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Observations . . . .

By A. WILFRED MAY

The effect on corporate welfare of the new wage-price executive order, as interpreted by Mr. Bowles, is to reinstate the process of **renegotiation** in peacetime, in a manner far more unfair than was done on war business. Under the technique of wage-price-squeeze by administration, which will set prices and wages to conform to individual ceilings on profits, the fruits of competitive management ability will be emasculated.

But of far greater import will be the discrimination against individual businesses levied in correlation with the importance to them of their labor costs. In penalizing the giving of employment, the broad social interest is harmed. And in the long run, the policy will penalize labor interests themselves, in goading industry to escape to labor-saving inventions. It should be remembered that the technocracy movement thus received a great boost from the wage squeezes following World War One.

This new "labor taxation" is likewise worse than wartime renegotiation, in that its administration—regarding both wages and prices—will follow political motivations in various phases.

* * *

Can Mr. Bowles' great peeve at the "irresponsible" NAM possibly be at all attributable to his knowledge that the latter's two million dollar advertising campaign for OPA dissolution was placed through the Benton & Bowles agency, his former associates?

* * *

In its behavior in the sweeping stock market declines, the investment and speculative community is giving another perfect demonstration of its habitual manic-depressive psychosis—that is, in successively interpreting identical events in diametrically opposite ways. This should be obvious from a brief perusal of the "reasons" advanced (ex post facto) for the sudden torrent of selling.

The most-frequently stated cause of the break is "reversal of inflation psychology"—but the underlying inflationary forces, monetary and otherwise, surely are now just as potent as they were on Feb. 2 last when the stock averages hit their bull market highs. **Prospective first quarter earnings reports are blamed**—but recent quarterly showings were just as bad, and in any event it was recognized that the market was not capitalizing so highly the earnings of such a short period. **The possibility of war with the Soviet is advanced as a market bugaboo**—but surely our relations with Marshall Stalin are now no less dovelike than they were at Yalta, San Fran-

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Warns of Severe Inflation

Thomas I. Parkinson of Equitable Life Assurance Society Declares Government's Policy of Cheap Money Is a Tax on Thrifty and Has Dangerous Inflationary Potentialities. Says Life Insurance Beneficiaries Will Suffer and Outlines Four Point Remedial Program

Warning against the possibility of severe inflation unless decisive steps attacking the fundamentals rather than symptoms of the disease are taken now, Thomas I. Parkinson, President of The Equitable Life Assurance Society of the United States, in addressing the annual meeting of the Society's directors on February 21, declared that the Government's policy of 'cheap money' is not only a hidden tax upon the thrifty of the country, but has dangerous inflationary potentialities for the future.

T. I. Parkinson

"Declining interest rates and rising prices, both of which are results of the Government's 'cheap money' policy, are working a hardship on all life insurance policyholders and all other Americans who have savings or are saving for the future of themselves and

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The Financial Situation

Chester Bowles ought to take an extended vacation and give the long-suffering people of the United States a good rest. They need it. But before Mr. Bowles leaves Washington he might send some of his bright young assistants over to the Treasury Department and to the Board of Governors of the Federal Reserve System to gather together some figures on what is commonly now known as the money supply from which they might fashion certain charts for the enlightenment of the gentleman who appears to be under the delusion that he already knows all the answers. We assume that he must be wholly in ignorance of such things, for otherwise he could hardly have kept a straight face when he was talking to the House Banking and Currency Committee last week.

Mr. Bowles and "Purchasing Power"

Once such information is placed before him, we are certain that he would be interested in knowing how what he likes to call "purchasing power" in the hands of the rank and file of the people, ever reached such astronomical proportions. He certainly would want to be assured that the processes by which the staggering growth in these sums came about had now been brought to an end and, indeed, reversed. When he learned that nothing of the sort has been done or is apparently in contemplation, that, indeed, several programs believed by Mr. Bowles' associates—to say nothing of his "Big Chief"—to be necessary to make prosperity certain must, if given effect, continue the process of adding continuously to the supply of money—when Mr. Bowles hears of all this, he himself might feel the need of a rather prolonged stay in some quiet nook where he could do some real thinking. When he had taken full advantage of such an opportunity he would, we are quite confident,

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Objections to St. Lawrence Seaway

By HON. JAMES M. MEAD*

U. S. Senator from New York

Senator Mead, After Reviewing Legislative History of St. Lawrence Project, Maintains That It Would Affect New York Ports Adversely, and Would Cripple Great Lakes Shipping. Says We Already Have a Surplus of Transportation Facilities, and That New Developments in Existing Transportation Will Increase Capacity 50%. Points Out Need of Protecting the Railroads and Shipping Against Cheap Foreign Competition and Contends That Because Seaway Would Be Closed Five Months of Year, Railroad Facilities Will Be Still Needed but Earnings Would Decline Greatly.

In the past you have heard from speakers who have represented labor or who have spoken for the shipping or the railroad interests or from the point of view of the manufacturer. I desire to speak to you today from the viewpoint of the legislator who looks to the hearings and debates and the record for the facts and for the justification of the proposals before him for determination. The record, to him, is like the testimony or the evidence before the judge or the jury. The legislator cannot be expected to be intimately acquainted, from the point of view of experience, with the problems that affect each industry of the community he serves. But he can and must familiarize himself with the information that is presented to the legislative body to which he belongs.

Sen. James M. Mead

In the matter of the St. Lawrence Seaway, the record is voluminous, it is of long standing and it has been presented to the national legislature on several occasions. On July 18, 1932, the Governments of the United States and Canada signed at Washington, the Great Lakes-St. Lawrence

*An address by Senator Mead before the Labor and Industry Group in opposition to the St. Lawrence Seaway, Washington, D. C., Feb. 25, 1946.

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GENERAL CONTENTS

Editorial

*These items appeared in our issue of Feb. 25, on pages indicated.

International Aspects of St. Lawrence Seaway

By DEAN ACHESON*

Under Secretary of State

Mr. Acheson Advocates the St. Lawrence Project as Developing One of the World's Greatest Natural Resources. Says It Will Promote National Security, Will Expand Our Power Resources, and Is Within Constitutional Powers of Congress to Construct. Holds Waterways Treaty With Canada Will Improve Our International Relations and That the Expenditure of U. S. Funds for Improvements in Foreign Countries Is Not Without Precedent.

The purpose of the legislation before you is to increase the wealth of the United States by developing one of the greatest natural resources in the world, the Great Lakes-St. Lawrence Basin.

The St. Lawrence Seaway is as old in its conception as the history of our country. The search for easy water communication to carry the commerce of the world led explorers and traders through this route 400 years ago. For over half a century the governments of the United States and Canada have worked towards the development of a waterway from the Atlantic Ocean to the great farm lands and factories of the interior of our continent. The Seaway is not a new project. In fact the legislation before you provides merely for a series of improvements of an already existing inland waterway which are the logical sequel to the construction by the United States of such great works as the MacArthur Locks at Sault Ste. Marie and by Canada of the Welland Canal connecting Lake Ontario and Lake Erie. Today the Great

Dean G. Acheson

*Statement by Under Secretary Acheson before the Senate Committee of Foreign Relations Considering the St. Lawrence Waterway and Power Project, Feb. 18, 1946.

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Almost Incredible!

". . . The Ford company made a formal application to OPA for a 55% increase above the 1942 Ford ceiling prices. . . .

"Let me again emphasize that this outrageous request illustrates rather clearly what the public would be paying for Ford cars today if price controls were not in effect." —Chester Bowles.

Henry Ford, 2nd

Chester Bowles

"Our application to OPA on last July 20 was made while we were still at war with Japan. Since fighting had stopped in Europe, the War Production Board decided that limited production of automobiles was in the public interest. A total of 39,910 was fixed by WPB as the maximum number of passenger cars the Ford Motor Company could produce during the last six months of 1945.

"Obviously you cannot make 39,910 cars in six months in a plant designed to produce more than 100,000 every month without greatly increasing production cost per unit. Low-cost depends on volume production, as everyone knows. So when the United States Government—not the Ford Motor Company—fixed production volume it thus determined cost and selling price.

"Let me give a specific example. We decided that 32,750 of the 39,910 automobiles permitted should be Fords. The rest were to be Mercurys and Lincolns. The limitation on quantity fixed our estimated cost on the most popular Ford model at $991.57. The f. o. b. sales price, which included a 5% profit and the usual dealer commission thus became $1,388.20. This turned out to be 55% more than our last peacetime selling price of $895.

"We immediately filed application on prices for these low-volume, high-cost, wartime cars under OPA's wartime general maximum price regulation.

"This action had nothing whatever to do with peacetime price ceilings."—Henry Ford 2d.

Of course, Mr. Ford needs no defense from us.

But evidently the American people do—against any regime, any government, any official, any political party which permits any man to stay in public office a day after he has made any such fortuitous and disgraceful attack on a private citizen as this record shows Mr. Bowles to have done.

Are German Banks A Threat To World Peace?*

U. S. Military Government Contends That German Banks Were Cornerstone of German War Industry and That In Order to Eliminate This Threat to Peace, the Military Government in U. S. Zone Has Taken Measures to (1) Denazify Existing Banks and (2) to Decentralize the Banking System by Creating Independent District Central Banks, With Reserve and Other Regulations as Applied in U. S. Says Plan Is Not Final Step in Relation to German Financial System.

Ask anyone what a country needs to prepare for a war. Most probably you will get a description of huge airplane factories, armament plants, railroads and many other industrial enterprises. Few people would mention the quiet, peaceful, little bank that operates on main street, as one of the important necessities of war preparation.

It is perhaps somewhat difficult to see a threat to peace in a bank. There are no great hydraulic presses, no rows of gleaming lathes, no huge vats and coils. The clicking of adding machines and the murmuring of clerks is a peaceful sound. Yet, this citadel of peace and quiet is even more dangerous to world peace than the factories themselves. It is the corner stone on which the German war industry was built and operated. Today in Germany it is as important to demilitarize the banking structure of the country, as it is to destroy her war-producing factories. A destroyed factory can be rebuilt. . . if money can be found.

To prevent this money from being found, Military Government in the U. S. Zone, has taken two steps toward demilitarizing the financial structure of Germany. The first step, now completed, was an overall denazification of all banking agencies; the second step, still in process, is complete decentralization of the banking system.

The first step, removing all dangerous individuals from banking positions, was successful, despite the early predictions that banking facilities would be hampered. The continued operation of the banking facilities during the denazification was due to the energy with which the MG finance officers sought replacements, and the sound judgment they used in

*Reprinted from Weekly Information Bulletin, No. 23 (Jan. 5, 1946) published by the Director, Office of Military Government U. S. Zone, Reports and Information Branch, European Theatre.

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Senate Group Favors Mininmum Wage Raise

Proponents of a new minimum wage law are reported to be optimistic of its passage by the Senate after its approval on Feb. 14 by what was said to be an overwhelming majority of the Senate Committee on Education and Labor. It is estimated that 6,000,000 workers will receive higher wages under the measure, if passed, as amended. The following are the provisions of the bill, as given by the "Journal of Commerce":

1. An immediate increase in the minimum wage from 40c to 65c an hour for two years. The minimum would then go to 70 cents an hour for a period of two years and would then rise to 75 cents an hour.

2. About 2,000,000 workers no covered by the present minimum wage law would be covered by the new act.

3. New coverage would be extended to include first processors of agricultural, horticultural or sea products. However, an exemption of 14 weeks a year up to 56 hours of work a week is provided in these classifications to permit longer working hours and the hiring of part-time transient workers in harvest seasons.

4. Extension of coverage of all workers in industries affecting interstate commerce. Previously the law covered only workers directly engaged in or producing for interstate commerce. The Wage-Hour Administration and the Supreme Court, however, have held that industries "affecting" interstate commerce come within the meaning of the law and the new provision is regarded as a clarification.

5. All retail establishments having four or more retail outlets which together do an annual volume of business of more than $500,000 are covered. Previously all retail establishments were exempt.

6. All daily papers with a circulation of less than 3,000 are exempt. The law previously included all daily papers.

Increasing the minimum wage is on the administration's list of "must" legislation. A bill identical to the Senate measure is pending in the House Labor Committee, but is not expected to be reported before the Senate has acted.

Atomic Bomb Test Plans Discussed

At a recent White House meeting, plans were discussed for the atom bomb-warship tests to be conducted by the Army and Navy in the near future, it was reported from Washington on Feb. 13, by the Associated Press, which also stated:

"1. It was learned that the ground rules for the test are being fixed by the joint chiefs of staff, with unanimous vote decisions required. This was decided upon as the best method for settling differences among the three armed services and for eliminating in advance some of the expected arguments over the results.

"2. General of the Army H. H. Arnold, war-time chief of the Army Air Forces, told a House committee that the United States 'must capitalize upon the atomic bomb,' backed with a powerful air force, 'to preserve the peace of the world.'

"The White House meeting was attended by Robert P. Patterson, Secretary of War; Secretary Forrestal; James F. Byrnes, Secretary of State, and three of the four members of the joint chiefs of staff, Fleet Admiral William D. Leahy, the President's chief of staff, and General of the Army Dwight D. Eisenhower and Fleet Admiral Chester W. Nimitz."

Our World to Build

By PAUL M. MILLIANS*

Vice-President, Commercial Credit Corporation

Mr. Millians Points Out That the Gravest Danger to Our Traditional Economic System Is Economic Ignorance. Contends National Solvency Rests Upon a Stable Dollar and Balanced Budget, and Holds That Accumulated Savings, the Outcome of Creating Currency for Things Destroyed or of No Use Is a Constant Threat of Inflation. Attacks Continued Expansion and Use of Government Credit and Guarantees and Calls for a Free Economy Under the "Price System" With Individualism as Hope of Country.

For my part of tonight's program I have accepted the thesis of the current year's overall topic of this fine organization—"Our World to Build"—a timely and challenging topic.

And as I think of the challenge which this building job holds for all of us, I am reminded of a cartoon that appeared a few days ago in the Boston "Traveler." It was one of Galbraith's cartoons, "Side Glances." Mrs. Professor Smith was being introduced—perhaps at a Business and Professional Women's meeting—and the presiding officer said, "Mrs. Professor Smith will speak now about post-war problems — she's very hopeful and promises not to mention any of the dreadful things going on."

Now I am very hopeful—but though some dreadful things are going on the best hope for the future lies in telling ourselves the truth about our economic system and in trying to understand how it works. It is time to get down to economic realism.

"Our World to Build"?

James McCarthy, Dean of the School of Commerce of the University of Notre Dame said in a magnificent talk here in New York several weeks ago, "In the Mansion of Literacy there are many rooms. And there is eloquent testimony that our literacy has been far-reaching and in the main triumphant; in literature and in science we have achieved a mature literacy. But there is one room cluttered with false concepts and brooding negatives a room of cant and nonsense, and the legend over the door of this room is 'economics'".

Economic Ignorance

Economic ignorance today endangers our traditional voluntary economic system. There are evangelists of de-Americanization at work in our country and the ideas they propagate, many of which are loaded like revolvers and aimed straight at the heart of traditional America, find root and grow in the soil of economic ignorance.

In making an observation of this scope the question naturally arises, what shall we do about it? And the answer I give—and with humility because of the importance of the question itself—is that we need, all of us who want to live and work in a free economy, to explain what a free economy is—to combat economic ignorance with the economic facts in the present situation.

There are candles of understanding to be lighted in the cluttered room of economics that Dean McCarthy mentioned.

What are they? . . . these candles of understanding that need to be lighted. You will think of a dozen of them—I have selected just one to examine with you here tonight.

Though my candle power may be dim, I want to discuss, within the time of this meeting that I

* An address by Mr. Millians, before the 25th Anniversary of the New York League of Business and Professional Women, Inc., Jan. 26, 1946.

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Conference on Housing Credit to Be Held In New York

A Conference on Housing Credit in 1946 has been called by Henry P. Irr, Baltimore, President of the United States Savings and Loan League, to include managers of the savings and loan associations and co-operative banks in all parts of the country, it was announced at Chicago on Feb. 16. Scheduled for New York City April 11 and 12, the meeting will come at a time when Housing Expediter Wyatt expects his program for stepping up housing production to have gotten under way, and when the rules and regulations for operation under the revised G. I. Bill of Rights will be in use.

Mr. Irr emphasized that financing of the home building and home owning program to relieve the nation's housing shortage will fall to a large degree on the savings and loan institutions, which supply credit for between a third and a half of the small homes in ordinary times, and which have made 85% of the home loans to veterans guaranteed so far. The branching out of these institutions into new fields under the emergency needs of today is suggested by some of the topics on their agenda, as announced by the League President.

"Belga" Discarded as Legal Monetary Unit

Announcement has been made by Belgium of the official demise of the "belga" after almost 20 years of nominal existence as the legal denomination of Belgian monetary unit, which now reverts to the "franc," it was indicated in advices from the Paris Bureau of the "Wall Street Journal" of Feb. 14, which also had the following to say:

The belga was a device adopted to inspire confidence in Belgian money when the country undertook in October, 1926, its first monetary devaluation following World War I. Representing five ordinary fracs, it was intended to disguise the extent of monetary depreciation. It emphasized also its indepedence of the French franc, with which it had been interchangeable before 1914, but whose prospects then as now looked less favorable than those of Belgian currency.

