rule that older men are good for counsel and younger men are good for action, this should bring a healthy state of affairs to your organization. You will become strong and powerful in American life almost directly in proportion to the harmony you create within your ranks between the men of World War I and those of World War II, and the more you can consolidate your efforts on the objectives set forth in the preamble of your Constitution, allowing nothing to divert you from those objectives—the greater will be your success.

When I think of the American Legion and the stand it has always taken for preparedness on time, I find no difficulty in exonerating your great organization from the charge that the American people were all responsible for Pearl Harbor.

Certainly no one, by the wildest stretch of imagination, can accuse your great organization or its membership of being responsible for the unpreparedness of the nation when World War II started, nor can you be accused of being responsible for any neglect of duty at Pearl Harbor.

I am certain that no one in the United States, from the President down, would differ with me in this statement when they review your many resolutions and efforts to warn the people that preparedness is a vital necessity to avoid attacks upon our nation and to keep the peace within our nation.

Points Vital to Nation's Welfare

I wish to leave just a few thoughts with you which I consider are vital to our nation's welfare in this hour.

1. Let us remember that we can devise ways and means for keeping international peace or the peace of the world, but the ways and means will not be effective unless we keep ourselves virile and strong in genuine freedom and preserve our own harmony and peace at home.

It is conceivable that the nations of the world will not be fighting each other and yet they can so conduct themselves that they have civil war at home. You, as a great organization, functioning in line with our Constitution and Bill of Rights, can be an antidote for civil strife at home so that your nation can be an effective leader in world affairs and the preservation of peace on earth.

2. Let us remember that too many people are talking facts off of the record and fiction in public. Nothing is more dangerous to the future of this country than to have those in authority stating truths behind closed doors and saying "Now this is off of the record." Let us have more truths on the record and more publicity of real facts and truth because there is no better way for a nation to destroy itself than to have truth off the record.

3. We must stand firmly on the principles of free men which we fought to preserve, otherwise we will have fought in vain. We cannot relieve ourselves of the responsibility of supporting these principles because of the fact that any of our allies may wish to divert our course from them.

4. The development of atomic energy in cooperation with some of our allies through the expenditure of more than two billion dollars of the American people's money, is a great achievement, but it will be a still greater achievement if we develop in our own nation and help to develop throughout the world the more powerful instrument of right thinking and action in the cause

From Washington Ahead of The News

(Continued from first page)
to get an increase from any employer.

The evidence is overwhelming that the CIO, having had the experience with Government it has had, is most reluctant to get back to the collective bargain about which it prates so much. These leaders want the Government to fix the wages for industry generally, instead of having their various unions bargain with each plant individually, or in some instances with an individual indus-

of human relationship and free men.

I believe the development of right thinking and action in keeping with justice is a more powerful weapon for peace than atomic energy, properly controlled, because right thinking in the interest of free men will divert atomic energy to peacetime uses rather than war purposes.

5. The American people stand humbly grateful to the men and women of our nation who performed such an important part in winning World War I and World War II. They can never pay their debt in full.

All right-thinking Americans are vitally interested in helping the veteran to readjust himself from the armed forces into civil life so that he may have every fair opportunity for a decent living and to progress under our system, as his ability and work fairly entitle him to progress.

I believe the government and the nation, and the people of the nation in their private capacities, will accept their obligation to the men and women in the service, but I urge the men and women in the service to remember that the only way they can be certain that the government and the people will fulfill their obligations to the members of the armed forces is to preserve the American system of free men, which has been responsible for developing this nation to the highest standard of living in the world, and to the point where it was able to furnish the war materials and things necessary to overcome the effort of dictators to enslave the world.

Rights and privileges throughout life are always counter-balanced by duties and responsibilities, and I am certain that no group in our American life recognizes this responsibility more than the men and women who have been called upon to preserve the cause of free men.

6. It will be your duty from time to time to call upon your government to get back to a balanced budget so as to preserve the financial structure of our great nation. No promise to you or others will be fulfilled in the future by a nation which undergoes national bankruptcy. It never has been in the history of the world, and all of the obligations of other nations to their citizens and soldiers have, of necessity, been cancelled, when the nation has found itself bankrupt.

7. Peace is the most coveted goal of the human family, but if we are going to accept peace with sacrifice of the principles we fought to preserve—then we never should have fought this last war or the previous one.

The people of the United States look to the members of your organization and the returning veterans for leadership in bringing the country back to sound moorings through the preservation of real freedom in which men are the masters of the government, rather than the government being the master of the men.

Let us never forget Pearl Harbor and make it our business to see that the people of this nation realize we are living in a world of human beings and must make provisions that will prevent another Pearl Harbor from ever happening.

The State of Trade

(Continued from page 2254)

ventories remained spotty in most lines. Halloween merchandise was quickly purchased.

In the furnishings field, white shirts, colored shirts, pajamas, shorts, and staple hosiery were hardest to buy. Volume of women's coats and suits continued

try. The A. F. of L. does not. Generally speaking, it wants to get as far away from Government agencies as possible. Upon the occasion of the recent meeting of its executive council in Cincinnati, the Federation made known that it was not seeking any general increase, that its various internationals were seeking increases which varied from plant to plant and mostly, from community to community.

Thus, the CIO was terribly disappointed and the Federation was highly pleased, when Mr. Truman responding reluctantly to the agitation that he "assume the leadership," that he be a "strong man," didn't specify any amount of increase which industry should give. There seems to be an interesting story back of why he didn't. There was every reason to believe that he intended to plug for a general 15% increase. The Leftist agitators thought they would pull a fast one and force him to boost the figure. A group of Leftist government economists let leak to the press their findings that a 24% increase was the thing. It so annoyed Truman that he revised his speech and when it finally appeared it was a melee, which apparently pleased nobody but the A. F. of L. His suggestion that industry, if in doubt, go ahead and grant increases and then come in and ask for price increases if necessary, was a ludicrous capping off of this essay into strong manism.

But, undismayed by the reaction his speech got, he came back gaily a few days later with a recommendation that government employees' salaries be boosted 20%, those of Congressmen and other high officials 50%. He is really a lot of fun.

The CIO's disappointment at him is no less than it is at Secretary of Labor Schwollenbach. Those who knew him when he was in the Senate are amazed at the change that seems to have come over him. Louie the Laundryman, he was called by virtue of his having once owned a laundry which went broke, and also because he was so skilled in washing the New Deal's dirty linen; he really seems to have grown up.

Privately and publicly he has sought to emphasize that the spectacular days of the Labor Department, such as when Frances Perkins wrung her hands and cried because GM's Sloan stood her up for a date, are over. He doesn't consider it his job, or so he says and apparently sincerely, to be publicly damning industry or labor, but to really try to serve as a conciliator. He is right proud of the fact that he kept his mouth shut in John L. Lewis' recent coal strike, in his effort to organize the supervisors. Schwollenbach resisted all sorts of importunities to blast Lewis. The result, he believes, is that Lewis called off the strike, it being one which he wanted to get out of anyway. Had he sought to put him on the spot, Schwollenbach believes, Lewis would have been forced to prolong the strike.

Significantly, too, he seems to be going out of his way to dissipate stories that he came up, out in Seattle, as a labor lawyer. He had far more business clients than labor ones, he says; in fact, he got his knowledge of labor as an attorney for business in labor disputes. He made an off-the-record speech before the National Press Club the other day, and undeniably made a good impression.

high. Fur volume remained spotty. Evening fashions increased in their relative importance in apparel departments. Volume in bridal wear rose above the level of the corresponding week last year. A few shipments of low-end merchandise were received; customers expressed little interest. Sales of shoes increased only slightly over the previous week despite the ending of shoe rationing. Promotions of teen-age millinery resulted in a rise in dollar volume.

Turnover of housefurnishings was high. Aluminumware was readily purchased when obtainable. A few vacuum cleaners and ranges were sold by retailers. Some stores had a few electric clocks which were quickly snapped up. Volume in paint and hardware increased. Drug sales continued at a high level.

Purchases of yard goods advanced over the previous week. Stocks remained low; woolens were particularly scarce. There was some resistance to rayon hosiery. Oriental rugs sold in substantial numbers.

Retail food volume continued to rise; the level was moderately over the previous week and over a year ago. Fall greens appeared in many varieties and at reasonable prices. Quality meat and some vegetables, such as peas and beans, were somewhat scarce. New packed canned goods was readily bought. Canned cranberry sauce formerly unavailable, sold rapidly.

Retail volume for the country was estimated at from 8 to 13% over a year ago. Regional percentage increases were: New England and the Southwest six to 10, East eight to 12, Middle West 10 to 14, Northwest five to nine, South 11 to 15, Pacific Coast nine to 13.

Wholesale trade volume following the trend of past five weeks was higher than a week ago and it exceeded again the level of a year ago. Government releases of handkerchiefs, gloves, towels, and bedding for consumer use helped maintain volume. Deliveries of some merchandise were uncertain and often dated far into next year. Stocks of consumers' durable goods were slightly better; the first shipments of refrigerators appeared on the market. Soft goods continued very scarce.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Oct. 27, 1945, increased by 12% above the same period of last year. This compared with an increase of 14% (revised figures) in the preceding week. For the four weeks ended Oct. 27, 1945, sales increased by 12% and for the year to date showed an increase of 11%.

Marked activity was noted in retail trade here in New York the past week, though sales volume was restricted to a degree by unusually warm temperatures and the opening of the War Bond drive. The ending of shoe rationing had little effect upon sales volume.

In food lines wholesale and retail food business showed further improvement over that of a week ago according to wholesalers a greater amount of merchandise was available.

This week will see many buyers here for the opening of spring lines of women's apparel with dress houses making their showings later.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Oct. 27, 1945, increased 8% above the same period of last year. This compared with an increase of 17% in the preceding week. For the four weeks ended Oct. 27, 1945, sales rose by 15% and for the year to date increased by 13%.

Moody's Bond Prices And Bond Yield Averages

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

Table with columns: 1945-Daily Averages, U.S. Govt. Bonds, Ave. Corporate Rate, Corporate by Ratings (Aaa, Aa, A, Baa), Corporate by Groups (R.R., P.U., Indus.). Includes sub-sections for MOODY'S BOND PRICES (Based on Average Yields) and MOODY'S BOND YIELD AVERAGES (Based on Individual Coverages).

Wholesale Prices Advanced 0.2% in Week Ended Oct. 27, 1945, Labor Dept. Reports

Continued price advances for agricultural commodities during the week ended Oct. 27, 1945 were chiefly responsible for a rise of 0.2% in the index of commodity prices in primary markets, said the Bureau of Labor Statistics of the United States Department of Labor on Nov. 1.

Farm Products and Foods—Average market prices for farm products rose 0.6% during the week with increases for eggs and fresh fruits and vegetables. Successive advances of the last six weeks have raised the group index to within 1% of its level at the end of the war.

The group index for foods was 0.2% higher during the week because of the increases for eggs and fresh fruits and vegetables. Prices of rye flour dropped sharply and quotations for dressed poultry were lower.

Other Commodities—Prices of most industrial commodities were stable during the week. Metals and metal products advanced 0.1% as a group. Maximum basing point prices of pig-iron were raised 75 cents per gross ton by OPA to cover higher labor and materials costs.

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 following tables show (1) indexes for the past three weeks, for Sept. 29, 1945 and Oct. 28, 1944 and (2) percent changes in subgroup indexes from Oct. 20, 1945 to Oct. 27, 1945.

WHOLESALE PRICES FOR WEEK ENDED OCTOBER 27, 1945 (1926=100)

Table showing Wholesale Prices for Week Ended October 27, 1945. Columns include Commodity Groups, 10-27 1945, 10-20 1945, 10-13 1945, 9-29 1945, 10-28 1944, 10-20 1944, 9-29 1944, 10-28 1944, and Percentage changes to Oct. 27, 1945 from previous periods.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM OCTOBER 20, 1945 TO OCTOBER 27, 1945

Table showing Percentage Changes in Subgroup Indexes from October 20, 1945 to October 27, 1945. Columns include Increases (Iron and Steel, Lumber, Nonferrous Metals) and Decreases (Livestock and Poultry).

Alton Chairman of ABA Trust Division

R. M. Alton, new Chairman of the Executive Committee of the Trust Division, American Bankers Association, is Vice-President of the United States National Bank, Portland, Oregon. Mr. Alton was elected to this post by the new Executive Committee of the Trust Division, which took office at the meeting of the A. B. A. Administrative Committee in New York on Sept. 28.

Living Costs Continue to Fall From 24-Year Peak

Living costs for the average family of wage earners and lower-salaried clerical workers in the United States dropped 0.4% in September, according to the National Industrial Conference Board.

The Board's report issued Oct. 31 further said: The drop was the second consecutive monthly decline from the 24-year high reached in June and July.

The Conference Board's cost of living index stood at 106.2 (1923=100) in September, compared with 106.6 in August. This level, however, was 1.1% above that of September, 1944.

A fall of 0.9% in food costs largely accounted for the decline in the general index, although sundries and fuel and light both showed a decrease of 0.1%. Housing and clothing costs remained unchanged.

Purchasing power of the dollar, in terms of the 1923 dollar, was 94.2 cents in September, 0.4% higher than the August figure of 93.8 cents, but 1.1% lower than that of a year ago.

State Ass'n Secs. To Meet in St. Louis

Secretaries of the Bankers Associations of the 48 States have received a call for a meeting in St. Louis on Dec. 11 and 12, by Ray O. Brundage, new President of the State Association Section of the American Bankers Association.

"Because so many State Secretaries have requested our getting together, one of my first duties as President of the State Association Section is to announce our national meeting on Tuesday, Dec. 11, and Wednesday, Dec. 12 at the Jefferson Hotel, St. Louis, Mo. Timely and important subjects will be discussed."

Moody's Daily Commodity Index

Table showing Moody's Daily Commodity Index for various dates from Tuesday, Oct. 30 to Low, Jan. 24, 1945.

Brooks Heads State Bank Committee of ABA

Elwood M. Brooks, new Chairman of the Executive Committee of the State Bank Division of the American Bankers Association, is President and Managing Officer of the Central Savings Bank and Trust Company, Denver, Colo. Mr. Brooks was elected to this post by the new Executive Committee of the Division which took office at the close of the A. B. A. Administrative Committee meeting in New York, Sept. 28.

the bank and served in that capacity until 1937, when he became Banking Commissioner for the State of Kansas, until 1941. In that year he became President of the City National Bank of Atchison, Kansas. In January 1943, Mr. Brooks was elected President and Managing Officer of the Central Savings Bank and Trust Company in Denver, Colo., and continued to be President of the City National Bank of Atchison, Kansas, until March 1944.

He is a director and Vice-President of the Farmers National Bank, Oberlin, Kansas, and President of the Citizens State Bank, Norcatur, Kansas. He is a past Vice-President of the National Association of Supervisors of State Banks, and past Vice-President of the Kansas Bankers Association. He is a director of the Denver Chamber of Commerce, and a member of the Federal Finance Committee of the United States Chamber of Commerce. Mr. Brooks was elected a member of the Executive Committee of the State Bank Division of the A. B. A. in 1943 for a three-year term.

*These prices are computed from average yields on the basis of one "typical" bond (3% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Oct. 31 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 13, 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 Oct. 13 (in round-lot transactions) totaled 1,945,192 shares, which amount was 13.49% of the total transactions on the Exchange of 7,209,700 shares. This compares with member trading during the week ended Oct. 6 of 2,661,231 shares, or 13.76% of the total trading of 9,674,820 shares. On the New York Curb Exchange, member trading during the week ended Oct. 13 amounted to 730,095 shares or 14.61% of the total volume on that Exchange of 2,498,530 shares. During the week ended Oct. 6 trading for the account of Curb members of 900,235 shares was 14.48% of the total trading of 3,108,575 shares.