Government officials hoped in time the word "belga" would oust the "franc" in common parlance at home. National banknotes were inscribed in belgas as well as francs. All official exchange rates were quoted in belgas. However, the new word never took root in Belgium or elsewhere.

It is now dropped from exchange lists, and notes bearing its name are being withdrawn progressively under terms of yesterday's decree. This action constitutes a minor indication of the Government's confidence in its ability to defend the franc as it has emerged from the second World War.

The State of Trade

The steady decline from week to week in industrial production came to a halt last week and leveled off to be even with that of the preceding week. Many manufacturers continued to be confronted with the problem of raw materials and labor shortages, yet with a few exceptions, output was at a high point. Despite this showing in output unemployment compensation claims continued on the upgrade, rising slightly the past week. It is reported that by the end of February the Lockheed Aircraft Corporation will trim its personnel overhead costs by 10%, resulting in approximately 2,200 workers being released from that company's payroll. Further reductions will follow until midsummer, it is understood, when the company's payroll may be expected to level off at 25,000 production workers. In the New York area it was reported that effective on Thursday last 6,000 per diem workers were to be discharged from the New York Naval Shipyard in Brooklyn, followed by approximately 1,500 others by April 1st.

Since President Truman announced his new wage-price policy much sentiment is crystallizing in opposition to it. Expressing his views on this question, James H. McGraw, Jr., in an editorial for March entitled "The President's Wage-Price Policy Won't Work," and appearing in all McGraw-Hill publications said in part:

"Unless Congress acts to see that the Administration request for a broad extension of its wartime powers for an additional year beyond June, 1946, is not granted, except upon terms that guarantee the use of such power with a consistency that has been conspicuously absent up to now, we are headed for an explosion."

"The explosion," the editorial states, "will come in one of two forms—either in a continuance of industrial strife, or in a rocketing inflationary boom that can only end in collapse and depression."

Six things, the article urges, must be done:

1. Congress must provide sufficient price relief to yield profits normal to high-level operation.

2. The basis for price relief must be clearly defined and geared to actual costs of operation at the earliest possible date.

3. OPA administrative procedures must be speeded up and streamlined, or the delays that characterized past administration will become intolerable.

4. Congress must see that, once established, the new line is held as long as wartime controls are continued by enforcing restrictions on wages as well as prices.

5. Congress must set an early date for the termination of all wartime controls and provide for progressive and bold steps for decontrol to be taken before that date, as soon as production levels in any field are sufficiently high to restrain runaway prices.

6. It must proceed without delay to marshal fiscal and monetary policies to combat inflation, in order that price controls may be discarded at the earliest possible date.

"The long-awaited wage and price policy," the editorial declares, "offers little promise of such solution, and this may well constitute a national calamity.

"The Administration has justified its policy of promoting wage increases as a measure necessary to forestall deflation—to keep purchasing power from falling and forcing the economy into a violent tailspin. The strict holding-of-the-line on price ceilings has been defended as necessary to prevent runaway inflation."

The editorial points out however, that the President's program for dealing with inflation promotes the very danger which Mr. Truman is urging everyone else to combat and notes that it would have been sensible for the new wage policy to reverse the former practice of lending active encouragement to new wage advances, adding that all wages are now to be raised to the level established by recent settlements.

Continuing, the editorial states, "The only brake applied on the wage side lies in a directive to the Board not to approve, as a basis for price relief, wage advances that go beyond the established pattern.

"The price adjustments granted by OPA on average," the editorial observes, "will yield profits after taxes no larger in dollar terms than in the 1396-39 period, although 1946 manufacturing sales are expected to be more than twice as high. The ratio to net worth of profits after taxes will be one-fourth lower than the 1936-39 average. This clearly undermines the incentives upon which production at high level depends.

"Under these circumstances, there is a growing demand on the part of business groups that price controls be rescinded immediately. It is argued that, once the restrictive influence of price controls is relaxed, capacity production soon will supply sufficient goods to prevent undue price inflation.

"Our situation is definitely more threatening than it was in 1919, after the first World War. If we discard all controls now, as we did then, prices might easily go up from 25 to 50% in a year's time.

"But if the Nation cannot afford to risk disastrous inflation by immediately abolishing controls, neither can business afford to accept the program the Administration now proposes.

"The wage-price policy will not hold the inflation line so long as the Administration is leading the assault to breach that line on the wage side, as it has done ever since V-J Day."

Steel Industry—Difficulties involved in returning struck steel plants to operation, coupled with uncertainty as to price advances for specific steel products, kept both operating and sales departments of the steel industry in confusion last week, according to the "Iron Age," national metal-working paper. Little finished steel was produced in the early part of the week as mills awaited coke oven gas necessary for operation of soaking pits and accessory heating equipment.

No steel deliveries of consequence were expected to be made until the announcement of new prices, states the magazine. Steel companies the past week notified their customers that the price advance was effective Feb. 15. Until the various adjustments are made on many steel products to arrive at an average increase price of $5 a ton, steel shipped will be billed at the old price. When the new quotations have been announced, an additional billing will be made to the customer for material shipped after Feb. 15 for any difference between the old and new price.

The steel industry and the OPA have until March 1 to allocate $4.50 of the $5 a ton price increase among various steel products and until March 8 to allocate the balance. While it may not take that long before prices are announced considerable difficulty may be encountered in arriving at steel price advances designed to alleviate the hardships of the small non-integrated steel mills, the "Iron Age" points out. Paradoxically the products on which many of the larger steel companies are losing money are the semi-finished steels

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AIB Convention Plans Are Announced

The American Institute of Banking, educational section of the American Bankers Association, is planning its first post-war convention to be held at Cincinnati, Ohio, June 10-13 inclusive, it was aannounced on Feb. 11 by David T. Scott, national President of the Institute, who is also Assistant Cashier of the First National Bank, Boston, Mass. The June convention will be the 43rd annual meeting of the Institute. At the convention, representatives of the various A. I. B. chapters and study groups in every important banking center of the United States and its territories will discuss the Institute's post-war educational program. Emphasis in this program is being placed on plans to aid veterans, post-war education for bankers, and reestablishment of departmental and Institute conferences. William C. Way, Trust Officer of the Central National Bank, Cleveland, Ohio, who is immediate past President of the Institute, has been appointed Chairman of the Department Conference Committee which is now active in securing the services of capable conference leaders.

When it was originally planned to hold the convention in 1946, the dates were scheduled from June 11 to 14. Present plans call for the convention to open Monday, June 10, and close the afternoon of Thursday, June 13. The last regular convention of the Institute was held in New Orleans, La., in 1942. In June, 1943, the A. I. B. held a war-time conference in Chicago, Ill., with a restricted attendance, and a similar meeting in St. Louis, Mo., in June, 1944. In 1945 the convention was omitted because of travel restrictions, and a meeting of the Executive Council was held instead under an emergency provision of the Institute's constitution. All restrictions for attendance will be removed for the first post-war convention, which will be held in June of this year.

William A. Reckman, President of the Western Bank & Trust Co., of Cincinnati, Ohio, is General Chairman of the local convention committee, representing Cincinnati Chapter. He is assisted by a General Vice-Chairman, Louis R. Sabo, of the Cincinnati branch of the Federal Reserve Bank of Cleveland, who is President of Cincinnati Chapter, and Arthur D. Snyder, of the First National Bank of Cincinnati, Vice President of Cincinnati Chapter. The Gibson Hotel has been selected as convention headquarters.

Congress Moves to End Bans on Public Works

A resolution by the Senate lifting restrictions halting expenditures on projects not needed for war purposes was passed by the House on Feb. 8, and sent to President Truman. It would permit appropriations for a $500,000,000 rivers and harbors program that was authorized in March 1945, according to Associated Press Washington advices, which said:

The resolution make the public works eligible for appropriations without waiting for the President, or Congress, to declare official cessation of the war. Approval of the measure by the President would mean that funds for the projects could be allotted by Congress, although this year's regular appropriation for waterways already has been passed by the House, and is awaiting Senate action.

Projects authorized but not appropriated for in the 1945 act are in all parts of the country. Among the projects and the estimated first costs are the Great Lakes to Hudson River Waterway, N. Y., $1,010,000, and Jones Inlet, N. Y., $1,800,000.

From Washington Ahead of the News

By CARLISLE BARGERON

There are many Washington observers who think that last Valentine's Day was the turning point in Mr. Truman's Presidential career, or more important, in the country's career. To understand the situation, it must be understood that Mr. Truman is not a "big" man, whatever that means; he has never claimed to be one. It was his earlier inclination to take the controls off of the American people and let free enterprise get to work.

Carlisle Bargeron

But being just a former Senator of one State and thinking in the terms of a Senator, the Leftist reporters pressed him in his earlier press conferences as to whether he supported this particular bill or that particular bill. The ordinary Senator, which Mr. Truman had been, usually favors all appropriations and is against all taxes. This was Mr. Truman's attitude. He wanted an extension of social security, he wanted the FEPC bill, he wanted a Federal setup of health insurance, he wanted anything else which a particular vociferous pressure group happened to be demanding at the time. Mr. Truman thought he could satisfy everybody, because there was a tremendous pent-up demand for goods in the country, and it looked like the country was headed for prosperity. He was told by his advisers, namely Bob Hannegan, who thinks in terms of organized voting blocs, that this was the thing to do in order to hold this bloc vote or that bloc vote. We've got to have a program, Hannegan kept telling him, things we can point to with pride to this or that bloc in the coming campaigns. Whereupon, Mr. Truman sent up to Congress one of the most amazing hodge-podge programs, having no relation to our ability to pay, that Congress has ever been confronted with. When he did this, Mr. Truman thought there was no reason why he should not proceed to have a good time and enjoy the prerogatives of the Presidential office, which means that anytime you want to go anywhere, or if there is anything you want to do, heaven and earth will be turned to arrange it. Mr. Truman was thinking in these simple terms when the CIO moved in and began conducting mass industry and pressure strikes. Reluctantly he had to deal with the situation and damned if it wasn't annoying. With a view to getting off to Florida or some other junket, he proposed several off-the-hip remedies, and they all turned sour.

In the course of these things, and it is a commentary on Mr. Truman's steadfastness when put up against it, the Leftists were trying to make a hero out of Chester Bowles and were seeking to destroy John W. Snyder on the question of whether the "price line," whatever that is, should be held. The issue, as popularized in this country, is whether you want inflation or don't want it. Everybody on that proposition votes no. Bowles was being pictured by the influences behind him as the champion of the great majority who voted "no." Snyder, not a forceful talker, was trying to get over his point that the way to prevent inflation, irrespective of some temporary rising prices, was to stimulate production. This has been the attitude of the majority members of Congress.

We have never had a man take more of a licking in the propaganda of Washington than Snyder took.

Over a period of weeks, Snyder, in the propaganda picture, was labelled as a friend of industry, of steel, though just why that should be a libel of a man, is difficult to understand, except that the Leftists have made it that way. The Bowles aides joined in the propaganda, which was one of the most intensive our propaganda-ridden city has seen in a long time. It was to the effect that either Bowles had his way or he would resign and this meant, according to the accompanying propaganda, that the country would then go to hell. Then came the stories from Chester's aides, peddled by them and nobody else, but which Washington newspapermen accepted, some of them innocently and now apologizing about it, and others purposefully, that there would be a bulge in the price line, whatever that means, but that Bowles would supersede the "inept" Snyder as the big shot in stabilization.

That was when Harry Truman showed his stubbornness. He reshuffled some agencies, he agreed with Snyder that the so-called price line had to be flexible, and he went out of his way at not one but two press conferences to point out that Bowles and his office, whatever the new alphabetical agencies turned out to be, would still be in Snyder's office. The Bowles people, in the absence of his getting indignant and resigning, are still insisting that he has displaced Snyder. Ask Truman privately and see.

The episode means two things: One that Harry Truman intends to be firmer in the future; secondly, that aside from his own predelictions, he has come to realize that the way to cure all of the country's ills and dissipate the blocs and isms, the Leftists and radical labor leaders, is to give the country old-fashioned prosperity. Incidentally, his conservative friends are telling him that that is the best way to be re-elected, not through trying to keep the country in a crisis state and manipulating this bloc, racial or economic, against the other. This means that Bob Hannegan, with his expert, ward-heeling political advice, seems to be in the doghouse, which it is our very definite understanding that he is. Snyder, the milk-toast, as the Leftists describe him, has moved in closer to the driver's seat. And the reason, apparently, is that he has a clear and simple mind and Truman can understand that.

US & Turkey Sign Air Pact

The United States and Turkey signed a "fifth freedom" air transport agreement in Ankara Feb. 2, the State Department announced on Feb. 15, according to United Press advices from Washington in the New York "Herald Tribune" which added:

It provides that an American air line, Pan American Airways, may operate from the United States through Turkey to India. The company is permitted to stop and pick up international traffic at Istanbul and Ankara.

Turkish air lines will receive reciprocal rights on a route through the United States which will be determined at a later date.

The Financial Situation

(Continued from first page)

return to Washington much less certain that he can do what no other man has ever succeeded in doing during the centuries of recorded history —seal off natural forces and take over their functions.

But, so far as can be learned, Mr. Bowles has no intention of taking time for sober thought, or if he had the time would not engage in such a pastime, and since he by profession is an adept at influencing men's minds, it is necessary to combat his influence in and out of Congress if the people of the United States are not to be called upon to pay through the nose for the futile attempts of Mr. Bowles and others of the same mind to make men behave as they have never before behaved. This, of course, entails rebutting arguments and controverting assertions, the weakness and the folly of which really should be plain to the wayfaring man even though a fool. It requires that members of Congress, and the great rank and file of the people, be placed in possession of facts which they may not have at hand and reminded of developments which they may have overlooked.

Wrong Then; Ergo Right Now

Mr. Bowles in his long statement to the House Committee on Banking and Currency had much to say about what he terms the earlier misjudgment of the situation by Washington authorities. It seems to be a trick of the politicians suddenly to find where they went wrong in the past and to parade their mistakes before the public as a reason for keeping them in power. In the hands of a skillful strategist or tactician, it often "works" — to the dismay of the more straightforward claimants for public confidence.

Mr. Bowles makes much of the symptoms of a speculative fever which he finds on all sides at the present moment. One gets the impression that the Administrator finds the chief dangers of "inflation" in the psychological state of the rank and file — and, of course, inevitably in the unpleasant "designs" of the "speculators," "gamblers" and the rest. All this makes a good "thriller" for the children's bedtime hour — if "thrillers" are ever good for such a purpose — but not much else can be said for it. He would have us believe that the trouble is found in widespread belief that the "line" will not be "held," and that accordingly the remedy is to be sought in doing those things which will convince the public that the Government in Washington means business when it says, as does Mr. Bowles, there will be no inflation.

Irresistible

The fact of the matter is, of course, that informed persons are quite convinced that neither Mr. Bowles nor any one else in or out of Washington can very long resist the forces which are today nudging us toward what Mr. Bowles and the others term inflation. In that Mr. Bowles is quite right. He is also probably on strong ground when he points to various speculative or semi-speculative markets as reflecting precisely such notions. What Mr. Bowles and the others fail utterly to understand is that this belief that neither the "line" nor the "bulge" can be permanently held has little or nothing to do with what Washington is doing to prevent inflation or plans to do for the purpose. What these markets and other indications are (or were) saying is simply that no force which any government can bring to bear can put natural laws in shackles and keep them there; that no lasting success can possibly attend the efforts of the would-be controllers in Washington to neutralize the inflationary factors in a situation characterized by incredible additions to money supply, a continuation of policies which add still further to that supply, and the various other associated factors now existing. Least of all, is it conceivable that large increases in wages and other costs of making the goods or performing the services men and women crave can proceed with but little let or hindrance without corresponding increase in the prices which consumers must pay. Not even the "subsidies," prolongation of which is now demanded, can long conceal the price advances which must of necessity follow upon repeated additions to the cost of filling the markets with goods people want.

How Dangerous Is Mr. Bowles?

What thoughtful people have begun to suspect is that they had underestimated the ability of Mr. Bowles and his associates to frustrate and delay the appearance of a flourishing peacetime economy in this country. They probably also had not given quite the attention they should have to the ability of the unions to cause trouble. But the real root of the difficulty was in price regulations which made it all but impossible for employers to reach any sort of understanding with their men which would leave any reasonable possibility of profitable operations. Certain observers are now beginning to wonder if they had not likewise underrated the ability of Mr. Bowles to obtain support in Congress. Perhaps many were a little too certain of the end at June 30 of this year of the laws which made these foolish regulations possible.

But in the long run, there can be no doubt that natural forces will move on over Mr. Bowles and all the rest like a steam-roller over an old rubber shoe.

Miners Ask Same Pay For 35 Hrs. as for 48

A demand for a 35-hour, 5 day week, at the same pay now received for 48 hours and six days, featured the concluding session on Feb. 16 of the wage-scale convention of District 5, United Mine Workers of America, at Pittsburgh, according to special advices from that city to the New York "Times," which also had the following to say:

The delegates stressed repeatedly that they would support John L. Lewis, "no matter what his demand will be."

Also approved were resolutions for more vacation pay and for a renewal of the demand for a royalty of 10 cents for every ton of coal mined. The royalty would be paid by the coal operators into the UMWA benefit fund.

Fear of rapid mechanization of mines drew resolutions that each mine unit consist of a specified number of workers. Delegates charged that, otherwise, many workers now employed would lose their jobs.