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

WEEK ENDED OCT. 13, 1945			
A. Total Round-Lot Sales:	Total for week	†%	
Short sales	195,110		
‡Other sales	7,014,590		
Total sales	7,209,700		
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	576,550		
Short sales	120,060		
‡Other sales	428,140		
Total sales	548,200	7.80	
2. Other transactions initiated on the floor—			
Total purchases	162,490		
Short sales	6,800		
‡Other sales	166,350		
Total sales	173,150	2.33	
3. Other transactions initiated off the floor—			
Total purchases	214,268		
Short sales	29,440		
‡Other sales	241,094		
Total sales	270,534	3.36	
4. Total—			
Total purchases	953,308		
Short sales	156,300		
‡Other sales	835,584		
Total sales	991,884	13.49	

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

WEEK ENDED OCT. 13, 1945			
A. Total Round-Lot Sales:	Total for week	†%	
Short sales	53,960		
‡Other sales	2,444,570		
Total sales	2,498,530		
B. Round-Lot Transactions for Account of Members:			
1. Transactions of specialists in stocks in which they are registered—			
Total purchases	182,900		
Short sales	15,300		
‡Other sales	177,110		
Total sales	192,410	7.51	
2. Other transactions initiated on the floor—			
Total purchases	30,600		
Short sales	7,100		
‡Other sales	64,865		
Total sales	71,965	2.05	
3. Other transactions initiated off the floor—			
Total purchases	75,830		
Short sales	17,400		
‡Other sales	158,990		
Total sales	176,390	5.05	
4. Total—			
Total purchases	289,330		
Short sales	39,800		
‡Other sales	400,965		
Total sales	440,765	14.61	
C. Odd-Lot Transactions for Account of Specialists—			
Customers' short sales	0		
‡Customers' other sales	83,048		
Total purchases	83,048		
Total sales	88,822		

*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."

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite in the week ended Oct. 27, 1945, as estimated by the United States Bureau of Mines, was 12,130,000 net tons, an increase of 6,280,000 tons over the preceding week. This sharp recovery was brought about following the settlement of the month-old supervisors' strike which ended Oct. 22. Output in the week ended Oct. 28, 1944 was 12,208,000 net tons. For the period from Jan. 1 to Oct. 27, 1945, production amounted to 469,710,000 net tons, a decrease of 9.6% when compared with the 519,315,000 tons produced during the period from Jan. 1 to Oct. 28, 1944.

Production of Pennsylvania anthracite for the week ended Oct. 27, 1945, as estimated by the Bureau of Mines, was 1,251,000 tons, an increase of 21,000 tons (1.7%) over the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 53,000 tons, or 4.1%. The calendar year to date shows a decrease of 15.0% when compared with the corresponding period of 1944.

The Bureau also reported that the estimated production of beehive coke in the United States showed an increase of 43,600 tons when compared with the output for the week ended Oct. 20, 1945; but was 59,600 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE

	Week Ended			Jan. 1 to Date	
	Oct. 27, 1945	Oct. 20, 1945	Oct. 28, 1944	Oct. 27, 1945	Oct. 28, 1944
Bituminous coal & lignite:	12,130,000	5,850,000	12,208,000	469,710,000	519,315,000
Total, incl. mine fuel:	2,022,000	975,000	2,035,000	1,857,000	2,025,000
Daily average					

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

	Week Ended			Calendar Year to Date	
	Oct. 27, 1945	Oct. 20, 1945	Oct. 28, 1944	Oct. 27, 1945	Oct. 30, 1944
Penn. Anthracite—	1,251,000	1,230,000	1,304,000	45,671,000	53,724,000
‡Commercial produc.	1,201,000	1,181,000	1,252,000	43,847,000	51,575,000
Beehive coke—	62,900	19,300	122,500	4,455,400	6,025,600
United States total	1,313,900	1,249,300	1,426,500	50,582,400	60,275,200

*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

State—	Week Ended		
	Oct. 20, 1945	Oct. 13, 1945	Oct. 21, 1944
Alabama	408,000	385,000	379,000
Alaska	5,000	5,000	8,000
Arkansas and Oklahoma	108,000	102,000	102,000
Colorado	156,000	145,000	164,000
Georgia and North Carolina	1,446,000	1,400,000	1,000
Illinois	115,000	213,000	505,000
Indiana	32,000	37,000	59,000
Iowa	128,000	126,000	148,000
Kansas and Missouri	123,000	148,000	981,000
Kentucky—Eastern	429,000	419,000	353,000
Kentucky—Western	35,000	39,000	35,000
Maryland	3,000	3,000	4,000
Michigan	66,000	74,000	118,000
Montana (bitum. & lignite)	29,000	30,000	35,000
New Mexico	69,000	64,000	70,000
North & South Dakota (lignite)	287,000	212,000	693,000
Ohio	1,029,000	1,015,000	2,820,000
Pennsylvania (bituminous)	26,000	27,000	144,000
Tennessee	2,000	3,000	3,000
Texas (bituminous & lignite)	118,000	130,000	118,000
Utah	234,000	221,000	378,000
Virginia	29,000	25,000	29,000
Washington	253,000	624,000	2,030,000
West Virginia—Southern	507,000	466,000	1,027,000
West Virginia—Northern	215,000	217,000	190,000
Wyoming			1,000
‡Other Western States			
Total bituminous & lignite	5,850,000	6,130,000	11,847,000

†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.

Steel Operations Again Higher—Further Rise Expected—Most Mills Retain Heavy Backlog

"Steel order volume has passed the early post-war hump and most producers are now in a position to begin reducing unusually large backlogs, if labor peace permits a steady flow of production, states "The Iron Age" in its issue of today (Nov. 8), which further adds: "Recapitulation of October steel order books finds them stripped of tonnage ordered for early delivery but which cannot be filled. Despite serious production losses due to the coal strike, cancellations of orders which mills cannot fill has brought net new business down close to a par with shipments for the first time since the war ended.

"Despite these evidences of easing the steel picture, most mills still retain a heavy backlog of tentative business, to be produced on an if-and-when basis, in addition to a firm backlog of orders far into or beyond the first quarter of 1946. The current easement in order volume merely clarifies the industry's position, allowing it for the first time in several weeks to make more definite delivery promises, even though on some products they may be many months into the future.

"Operational scars resulting from the coal strike are now nearly healed and blast furnace operations are soon expected to be only slightly lower than the level before the strike. Next week should see a full retrieval of lost ground. The slow recovery is largely due to policy calling for rebuilding of coal inventories before resuming operations at some plants. In many districts some mills are far from a strong position with regard to either coal or scrap inventories.

"Steel industry reaction to President Truman's speech calling for immediate upward wage adjustments with price adjustments to be made only after a trial period proving that increased costs could not be absorbed has been cool. Steelmakers point to tardy OPA steel price adjustment tactics with long delays in granting price concessions even after the submission of evidence, culminated by the current situation in which an expected adjustment has been held up for no apparent reason.

"Until some announcement is made on the current OPA steel price action, the steel industry

will be wary of any wage proposals which do not carry with them a guarantee of future compensatory price action. The present holdup on the part of OPA in announcing steel price adjustments is believed to have followed the same pattern as past holdups—an attempt to define future trends before making price adjustments. However, there seemed this week to be a good chance that the long-overdue adjustment on the price of carbon steel products would be made in the near future. The sum total of the increase, however, is expected to be far from the \$7 a ton asked for by the industry. It may more nearly approach an average of \$2.25 to \$2.50 a ton for all products with adjustment on specific items being either above or below that average. Part of the increase is expected to take the form of extra revisions—charges for specific chemical and physical characteristics."

The American Iron and Steel Institute on Nov. 5 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 77.0% of capacity for the week beginning Nov. 5, compared with 72.9% one week ago, 73.5% one month ago and 96.3% one year ago. This represents an increase of 4.1 points, or 5.6% from the preceding week. The operating rate for the week beginning Nov. 5 is equivalent to 1,410,400 tons of steel ingots and castings, compared to 1,335,300 tons one week ago, 1,346,300 tons one month ago, and 1,732,400 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Nov. 5, stated in part as follows:

"Current unsettlement, caused by possibility of a steel strike and expected increase in steel prices,

unquestionably, has restricted steel buying. This is especially noticeable in the building field where close timing on material delivery is important and where labor charges must be appraised over relatively long periods.

"This is also true in varying degree in other lines. Nevertheless, steel buying still is highly active and in many products backlogs are steadily extending. This probably would be greater were it not for measures taken by producers to discourage future buying. In light flat products in particular, most sellers now are operating on a quota basis and some are making no commitments beyond first quarter of next year, which in effect means they are out of the market. In virtually all cases where sellers still accept business, they are doing so on an increasingly selective basis.

"Actually, as the situation stands, it is practically impossible for mills to make definite promises. It is a matter of interest how many buyers are willing to place tonnage without assurance as to when they will get delivery, if only they can get tonnage on mill books.

"Except for the uncertain labor outlook, makers of some products could make firm promises with little difficulty, notably in plates. One eastern mill quotes March on sheared plates, provided there are no labor interferences, but in the main backlogs are not far extended. On the basis of present operating conditions at mills buyers are being promised shipments in January and February. While plate demand is increasing and exceeding most expectations, it is not getting out of hand to the extent that producers do not know where they stand and are forced to ration tonnage.

"Recent placing of 320 locomotives and tenders for France, divided equally between American Locomotive Co. and Baldwin Locomotive Works, will require about 11,000 tons of plates. These locomotives are in addition to several hundred placed some months ago and an additional number is still under consideration.

"Scrap continues scarce and enlarged use to supplement pig iron supply has caused steelmakers to use more costly grades, such as low phos steel, usually reserved for electric furnaces."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 31 a summary for the week ended Oct. 20 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

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

Week Ended Oct. 20, 1945		Total
Odd-Lot Sales by Dealers—	(Customers' purchases)	For Week
Number of orders		40,109
Number of shares		1,188,230
Dollar value		\$47,961,353
Odd-Lot Purchases by Dealers—	(Customers' sales)	
Number of Orders:		
Customers' short sales	152	
Customers' other sales	34,337	
Customers' total sales	34,489	
Number of Shares:		
Customers' short sales	4,963	
Customers' other sales	955,559	
Customers' total sales	960,522	
Dollar value		\$38,106,369
Round-Lot Sales by Dealers—		
Number of Shares:		
Short sales	150	
‡Other sales	183,980	
Total sales	184,130	
Round-Lot Purchases by Dealers—		
Number of shares	405,320	
*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."		

Daily Average Crude Oil Production for Week Ended Oct. 27, 1945 Increased 36,150 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 27, 1945 was 4,273,000 barrels, rising for the third consecutive week and returning close to the pre-strike levels. This was a gain of 36,150 barrels per day over the previous week, but was 467,900 barrels per day below the output for the corresponding week of last year. The current figure also was 191,400 barrels below the daily average figure of 4,464,400 barrels recommended by the Petroleum Administration for War for the month of October, 1945. Daily output for the four weeks ended Oct. 27, 1945 averaged 3,977,800 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 4,838,000 barrels of crude oil daily and produced 15,530,000 barrels of gasoline; 1,699,000 barrels of kerosine; 5,159,000 barrels of distillate fuel and 8,691,000 barrels of residual fuel oil during the week ended Oct. 27, 1945; and had in storage at the end of that week 47,602,000 barrels of civilian grade gasoline; 26,733,000 barrels of military and other other gasoline; 13,508,000 barrels of kerosine; 43,472,000 barrels of distillate fuel, and 45,943,000 barrels of residual fuel oil.

	*P. A. W. Recommendations Oct. 1945	*State Allowables Begin. Oct. 1 1945	Actual Production Week Ended Oct. 27, 1945	Change from Previous Week	4 Weeks Ended Oct. 27, 1945	Week Ended Oct. 28, 1944
Oklahoma	380,000	383,000	1,367,500	+ 6,250	367,750	347,350
Kansas	274,000	254,400	1,264,950	- 9,000	265,400	286,950
Nebraska	1,000	1,800	1800	---	800	950
Panhandle Texas			88,000	---	88,000	98,800
North Texas			134,300	---	125,350	148,800
West Texas			396,000	---	377,650	492,800
East Central Texas			117,700	+ 10,000	103,400	149,500
East Texas			302,000	---	249,000	371,350
Southwest Texas			269,800	---	237,400	334,400
Coastal Texas			403,900	---	341,550	537,700
Total Texas	1,868,000	1,794,923	1,711,700	+ 10,000	1,482,350	2,133,350
North Louisiana			68,000	- 3,400	70,150	73,300
Coastal Louisiana			295,000	---	285,000	289,750
Total Louisiana	350,000	393,000	353,000	- 3,400	355,150	363,050
Arkansas	75,000	78,642	75,250	+ 250	75,600	80,850
Mississippi	47,000		52,450	+ 450	51,600	49,050
Alabama	500		100	+ 50	150	200
Florida			150	---	100	50
Illinois	200,000		211,650	+ 2,300	177,750	200,250
Indiana	13,000		13,850	+ 300	12,150	13,100
Eastern (Not incl. Ill., Ind., Ky.)	66,200		62,850	+ 50	62,450	68,000
Kentucky	26,000		29,900	+ 950	24,550	28,950
Michigan	47,000		44,250	+ 2,150	44,050	48,200
Wyoming	93,200		101,900	- 500	99,000	100,850
Montana	23,500		20,300	---	20,300	21,350
Colorado	12,000		19,100	+ 1,200	17,100	9,300
New Mexico	100,000	100,000	99,900	---	99,050	104,900
Total East of Calif.	3,578,400		3,429,600	+ 11,050	3,155,300	3,856,700
California	886,000	886,000	843,400	+ 25,100	822,500	884,200
Total United States	4,464,400		4,273,000	+ 36,150	3,977,800	4,740,900

*PAW recommendations and State allowables, as shown above, represent 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. Oct. 24, 1945.

‡This is the net basic allowable as of Oct. 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 5 to 17 days, the entire state was ordered shut down for 10 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 10 days' shutdown time during the calendar month.

§Recommendations 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 OCT. 27, 1945

District	% Daily Crude Runs			% Stocks		
	Refining Capacity	Re-Aver-	% Op-	Pro-duction of Gasoline	Stocks of Gasoline	Stocks of Residual Fuel Oil
East Coast	99.5	762	96.3	1,969	14,911	6,653
Appalachian						
District No. 1	76.8	102	69.9	310	556	210
District No. 2	81.2	58	116.0	189	121	198
Ind., Ill., Ky.	87.2	803	93.7	2,972	6,161	3,298
Okl., Kan., Mo.	78.3	388	82.7	1,394	2,777	1,119
Inland Texas	89.8	234	70.9	963	476	1,010
Texas Gulf Coast	89.3	1,153	93.2	3,900	5,593	5,757
Louisiana Gulf Coast	96.8	329	125.0	751	1,956	1,126
No. La. & Arkansas	55.9	69	54.8	197	469	350
Rocky Mountain						
District No. 3	17.1	13	100.0	38	20	35
District No. 4	72.1	127	79.9	383	445	789
California	86.5	804	83.1	2,464	9,987	25,478
Total U. S. B. of M. basis Oct. 27, 1945	85.7	4,838	89.5	15,530	43,472	45,943
Total U. S. B. of M. basis Oct. 20, 1945	85.7	4,635	85.8	14,016	42,875	45,808
U. S. B. of M. basis Oct. 28, 1944		4,692		14,186	47,419	64,405

*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 8,775,000 barrels unfinished gasoline this week, compared with 12,492,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. †Stocks at refineries, at bulk terminals, in transit and in pipe lines. ‡Not including 1,699,000 barrels of kerosine, 5,159,000 barrels of gas oil and distillate fuel oil and 8,691,000 barrels of residual fuel oil produced during the week ended Oct. 27, 1945, which compares with 1,532,000 barrels, 4,633,000 barrels and 8,516,000 barrels, respectively, in the preceding week and 1,587,000 barrels, 4,702,000 barrels and 9,025,000 barrels, respectively, in the week ended Oct. 28, 1944.

Note—Stocks of kerosine at Oct. 27, 1945 amounted to 13,508,000 barrels, as against 12,338,000 barrels a week earlier and 14,349,000 barrels a year before.