The convention also urged that the problem of seniority be "ironed out." Veterans, they held, should receive credit for time in the armed services, but they should not replace workers with greater seniority.

About fifty resolutions on mine safety precautions were offered.

Only one proposal, that of extending the tenure of officers from four years to six years during the next term, threatened to disrupt the five-day meeting. The suggestion was dropped in the face of strong opposition.

Sees Administration Run by CIO-PAC

In a speech in which he asserted that President Truman's administration was dominated by the policies of the CIO Political Action Committee, "derived directly from Marx via Moscow," Senator Robert A. Taft of Ohio on Feb. 12 declared that the return of the Republican party to power is the only way to achieve "American principles of freedom and sound government." Associated Press advices from Kansas City, Mo., reporting this added:

In a speech prepared for delivery before a Lincoln Day banquet here, only a few miles from the President's home at Independence, Mr. Taft said, "Today begins the campaign to elect a Republican Congress in 1946 and a G.O.P. President in 1948."

In an interview earlier today, the Senator told reporters: "It is unlikely that we will get a majority in the Senate. I see electing 13 as remotely possible and we might lose four." If a Republican was elected President in 1948, he predicted, "he would have a Republican Senate."

The basis of any Republican program, Senator Taft declared in his address, must be designed to maintain the "liberty of States and localities to rule themselves without orders from Washington."

"Today that liberty is threatened by the steady spread of totalitarian ideas," he added.

Senate Subcommittee Hearings on Proposed St. Lawrence Seaway

Proponents of the St. Lawrence seaway and power project recently appeared before a Senate Foreign Relations subcommittee to give expression to all conceivable arguments in its favor before those opposed to its establishment were given an opportunity to advance its weaknesses. Edward Macauley, Acting Chairman of the Maritime Commission, on Feb. 19 told the Senators that the seaway is a requisite to the "realization of the full maritime potentials of the nation", the Associated Press reported in its Washington dispatch, adding that on the same day Charles F. Brannan, Assistant Secretary of Agriculture, citing multiple benefits to the farmer, asserted the development would also "increase our nation's economic stability and security."

Another witness who went before the committee on Feb. 19 to give full approval to the project, according to the Associated Press, was Claude R. Wickard, Rural Electrification Administrator who, dealing particularly with the power phase of the long-sought international development, asserted:

"Low cost power resulting from the completion of the project should enable nearly all of the farms in the New England and Middle Atlantic States to receive the benefits of electric service at rates which will permit complete utilization of electric energy."

Mr. Wickard estimated, the Associated Press continued, that cost of St. Lawrence power delivered within a radius of 300 miles will not exceed 3.1 mills per KWH. Present wholesale charges, he said, range from 10.7 mills to 13.3 mills. The Press accounts added in part:

Mr. Wickard said there is "no section" in which complete rural electrification would mean more to the agricultural economy "than to the diversified farming interests of the Northeast."

For each kilowatt hour now purchased by the seven REA cooperatives in New York State, Wickard said "over four times" as much energy could be purchased "without additional cost" if power were available from the St. Lawrence.

"Such a favorable rate," he said, "would enable rural users in New York and neighboring States to enjoy the maximum benefits from electric service and also make it economically possible to extend service to thousands of unelectrified farms."

A statement from Gov. Walter S. Goodland of Wisconsin, which was read to the committee by Irwin L. Lenroot, former Republican Senator from that State, declared that opposition to the seaway was "shortsighted, selfish and based on outworn theories of restrictive economics". Governor Goodland also said that benefits would accrue to agriculture through construction of the project.

On Feb. 20, the estimate of Army engineers as to the total cost to the United States of the seaway and power project was placed before the Senate sub-committee by Lieut. Gen. R. A. Wheeler, chief of the Army Engineers Corps. The figure as revised to $342,016,000 was roughly $57,000,000 more than the engineers' 1941 estimate, the Associated Press pointed out and added:

General Wheeler said that the total cost to Canada will be $277,-484,000, of which $132,672,000 has been expended to date. Of the United States total $31,742,000 has already been spent. The combined total cost of the entire project to both countries is $619,500,000.

Gen. Wheeler gave this breakdown of the total United States cost:

Great Lakes Section—New lock at Sault Ste. Marie with approach channels, $14,637,000; connecting channels, $66,029,000.

St. Lawrence River—Thousand Island section, $991,000.

International Rapids Section—Works solely for navigation, $42,-964,000; works primarily for power, $98,684,000; works common to navigation and power, $118,711,000.

Brig.-Gen. T. M. Robins, retired, former deputy chief of Army Engineers who assisted in the compiling of the original cost estimates on the seaway, told the committee:

"If the cost of the seaway increased as much as 50% it would still be economically justified."

Henry A. Wallace, Secretary of Commerce, on Feb. 21 added his voice to those approving the seaway. From the press accounts we quote:

To evaluate the St. Lawrence project adequately, Secretary Wallace said, it is necessary to consider it in the light of possible national developments in production and trade.

Estimating, on the basis of 1941 studies, that new traffic generated by development of the seaway will total 10,000,000 tons for this nation, Mr. Wallace declared:

"Even if all of this traffic represented a direct diversion from the railroads, the total ton miles lost to the roads would not exceed, at the maximum, one or two per cent of the total ton miles they would be called upon to handle.

All Commerce Department surveys, he said, have indicated substantial savings in transportation charges would result from operation of the waterway.

As to the power phase of the project, Secretary Wallace said:

"Development of cheap power has always brought a correlative development of the area which enjoys its benefits. Power is the heart of American industry. It is clearly more important now than ever before."

On the final day of the first week's hearings, the committee heard a letter from former President Hoover in which Mr. Hoover reiterated his long-time support of the St. Lawrence project. Asserting that it would not harm America's existing transportation system or ports, the former President at whose instance the late President Coolidge created the St Lawrence Waterway Commission in 1924, asserted however, that he still did not believe the Federal Government should undertake to produce and distribute the electric power which would be a by-product of the seaway.

Opposing views by Senator Mead and others were voiced during the week to Feb. 25. For full text of Mr. Mead's statement see first page.

Senate Passes Supply Bill

A Federal agencies supply bill of more than $5,000,000,000 was passed by the Senate on Fed. 18 and returned to the House for consideration of Senate changes. An appropriation for adding a west wing to the White House, as requested by the President was omitted from the bill, but allowance was made, according to the Associated Press in its Washington advices, for $870,000 in White House improvements, and a $5,-000,000 emergency fund was voted; these two items had been rejected by the House. The Associated Press also reported:

"The largest item in the bill is more than $4,000,000,000 for the Veterans Administration to provide hospitalization, disability compensation and other payments for world war veterans. The measure also includes funds for highways."

Substitute "Full Employment Bill" Signed By President—Text of Act

The long-debated employment bill which is a compromise for the administration-sought "full employment" legislation was signed by President Truman on Feb. 20. In a formal statement in which he said that the measure was not all that he had hoped for, the President summarized the major provisions of the bill as follows:

1. The act declares that it is "the continuing policy and responsibility of the Federal Government . . . to coordinate and utilize all its plans, functions and resources for the purpose of creating and maintaining . . . conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing and seeking to work . . ." The Congress by this declaration has accepted a great responsibility.

2. The Congress has placed on the President the duty of formulating programs designed to accomplish the purpose of the act. In signing this act, I accept this responsibility, which I believe is in line with the responsibility placed on the President by the Constitution. This task is so great that I can perform it only with the full and unqualified co-operation of all who are sincerely interested in the general welfare inside and outside the Government. Making this act work must become one of the prime objectives of all of us: citizens generally, industry, labor and agriculture, State and local governments, and the Federal Government.

3. The Act includes a significant provision that will facilitate co-operation between the executive and the Congress in the formulation of policies and programs to accomplish the objectives of the Act. It establishes a joint congressional committee consisting of seven members of the Senate and seven members of the House. This committee is given an assignment of great scope and the highest importance.

4. The Act establishes in the executive office of the President a Council of Economic Advisers, composed of three members to be be appointed by the President with the consent of the Senate. The new Council will be an important addition to the facilities available for preparing economic policies and programs. In carrying on this work, I expect the fullest cooperation between the Council, the Cabinet, and the several divisions of the executive office.

At the outset of his statement the President said:

"I have signed today The Employment Act of 1946. In enacting this legislation the Congress and the President are responding to an overwhelming demand of the people. The legislation gives expression to a deep-seated desire for a conscious and positive attack upon the ever-recurring problems of mass unemployment and ruinous depression.

"Within three years after the first World War we experienced farm foreclosures, business failures and mass unemployment. In fact, the history of the last several decades has been one of speculative booms alternating with deep depression. The people have found themselves defenseless in the face of economic forces beyond their control.

"Democratic government has the responsibility to use all its resources to create and maintain conditions under which free competitive enterprise can operate effectively—conditions under which there is an abundance of employment opportunity for those who are able, willing and seeking to work.

"It is not the Government's duty to supplant the efforts of private enterprise to find markets, or of individuals to find jobs. The people do expect the Government, however, to create and maintain conditions in which the individual business man and the individual job seeker have a chance to succeed by their own efforts. That is the objective of The Employment Act of 1946."

In concluding his statement the President had the following to say, according to special advices to the New York "Herald Tribune" from its Washington bureau:

"I am happy that the Senate adopted this legislation unanimously, the House of Representatives by a large majority. The result is not all I had hoped for, but I congratulate members of both houses and their leaders upon their constructive and fruitful efforts.

"The Employment Act of 1946 is not the end of the road, but rather the beginning. It is a commitment by the Government to the people—a commitment to take any and all of the measures necessary for a healthy economy, one that provides opportunities for those able, willing and seeking to work. We shall all try to honor that commitment."

The enactment by Congress of the compromise Full Employment Bill was noted in our issue of Feb. 20, page 1009.

Referring to the three-man Economic Council which the measure would set up, the Associated Press accounts Feb. 20 stated that an informed source said Mr. Truman is considering for two of these places Gov. Ellis G. Arnall of Georgia and John G. Winant, former Social Security Board Chairman and now Ambassador to Britain.

It was added that the members, to be appointed with Senate approval, will be paid $15,000 a year, the same as Cabinet members.

The following is the full text of the "Employment Act of 1946" as signed by President Truman on Feb. 20:

AN ACT

To declare a national policy on employment, production, and purchasing power, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Short Title

Section 1. This Act may be cited as the "Employment Act of 1946".

Declaration of Policy

Sec. 2. The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power.

Economic Report of the President

Sec. 3. (a) The President shall transmit to the Congress within sixty days after the beginning of each regular session (commencing with the year 1947) an economic report (hereinafter called the "Economic Report") setting forth (1) the levels of employment, production, and purchasing power obtaining in the United States and such levels needed to carry out the policy declared in section 2; (2) current and foreseeable trend in the levels of employment, production, and purchasing power; (3) a review of the economic program of the Federal Government and a review of economic conditions affecting employment in the United States or any considerable portion thereof during the preceding year and of their effect upon employment, production, and purchasing power; and (4) a program for carrying out the policy declared in section 2, together with such recommendations for legislation as he may deem necessary or desirable.

(b) The President may transmit from time to time to the Congress reports supplementary to the Economic Report, each of which shall include such supplementary or revised recommendations as he may deem necessary or desirable to achieve the policy declared in section 2.

(c) The Economic Report, and all supplementary reports transmitted under subsection (b), shall, when transmitted to Congress, be referred to the joint committee created by section 5.

Council of Economic Advisers to the President

Sec. 4 (a) There is hereby created in the Executive Office of the President a Council of Economic Advisers (hereinafter called the "Council"). The Council shall be composed of three members who shall be appointed by the President, by and with the advice and consent of the Senate, and each of whom shall be a person who, as a result of his training, experience, and attainments, is exceptionally qualified to analyze and interpret economic developments, to appraise programs and activities of the Government in the light of the policy declared in section 2, and to formulate and recommend national economic policy to promote employment, production, and purchasing power under free competitive enterprise. Each member of the Council shall receive compensation at the rate of $15,000 per annum. The President shall designate one of the members of the Council as chairman and one as vice chairman, who shall act as chairman in the absence of the chairman.

(b) The Council is authorized to employ, and fix the compensation of, such specialists and other experts as may be necessary for the carrying out of its functions under this Act, without regard to the civil-service laws and the Classification Act of 1923, as amended, and is authorized, subject to the civil-service laws, to employ such other officers and employees as may be necessary for carrying out its functions under this Act, and fix their compensation in accordance with the Classification Act of 1923, as amended.

(c) It shall be the duty and function of the Council—

(1) to assist and advise the President in the preparation of the Economic Report:

(2) to gather timely and authoritative information concerning economic developments and economic trends, both current and prospective, to analyze and interpret such information in the light of the policy declared in section 2 for the purpose of determining whether such developments and trends are interfering, or are likely to interfere, with the achievement of such policy, and to compile and submit to the President studies relating to such developments and trends.

(3) to appraise the various programs and activities of the Federal Government in the light of the policy declared in section 2 for the purpose of determining the extent to which such programs and activities are contributing, and the extent to which they are not contributing to the achievement of such policy, and to make recommendations to the President with respect thereto:

(4) to develop and recommend to the President national economic policies to foster and promote free competitive enterprise, to avoid economic fluctuations or to diminish the effects thereof, and to maintain employment, production, and purchasing power;

(5) to make and furnish such studies, reports thereon, and recommendations with respect to matters of Federal economic policy and legislation as the President may request.

(d) The Council shall make an annual report to the President in December of each year.

(e) In exercising its powers, functions and duties under this Act—

(1) the Council may constitute such advisory committees and may consult with such representatives of industry, agriculture, labor, consumers, State and local governments, and other groups, as it deems advisable;

(2) the Council shall, to the fullest extent possible, utilize the services, facilities, and information (including statistical information) of other Government agencies as well as of private research agencies, in order that duplication of effort and expense may be avoided.

(f) To enable the Council to exercise it powers, functions, and duties under this Act, there are authorized to be appropriated (except for the salaries of the members and the salaries of officers and employees of the Council) such sums as may be necessary. For the salaries of the members and the salaries of officers and employees of the Council, there is authorized to be appropriated not exceeding $345,000 in the aggregate for each fiscal year.

Joint Committee on the Economic Report

Sec. 5. (a) There is hereby established a Joint Committee on the Economic Report, to be composed of seven Members of the Senate, to be appointed by the President of the Senate, and seven Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. The party representation on the joint committee shall as nearly as may be feasible reflect the relative membership of the majority and minority parties in the Senate and House of Representatives.

(b) It shall be the function of the joint committee—

(1) to make a continuing study of matters relating to the Economic Report;

(2) to study means of coordinating programs in order to further the policy of this Act; and

(3) as a guide to the several committees of the Congress dealing with legislation relating to the Economic Report, not later than May 1 of each year (beginning with the year 1947) to file a report with the Senate and the House of Representatives containings its findings and recommendations with respect to each of the main recommendations made by the President in the Economic Report, and from time to time to make such other reports and recommendations to the Senate and House of Representatives as it deems advisable.

(c) Vacancies in the membership of the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as in the case of the original selection. The joint committee shall select a chairman and a vice chairman from among its members.

(d) The joint committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings as it deems advisable, and, within the limitations of its appropriations, the joint committee is empowered to appoint and fix the compensation of such experts, consultants, technicians, and clerical and stenographic assistants, to procure such printing and binding, and to make such expenditures, as it deems necessary and advisable. The cost of stenographic services to report hearings of the joint committee, or any subcommittee thereof, shall not exceed 25 cents per hundred words. The joint committee is authorized to utilize the services, information, and facilities of the departments and establishments of the Government, and also of private research agencies.

(e) There is hereby authorized to be appropriated for each fiscal year, the sum of $50,000, or so much thereof as may be necessary, to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman or vice chairman.

Approved Feb. 20, 1946.

Taft Warns Against "Soaking Rich"

Neither Secretary of State James F. Byrnes nor President Truman had shown that they were good administrators in the opinion of Charles P. Taft, former Director of the Wartime Economic Affairs of the State Department. In his remarks to this effect in New York at the Town Hall on Feb. 9 (as reported in the New York "Times") and which, said that paper, was his first talk there in 18 years, Mr. Taft said that the Chief Executive and his principal Cabinet member did not have enough background and training to qualify as good administrators. The "Times" continued:

As for the State Department generally, Mr. Taft asserted, "the people doing the clerical end of the work there don't have the faintest idea of the standards prevailing in well-run agencies."

Most of Mr. Taft's address was devoted to a discussion of the economics of employment, and he warned against placing faith in several prevalent theories—"soaking the rich," placing all emphasis on consumption and none on necessary investment, complete Government control of business, and vilification of the profit motive and those who believe in it.

Jan. Cotton Consumption

The Census Bureau at Washington on Feb. 19 issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles in the month of January.

In the month of January, 1946, cotton consumed amounted to 811,368 bales of lint and 96,242 bales of linters, as compared with 651,784 bales of lint and 86,303 bales of linters in December and 850,425 bales of lint and 129,296 bales of linters in January, 1945.

In the six months ending Jan. 31 cotton consumption was 4,407,219 bales of lint and 513,383 bales of linters, which compares with 4,870,811 bales of lint and 748,191 bales of linters in the corresponding period a year ago.

There were 2,366,336 bales of lint and 328,268 bales of linters on hand in consuming establishments on Jan. 31, 1946, which compares with 2,380,324 bales of lint and 302,678 bales of linters on Dec. 31, 1945, and 2,292,765 bales of lint and 289,947 bales of linters on Jan. 31, 1945.