Civil Engineering Construction Totals \$87,798,000 for Week

Civil engineering construction volume in the continental United States totals \$87,798,000 for the week. This volume, representative of the steady climb of construction volume ever since the cessation of hostilities, is 50% greater than last week and 171% greater than the week of Nov. 2, 1944. This week's volume figure is also 39% greater than the previous four week moving average as reported to "Engineering News-Record." The report issued on Nov. 1 added:

Private construction, with its greatly increased activity in commercial and industrial building is 73% greater than last week and 1201% greater than the week last year.

Public work showed a slight gain of 4% over the previous week, but is down 24% compared with the comparable week of last year. State and municipal construction volume while 20% below last week's figure is 162% over the week last year. Federal construction, decreasing steadily, showed a 48% gain over last week, but recorded the more representative drop of 56% below last year's figure.

The current week's construction brings the 1945 cumulative total volume for the 44-week period to \$1,823,488,000, an 18% increase over the \$1,539,149,000, reported for the same period last year. Private construction, \$807,386,000 is 153% greater than last year's 44-week total, while federal construction, \$704,634,000 is 26% below the 1944 figure. Public construction with a total of \$1,016,102,000 to date is 17% greater than the amount reported last year. State and municipal construction, \$311,468,000, recorded a 43% rise over the 44-week period of 1944.

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

	Nov. 1, 1945	Oct. 25, 1945	Nov. 2, 1944
Total U. S. Construction	\$87,798,000	\$58,418,000	\$32,393,000
Private Construction	67,439,000	38,798,000	5,614,000
Public Construction	20,359,000	19,620,000	26,779,000
State and Municipal	10,192,000	12,734,000	3,873,000
Federal	10,167,000	6,886,000	22,906,000

In the classified construction groups, waterworks, sewerage, bridges, highways, industrial and commercial buildings showed gains over both last week and last year. Subtotals for the 44 weeks in each class of construction are: waterworks, \$49,848,000; sewerage, \$29,367,000; bridges, \$36,193,000; highways, \$19,621,000; earthwork and waterways, \$47,003,000; public buildings, \$432,438,000; industrial buildings, \$458,250,000; commercial buildings, \$250,139,000; and unclassified, \$327,970,000.

New capital for civil engineering construction purposes fell off this week to the relatively low figure of \$4,432,000; however the cumulative total for the 44-week period is 4% greater than last year. This week's new capital is made up of \$3,932,000 in state and municipal bond sales, and \$500,000 in corporate securities.

Non-Ferrous Metals — Demand Exceeds Prewar Levels—Hearings Begun on Stockpiling Bills

"E. & M. J. Metal and Mineral Markets," in its issue of Nov. 1, stated: "Hearings before the Senate Military Affairs Subcommittee on two stockpiling bills opened in Washington on Oct. 30. Government officials stressed the growing dependency of this country on foreign sources for strategic materials and urged that war surpluses be impounded. Producers feel confident that an improved stock piling measure will be passed by Congress before the end of the year.

Demand for major non-ferrous metals continued at a high rate and well above prewar levels. Excepting foreign copper, which showed signs of unsettlement because of uncertainty over Chilean purchases by our Government, prices were steady to firm. Mercury advanced \$1 per flask." The publication further went on to say in part as follows:

Copper
The end of October found the industry somewhat confused on the status of the Government's program for purchasing Chilean copper. The buying will continue, most authorities believe, but not on a fixed price basis. Labor difficulties at Chilean mines have not yet been settled. In the meantime, the foreign market remains unsettled and competition for business is increasing.

The domestic situation in copper remains favorable. Use of copper in the United States is holding at around 100,000 tons a month, with a fair quantity of material in fabricators' inventories moving into consumption. The brass mills have been reducing their stocks steadily.

Lead
Consumers asked for slightly more than 24,000 tons of foreign lead with which to round out their November requirements. This points to consumption for the month of approximately 65,000 tons. With more metal going into pigments, use of lead in the final quarter of 1945 will be larger than that recorded for the July-Sept. period.

Sales of lead during the last week involved 3,138 tons. Demand

cently, it was stated unofficially that some 17,000 tons of tin had been found.

Mines on the island of Billiton, principal producer of tin in the Dutch East Indies, are almost intact, according to Associated Press advices from The Hague. Production will be resumed as quickly as possible. Electrical power installations were wrecked by the Japanese. Administrative and technical personnel already have arrived at the tin properties.

Straits quality tin for shipment was unchanged, as follows:

	Nov.	Dec.	Jan.
Oct. 25	52.000	52.000	52.000
Oct. 26	52.000	52.000	52.000
Oct. 27	52.000	52.000	52.000
Oct. 29	52.000	52.000	52.000
Oct. 30	52.000	52.000	52.000
Oct. 31	52.000	52.000	52.000

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

Quicksilver

Buying interest in quicksilver moderated during the last week, but the undertone of the market remained firm, and most sellers were asking from \$106 to \$109 per flask, the price depending on quantity involved. Producers in this country and elsewhere are not forcing metal on the market under present conditions, which tends to steady prices in all directions.

The San Francisco market also was firm, with producers not offering prompt metal. Dealers thought that \$100 per flask, Coast basis, might be accepted on December business.

The official London quotation for quicksilver has been revised of £30 per flask on quantity business, equivalent to about \$120 per flask. The London market in recent years has been far out of line with prices named here, probably due to war conditions.

Silver

Senator Green (R. I.) has introduced a bill to extend the Green Act for two years. The measure expires at the end of 1945. The new bill sets a minimum price of 71.1¢ at which the Treasury's unpledged silver may be purchased. It has been referred to the Committee on Banking and Currency.

Senator McCarran (Nev.) has introduced a bill to repeal the silver transfer tax, and raise the price of newly mined domestic silver to \$1.29 an ounce. This bill was sent to the Committee on Finance, because of its tax features.

The New York Official for foreign silver was unchanged at 70 3/4¢ an ounce. The London market continued at 44d.

Zinc

According to Senator McCarran, the stockpile of zinc at the end of September amounted to 571,167 tons. This total consists of both slab zinc and zinc contained in concentrates, and is a little larger than the figure released by WPB as of Aug. 1, which was 501,700 tons.

The market situation remains about unchanged. Both Special High Grade and Prime Western are moving in good volume, but the other grades are not doing so well. Deliveries for October will show a gain over September, most observers contend.

Production of galvanized sheets in August amounted to 134,523 tons, against 137,635 tons in July and 124,451 tons in August last year; the American Iron and Steel Institute reports. Production in the first eight months of 1945 totaled 1,161,454 tons, which compares with 873,059 tons in the Jan.-Aug. period of 1944.

Tin

With reports emanating from the Straits Settlements on the supply outlook rather conflicting, Washington officials believe that restrictions on use of tin will continue for six to eight months. A report from British sources received here during the last week placed the stock of tin in that area at not more than 1,700 tons. Re-

End of OPA Expected

The opinion that the OPA will not be continued "unless in greatly modified form," after the price control law expires on June 30, 1946, was advanced on Oct. 30 at Chicago by Representative August H. Andresen (Republican, Minn.), who, according to an Associated Press account from that city stated at the 40th annual meeting of the American Meat Institute that "this agency is not popular with Congress nor with the people." The press account, as given in the New York "World-Telegram," also had the following to say:

"Of course," he continued, "no one with the exception of idiots would want a disastrous inflation to overtake the people of the United States. However, I am convinced that many of the policies of the OPA have purposely fostered inflation by placing obstructions against the production of essential commodities.

"I do not know of any other agency in the nation's capital that has engaged in more double talk and more double cross than has been done by the OPA and its officials."

Revenue Freight Car Loadings During the Week Ended Oct. 27, 1945 Increased 81,352 Cars

Loading of revenue freight for the week ended Oct. 27, 1945, totaled 854,779 cars, the Association of American Railroads announced on Nov. 1. This was a decrease below the corresponding week of 1944 of 61,706 cars, or 6.7%, and a decrease below the same week in 1943 of 28,948 cars or 3.3%.

Loading of revenue freight for the week of Oct. 27 increased 81,352 cars, or 10.5% above the preceding week.

Miscellaneous freight loading totaled 368,095 cars, a decrease of 967 cars below the preceding week, and a decrease of 51,463 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 116,524 cars, an increase of 2,390 cars above the preceding week and an increase of 6,347 cars above the corresponding week in 1944.

Coal loading amounted to 182,805 cars, an increase of 85,840 cars above the preceding week, and an increase of 5,997 cars above the corresponding week in 1944.

Grain and grain products loading totaled 57,484 cars, a decrease of 2,242 cars below the preceding week, but an increase of 1,763 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of Oct. 27 totaled 37,609 cars, a decrease of 920 cars below the preceding week, but an increase of 2,736 cars above the corresponding week in 1944.

Livestock loading amounted to 28,005 cars, an increase of 810 cars above the preceding week and an increase of 526 cars above the corresponding week in 1944. In the Western Districts alone loading of livestock for the week of Oct. 27 totaled 23,071 cars, an increase of 191 cars above the preceding week, and an increase of 1,217 cars above the corresponding week in 1944.

Forest products loading totaled 34,642 cars, a decrease of 2,379 cars below the preceding week and a decrease of 10,460 cars below the corresponding week in 1944.

Ore loading amounted to 58,611 cars, a decrease of 3,716 cars below the preceding week and a decrease of 8,379 cars below the corresponding week in 1944.

Coke loading amounted to 8,613 cars, an increase of 1,616 cars above the preceding week, but a decrease of 5,537 cars below the corresponding week in 1944.

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

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
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	3,263,195
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
4 Weeks of September	4,116,728	4,424,765	4,456,466
Week of October 6	767,985	877,035	906,357
Week of October 13	754,521	898,720	912,348
Week of October 20	773,427	906,005	905,419
Week of October 27	854,779	916,485	883,727
Total	35,147,826	36,344,310	35,405,716

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 27, 1945. During this period only 45 roads reported gains over the week ended Oct. 28, 1944.

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections		
	1945	1944	1943	1945	1944	1943
Eastern District—						
Ann Arbor	340	444	364	1,379	1,558	1,558
Bangor & Aroostook	1,857	1,986	3,104	291	595	595
Boston & Maine	7,268	6,819	7,079	12,515	15,035	15,035
Chicago, Indianapolis & Louisville	1,265	1,294	1,248	1,818	2,133	2,133
Central Indiana	43	46	36	28	67	67
Central Vermont	1,127	1,055	1,038	2,394	2,535	2,535
Delaware & Hudson	5,037	5,144	5,689	9,890	12,450	12,450
Delaware, Lackawanna & Western	7,662	7,811	7,025	9,035	10,296	10,296
Detroit & Mackinac	464	385	299	141	113	113
Detroit, Toledo & Ironton	1,700	1,909	2,216	1,172	1,251	1,251
Detroit & Toledo Shore Line	359	403	394	1,942	2,703	2,703
Erie	12,188	13,785	14,002	13,955	17,833	17,833
Grand Trunk Western	3,624	3,960	4,069	6,993	8,233	8,233
Lehigh & Hudson River	1,72	162	219	1,989	2,428	2,428
Lehigh & New England	2,453	2,291	1,461	1,301	1,588	1,588
Lehigh Valley	8,845	9,057	8,023	7,503	12,514	12,514
Maine Central	2,589	2,341	2,438	3,355	4,083	4,083
Monongahela	5,691	6,126	3,472	2,555	305	305
Montour	2,882	1,670	1,931	17	24	24
New York Central Lines	46,916	53,414	54,033	43,369	55,396	55,396
N. Y., N. H. & Hartford	10,332	9,857	9,940	13,223	17,616	17,616
New York, Ontario & Western	893	1,050	1,449	2,247	2,946	2,946
New York, Chicago & St. Louis	6,433	7,029	7,450	11,810	15,388	15,388
N. Y., Susquehanna & Western	357	497	625	1,475	2,163	2,163
Pittsburgh & Lake Erie	5,988	8,214	8,135	6,440	7,450	7,450
Pere Marquette	5,724	5,972	5,843	5,587	7,693	7,693
Pittsburgh & Shawmut	757	813	935	36	21	21
Pittsburgh, Shawmut & North	209	306	351	215	227	227
Pittsburgh & West Virginia	1,133	1,196	1,051	2,089	3,018	3,018
Rutland	438	402	377	966	1,290	1,290
Wabash	6,656	7,141	6,397	10,190	12,994	12,994
Wheeling & Lake Erie	4,873	5,946	5,877	4,086	4,424	4,424
Total	156,435	168,515	166,561	177,706	226,370	226,370
Allegheny District—						
Akron, Canton & Youngstown	572	777	733	909	1,320	1,320
Baltimore & Ohio	46,086	47,681	44,694	21,689	29,239	29,239
Bessemer & Lake Erie	4,553	5,662	6,127	1,273	1,864	1,864
Buffalo Creek & Gauley			343			
Cambridge & Indiana	1,547	1,634	1,494	9	8	8
Central R. R. of New Jersey	6,542	6,786	6,274	14,626	18,988	18,988
Cornwall	276	574	627	42	47	47
Cumberland & Pennsylvania	47	182	165	10	10	10
Ligonier Valley	1,773	1,671	1,300	4,110	5,025	5,025
Long Island	1,730	1,802	2,002	1,624	2,573	2,573
Penn.-Reading Seashore Lines	82,983	88,453	84,941	53,787	67,922	67,922
Pennsylvania System	14,835	15,623	13,377	23,555	29,203	29,203
Reading Co.	8,945	19,595	21,154	4,412	5,772	5,772
Union (Pittsburgh)	4,260	3,939	4,017	10,184	13,056	13,056
Western Maryland						
Total	174,606	194,505	187,958	136,240	175,078	175,078
Pochontas District—						
Chesapeake & Ohio	29,672	30,628	27,151	12,367	13,542	13,542
Norfolk & Western	21,045	21,789	20,419	6,184	7,968	7,968
Virginian	4,818	4,658	4,359	1,715	2,311	2,311
Total	55,535	57,075	51,929	20,266	23,821	23,821