On hand in public storage and at compresses on Jan. 31, 1946, there were 9,964,513 bales of lint and 48,271 bales of linters, which compares with 10,504,564 bales of lint and 44,323 bales of linters on Dec. 31 and 12,980,186 bales of lint and 28,679 bales of linters on Jan. 31, 1945.

There were 21,629,882 cotton spindles active during January, which compares with 21,551,960 cotton spindles active during December, 1945, and with 22,260,842 active cotton spindles during January, 1945.

Our World to Build

(Continued from page 1134)

may appropriately use, the question of government spending. I have selected it because whatever we hope to achieve as a nation rests upon a stable dollar and national solvency. And toward the end—a few remarks about a planned and controlled economy, because this thought is frequently interwoven by the classic economist with the question of government spending — "compensatory economy" some call it.

However, may I first protect my remarks by saying that I shall not be discussing war spending—the amount of the war debt is the price we must again pay in the bazaar of war for political and economic freedoms. Rather, I shall be discussing deficit financing as an instrument of public policy. I shall not be discussing controls that were a necessary part of our war economy. Rather, I shall be discussing the philosophy of a planned and controlled economy.

Government Spending

There is a delusion that war has made us prosperous when actually war deficits added to a decade of peacetime deficits have created a debt and credit expansion which predisposes to considerable trouble as an inflationary force. We find ourselves as a nation in the uncomfortable position of having billions of war savings that are a threat to the immediate future value of our dollar in terms of purchasing power.

And the reason for this is significant as a prelude to what I shall say later.

The billions of war savings are savings created by dollars used to pay people for producing goods now destroyed or of no use. They are not dollars which represent true wealth in forms of consumer goods, property resources, or useful tools of production.

No goods were produced to be bought with these savings. And here is my point: When and if we can get into production, goods produced currently will create their own buying power; and therefore spending of war savings merely dilutes the buying power of money currently earned.

There is an arresting necessity for us to discourage the spending of wartime savings until accumulated savings and current earnings can be spread over maximum production. If we are to lessen the threat of wartime savings as an inflationary force, goods currently produced should be bought out of the current income which their own production creates.

But this explanation of why war savings constitute an inflationary threat is not an attempt to appear scholarly.

It is intended to show how an expansion of credit—dollars—to pay for goods destroyed and of no use dilutes the value of money. And whether for purposes of war, or in some make-work project of peace, an expansion of public credit for unproductive purposes has the same effect on dollar value.

Money is merely a catalyst for exchange of goods produced. Money spent for non-productive purposes competes with money spent for productive purposes and dilutes the value of each. Both move to a common level—there is no way to separate the productive dollar from the non-productive dollar.

Yet, most of the solutions being offered today to solve our social and economic problems are in the form of greater use of government credit—more money and credit and new forms of guarantees, all of which will merely aggravate inflationary forces.

We have gone far enough already in the use of our government's credit. If we are to keep proper stability in our price structure we must pull up drastically in the expenditure of federal funds for non-productive purposes in excess of current tax income.

Balanced Budget Essential

Tax income should be the limiting factor in all government expenditures. The master key to the future of dollar stability is the familiar-sounding but misunderstood balanced budget. Whatever social objectives we hope to achieve, whatever subsidies are justified, whatever financial aid we should give to impoverished and defaulting nations of the world—all these depend upon a balanced budget. For the logical and unavoidable end of a progressively increasing government debt is a rotting currency which destroys all savings, all gains of personal thrift. It destroys all meaning of purchasing power—a bigger pay envelope is a fake and a delusion unless there is a correspondingly bigger market basket on the kitchen table.

A balanced budget, as we move into the peacetime years, ahead, is the one and only key to a satisfactory economy of peace. It is the one way to economic and social progress. The opposite way of growing government deficits is the way in which preceding democracies have gone to their destruction.

Proven patterns of the past which history establishes supports this statement and they have been too impressive and too regular to be ignored.

Political and economic history shows that in free governments of the past there has always been a tendency to create new causes for expenditure, and instead of compensating such expenditures by collecting taxes, the tendency has been to shift the burden from the present to the future. Taxes are not popular. Politically conditioned men in a democracy do not discipline harshly those empowered to vote them out of office.

It is this temptation to expand public credit in a democracy rather than to resort to taxes that caused Alexander Hamilton in his Second Report on The Public Credit to call a progressively increasing public debt "the natural disease of all governments".

And in concluding our discussion of government spending I offer as a sugestion for present consideration the recommendation that Hamilton made in his Second Report on the public credit: "To prevent a progressive accumulation of debt", said Mr. Hamilton, "the creation of debt should always be accompanied with the means of extinguishment, the true secret of rendering public credit immortal".

If we are to avoid a ruinous inflation in this country we must quit diluting our currency by deficit financing. We should without any delay withhold expenditures of public funds that cannot currently be compensated by taxes.

Dangers of Planned Economy

And this brings us to a very brief discussion of a planned and controlled economy.

There are those who agree that government debt cannot go on increasing without dire economic consequences, but they contend, and the thought tenants the minds of some men high in government, that government can so plan and control our economy that high national income can be assured, out of which high taxes can and will be freely paid.

The idea that our economy can be planned and controlled by government is penetrating insidiously into the body of American democracy. How grotesque!

It is a fallacy buried in a grave 1644 years deep. From fabulous Rome with all of its powers of Empire down to O. P. A., no plan for controlling an economy has ever been durably successful.

Between Plymouth Rock and the Declaration of Independence there was a period of 200 years of American history when every conceivable type of economic control was tried and every one failed. In the history of many Utopian societies that grew for a few brief years in this country in the middle 19th Century and soon withered, we can find nothing to justify any prediction that a planned and controlled economy can succeed.

Ours is a price economy. Prices are values and value knows its laws and follows them in spite of decrees and penalties. Prices will reflect eventually every human and economic force, debasement of coinage, deflation and inflation. And all the king's horses and all the king's men can't stop values from functioning in accordance with natural human and economic laws.

I end as I began...

If we want to continue to live and work in a free economy we must combat economic ignorance. We must, all of us who want to work and live in a free economy, explain in everyday language just how a free economy works.

"Our World to Build"?

For our part of that world let us solidly build on political and economic principles through which America has grown great and there are tidings of a new and still greater America beyond the sunset.

America grew great through problems overcome by self-reliant men, free thinkers, independent spirits. Let us not make the mistake of trying to solve our current problems by adding them together in government. Individualism is the hope of this country—any affinity for some collectivist form of economic effort would be the affinity of the moth for the flame.

Improve traditional principles where we can, but let us ever keep through the advancing present a grand unity with all of America's great past.

We owe this to ourselves. We owe it to our grandchildren. We owe it especially to the young men and women of America who rest under white crosses all over the world and beneath the ever-changing waves of all the seas. They died for this America, "this last best hope on earth"!

Are German Banks A Threat To World Peace?

(Continued from page 1134)

making their selections. As a result the banks are enjoying an increasing public confidence, under a new and clean management.

The second step, breaking the highly organized, machine-like, banking system down into small functional units, is one of the most important steps yet taken to prevent Germany from again becoming a warrior nation. This huge banking monopoly was the instigator as well as the supporter of the huge economic bludgeon which enabled Germany to smash Europe to her knees.

Banks Build Industry

In Germany, more than in any other country, the money for industry has been obtained from banks. Germany does not have the traditions of private investment, such as those of the United States and Great Britain. Because Germany's industrialization came relatively late competition from other industrial powers left too little time to develop a class of private investors, or to build up capital reserves out of profits. To get capital in a hurry, industry turned to the banks.

The banks willingly committed themselves heavily in industrial shares. This is forbidden in the United States because industrial stock shares are not a completely stable or liquid investment. Their value fluctuates from day to day. If a bank buys industrial shares with a depositor's money on one day, there is no guarantee that it can sell the shares for the same amount when the depositor comes to withdraw his money on the next.

Furthermore, the banks in Germany actually created money to make investments in industry. All banks have the unique characteristic of being able to lend money they do not have. This is because people are content to accept the bank's promise to pay, in the form of a deposit slip or check. A borrower therefore usually receives a deposit, uses it to make payments by checks, and the checks in turn are simply deposited in another bank account. No cash actually changes hands. The result is that money is created out of thin air.

German Banks Combined

The Germans used this system to great advantage. Not having a minimum reserve law, (which would prevent the banks from lending out more than a safe percentage of their cash) the German bankers loaned out their money until their reserves fell to 6% or less of the cash on hand. This increased their ability to make industrial investments but left just enough cash to meet daily transactions. This low working margin caused the banks to be very sensitive to economic disturbances. To make these banks more stable and to provide even greater money creating powers, the banks tended to combine into large semi-monopolistic units dominated by centralized banks, with headquarters in Berlin and branches throughout the country. The most important of these are the so-called "Big Five" banks, the Deutsche, Dresdner, and Commerz banks, the Berliner Handelsgesellschaft and the Reichs-Kredit-Gesellschaft.

But all this increased money-creating efficiency demanded general stability if it was to survive. If depositors suddenly lost confidence and demanded cash, there was bound to be a collapse. The banking system woud not have enough cash to meet the demands. Therefore, the banks had to protect the apparent value of their non-liquid industrial investments. This was done by placing their own people on industrial Boards of Directors, and by encouraging the formation of industrial cartels and trusts. Firms which refused to join the cartels or other combinations, or which threatened the value of some large bank investment by producing goods cheaply, could not get credit, and therefore found it impossible to continue in business. When banks were heavily committed in two firms in the same business, they encouraged the two firms to combine rather than lose money by competing.

Thus the banks were part of the great concentration of economic power in Germany, and the chief instigators of that concentration. The concentration of economic power was one of the first steps in the mobilization of Germany, and was one of the reasons Germany was able to organize and support World War II.

Secret Rearmament

Between the two wars, secret industrial armament was carried on in Germany. Money was provided for this by the large banks. The German bankers, in their capacity as directors and owners of many of the most important industries, participated in the quiet and long-drawn-out preparations for war. To many bankers, the advent of Hitler meant salvation. It meant the industrial prosperity which always goes with rearmament, and the rescue of the assets of their banks which were frozen in industrial firms. It is not surprising that the two most prominent bankers in Germany—Dr. Schacht and Baron von Schroder—were early and generous supporters of Hitler.

Under the nazi regime, the banking system played an indispensable part in financing war. Its great money-creating efficiency made it possible to provide the huge funds needed the rearmament and aggression, without causing obvious inflation such as that which ruined Germany during the last war. The banks, and particularly the central bank or Reichsbank, also provided technicians to assist in looting the occupied countries, without which Germany could not have continued to fight. Individual German banks established or used existing agents to exploit all Europe, both for private profit and for the good of the nazi regime. "Respectable" German bankers, were used to preserve nazi assets in Switzerland and the other neutral countries.

Decentralized Banking

All this is now well known by the leaders of Military Government. The first two steps will prevent it from happening again. The denazification of the banking system will remove those persons who desire to renew the excess money creating powers of Germany, which can only be used profitably for war; and the second step will remove the system which permitted these persons the opportunity to build a war machine.

Under the new decentralized banking system each Land will establish a central bank. This will be a banker's bank for clearing checks, and for the movement of funds between banks of other Laender in the U. S. Zone, and the other zones of Germany. These central banks will also help the commercial banks meet extraordinary demands for credit and act as bankers for their Land Governments. However, they will not print their own currency or be permitted to compete with the commercial banks for ordinary commercial business. Coordination and uniform supervision of the three Laender banks will be assured by the establishment of a banking council for the entire U. S. Zone.

The commercial and savings banks, which will deal directly with the public, will be required to keep a minimum reserve of their assets on deposit with the central bank of their Land. These reserves will be on hand to settle clearing balances. Keeping these reserves on deposit with the central bank of the Land, will provide increased stability and safety for the individual banks, since they will no longer be able to deplete their liquid reserves beyond the danger point.

No bank will be permitted to have or establish branches outside the Land where it locates its principal office. The predominance of Berlin will be ended. Decentralization will continue with the aim of limiting all banks to the Landkreis or Stadkreis in which they choose to locate.

This program is not intended as the final word on the German financial system. It is, rather, a step forward in a direction which is known, whose length or exact path may well be modified by future quadripartite decisions. It is carefully planned, however, so that no backtracking will be necessary, so that it will form part of the future financial policy, which in turn forms part of the principles established by the Potsdam Agreement.

Observations

(Continued from first page)

cisco, Potsdam, at London last Fall or during the recent Vishinsky-Bevin brawls, or when Uncle Joe expounded his "Mein Kampf" a fortnight ago; and besides, a war would all the more assure the coming of a real inflation with a rise in equities.

"There are doubts about the Administration, and its economic program is clouded"—true, but surely this represents nothing new; if anything, the Government's aims are less clouded and less anti-business than they were during the feverish market rises of a month ago. **Again, the labor situation and the slowness of reconversion are complained of**—but the bull market adage is never to sell the market on strike news; since the bullish excitement there has been settlement of some major strikes; and all figures show the attainment of record peacetime production.

Then there is the complete psychological turnabout toward the factor of delay in favorable events, which is deemed constructive in bullish periods. During the recent period of rising prices such delay was demonstrated as a bullish point on the theory that the "ammunition" of good news was not being expended. Now with the reversal in market prices, the completely opposite version is embraced.

Only one prediction about the market can be made with absolute confidence. With the next upswing in prices, "Wall Street" will again perform a psychological somersault, completely reversing its interpretations of the important continuing political and economic elements—ex post facto, of course!

* * *

In its indicated intentions in controlling capital investment and Stock Exchange activities, the British Labor Government is conforming to its all-over policy of "gradualism." In this segment of the economy, as elsewhere, it is unwittingly developing a hybrid situation which is neither "capitalist fish" nor collectivist fowl."

Both in the principles pertaining to the widely-heralded Investment (Control and Guarantees) Bill, and in its contacts with the Stock Exchange, the new Government is to a great extent pursuing traditional policies. As the "Economist" of London has said, in commenting on the new Capital Issues Committee: "These administrative shackles are no socialist revolution. . . . the Government have gone out of their way to avoid change, either for better or for worse, in the existing form of control." It seems that in lieu of engaging in thorough overall planning out in the field, the National Investment Council is functioning as a coordinating body "in the council chamber." And in many ways the central direction is restrictive rather than expansive.

The pervasion of capital and security-trading regulation by this gradualism, which has keynoted the policy toward the Bank of England, is evidenced by the exclusion of the all-out planners by the Treasury's concepts of control. Thus there is now general agreement that the Capital Issues Committee, in lieu of being an instrument of reform, will be closely guided by the Treasury and will not radically depart from its traditional policies. In the recent words of the "Economist," the Government measures "are not even a blueprint for an investment policy; they merely crib a piece of Treasury machinery adopted by their predecessors, and add a little free-hand drawing of their own."

The basic emphasis of the new financial legislation is on the control of new capital creation; but once the securities have been created, their marketability, as well as the trading practices respecting previously outstanding issues, is quite unfettered. The activities of the City (London's Wall Street) are for the most part remaining self-administered and autonomous, within the framework of basic Government policies like those arising from foreign exchange control. On specific matters like issues on bonus terms and rights, the Treasury has informally given general directives to the Exchange authorities, leaving the technical codification and administration entirely to them.

"Reform" in the Stock Exchange sphere is occurring by way of form rather than substance. In the recent words of an official of the Share and Loan Department, there has been "merely a tightening up of previous somewhat informal arrangements. The new lists of requirements are those which have for a long time actually been in effect administratively." As to whether the Government will in the future participate administratively in Stock Exchange supervision, the best informed British observers believe that this will depend on how long the Labor Government will remain in power, but that in any event the degree of control here will continue to lag considerably behind that over other segments of society.

* * *

In Canada there is no centralised qualititative control or direction of the course of investment; and there is none in prospect. However, as in England and in the United States, there has been a great drive on interest rates and yields, through central bank open-market operations—with quantitative repercussions on bond investment, speculative activities, and general inflation of capital markets.

* * *

The marked retardation of British nationalization in industry as well as finance, can be appreciated from the week's remarkable speech by the National Union of Mine Workers leader, Will Lawther. Speaking like the toriest Conservative M.P. at a labor rally in Newcastle, he cautioned his fellow trade-unionists that publicly owned industries must be run independently of political control. On the question of timing of reform he was similarly orthodox, saying "you cannot expect, nor should you attempt, to bring all industries under public ownership simultaneously . . . you have got to proceed by stages."

Senate Group Approves Temporary Vet Housing

After hearing only three witnesses, a housing subcommitte of the Senate Education and Labor Committee, on Feb. 15, approved a bill introduced by Senator James M. Mead (D.-N.Y.), designed to supplement an appropriation approved several months ago for $191,900,000 for remaking war housing and Army barracks into temporary homes for veterans. The additional measure would authorize a further $250,000,000 to provide 100,000 more temporary dwelling units for ex-servicemen. The witnesses, who described the measure as an "essential" preliminary to the Administration's veterans' emergency housing program, were, according to advices from Washington to the New York "Times", Senator Mead, Administrator Wilson W. Wyatt of the National Housing Agency, and Philip M. Klutznick, Commissioner of the Federal Public Housing Authority, which handles the program. The "Times" advices continued:

"'As a stop-gap, however, this emergency housing can supply livable and decent shelter for veterans with relatively little outlay of new materials and labor,' Mr. Wyatt said.