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections		
	1945	1944	1943	1945	1944	1943
Southern District—						
Alabama, Tennessee & Northern	383	383	324	206	339	339
Atl. & W. P.—W. R. R. of Ala.	775	806	724	1,583	2,646	2,646
Atlanta, Birmingham & Coast	784	908	722	1,219	1,329	1,329
Atlantic Coast Line	11,857	10,720	12,203	8,676	10,524	10,524
Central of Georgia	3,899	3,715	3,943	4,495	4,506	4,506
Charleston & Western Carolina	431	407	393	1,514	1,753	1,753
Clinchfield	1,697	1,745	1,693	2,597	3,021	3,021
Columbus & Greenville	376	368	348	275	284	284
Durham & Southern	138	159	105	439	636	636
Florida East Coast	1,580	979	1,248	1,276	1,236	1,236
Gainesville Midland	64	58	42	111	86	86
Georgia	1,344	1,164	1,130	2,024	2,469	2,469
Georgia & Florida	402	522	506	729	649	649
Gulf, Mobile & Ohio	4,463	5,010	4,010	4,017	4,417	4,417
Illinois Central System	27,400	31,683	29,516	15,139	18,126	18,126
Louisville & Nashville	25,782	26,184	20,255	10,448	11,428	11,428
Macon, Dublin & Savannah	242	210	171	929	606	606
Mississippi Central	224	341	267	496	537	537
Nashville, Chattanooga & St. L.	3,544	3,511	3,389	4,087	4,677	4,677
Norfolk Southern	1,142	1,059	960	1,684	1,913	1,913
Piedmont Northern	436	444	404	1,269	1,451	1,451
Richmond, Fred. & Potomac	470	371	357	8,418	9,428	9,428
Seaboard Air Line	10,403	9,444	11,048	8,045	8,599	8,599
Southern System	26,461	25,174	22,297	21,692	25,042	25,042
Tennessee Central	612	725	624	816	959	959
Winston-Salem Southbound	162	138	131	952	1,130	1,130
Total	125,071	126,228	116,810	103,136	117,791	117,791
Northwestern District—						
Chicago & North Western	19,816	20,641	22,612	14,633	16,002	16,002
Chicago Great Western	2,842	3,083	3,217	3,413	3,592	3,592
Chicago, Milw., St. P. & Pac.	23,310	24,252	21,546	10,398	10,941	10,941
Chicago, St. Paul, Minn. & Omaha	4,209	3,687	4,318	4,942	4,319	4,319
Duluth, Missabe & Iron Range	22,048	25,655	28,501	274	264	264
Duluth, South Shore & Atlantic	1,262	690	1,108	443	649	649
Elgin, Joliet & Eastern	6,494	9,332	8,815	7,311	10,239	10,239
Ft. Dodge, Des Moines & South	434	356	500	106	102	102
Great Northern	23,444	22,659	24,134	6,834	6,935	6,935
Green Bay & Western	581	592	624	772	962	962
Lake Superior & Ishpeming	2,232	1,500	1,283	50	77	77
Minneapolis & St. Louis	2,498	2,509	2,233	3,070	2,941	2,941
Minn., St. Paul & S. M.	8,813	7,401	8,013	3,315	3,373	3,373
Northern Pacific	13,920	13,576	14,270	5,088	6,716	6,716
Spokane International	128	201	114	357	505	505
Spokane, Portland & Seattle	2,146	2,768	2,393	2,502	3,366	3,366
Total	134,177	138,902	143,681	63,508	70,983	70,983
Central Western District—						
Atch., Top. & Santa Fe System	26,372	28,244	24,192	12,698	16,140	16,140
Alton	3,376	4,079	3,591	3,409	4,706	4,706
Bingham & Garfield	245	404	501	64	53	53
Chicago, Burlington & Quincy	23,266	23,981	21,311	12,337	16,249	16,249
Chicago & Illinois Midland	3,131	3,070	1,493	754	869	869
Chicago, Rock Island & Pacific	13,812	13,545	13,654	13,366	14,172	14,172
Chicago & Eastern Illinois	2,997	2,998	2,450	3,019	5,170	5,170
Colorado & Southern	1,324	1,485	1,384	2,210	3,481	3,481
Denver & Rio Grande Western	5,044	5,210	5,210	5,708	7,347	7,347
Denver & Salt Lake	817	746	669	50	22	22
Fort Worth & Denver City	1,114	991	1,401	1,665	2,484	2,484
Illinois Terminal	1,735	2,742	2,026	1,709	2,271	2,271
Missouri-Illinois	1,524	1,277	1,330	652	708	708
Nevada Northern	1,250	1,488	2,095	118	105	105
Nor. Western Pacific	1,108	932	886	731	798	798
Peoria & Pekin Union	9	27	7	0	0	0
Southern Pacific (Pacific)	32,007					

Items About Banks, Trust Companies

Percy H. Johnston, Chairman of the Chemical Bank & Trust Co. of New York, announced that at a special meeting held on Oct. 31 the stockholders of the bank ratified by a large majority the recommendation of the board of directors to increase the capital stock of the bank from \$20,000,000 to \$25,000,000, so as to permit the declaration of a stock dividend equivalent to \$5,000,000, consisting of 500,000 shares of \$19 par value. On Nov. 1 announcement was made by Mr. Johnston that the directors had that day declared a 25% stock dividend in the ratio of one share for each four shares outstanding to be distributed on Nov. 24 to stockholders of record Nov. 10. The directors approved the transfer of \$10,000,000 from undivided profits and unallocated reserves to surplus and then the transfer of \$5,000,000 from surplus to capital representing the stock dividend. Following these changes the bank will have a capital of \$25,000,000, a surplus of \$65,000,000, and undivided profits and unallocated reserves in excess of \$10,000,000, which the directors believe ample for any contingencies. It is contemplated, Mr. Johnston said, that after this increase of the capital stock of the bank has been effected the dividend at the present rate of \$1.8 per share per year will be continued.

John E. Bierwirth, President of The New York Trust Co., announces the appointment of John E. Cookman as an Assistant Treasurer in the commercial banking department of the company. Mr. Cookman is a native of Englewood, N. J.; was born in 1909, and since his graduation at Phillips Exeter Academy (1927) and Yale University (1931) he has been associated during most of his business career with the trust company. His war service covered four years with the U. S. Navy, final rank Lieutenant (s.g.).

The Board of Directors of the National City Bank of New York announces the re-appointment of three of its former officers who have returned from leaves of absence from military service. Nelson Monfort was re-appointed an Assistant Vice-President and Robert Hoguet, Jr. and Burton Lee, formerly Assistant Cashiers, were appointed Assistant Vice-Presidents. Mr. Monfort, who attained the rank of Colonel in the Army and who also saw service with the Navy in the first World War, became associated with the National City in 1919. He was originally appointed an Assistant Vice-President in March, 1942, following an extensive overseas branch experience with National City. At the time of his discharge, Mr. Hoguet was a Lieut. Commander in the Navy. A graduate of Harvard University, he came to National City in February, 1936, and was appointed an Assistant Cashier in 1939. In April, 1942, he was granted a military leave. Mr. Lee was a Lieut. Colonel in the Air Corps at the time of his discharge, having entered military service in March, 1942. A Yale graduate, Mr. Lee began in National City in June, 1928, and became an Assistant Cashier in May, 1937.

John C. Jester, who for some time has been Assistant to the President, Colonial Trust Company of New York, directing their Texas business, has been appointed a Vice-President of the bank. Mr. Jester will continue to reside and make his business headquarters in Dallas, and will supervise all of the bank's rela-

tions with their correspondents throughout the Southwest.

The board of directors of the Continental Bank & Trust Co. of New York, at a meeting on Nov. 1, elected Ferdinand M. Bissell a Vice-President and Dominic Suplina an Assistant Secretary. Mr. Bissell, who was an Assistant Vice-President, will continue in charge of the credit department. Mr. Suplina will remain in the foreign department, where he has been Chief Clerk.

The Corn Exchange Bank Trust Co. of New York announces the appointment of Donald M. Elliman and Albert Francke, Jr., as Assistant Vice-Presidents of the bank.

Lieutenant Keith M. Urmy has returned to the Chemical Bank & Trust Co. of New York after three years' service with the U. S. Navy and resumed his position as Assistant Manager of the Madison Avenue at 46th Street office on Nov. 1.

Frederic C. Mills, President of the Union Square Savings Bank in New York until his retirement in 1936, died at his home in New Canaan, Conn., on Oct. 29. He had been a trustee of the bank since 1917. Mr. Mills was the bank's eighth President, serving from 1922 until his retirement, after 40 years of service.

Colonel Robert C. Downie, retiring head of the Pittsburgh Ordnance District, on Nov. 1 assumed the presidency of the Peoples-Pittsburgh Trust Co. of Pittsburgh, Pa. We quote the Pittsburgh "Post-Gazette," which said, in part:

"Colonel Downie was elected President in January, 1944. His return to civilian life follows more than five years of service in the Army.

"He served as corporation counsel and Assistant Secretary of Dravo Corp. until 1938, when he became Trust Officer and attorney for Peoples-Pittsburgh."

The retirement of James A. Messer as Vice-President and director of the Columbia National Bank of Washington, D. C., was announced on Oct. 30 by Frank J. Stryker, President of the bank, who added that the board of directors had voted a resolution of thanks for Mr. Messer's 28 years of "faithful, conscientious and meritorious service." In reporting the foregoing in the Washington "Post" of Oct. 30, S. Oliver Goodman also said, in part:

"Mr. Messer stated that his resignation from the bank is in keeping with his desire to retire gradually from all active business affairs.

"Mr. Messer became associated with the local bank in 1917 as a director, served as President from 1922 to 1924, and has been a Vice-President since Jan. 11, 1934."

Holman D. Pettibone, President of Chicago Title & Trust Co. of Chicago, Ill., has announced the appointment of Herbert R. Collins as Assistant Secretary, Raymond E. Lindskog as Escrow Officer, and Daniel S. Wentworth, Jr., as attorney.