"The officials reported that applications from municipalities and colleges exceeded 331,000 units or over three times more than could be supplied under the previous appropriation.

"A total of 557 local governments have applied for 191,000 units, while 889 educational institutions have applied for 140,000 units, according to Mr. Klutznick, who estimated that the cost per unit of removal and re-establishment would amount to around $2,000.

"Senator Mead declared that the additional 100,000 units 'would assure full use of the Federal Government's existing housing resources to help meet the emergency,' and added:

"'In practically every city or town throughout the country, veterans and their families are in desperate need of housing. On practically every college or university campus, the veterans' educational program under the GI Bill of Rights is jeopardized by lack of housing, particularly for married veterans. In fact, there are numerous accounts in the newspapers of colleges turning away married veterans solely because there is no housing for them."

Market Transactions In Gov'ts in January

During the month of January, 1946, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of $8,137,000, Secretary Vinson announced on Feb. 15.

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

1944—		
January	$9,924,000	sold
February	105,100,000	sold
March	11,500,000	sold
April	16,511,300	sold
May	9,965,000	sold
June	20,500,000	purchased
July	18,484,000	sold
August	18,992,500	sold
September	28,100,000	sold
October	*	
November	5,900,000	sold
December	12,000,000	sold
1945—		
January	$67,475,000	sold
February	48,131,000	sold
March	2,940,000	sold
April	55,600,000	sold
May	34,400,000	sold
June	56,414,050	sold
July	17,000,000	sold
August	150,000	sold
September	12,526,000	sold
October	300,000	purchased
November	No sales or purchases	
December	No sales or purchases	
1946—		
January	$8,137,000	sold

*Less than $50,000 sold.

Warns of Severe Inflation

(Continued from first page)

their families," Mr. Parkinson stated.

"The interest return on the investments of a life insurance company is a major factor in determining the cost to policyholders of life insurance protection. The more that interest rates are depressed, the greater is the cost of protection to policyholders. As an example of how the current low interest rates penalize policyholders, a 1% increase in the net return on investments of the Equitable Society to around 3.81% as it was in 1933, would be equivalent to $35,000,000 to $40,000,000 per year, or not far from the entire amount set aside for payment of dividends on individual policies in 1946.

"Public officials who boast of the beneficial effects of low interest rates, brought about deliberately by Government controls of the money market, are failing to recognize the costs that such a policy involves, immediately and in the long run.

"If prices and the cost of living continue to go higher, all life insurance policyholders and their beneficiaries will eventually find that the dollars which they are paid will not purchase the goods and provide the services which were planned when their policies were taken.

"What the threat of eventual shrinkage in the value of life insurance protection through inflation means to policyholders can be seen from the fact that current payments by life insurance companies to policyholders and beneficiaries are upwards of $2,600,000,000 annually. If inflation should result in reducing the real value, or purchasing power, of such continued payments by one-half, the annual loss in life insurance protection alone would amount to $1,300,000,000. This sum is equivalent to interest at one-half of one per cent on $260,000,000,000. The present benefits of low interest rates are, to say the least, questionable, if the eventual result of the policies which make for low rates is social insecurity.

"Low interest rates and high prices, however, are merely symptom of inflation. Inflation itself is debasement of the currency—and this stems from the Government's fiscal policies."

Pointing out that bank deposits and money in circulation have skyrocketed to $175 billions currently from $55 billions in 1929, $65 billions in 1939 and $112 billions in 1943, Mr. Parkinson declared that a chief cause of this has been the inflationary results of the sale of Government bonds to the banks by the Treasury or the purchase of Government bonds on the market by the banks.

Mr. Parkinson outlined a four-point program to avert the threat of extreme inflation, as follows:

1. Balance the Federal budget and stop any kind of deficit financing.
2. In whatever tax reductions we may make, we must see to it that the Government revenue is still sufficient to supply a surplus out of which, annually, there can be some reduction of the huge debt that now burdens the people of this country.
3. The Federal Reserve authorities should abandon their fanatical desire for "easy money" at any price, and establish a fiscal policy which will look to soundness in the future. Specifically, they must stop trying to depress interest rates by adding to the nation's money supply through banks' purchase of Government bonds, either directly or on the market. A low interest rate is not worth the price it costs all the people.
4. The member banks of the Federal Reserve should exercise their legal control of the boards of directors of the local Federal Reserve Banks to help the national Federal Reserve Board and the governors of the local Federal Reserve Banks to escape the control of fiscal policies by the Treasury so that the Federal Reserve authorities may carry out the needed fiscal changes recently indicated by Governor Eccles and President Sproul.

Gardner Succeeds Bell In Treasury Post

President Truman's choice of successor to Daniel W. Bell, as Undersecretary of the Treasury, is O. Max Gardner, former Governor of North Carolina, advices from Washington to the "Wall Street Journal" stated on Feb. 19. A Washington lawyer since 1933, Mr. Gardner is not known to have had any previous experience in banking, but is said to have dealt with corporate finance in his legal capacity. It is also stated that he has a wide reputation as a tax attorney. The "Wall Street Journal," in reporting that Mr. Gardner's nomination had been sent to the Senate, went on to mention that he had been closely associated with Secretary Vinson for the past several years, having been Chairman of the Advisory Committee to the Office of War Mobilization and Reconversion, of which Secretary Vinson was also a member. Mr. Gardner's nomination was understood to be in accord with the wishes of Mr. Vinson. Also, he is generally accepted politically within the Democratic party.

The nomination of Mr. Gardiner to be Under Secretary of the Treasury was sent to the Senate on Feb. 18.

Fairchild Index Says Retail Prices Showed Decline in January

Retail prices in January, based on the Fairchild Publications Retail Price Index, lost the fractional gain that was recorded in December. The Index, as of Feb. 1, at 113.5 shows a decline of 0.1% to the same level as on Dec. 1. The fractional decline in the Index was due to OPA readjustment in several items. The composite Index shows a gain of 0.1% over the corresponding period a year ago and an increase of 27.7% as compared with the 1939-40 low.

The Fairchild report issued Feb. 18 also said:

"Changes during the month occurred in piece goods and women's and infants' underwear. As compared with a year ago each of the major groups showed fractional changes, with piece goods and women's apparel showing the greatest changes.

"In contrast to the previous month, many of the items used in the Index showed changes. This includes silk and woolen piece goods, sheets and blankets, aprons and house dresses, furs, women's wear, men' underwear and shirts, men's clothing, infants' underwear, luggage and electrical household appliances.

"Changes in prices for the remainder of the year will be much greater than during the past 12 months, according to A. W. Zelomek, economist under whose supervision the Index is compiled. He points out that the wage and price announcement will be reflected in higher retail prices. The gain in wholesale levels between now and the end of the year may approximate 7½% and part of this will be reflected in higher retail levels."

International Aspects to St. Lawrence Seaway

(Continued from first page)

Lakes-St. Lawrence System lies like a great highway of commerce stretching for 2,400 miles from Newfoundland into the industrial and agricultural heart of the United States and Canada, its potentialities for producing wealth limited only by some rapids between northern New York and Montreal where the existing canals are too shallow for most ocean-going vessels. The question now before you is whether this short obstruction should be removed.

Secondly, the legislation would provide for the construction in the International Rapids Section of hydroelectric power works which would convert the torrential flow of the St. Lawrence into one of the greatest sources of cheap power in the world. The single power dam to be built will have a generating capacity of 2,200,000 horse power half of which would be made available to Canada and half reserved to the United States. The bill before you would wisely provide that the United States share of these power facilities be turned over as a public power project to the state of New York which will share with the Federal Government in the cost of the project.

It is estimated that all of this will cost the United States some $285,000,000 on the basis of 1941 figures, of which about one-third would be paid by New York so that the total cost to the Federal Government would be something under $200,000,000. Some of the work allocated to the United States and included in this estimate, such as the MacArthur Locks, has been done since 1941 and there will be some changes in these figures as the result of price variations. The Corps of Engineers will address themselves to this point.

International Negotiations Required

What is the interest of the State Department in this matter? The obvious basis of the State Department's interest is that for geographical reasons the St. Lawrence project must be built in cooperation with Canada. The working out of the plans has required negotiations over a period of many years with the Canadian Government on a variety of questions such as sharing of the cost, engineering plans and so forth, in the negotiation of which the State Department has cooperated with other agencies of our Government. The result of these negotiations is the Agreement of March 19, 1941 with Canada the approval of which is provided for in the pending legislation. The negotiation and execution of this Agreement in cooperation with Canada would in itself constitute a remarkable example of international cooperation.

But, it may be asked—aside from this are not the issues involved pretty much of a domestic character just as in any other public works program? The answer to that is obviously "yes—in part"—but there is a larger interest that our Department has in the matter which in turn is intimately related to the principal question which must be asked about this legislation, namely—What does the United States get out of all this to justify the expenditure involved?

Promotes National Security

From the standpoint of our national security, the answer to that is clear. I have here a letter from the Secretary of War which states that the construction of the Seaway is a matter of importance to our national defense. The full statement which I hereby offer for the record reads as follows:

Feb. 16, 1946

The Honorable
The Secretary of State.

Dear Mr. Secretary:

In conformity with your request of 5 November 1945, the Joint Chiefs of Staff have examined the matter of the Great Lakes-St. Lawrence Seaway and Power Projects and their effect on the national security.

The principal factors which influence the consideration of these projects in the interest of the national security are that, in the event of a national emergency, they would provide:

(a) Shipbuilding and ship repair facilities, located in a relatively secure area, capable of expansion and of conversion for handling deep sea vessels, which could be used to supplement coastal shipyards.

(b) An additional line of communication, navigable by ocean shipping, which could, by diversion of some cargo for overseas destinations, ease the strain during wartime on rail transportation and port facilities of the East and Gulf Coasts. This seaway could also serve as a reserve route to be used in the event of interruption of other routes by enemy action.

(c) A large source of cheap, dependable power, which can be generated without the use of coal or other critical combustibles and without use of crowded rail or highway transportation facilities; this power would be available in an area which, during World War II was a power deficit area.

The foregoing factors prompted the Secretary of War to support the projects in 1941 in the interests of national defense. In the light of the experiences of World War II, in which total mobilization became a near actuality, it is evident that the prospective increase in our war potential that would have been contributed by these projects, had they been completed, would have been of material assistance in prosecuting the war. It is probable that attainment of success in any future world conflict would require utilization of the ultimate production and transportation facilities of the United States and possibly Canada. The Joint Chiefs of Staff consider that it would be in the interests of national security to complete projects, such as these, which would have distinct military advantages and would materially increase the industrial and transportation potential of the United States.

Although the St. Lawrence Valley is a possible route for invasion of eastern North America, the Joint Chiefs of Staff consider that construction of the proposed works would not facilitate invasion by that route since the power plants, locks and canals could readily be rendered unusable in the event such action became necessary.

ROBERT P. PATTERSON,
Secretary of War.

But from the standpoint of the development of our national wealth the advantages of the construction of the Seaway are even greater. The heart of our agricultural and industrial wealth lies in the great middle section of the United States around the Great Lakes. Almost unique among the highly industrialized sections of the world, our middle western manufacturing areas have grown up far away from ocean transportation. One of the chief reasons for this, of course, has been low cost inland transportation on the Great Lakes. But since the First World War this area has progressively grown into a surplus producing area which now must ship its products not only within the United States but to foreign countries and which must procure its raw materials not only from within the United States but increasingly from abroad. For all of this a water route to the sea is needed. Our farmers in this area have competed in world markets despite their transportation disadvantages.

The time has come when we can no longer be profligate with our natural resources. To maintain our production in the middle west at the increased rate which will be necessary to supply jobs for our working population—including returned service men—at the standards of living to which our people justifiably aspire, we must make use of every single profitable resource that we have available. Our great civilization in the middle west has competed in the world market despite our higher living standards and higher costs, not only because of the special genius for production of the American people but because we have had in the United States conditions of climate, natural resources and fertility of soil which have made it possible for us as a nation to get more out of what we put into the job of producing goods, relatively speaking, than any other country in the world. We have had in other words a margin of superiority in this respect that is the basic reason for the miracle of our industrial development and of the staggering production performance of the United States during this war. We must make our plans carefully to maintain this margin of superiority and to go constantly forward in our industrial and agricultural development. For this purpose, we have negotiated and submitted to the Congress for approval the agreement with Canada that is now before you.

The St. Lawrence project has been described in the Department of Commerce Survey of 1941 as "among those projects which will reduce the expenditure of human energy per unit of product produced." It will make it possible not only to cope with the transportation problems which will arise as our present Great Lakes industries call upon the outside world for more and more raw materials, but it will also help to serve other industries which may be expected to develop in this area in the next 30 years. It will enable the farmer to get more out of his wheat crop and perhaps to make his crop larger to the extent that he can economically compete in the world market. Finally, as our efforts to build up an expanding world economy are successful, the Seaway will assist us in maintaining our share of the markets of the world—and will make it physically possible to move the increased volume of trade to which we must look forward.

Power Resources

Added to this we shall be harnessing the waters of the International Rapids Section so that we can utilize to the fullest extent this great source of cheap electrical power. The results are incalculable in terms of increased wealth and added purchasing power for our nation. We have already seen what the TVA, the Boulder Dam and the Grand Coulee have done for their respective areas. The part of the United States which would be served by the St. Lawrence power development has been a power deficit area and also needs the stimulation of low cost power. The value of water power has long been recognized in other countries. The Committee members undoubtedly have seen recent reports that water power generated in Norway will be made available across the Skagerrak for consumption in Denmark. In the Soviet Union, China and other parts of the world, water power development is constantly increasing. We must make certain that the development of our power resources keeps pace with our industrial development. While the deep water navigation through the St. Lawrence will promote international trade, the power made available by this project will serve the same end. Every bit of power that we add to our capacity increases our ability to use the world's raw materials and to provide the finished goods which are needed in our own and other areas. The time has come when we can no longer afford the enormous waste of wealth that is involved in our failure to harness the energy of this river.

Not least among the advantages of the St. Lawrence project will be the benefits that it will bring about also for our neighbor Canada. For years the waters of the St. Lawrence have been a source of mutual concern to our two countries. The Canadian Government has already made important improvements in the waterway at its expense which the United States is entitled to and does utilize free of charge. The cost to Canada of the Welland Canal and certain less important improvements in the system has been about $133,000,000. It is proposed that Canada will be given credit for these expenditures in arriving at the over-all division of cost between the two countries in the construction provided in the pending agreement. Furthermore, the economic development of the Great Lakes Basin in Canada is naturally of interest to us since Canada has long been our second best customer and we in turn are Canada's best customer. The stronger that Canada becomes the better it is for us.

Effect on Railroads

The Department of State realizes that there are interests in this country that object strongly to this program of construction. Some railroads believe that their capital investment will be prejudiced through diversion of traffic to the Seaway. Certain port cities entertain the same fear of loss of traffic. Great Lakes shipping interests believe that the entrance of ocean-going vessels into their territory will injure them economically. Coal interests allege that they will lose all or part of the Canadian markets. And power interests raise the controversial issue of public power. Other witnesses will appear in favor of the St. Lawrence project who can testify with greater authority on these matters than I. However, there is good authority for saying that these fears are unjustified. The St. Lawrence Survey of the Department of Commerce completed in 1941 indicates for example that the prospective increase in freight traffic in the United States over the next 15 years will be such as to make the St. Lawrence Seaway an absolute necessity to help in handling our ocean bound traffic. Similarly the survey indicates that many or all of the port cities deemed to be affected will gain new traffic as the result not only of normal growth in the United States but of the industrial expansion that will be stimulated through this project.

Every technical and mechanical advance in the history of the world has been viewed by some with alarm. This was true of the railroad, the automobile, the airplane—of the development of each new resource and of each section of our country. But our country has become great, not by listening to these fears but by utilizing every resource of brain or nature.

Constitutionality of Project

Fears have also been raised by the opposition to the St. Lawrence project that the pending agreement with Canada may not constitutionally be acted upon by the Congress through legislation, but must, so the argument goes, be a treaty. The Department of State believes that this position is incorrect and that the participation of the United States in the construction of the St. Lawrence project may legally be brought about through legislation to approve and effectuate the pending agreement. In support of this contention I have filed with the Chairman of the Subcommittee the full legal argument to substantiate this position. The memorandum also contains a statement of the historical and legislative background of the St. Lawrence project. Since the memorandum is voluminous and since sufficient copies have not yet become available for distribution to all members of the Subcommittee, I shall be glad to appear again later during the hearings if the Subcommittee desires in order to discuss this aspect of the legislation further.

Under the Constitution, Congress is given power to regulate commerce with foreign nations and among the several states. This clause has for over 100 years been construed by the Supreme Court to vest in the Congress plenary powers to control navigation and to authorize the construction by private interests or by the Federal Government of projects relating to the improvement and utilization of navigable waters including hydroelectric projects. Under these powers the Congress has authorized the construction by the Federal Government of navigation and power projects of profound significance to the economic life of the United States such as the Tennessee Valley Authority, the Boulder Dam and the Columbia River projects.

The Congress is not deprived of its powers to enact legislation to authorize the construction of projects of this nature simply because such legislation is related to or is designed to effectuate an agreement with a foreign country. In fact there are many precedents in the history of our relations with Canada and with other nations of the exercise of the powers of Congress to authorize, to approve or to carry out agreements with foreign countries in the field of the delegated powers of Congress. Congress has authorized the President to enter into postal treaties; to make agreements with foreign countries with respect to patent and copyright protection; and to enter into reciprocal trade agreements and it has successively extended the trade agreements legislation over claims that the procedure involved is unconstitutional. The Congress through joint resolution has authorized United States participation in the International Labor Organization, UNRRA and the Food and Agriculture Organization and finally in the last session of Congress passed the Bretton Woods Agreements Act authorizing the President to participate in the International Monetary Fund and the International Bank for Reconstruction and Development. The latter was one of the most important pieces of legislation ever passed in relation to an agreement with a foreign country. During the consideration of the Agreement in the Senate the question was raised as to the constitutionality of the procedures and the State and Treasury Departments filed with the Committee a memorandum supporting the procedure on the ground that the legislation was within the power of Congress to legislate on financial and monetary matters. Other examples of agreements entered into by the United States in conjunction with legislation are the International Silver Agreement, the International Wheat Agreement, the Stabilization Agreement of 1936 and various aviation agreements, all of which have been entered into under the authority of existing legislation, and the debt funding agreements after the first World War which were negotiated by a committee of representatives of the executive and legislative branches of the Government pursuant to Congressional authorization and later submitted to the Congress for its final approval.

Importance to Foreign Relations

These agreements would appear to establish that matters of importance to the foreign relations of the United States have since the early days of the Republic been concluded through agreements entered into by the executive branch with legislative sanction. The validity of agreements with foreign countries has been frequently passed upon by the Supreme Court and never has the validity of an agreement so executed—or of legislation with respect to such an agreement—been held invalid by the Court.

It is not claimed that any foreign negotiation may be concluded in this manner. There are obviously certain classes of foreign arrangements which must be reserved exclusively for the treaty power. During the last session of Congress probably more important treaties were submitted to the Senate for its advice and consent to ratification than in any other corresponding period in recent history. Furthermore it should be made clear that in considering the St. Lawrence Agreement, we are not dealing with the type of so-called "executive agreement" that can be entered into by the President under his own, exclusive powers as chief executive and diplomatic officer of the Government and commander-in-chief of the armed forces. There are admittedly numerous types of purely executive arrangements of this nature which are not relevant to the problem at issue here. What we are concerned with in this case is a foreign agreement which by its terms does not become effective until the necessary enabling legislation of the two countries has been obtained and which, because of the very nature of its subject matter, cannot be carried out in the absence of such legislation. The precedents and cases referred to above make it clear that it is entirely appropriate for United States participation in this great project to be authorized in this manner.

The history of our relations with Canada contains many examples of arrangements of great importance to the economic relations of the two countries which have been concluded through the enactment of reciprocal legislation by the legislative bodies of the two countries. Thus joint Commissions have been created to supervise the construction of great bridges over international streams such as the Niagara and St. Lawrence rivers and to supervise the operation of these bridges. In 1893 the two countries concluded through the passage of reciprocal legislation and simultaneous proclamations—an agreement extending to nationals of both countries reciprocal privileges to render aid to vessels of their respective nationalities in distress in the waters of each country. In 1911 President Taft concluded an agreement with Canada for the reciprocal lowering of tariffs, which agreement provided that it would come into force when the necessary enabling legislation had been obtained in both countries. The United States Congress acted favorably upon the agreement but it did not become effective in the absence of corresponding action by Canada.

Expenditures in Foreign Countries

It has also been lightly said that Congress cannot authorize the expenditure of funds for construction in foreign countries. The memorandum filed refutes this contention by numerous and long-standing precedents. Rivers and Harbors legislation has frequently, beginning as early as 1874, authorized the improvement by the United States of boundary streams, including connecting channels in the Great Lakes System, even though work has been required to be done in Canadian territory at the expense of the United States. Legislation of 1939 authorized the expenditure of some $30,000,000 in improving the connecting channels between Lake Huron and Lake Erie near Detroit. The Alaska Highway, although finally built under the President's war powers, had a long record of legislative action by Congress, such as the Act of August 1935 authorizing the President to enter into an agreement with Canada for the survey and construction of a highway between the United States and Alaska. Similarly there is a long record of Congressional action with respect to the Inter-American Highway which has been built in large part with appropriated funds.

A further basis for action by Congress on this project is furnished by the previous treaties to which the United States is a party and under which the United States is given the same rights as Canada to navigate in the Great Lakes-St. Lawrence System including the wholly Canadian sections thereof. These treaties having vested in the United States reciprocal rights to navigation in boundary waters and in the other waters of the Great Lakes-St. Lawrence System, the only question remaining is the method of further developing the usefulness of these rights through reciprocal improvements. For this purpose the parties agreed upon such a method in the Boundary Waters Treaty of 1909 whereby special agreements may be entered into by the two countries expressed by the concurrent or reciprocal legislation, to provide for uses, obstructions or diversions of boundary waters. The 1941 Agreement with Canada is a special agreement which under the 1909 Treaty may be brought into force as specifically there provided by reciprocal legislation.

Finally, it has been said that the 1941 Agreement may not be brought into force through legislation because Articles VII and IX purport to affect rights created by previous treaties. Because of the doubts raised by this contention and in order to facilitate consideration of the project on its merits, the pending legislation provides for the omission of these articles from the approval of the Congress. The Department of State will, of course, follow the provisions of the bill, if Congress enacts it, to negotiate a treaty with Canada covering these two Articles. This removes the argument.

Thus it is hoped that the way has been cleared for the consideration of the agreement on its merits with full assurance of the constitutional validity of the procedure which has been used.

Call Some Work Stoppages Akin to Political Maneuvers

Some work stoppages appear "more like political maneuvers" than strikes to improve working conditions and obtain wage increases, Senator Arthur Capper, Republican of Kansas, said in a statement at Washington on Feb. 17. Mr. Capper, Associated Press advices said, contends that "there is an element in labor leadership that is more interested in promoting discord than in the welfare of the workers." The Associated Press further quoted him:

"This element has worked its way into key positions in some few labor unions in key industries, and seems to be promoting strikes for the ultimate purpose of changing our form of government to correspond to the Moscow pattern."

Objections to St. Lawrence Seaway

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Waterway Treaty providing for the construction of a 27-foot waterway. This treaty was referred to the Senate Foreign Relations Committee and extensive hearings were held during 1933. After these exhaustive hearings it was reported favorably and considered on the floor of the Senate for a considerable period of time when it was finally voted upon. The treaty was rejected by the Senate in March of 1934 by a vote of 46 to 42; therefore was not approved by the Senate because it lacked the necessary two-thirds vote.

The 1941 Agreement

Next, an agreement was entered into between the United States and Canada dated March 19, 1941. This agreement provided for the conclusion of the seaway and power project. Because it was submitted in the form of an agreement instead of a treaty, the matter was referred to the Senate Commerce Committee in the Senate, but no action was taken by that committee on the agreement.

On Sept. 28, 1943, Senator Aiken introduced in the Senate S. 1385, a bill to approve the agreement which was entered into on March 19, 1941.

This bill was referred to the Commerce Committee of the Senate and the Committee held extensive hearings. The hearings were confined primarily to the constitutional issue of whether the agreement should be submitted to the Senate for its advice and consent to ratification, as in the case of a treaty. Although no formal report was made by the Committee, the Committee was of the opinion that the matter properly constituted a treaty instead of an agreement and that therefore it should be considered by the Senate Foreign Relations Committee instead of the Commerce Committee. However, an effort was made to bring about the approval of the 1941 agreement through an amendment from the floor of the Senate on a pending Rivers and Harbors Bill. This amendment was defeated on Dec. 12, 1944, by a vote of 56 to 25 and thus the agreement was rejected.

Now, a further effort is being made to secure the approval of the 1941 agreement by the introduction of S. J. Res. 104, provision being made in this pending S. J. Res. 104 for excepting from the approval of Congress certain articles of the 1941 agreement and this resolution has been referred to the Senate Foreign Relations Committee where hearings are now under way.

Last week, the proponents of S. J. Res. 104 were heard by the Senate Foreign Relations Committee while the opponents are being heard this week.

Would Affect New York Ports Adversely

While there are two strongly supported sides to this vital and important question contained in the record, there is considerable evidence presented by reputable witnesses and from reliable sources indicating that the seaway will adversely affect the railroads, the canal systems, the great ports of Buffalo and Albany as well as the greatest of all ports, that of Greater New York. There is evidence in the record that it will likewise leave a blight upon the communities of the southern tier, those along our barge canal system and also those communities whose futures depend upon the big centers of population that will be adversely affected by this legislation.

Would Cripple Great Lakes Shipping

There is evidence in the record from the spokesman of the shipping interests on our Great Lakes to the effect that their industry will be crippled by the cheap competition of alien tramp steamers which will compete with them for available traffic. Not only will the fleets that ply the Great Lakes and those that navigate our barge canal system suffer from this competition, but the seamen who man these ships and whose wage standards and working conditions are in keeping with American standards and practices, will find themselves sharing their seasonal employment with the underpaid and overworked seamen employed on foreign flag ships. There are to be found in the record also, statements made by representatives of the Power Authority of our State. There are likewise to be found, resolutions adopted by our legislative body memorializing the Congress on this subject.

Other spokesmen have been heard who presented their views as to the position taken by our State on this vital question. It is my opinion that a fair and reasonable review of the entire record as it pertains to the policy which our State has adopted, will make it abundantly clear that the State, over the years, has favored the power project, while opposing the seaway.

Naturally, there are to be found men in public office who favor the seaway, as well as those who are pronounced in their opposition to it. But the policy I have in mind is that which has received the approval of our legislative body when called upon to speak for the people, when resolutions concerning the seaway were before them for action. In the debates upon this question before the Senate of the United States in 1934, the question of separating the power from the seaway was raised and it is my opinion that if the separation had been agreed upon at that time it would, in the end, have unquestionably received the Senate approval.

In the hearings and debates on the legislation creating the Power Authority in our State, the question of power development was the one question that was emphasized. Because the record with reference to power development is clear and because I have made my position known time and time again in support of power development, I shall discuss with you in greater detail the matter of the seaway, which involves the question of transportation.

Already Have Surplus of Transportation

Under present circumstances we have a surplus of transportation here in our State. Our systems of transportation, highways, airways, waterways, and railways, for the most part, radiate from the great port of New York to the principal cities and shipping points of our State. During the war when the airlines, barge canal lines and highway transportation systems were unable because of material, equipment and manpower shortages, to make their fullest contribution to the carrying of our heavy wartime traffic, the great burden of the task was placed upon our railroads. You are all familiar with the situation. The Federal Government requisitioned the airships. Maritime workers, along with their ships and barges, were taken from the Lakes and canals to duty elsewhere. Shortages of gasoline, tires or automotive parts all had their effect upon wartime traffic problems. However, and with all the changes and restrictions and shortages, our transportation systems, particularly the railroads, carried the unusually heavy load of traffic arising on the Great Lakes throughout the days of the war.

At times they piled up so much traffic along our ocean ports that cargo ships were unable to carry the goods away, with the result that new storage depots and holding points had to be established to store freight while it was held up awaiting shipping facilities. If our canal system had the ships and the manpower it could have carried 50% more traffic than it did. If our highway systems had the material, the equipment and the manpower they too would have taken some of the traffic carried by the rail lines. If we had the airlines and the plants to produce more airships, the railroads' task would have been lightened considerably.

Transportation Improvements

Today, conditions are vastly different. The remarkable advances made in science and in engineering have made it possible for each system of transportation to carry an ever-increasing volume of freight and passenger traffic. The railroads, with modern lightweight equipment, with diesel electric or steam turbines or electric locomotives, can haul from 20 to 30% more traffic than was the case before the war. Our airlines are expanding rapidly throughout the State and throughout the globe. New lines and additional schedules are being added at brief intervals to the existing system. Experts have predicted that there will be 500,000 planes of all types in the air within the next 10 years. The Federal Government constructed thousands of airports during the war and they have already authorized the expenditure of billions of dollars on new airports to be constructed as rapidly as conditions permit.

The volume of freight, of express, of mail and of passengers that will travel by air will increase amazingly and continuously with each succeeding month. For the most part these lines, whether they be intra-state, inter-state or international, radiate out of the great international metropolis of the world, the city of New York.

The highway system with magnificent thru-ways, as well as four and even six-lane freight and passenger highways, will become a reality in the very near future.

New modern palatial passenger buses are being manufactured. Strong, powerful lightweight trucks are on the assembly lines and here again the Federal and the State Governments have appropriated billions of dollars for the construction of highways throughout the country. Our highways will compete with every other system in these postwar days for their full share of the load.

New York, of all the States, preserved its waterways. In fact, we even expanded and enlarged our canal system until today radiating out of New York we have a barge canal system connecting New York with Oswego on Lake Ontario and with Buffalo on Lake Erie. In addition, we have a canal system in operation between Albany and Montreal. From New York to Albany the system is a seaway capable of accommodating ocean-going vessels.

The advances in the development of ships of all types urgently required for military purposes is one of the most constructive chapters of the nation's war production effort. Here, great progress is evident. Amphibious boats, landing craft and small sea-going cargo ships are to revolutionize shipping on our inland rivers and canals. Ships to carry cargo from Great Lakes cities to the Atlantic Seaboard ports, to Gulf ports, and even to foreign ports, are a reality now. These ships will very

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readily navigate the waters of the Great Lakes, the Barge Canal and the Hudson River. Experts tell us that the LST type of landing craft will take on and deliver cargo, including truck trailers, with or without the convenience of docks and port facilities. This type of ship will reactivate our canal system and increase its carrying capacity tremendously. Amphibious craft, we are told, will save time and costs where bridges and ferries and long-distance runs are required under present-day conditions.

Proposals have already been made by an Albany transportation company for the purchase of surplus ships of these types. The Ford Motor Corporation is already equipped with cargo carriers capable of navigating the Lakes, the canals and the Atlantic Seaboard. Engineers employed in the designing of small ships tell us that we are on the threshold of the greatest advance in this field of transportation.

Existing Transportation Capacity Doubled

With all these improvements in rail, air, land and water transportation we will double our transportation carrying capacity within the next few years. With the coming of this intensified competition, with bigger power units and lighter though stronger equipment, transportation costs will come down and all the traffic from the Great Lakes area will be carried to the sea, most of it to the Port of New York, more speedily, more economically, than ever before. It will likewise be carried without that seasonal interruption that will close the St. Lawrence solidly for five months in every year. When winter comes and we lay up part of our inland fleet and use the rest perhaps in the Hudson, in the Sound, and in the coastwise trade, our rail, air, and highway systems, financially sound and with modern equipment, will carry the winter's traffic from the West into the great Port of New York without difficulty.

There are, therefore, two thoughts that I would like to leave with you. One is the question of the character and the nature of the competition the seaway will give to these existing systems that now carry the traffic. The other is this—is it necessary for us, under present-day conditions, to bring in that outside competition or would it be better for us to give full play and encouragement to vast expansion and improvement in the systems that now serve our community and our State.

Position of Railways

The Federal Government has already authorized the expenditure of billions of our taxpayers' dollars for improvements in our airways, our highways and our waterways—all of which will not only add immensely to our traffic-carrying capacity, but will likewise present a problem for our own railroads to meet.

During the war, great reliance was placed upon the railroads of the country and they carried to the ports of embarkation our fighting men, their equipment and their material. Without the railroads, we are told by our military leaders, we could not have won the war.

The strain under which the railroads labored left their equipment and the roadbeds in need of repairs. They must rebuild their plant at great expense to them. While doing so they must continue to pay huge sums in taxes to our State, our cities, and to every tiny hamlet through which they run.

With the realization of our absolute dependence upon our railroads in time of national emergency, we must maintain them, either through profitable operations or by means of government subsidy. If the cream of the summer's traffic is taken from them and routed through the St. Lawrence, they will be left with the expensive traffic of the winter season when the St. Lawrence is frozen over. If the tramp steamers of other nations are to bring into our Great Lakes ports, British and Russian coal as ballast, then no longer will railroads haul the profitable trainloads of coal from our mines to Great Lakes ports. If the seaway carries the remarkable tonnage its advocates prophesy for it, then the railroads along with the waterways and the highways of our State will suffer from this new competition. If the high standards that characterize employment on our systems were not at stake, the competition would not prove as threatening as it does. The compensating prophesies of the enthusiastic advocates of the seaway, which include the building of a great industrial empire along the banks of the St. Lawrence, might be considered, if it were not for the fact that the project will be closed down for five months of the year, that we already have a surplus of shipping and that science and engineering are about to give us new materials and new equipment that will modify the practices of the past. There may come a time in the future when engineering experts will be able to justify the seaway, but at this critical juncture of our history, in these hopeful days of reconstruction, with new methods, new plans, new systems to promote and apply, I cannot give my support to the seaway proposal in pending measure.

Anglo-Swiss Credit Accord

Announcement that a payments agreement between Great Britain and Switzerland, negotiated in Berne, has been referred to the two Governments for approval was made on Feb. 16 by the Foreign Office at London, according to a wireless London message to the New York "Times" which went on to say:

The agreement will establish conditions for payments between Switzerland and the sterling area.

It is believed here that the agreement also contains mutual grants of credit of £5,000,000 (approximately $20,000,000) and possibly a Swiss franc additional credit equivalent to £10,000,000 (approximately $40,000,000) by Switzerland to Britain.