The Iowa-Des Moines National Bank & Trust Co. of Des Moines, Iowa, observed on Nov. 1 its 70th anniversary. The bank was founded in 1875, 10 years after the close of the Civil War. In calling attention to the attainment of its 70th birthday the bank says:

"The lessons learned . . . the strength and facilities developed over this long span of years . . . have produced a broad banking service geared to today's financial needs of Des Moines and the State of Iowa."

Appreciation is expressed to "the customers who have built this bank to today's position . . . with total resources in excess of \$100,000,000." Herbert L. Horton is President of the bank.

The Mercantile-Commerce Bank & Trust Co. of St. Louis announced on Oct. 29 the election of John L. Wilson to the bank's board of directors. Mr. Wilson is President of the St. Louis Public Service Co. and also President of American City Lines. Before going with the St. Louis Public Service Co. Mr. Wilson has been connected with Mack Trucks, Inc., for 22 years, his last position with that concern being Manager of the bus department for 19 Central States. He is a native of Springfield, Ohio.

The bond department of City National Bank & Trust Co. of Kansas City, Mo., has increased its selling staff by the return of two of its former members from the Army. The two who have resumed their positions under F. D. Farrell, Vice-President in charge of the bond department, are First Lieutenants Harold Waacklerle and Merrill Morong, both of the Signal Corps. Lieutenant Waacklerle had two years in City National's bond department before his four years in the service. Lieutenant Morong was three years in service. He had been with City National 13 years before his enlistment.

The Dallas "Times-Herald" announced on Oct. 28 that the Grand Avenue State Bank of Dallas, Texas, has increased its capital stock from \$75,000 to \$100,000 by the sale of 1,250 shares of common stock for cash, according to records of the State Banking Department.

Stockholders of The Morris Plan Bank of Georgia (Atlanta) voted to increase its capital stock by \$100,000 to a total of \$300,000 and to increase its surplus by \$50,000 to \$150,000 at a special meeting held on Oct. 30.

The Atlanta "Constitution," from which this is learned, went on to say:

"The new capital will consist of 1,000 additional shares with a par value of \$100 which will be offered to present stockholders on a pro rata basis of their present holdings at \$150 per share.

"The increases give the bank capital, surplus and undivided profits in excess of half a million dollars. The bank has total resources of more than \$10,000,000. At present there are 2,000 shares outstanding."

Francis Prevost Breckenridge, Vice-President and head of the bond department of the Whitney National Bank in New Orleans, La., died on Oct. 27 at the age of 70. The New Orleans "Times-Picayune" states that for the past 18 years Mr. Breckenridge had filled these posts, and prior to that he had been President of the American Bank, and before that President of the old City Bank of New Orleans.

The United States National Bank of Portland, Ore., opened its 30th banking unit on Nov. 5, with the purchase of the Bank of Dayton, according to announcement by E. C. Sammons, President of the United States National. Organized in 1904, the Bank of Dayton has progressed under the management of J. L. Sherman, Chairman of the board and President, and Harry W. Sherman, Vice-President and Cashier. The Shermans are now retiring from the banking field. J. S. Imlah of the Ladd & Bush-Salem branch of

President Speeds Up Philippine Rehabilitation

After a conference on Oct. 25 with President Osmena of the Philippines, President Truman took steps on Oct. 26 to accelerate the rehabilitation program for the Commonwealth. The Islands are sorely in need of relief as well as settling of incipient internal strife. One of President Truman's directives was addressed to High Commissioner Paul V. McNutt, instructing him to institute a swift investigation of "agrarian unrest" in cooperation with the Philippine Government and "to recommend the remedies and reforms which ought to be taken." Associated Press Washington advices stated.

The President requested the Attorney General to send FBI investigators to the Philippines to ascertain conditions and make recommendations for the way in which the United States Government should deal with them.

In two directives, the Associated Press continued, the Alien Property Custodian was ordered to take over all enemy property in the Islands, and the War Department to help train and equip the constabulary to maintain order. The President's other directives, according to the Associated Press, requested:

1. The Surplus Property Administrator to make available without cost part of the large stocks of American surplus in the Islands, especially those "badly needed" for road construction, hospitals and medical treatment.

2. The Treasury and War Department to study the occupation-snarled currency situation and submit recommendations on how the United States should redeem its obligations without "any windfall to speculators."

3. The Veterans Affairs Administrator to "make a careful analysis of all phases of past and current benefits" to Filipino war veterans and to recommend any new legislation needed.

4. The President of the Export-Import Bank to "work out a program to operate in the Islands on a purely business basis which would be of great assistance in restoring normal economic conditions."

5. The War Shipping Administrator to estimate the tonnage needed to supply adequate shipping for the Islands.

6. The Chairman of the Reconstruction Finance Corporation to use its resources and personnel "to sell goods on credit terms not exceeding two years in duration," in an effort to combat inflation.

7. The Treasury Department to draw up a schedule "showing the relative trend of the purchasing power and exchange rates of the Japanese Philippine peso during the period of invasion."

Hasloecher Heads Group Of Savs. Banks Officers

Charles Hasloecher has recently been elected President of the Savings Banks Officers Association, Group V. Mr. Hasloecher is Assistant Secretary of the Hamburg Savings Bank of Brooklyn.

the United States National will serve as Acting Manager of the new Dayton branch.

Roy K. Hackett, Manager of the Grants Pass branch of the First National Bank of Portland, Ore., has been promoted to the position of Vice-President by action of First National's board of directors, it was announced on Oct. 24 by E. B. MacNaughton, President. In reporting this the Portland "Oregonian" also said:

"At the same time Mr. MacNaughton announced that Charles L. Newland, Assistant Manager of the Medford branch, had been advanced to Manager of the Grants Pass branch to assist Mr. Hackett."

Hearings on Equal Pay For Women Bill

Secretary of Labor Schwellessbach has gone before a Senate labor subcommittee to express approval of legislation, introduced by Senators Pepper (D.-Fla.) and Morse (R.-Ore.), which would make it unlawful for an employer to pay a woman at a lower rate than he pays man for comparable work. The Labor Secretary said that women who turned out the same quantity and quality of work as men should receive the same pay, the Associated Press reported on Oct. 29 in advices from Washington. The measure is also designed to make it unlawful to discharge a woman and replace her with a man, except to protect employment rights of returned veterans, the Associated Press added.

In recommending passage of the legislation, Mr. Schwellessbach said that it was desirable "not only as a matter of fairness to women but also from the standpoint of preserving wage standards and consumer purchasing power." He added, according to the Associated Press:

"The existence of a group of workers who are employed at uniformly lower wages than are paid to other groups doing the same or comparable work promotes destructive competition practices and depresses the whole wage structure." These advices added:

Miss Freda S. Miller, Director of the Women's Bureau of the Labor Department, testifies that a study of 27 job classifications in which both men and women work showed the men averaged higher pay in all except one. The pay differentials ranged from four to 26 cents an hour, she added.

"It is common knowledge," Miss Miller said, "that wage rates have always been lower in the major 'women-employing' industries such as textiles, retail trade, laundries and other service industries."

"Mostly Pity" Felt by Corregidor Marine For Japanese

According to Associated Press advices from Oakesdale, Wash. Oct. 29 a young Marine who said he was one of the last Americans to surrender on Corregidor and who was in a Japanese prison camp for three years has returned home feeling "mostly pity" for the Japanese people. The press account as given in the New York "Herald Tribune" of Oct. 30 further indicated as follows what the Marine had to say.

Corporal Jack Elkins, 23, said that Japanese executives in the plant where he worked under guard knelt at his feet to examine and marvel at the shoes he had received in a Red Cross package. He said Japanese civilians lost their ration cards because they were unable to work in bombed war plants. Some Japanese, he said, often sought out prisoners in secluded places out of sight of dreaded military police, gave the captives cigarettes and "talked about how they hated the war."

"Most people expect me to have a great deal of hatred for the Japanese," he said. "Naturally, I have a few personal grudges, but for the nation as a whole, I am just sorry for them—for the way the war leaders pulled the wool over their eyes and for their hunger and poverty. I had to live there three years. They have to live their lives there."