It is probable, however, that this £10,000,000 credit, if granted, will not appear in the agreement but will be a separate, secret grant.

The British have been extremely anxious to reach an understanding with the Swiss because they have been under the necessity of paying gold for Swiss francs needed for expenditures in that "hard money" country. The Swiss have been unwilling to accept sterling unless it was gold convertible.

The chief British pressure on the Swiss to obtain the loosening of Swiss terms has been the refusal to authorize British tourists to obtain Swiss francs.

The agreement, in general, follows the pattern of Anglo-Belgian and Anglo-Swedish payments accords.

The State of Trade

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which the small non-integrated steel maker uses as raw material for turning out finished steel products.

If the advance on semi-finished steel were to be too great in relation to the advance on finished steel products, the nonintegrated maker would be in such a squeeze that the general price increase would place him in a worse position than he was before the strike because of the 18½c an hour wage increase. While the steel industry and the OPA finally reached an agreement on the amount of the average increase in steel prices there was at mid-week no evidence that the allocation of the $5 a ton advance would be a simple matter.

The OPA is heading into one of its most active periods since practically all steel processors and fabricators will be forced to ask for price relief in order to take care of increased steel prices and increased wages, the magazine notes. Many of these plants, it is feared, may have to remain shutdown until final steel price announcements are made and until some assurance is given that those companies outside of the basic steel industry will be given speedy consideration by the OPA.

One thing seemed certain the past week unless some form of government priority control is instituted (and it can only be considered an outside possibility) most steel mills will be faced with the necessity of sharply reducing future customer tonnage quotas. Already behind schedule, a month or more on some products before the strike, and with a month's production lost during the strike and the possibility of losing more time as mills resume production, the "Iron Age" adds, some firm may have to set aside a full calendar quarter in which to catch up.

Philip Murray has definitely stated that the union has re-emphasized its agreement with the objective of increased productivityy. He also says that since the contracts run for a full year, uninterrupted steel production will be possible.

Because of the confusion and the inability of some firms to determine how long it will take to get into steel production, steel ingot output the past week was tentatively estimated at 25% of rated capacity, up 19½ points from the previous week's rate. Despite the pessimism of steel producers in many areas concerning the return to pre-strike operating rates, recovery likely will be speedy. Major drawback to a most rapid return in some areas is the shortage of maintenance men, especially bricklayers.

The American Iron and Steel Institute announced on Tuesday of this week the operating rate of steel companies having 94% of the steel capacity of the industry will be 58.6% of capacity for the week beginning Feb. 25, compared with 15.2% one week ago, 5.9% one month ago and 94.6% one year ago. This represents an increase of 43.4 points or 285.4% over that of the previous week.

This week's operating rate is equivalent to 1,032,800 tons of steel ingots and castings and compares with 268,000 tons one week ago, 104,400 tons one months ago and 1,732,700 tons one year ago.

Electric Production—The Edison Electric Institute reports that the output of electricity increased to 3,948,620,000 kwh. in the week ended Feb. 16, 1946, from 3,983,-493,000 kwh. in the preceding week. Output for the week ended Feb. 16, 1946, however, was 11.7% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports System output of 180,500,000 kwh. in the week ended Feb. 17, 1946, comparing with 184,200,000 kwh. for the corresponding week of 1945, or a decrease of 2.0%. Local distribution of electricity amounted to 178,200,000 kwh., compared with 176,100,000 kwh. for the corresponding week of last year, an increase of 1.2%.

Railroad Freight Loadings—Carloadings of revenue freight for the week ended Feb. 16, 1946, totaled 707,054 cars, the Association of American Railroads announced. This was a decrease of 6,186 cars (or 0.9%) below the preceding week and 77,649 cars, or 9.9% below the corresponding week of 1945. Compared with the similar period of 1944, a decrease of 67,183 cars, or 8.7%, is shown.

Railroad Earnings in January—Based on advance reports from 88 class I railroads, whose revenues represent 80.8% of total operating revenues, the Association of American Railroads today estimated that railroad operating revenues in January, 1946, decreased 15.3% under the same month of 1945. This estimate, it was pointed out, covers only operating revenues and does not touch upon the trends in operating expenses, taxes, or final income results.

Estimated freight revenues in January, 1946, were less than in January, 1945, by 19.1%, while estimated passenger revenues decreased 2.1%.

Paper and Paperboard Production—Paper production in the United States for the week ending Feb. 16 was 95% of mill capacity, against 99.7% in the preceding week and 91% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 94%, compared with 97% in the preceding week and 93% in the like 1945 week.

Business Failures Lower—Continuing to decline for the third consecutive week, commercial and industrial failures in the week ending Feb. 21 were at the lowest level in more than a month. Dun & Bradstreet, Inc., reports 18 concerns failing as compared with 25 in the previous week and 14 in the corresponding week of 1945. Despite the decline failures continued for the sixth straight week to exceed those occurring in the same week a year ago.

Most of the week's decrease came in large failures involving liabilities of $5,000 or more. They dropped from 19 last week to 13 in the week just ended, but were twice as high as in the comparable week of 1945 when there were only 6. On the other hand, concerns failing with small losses varied only slightly, numbering 5 against 6 a week ago and 8 last year.

In manufacturing and commercial service, failures fell off sharply this week. Construction was the only trade or industry group to show an increase—concerns failing in this line were up from none in the previous week to 5 in the week just ended. Compared with the corresponding week of 1945, on the other hand, failures were more numerous in all trade and industry groups except retailing.

Three Canadian failures were reported as compared with none in the previous week and in the corresponding week of 1945.

Wholesale Commodity Price Index—Irregular movements during the week left the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., at 184.12 on Feb. 19, after touching a new post-war high of 184.70 last Thursday. The current figure compares with 184.52 a week ago, and shows a rise of 4.5% over the 176.11 recorded a year ago.

Trading in grains declined sharply last week, partly due to the holiday. Rye continued to lead in sales activity. Inflation possibilities and the anticipation of higher ceiling prices were strong bullish influences. The fact that most future grain contracts are currently selling at ceiling limits acted as a distinct curb to sales.

Reports from the new winter wheat crop were spotty. Wheat receipts continued below trade expectations. Shipments increased somewhat but there was still a shortage of box cars despite strenuous efforts of the railroads to relieve the situation. Demand for white flour increased sharply but new business came to a practical halt as millers and bakers studied the new drastic regulations increasing the extraction of flour from a bushel of wheat, which will become effective on March 1. Hog receipts remained heavy but good demand held prices at ceilings.

Under persistent demand cotton values continued to gain last week, reaching new high levels for about 22 years. Bolstering influences included the generally current inflationary trends, expectations of improvement in domestic consumption and exports, the gradual settling of strikes, and the President's announcement of a new wage-price policy. There was a feeling of caution at times, however, due to the possibility of a ceiling being placed on raw cotton and to the Government's announced plan to sell about 800,000 bales of cotton in March at a price considerably below the prevailing market.

Sales and allocations of cotton under Government control were reported at 803,000 bales during the month of January. In the week ended Feb. 9, registrations under the export sales program amounted to 39,955 bales, bringing the total to date to 291,761 bales. Cotton goods producers, awaiting OPA price action, have virtually withdrawn cotton gray cloth from the market.

In the Boston market, domestic wools continued slow last week but there appeared to be more inquiries in anticipation of shortages in foreign grades. Fine foreign wools continued in demand with trading irregular due to spotty supply conditions. Offerings from South Africa improved during the week resulting in increased purchasing, but there were continued delays reported in allocations on orders placed in Australia. Strike conditions in the New England area were said to be hampering the movement of wool to mills. Imports of apparel wools, scoured basis, for October and the first ten months of last year, as estimated by the Exchange Service Bureau, reached all-time highs of 62,475,-000 and 382,069,000 pounds, respectively. In men's wear piece goods markets, the resumption of Saturday work by some mills will be helpful in efforts to prevent further lag in shipments.

Wholesale Food Price Index Unchanged—Negligible changes in commodity prices were counterbalanced, leaving the wholesale food price index, compiled by Dun & Bradstreet, Inc., for Feb. 19, at last week's level of $4.13. Compared with the $4.10 for last year, this marks a fractional gain of 0.7%, whereas it is 2.5% over the 1944 figure of $4.03. Gains in prices were recorded for rye and eggs, while declines occurred in potatoes, steers, sheep and lambs. The index represents the sum total of the price per pound of 31 foods in general use.

Wholesale and Retail Trade—Retail sales volume for the country at large continued to rise during the week and was well above that of the corresponding week of a year ago, reports Dun & Bradstreet, Inc., in its weekly survey of trade. Limited selections presented one of the principal obstacles to shoppers. Staples continued to be in high demand; buying was brisk in foods, Spring apparel, and home furnishings.

The supply of meat and poultry became more plentiful and that of fresh vegetables generally was adequate. Citrus fruits were in ample supply as the season neared its peak. Other fruits were generally limited with the supply of apples scarce. Butter, sugar, and onions continued to be the foremost items among current shortages in the food line.

The demand for spring suits and coats increased generally this week while sales of spring furs were few. Interest in taffeta evening wear was sustained at a high level. The demand for women's winter apparel appeared to be diminishing as interest in spring and summer clothes mounted. The shortages that prevailed in men's clothing and women's hosiery continued to be acute. Most accessories and costume jewelry sold well; metal compacts have appeared in large quantity and are reported to be in great demand.

Medium and low-priced furniture this week was offered more readily than during the previous week with the supply of living-room suites continuing very limited. Despite limited selections, drapery and curtain departments reported that sales volume was holding at high levels. Piece goods, sheets, and towels remained in demand as consumers sought staple household items. Some new housewares and appliances appeared in stores in small quantities. China and glass stocks were reported to be low in many areas.

Retail volume for the country was estimated at from 10 to 14% above the corresponding week a year ago. Regional percentage increases were: New England 8 to 12, East 14 to 17, Midwest 5 to 8, Northwest 9 to 13, South 10 to 14, Southwest 7 to 11, and Pacific Coast 11 to 15.

The volume of business in the wholesale markets this week continued close to last week's high figure and was moderately above that for the corresponding week a year ago. Trading in staple goods was steady although wholesale trading in general was spotty. Deliveries were slow and inventories remained limited in most lines.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Feb. 16, 1946, increased by 19% above the same period of last year. In the past week sales in the city of Philadelphia were reduced because of a curtailment in public transportation service on Feb. 11 and 12, those in the city of New York were reduced because of the closing of all business establishments on Feb. 12 to avoid a fuel shortage, and those in Pittsburgh were reduced because stores were closed on Feb. 12 owing to a power shortage. This compared with an increase of 25% in the preceding week. For the four weeks ended Feb. 16, 1946, sales increased by 20% and for the year to date by 16%.

The dollar volume of retail sales in New York the previous week showed heavy increases with estimates placing the gain for department stores at about 35% above the similar week of 1945. It is worthy to note that Washington's Birthday fell on Friday of last week, instead of on Thursday as was the case a year ago, thus tending to increase the amount of the advance owing to concentration of shopping normal for a Thursday.

Deliveries continued under great pressure in local wholesale markets and proved to be a feature. Supply conditions were tight, while food volume at both wholesale and retail remained steady.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Feb. 16, 1946, increased 18% above the same period last year. This compared with an increase of 36% (revised figure) in the preceding week. For the four weeks ended Feb. 16, 1946, sales rose by 27% and for the year to date by 22%.

Wholesale Prices Rose 0.1% in Week Ended February 16, Labor Dep't Reports

"Average primary market prices rose slightly (0.1%) during the week ended Feb. 16, 1946, largely as the result of higher prices for agricultural commodities," the Bureau of Labor Statistics, U. S. Department of Labor reported on Feb. 21. At 107.2% of the 1926 average, a new post-war high, the index was 0.5% above mid-January 1946, and 2.1% above the corresponding week of 1945, said the Bureau, which further stated:

Farm Products and Foods — Average market prices for farm products rose 0.5% to a level 1.3% above a month ago and 3.0% above mid-February of last year. Higher prices for fruits and vegetables and eggs during the week more than offset fractional declines for grains and poultry. Quotations for eggs advanced following announcement of governmental price support policies. Prices for apples moved up seasonally, and higher prices for oranges reflected the predominance of better quality fruit on the market. Lemons declined seasonally, and old crop potatoes were quoted lower in eastern markets. Cotton quotations rose to a 20 year high on speculative buying. Warehouse prices for tobacco moved down, with sharply lower quotations for burley reflecting a large crop. The generally lower spot prices for grains were a reflection of weakness in futures markets following the President's announcement of higher flour extraction requirements, to provide more wheat for foreign relief. Poultry prices were down with large supplies and weak demand following the holiday. Sheep quotations moved up seasonally, with the rise for lambs limited by payment of increased subsidies to producers.

The higher prices for fruits and vegetables and eggs were largely responsible for the advance of 0.8% in the group index for foods. In addition, quotations for raw sugar moved up about 12% under higher ceilings allowed by OPA. The price advance for raw sugar will not be reflected in refined sugar prices until the higher priced raw sugar is refined and sold. Prices for canned baked beans rose fractionally with the introduction of quotations on a smaller size can resulting in a higher price per ounce for baked beans, under existing OPA ceilings. Prices for lower grades of wheat flour moved to ceiling with heavy demand following the President's announcement of restrictions on white flour.

Other Commodities. There were few price changes for non-agricultural commodities during the week. Prices for brick, cement and Southern pine lumber again rose fractionally as additional producers moved quotations to higher ceilings allowed by OPA in preceding months. Quotations for boxboard advanced under ceiling adjustments previously allowed. Some types of leathers moved up fractionally with ceiling adjustments granted by OPA to individual manufacturers.

The Labor Department included the following notation in its report:

The Bureau of Labor Statistics wholesale price data, for the most part, represent prices in primary markets. In general, the prices are those charged by manufacturers or producers or are those prevailing on commodity exchanges. The weekly index is calculated from one-day-a-week prices. It is designed as an indicator of week-to-week changes and should not be compared directly with the monthly index.

The following tables show (1) indexes for the past three weeks, for Jan. 19, 1946 and Feb. 16, 1945, and (2) percentage changes in subgroup indexes from Feb. 9, 1946 to Feb. 16, 1946.

WHOLESALE PRICES FOR WEEK ENDED FEB. 16, 1946
(1926 = 100)
(Indexes for the last eight weeks are preliminary)

Commodity group—	2-16 1946	2-9 1946	2-2 1946	1-19 1946	2-17 1945	Percentage change to Feb. 16, 1946 from— 2-9 1946	1-19 1946	2-17 1945
All commodities	107.2	107.1	106.8	106.7	105.0	+0.1	+0.5	+2.1
Farm products	131.0	130.4	129.7	129.3	127.2	+0.5	+1.3	+3.0
Foods	108.0	107.1	106.7	107.3	104.8	+0.8	+0.7	+3.1
Hides and leather products	120.1	120.0	119.8	119.4	118.0	+0.1	+0.6	+1.8
Textile products	101.1	101.1	101.1	101.1	99.1	0	0	+2.0
Fuel and lighting materials	85.7	85.8	85.4	85.5	83.8	—0.1	+0.2	+2.3
Metal and metal products	105.8	105.8	105.8	105.4	104.3	0	+0.4	+1.4
Building materials	120.0	119.9	119.9	119.8	116.9	+0.1	+0.2	+2.7
Chemicals and allied products	95.9	96.0	96.0	96.1	94.9	—0.1	—0.2	+1.1
Housefurnishings goods	106.8	106.8	106.8	106.6	106.2	0	+0.2	+0.6
Miscellaneous commodities	95.4	95.3	95.0	95.0	94.1	+0.1	+0.4	+1.4
Raw materials	119.7	119.3	118.9	118.7	116.2	+0.3	+0.8	+3.0
Semi-manufactured articles	98.5	97.5	97.5	96.9	94.8	+1.0	+1.7	+3.9
Manufactured products	103.2	103.2	102.9	102.9	101.6	0	+0.3	+1.6
All commodities other than farm products	102.0	101.9	101.7	101.7	100.1	+0.1	+0.3	+1.9
All commodities other than farm products and foods	101.1	101.1	100.9	100.8	99.3	0	+0.3	+1.8

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
FEB. 9, 1946 to FEB. 16, 1946

Increases

Fruits and vegetables	2.5	Paper and pulp	0.3
Other foods	1.8	Brick and tile	0.2
Other farm products	1.3	Leather	0.2
Lumber	0.3	Cement	0.1

Decreases

Livestock and poultry	0.6	Grains	0.4
Meats	0.2		

Death of Carl Snyder

Carl Snyder, author and nationally known economist, died at Santa Barbara, Cal. on Feb. 16 at the age of 76 years.

He had been ill for three years. Advices from Santa Barbara Feb. 16 published in the New York "Sun" stated:

From 1920 to 1935 he was general statistician for the New York Federal Reserve Bank, where he also organized a research department. He had lived in semi-retirement since coming here for his health some three years ago.

Mr. Snyder's best known book was entitled "Capitalism and the Creator," published in 1940. Other works included "New Conceptions in Science," "The New World Machine," "American Railways as Investments," "Business Cycles and Business Measurements."

He was born in Cedar Falls, Iowa, and educated at Iowa State University. Later he entered newspaper work, becoming an editorial writer for the "Washington Post" and a financial writer for the New York "Tribune."

Mr. Snyder was a former president of the American Statistical Association and a fellow of the American Association for the Advancement of Science, and the American Academy of Arts and Letters. In 1934 he was elected Chairman of the social service science and economic section of the American Association for the Advancement of Science.

Federal Reserve December Business Indexes

The Board of Governors of the Federal Reserve System issued on Jan. 26 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time, the Board made available its customary summary of business conditions. The indexes for December, together with comparison for a month and a year ago follow:

BUSINESS INDEXES
1939 average = 100 for factory employment and payrolls;
1923-25 average = 100 for construction contracts;
1935-39 average = 100 for all other series

	Adjusted for Seasonal Variation —1945— Dec.	Nov.	1944 Dec.	Without Seasonal Adjustment —1945— Dec.	Nov.	1944 Dec.	Annual indexes 1945	1944
Industrial production—								
Total	*164	168	232	*162	167	230	*203	235
Manufactures—								
Total	*170	173	249	*168	174	248	*214	252
Durable	*186	192	343	*185	192	342	*274	353
Nondurable	*156	158	173	*154	158	171	*166	171
Minerals	*134	137	137	*127	133	131	*137	140
Construction contracts, value—								
Total	†	*96	51	†	*85	40	†	41
Residential	†	*42	14	†	*40	12	†	16
All other	†	*140	81	†	*121	63	†	61
Factory employment—								
Total	*120.8	121.2	163.0	*121.1	121.6	163.3	*143.3	169.1
Durable goods	*133.8	136.4	219.7	*133.8	136.5	219.7	*181.5	231.4
Nondurable goods	*110.6	109.2	118.3	*111.2	109.8	118.9	*113.2	119.9
Factory payrolls—								
Total	---	---	---	†	212.8	336.8	†	339.1
Durable goods	---	---	---	†	232.4	463.6	†	474.2
Nondurable goods	---	---	---	†	193.6	212.8	†	206.9
Freight carloadings	127	133	137	119	136	128	135	140
Department store sales, value	*215	227	196	*350	274	319	*207	186
Department store stocks, value	†	150	136	†	173	127	†	153

*Preliminary. †Data not yet available.

Note—Production, carloading, and department store sales indexes based on daily averages. To convert durable manufactures, nondurable manufactures, and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, nondurable by .469, and minerals by .152.

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

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

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for Seasonal Variation —1945— Dec.	Nov.	1944 Dec.	Without Seasonal Adjustment —1945— Dec.	Nov.	1944 Dec.	Annual indexes 1945	1944
Iron and steel	*164	167	198	*164	167	198	183	206
Pig iron	†	158	190	†	158	190	*176	199
Steel	173	178	215	173	178	215	200	227
Open hearth	156	160	181	156	160	181	167	186
Electric	294	306	456	294	306	456	434	521
Machinery	*234	231	431	*234	231	431	*344	439
Transportation equipment	*215	250	709	*215	250	709	*487	719
Automobiles	*92	135	235	*92	135	235	*179	231
Nonferrous metals and products	†	159	229	†	159	229	*210	259
Smelting and refining	†	147	186	†	148	186	*176	247
Lumber and products	*100	96	122	*94	95	113	*110	125
Lumber	*85	83	111	*74	81	97	*98	115
Furniture	*131	123	142	*131	123	142	*133	144
Stone, clay and glass products	*161	158	163	*156	161	159	*163	164
Plate glass	3	4	51	3	4	51	*50	61
Cement	†	113	90	†	122	82	*95	85
Clay products	*125	118	116	*128	122	120	*118	123
Gypsum and plaster products	*185	181	171	*190	183	175	*177	183
Abrasive & asbestos products	*215	215	307	*215	215	307	*269	302
Textiles and products	†	†	152	†	†	152	†	148
Cotton consumption	125	133	146	125	133	146	137	145
Rayon deliveries	†	225	215	†	225	215	*217	196
Wool textiles	†	†	152	†	†	152	†	149
Leather products	†	116	114	†	117	113	*117	113
Tanning	†	109	115	†	113	114	*112	111
Cattle hide leathers	†	125	127	†	130	127	*128	119
Calf and kip leathers	†	83	86	†	86	84	*88	82
Goat and kid leathers	†	51	72	†	50	73	*56	81
Sheep and lamb leathers	†	140	154	†	148	146	*142	151
Shoes	†	120	113	†	120	113	*120	114
Manufactured food products	*149	150	155	*146	151	150	*149	152
Wheat flour	*134	133	123	*133	134	122	*132	118
Meatpacking	*157	155	158	*184	171	184	*143	177
Other manufactured foods	*153	151	159	*150	158	155	*154	153
Processed fruits & vegetables	*123	127	146	*96	117	114	*131	134
Tobacco products	112	154	131	104	157	121	136	125
Cigars	87	110	95	87	110	95	95	92
Cigarettes	139	194	155	128	198	142	170	152
Other tobacco products	64	94	108	57	97	95	92	86
Paper and products	†	142	135	†	142	134	*139	139
Paperboard	143	158	145	143	158	145	154	153
Newsprint production	86	81	85	84	82	84	80	79
Printing and publishing	*112	114	104	*114	118	106	*108	101
Newsprint consumption	92	96	84	96	104	88	89	85
Petroleum and coal products	†	†	268	†	†	268	†	247
Petroleum refining	†	†	283	†	†	283	†	258
Gasoline	*144	*152	141	*144	*152	141	*146	135
Fuel oil	†	†	165	†	†	165	†	163
Lubricating oil	†	†	133	†	†	132	†	128
Kerosene	†	†	119	†	†	123	†	126
Coke	†	147	167	†	147	167	*157	172
Byproduct	†	144	163	†	144	163	*152	165
Beehive	*269	267	296	*269	267	296	*319	433
Chemicals	*232	229	312	*233	230	313	*284	324
Rayon	*244	241	242	*244	241	242	*240	236
Industrial chemicals	*373	369	396	*373	369	396	*391	404
Rubber	*197	190	239	*197	190	238	*214	234
Minerals—								
Fuels	*137	142	141	*137	142	141	*143	145
Bituminous coal	*142	159	138	*142	159	138	*144	156
Anthracite	*94	112	109	*94	112	109	*107	126
Crude petroleum	*140	*139	146	*140	*139	146	*146	143
Metals	†	*108	111	†	*79	68	†	113
Iron ore	---	---	---	†	108	61	†	206

*Preliminary or estimated. †Data not yet available.

FREIGHT CARLOADINGS
(1935-39 average = 100)

Coal	133	148	127	133	148	127	134	143
Coke	164	167	166	172	167	175	172	185
Grain	153	167	134	144	164	126	151	139
Livestock	140	145	128	135	183	124	124	124
Forest products	106	110	135	94	108	120	129	143
Ore	117	134	133	36	114	41	169	180
Miscellaneous	130	133	151	123	139	142	142	147
Merchandise, l.c.l.	74	74	68	71	75	65	68	67

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

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended Feb. 16, 1946, as estimated by the United States Bureau of Mines, amounted to 12,180,000 net tons, a decrease of 320,000 tons, or 2.6%, from the preceding week. Output in the corresponding week of 1945 totaled 11,585,000 tons. From Jan. 1, to Feb. 16, 1946, soft coal production amounted to 82,879,000 net tons, an increase of 1.7% when compared with the 81,520,000 tons produced from Jan. 1 to Feb. 17, 1945.

Production of Pennsylvania anthracite for the week ended Feb. 16, 1946, as estimated by the Bureau of Mines, was 1,236,000 tons, an increase of 71,000 tons (6.1%) over the preceding week. When compared with the output in the corresponding week of 1945 there was an increase of 97,000 tons, or 8.5%. The calendar year to date shows an increase of 12.7% when compared with the corresponding period of 1945.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended Feb. 16, 1946, showed a decrease of 14,000 tons when compared with the output for the week ended Feb. 9, 1946; and was 26,200 tons less than for the corresponding week of 1945.

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

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	Feb. 16, 1946	*Feb. 9, 1946	Feb. 17, 1945	†Feb. 16, 1946	Feb. 17, 1945
Total, including mine fuel	12,180,000	12,500,000	11,585,000	82,879,000	81,520,000
Daily average	2,030,000	2,083,000	1,931,000	2,067,000	1,960,000

*Revised. †Subject to current adjustment.

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

	Week Ended			Calendar Year to Date		
Penn. Anthracite—	‡Feb. 16 1946	§Feb. 9, 1946	Feb. 17, 1945	Feb. 16, 1946	Feb. 17, 1945	Feb. 20, 1937
*Total incl. coll. fuel	1,236,000	1,165,000	1,139,000	7,801,000	6,921,000	7,189,000
†Commercial produc.	1,187,000	1,118,000	1,093,000	7,488,000	6,644,000	6,830,000
Beehive coke—						
United States total	80,800	94,800	107,000	586,600	709,400	486,200

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

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

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

	Week Ended		
State—	Feb. 9, 1946	Feb. 2, 1946	Feb. 10, 1945
Alabama	317,000	323,000	373,000
Alaska	6,000	6,000	7,000
Arkansas and Oklahoma	107,000	120,000	108,000
Colorado	151,000	153,000	171,000
Georgia and North Carolina	1,000	1,000	1,000
Illinois	1,550,000	1,539,000	1,554,000
Indiana	550,000	578,000	581,000
Iowa	43,000	42,000	63,000
Kansas and Missouri	136,000	124,000	180,000
Kentucky—Eastern	1,144,000	1,095,000	1,157,000
Kentucky—Western	427,000	475,000	361,000
Maryland	51,000	55,000	35,000
Michigan	3,000	3,000	2,000
Montana (bitum. & lignite)	97,000	99,000	102,000
New Mexico	25,000	28,000	33,000
North & South Dakota (lignite)	57,000	64,000	66,000
Ohio	782,000	830,000	675,000
Pennsylvania (bituminous)	2,868,000	2,876,000	2,573,000
Tennessee	146,000	152,000	162,000
Texas (bituminous & lignite)	2,000	2,000	4,000
Utah	147,000	151,000	149,000
Virginia	379,000	377,000	437,000
Washington	23,000	29,000	34,000
†West Virginia—Southern	2,239,000	2,254,000	2,450,000
‡West Virginia—Northern	1,009,000	1,020,000	802,000
Wyoming	210,000	233,000	200,000
§Other Western States	*	1,000	*
Total bituminous & lignite	12,500,000	12,630,000	12,280,000

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

Electric Output for Week Ended Feb. 23, 1946 12.3% Below That for Same Week a Year Ago

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Feb. 23, 1946, was 3,922,796,000 kwh., which compares with 4,473,962,000 kwh. in the corresponding week a year ago, and 3,948,620,00 kwh. in the week ended Feb. 16, 1946. The output for the week ended Feb. 23, 1946 was 12.3% below that of the same week in 1945.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR

	Week Ended			
Major Geographical Divisions—	Feb. 23	Feb. 16	Feb. 9	Feb. 2
New England	6.4	4.2	2.1	4.8
Middle Atlantic	5.2	6.0	3.8	5.0
Central Industrial	20.5	20.0	19.4	19.6
West Central	3.4	1.0	3.3	2.3
Southern States	13.2	12.7	13.9	13.2
Rocky Mountain	§2.0	§4.7	§3.0	§1.7
Pacific Coast	10.0	9.2	10.0	13.2
Total United States	12.3	11.7	11.6	12.2

§Increase.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change under 1944	1943	1932	1929
Nov. 3	3,899,293	4,354,939	—10.5	4,413,863	1,520,730	1,798,164
Nov. 10	3,948,024	4,396,595	—10.2	4,482,665	1,531,584	1,793,584
Nov. 17	3,984,608	4,450,047	—10.5	4,513,299	1,475,268	1,818,169
Nov. 24	3,841,350	4,368,519	—12.1	4,403,342	1,510,337	1,718,002
Dec. 1	4,042,915	4,524,257	—10.6	4,560,158	1,518,922	1,806,225
Dec. 8	4,096,954	4,538,012	— 9.7	4,566,905	1,563,384	1,840,863
Dec. 15	4,154,061	4,563,079	— 9.0	4,612,994	1,554,473	1,860,021
Dec. 22	4,239,376	4,616,975	— 8.2	4,295,010	1,414,710	1,637,683
Dec. 29	3,758,942	4,225,814	—11.0	4,337,287	1,619,265	1,542,000

Week Ended—	1946	1945	% Change under 1945	1944	1932	1929
Jan. 5	3,865,362	4,427,281	—12.7	4,567,959	1,602,482	1,733,810
Jan. 12	4,163,206	4,614,334	— 9.8	4,539,083	1,598,201	1,736,721
Jan. 19	4,145,116	4,588,214	— 9.7	4,531,662	1,588,967	1,717,315
Jan. 26	4,034,365	4,576,713	—11.9	4,523,763	1,588,853	1,728,208
Feb. 2	3,982,775	4,538,552	—12.2	4,524,134	1,578,817	1,726,161
Feb. 9	3,983,493	4,505,269	—11.6	4,532,730	1,545,459	1,718,304
Feb. 16	3,948,620	4,472,298	—11.7	4,511,562	1,512,158	1,699,250
Feb. 23	3,922,796	4,473,962	—12.3	4,444,939	1,519,679	1,706,719
March 2		4,472,110		4,464,686	1,538,452	1,702,570

Moody's Bond Prices and Bond Yield Averages

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

MOODY'S BOND PRICES
(Based on Average Yields)

1946— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Feb. 26	125.92	120.22	123.56	121.88	119.00	114.27	116.41	120.02	122.09
25	125.97	120.22	123.56	121.88	119.00	114.27	116.41	120.22	122.09
23	Stock Exchange Closed								
22	Stock Exchange Closed								
21	126.02	120.22	123.34	121.88	119.00	114.27	116.41	120.22	122.09
20	126.00	120.22	123.34	121.88	119.20	114.27	116.61	120.22	122.29
19	126.02	119.61	123.56	121.88	119.20	114.37	116.61	120.22	122.29
18	126.12	119.61	123.56	121.88	119.20	114.27	116.61	120.22	122.29
16	126.14	119.61	123.56	121.88	119.20	114.27	116.61	120.02	122.29
15	126,14	119.61	123.56	121.88	119.20	114.27	116.80	120.02	122.29
14	126.15	119.61	123.56	122.09	119.20	114.27	116.61	120.02	122.29
13	126.15	119.61	123.34	121.88	119.00	114.27	116.61	120.02	122.29
12	Stock Exchange Closed								
11	126.12	119.61	123.34	121.88	119.00	114.27	116.41	120.02	122.29
9	126.15	119.61	123.56	121.67	119 20	114.27	116.61	120.02	122.29
8	126.15	119.61	123.34	121.88	119.20	114.27	116.41	120,02	122.29
7	126.09	119.61	123.56	121.67	119.00	114 27	116.41	119.82	122.29
6	126.06	119.41	123.56	121.67	119.00	113.89	116.22	119.82	122.29
5	125.98	119.20	123.34	121.46	118 80	113.70	116.02	119.61	122.29
4	125.97	118.20	123.34	121.46	118.80	113.70	116.02	119.41	122.29
2	126.05	119.20	123.34	121.46	118.80	113.50	115.82	119.41	122.29
1	126.05	119.20	123.34	121.46	118.80	113.50	115.82	119.41	122.29
Jan. 25	126.28	119.00	123.12	121.25	119.00	113.31	115.63	119.41	122.09
18	126.06	118.60	122.50	120.84	118.60	112.93	115.24	118.80	121.88
11	126.11	118.20	122.09	120.63	118.20	112.56	115.04	118.40	121.46
4	125.18	117.80	121.67	119.82	117.60	112.37	114.66	117.80	120.84
High 1946	126.28	119.61	123.56	122.09	119.20	114.27	116.80	120.22	122.29
Low 1946	124.97	117.60	121.46	119.82	117.40	112.19	114.46	117.80	120.63
1 Year Ago Feb. 26, 1945	121.95	114.66	120.22	118.60	114.46	106.04	110.52	114.27	119.41
2 Years Ago Feb. 26, 1944	120.21	111.07	118.20	116.22	111.07	100.32	104.31	113.50	116.22

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

1946— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Feb. 26	1.34	2.67	2.48	2.56	2.70	2.94	2.83	2.65	2.55
25	1.33	2.67	2.48	2.56	2.70	2.94	2.83	2.64	2.55
23	Stock Exchange Closed								
22	Stock Exchange Closed								
21	1.33	2.67	2.49	2.56	2.70	2.94	2.83	2.64	2.55
20	1.33	2.67	2.49	2.56	2.69	2.94	2.82	2.64	2.54
19	1.33	2.67	2.48	2.56	2.69	2.94	2.82	2.64	2.54
18	1.32	2.67	2.48	2.56	2.69	2.94	2.82	2.64	2.54
16	1.32	2.67	2.48	2.56	2.69	2.94	2.82	2.65	2.54
15	1.32	2.67	2.48	2.56	2.69	2.94	2.81	2.65	2.54
14	1.32	2.67	2.48	2.55	2.69	2.94	2.82	2.65	2.54
13	1.32	2.67	2.49	2.56	2.70	2.94	2.82	2.65	2.54
12	Stock Exchange Closed								
11	1.32	2.67	2 49	2.56	2.70	2.94	2.83	2.65	2.54
9	1.32	2.67	2.48	2.57	2.69	2.94	2.82	2.65	2.54
8	1.32	2.67	2.49	2.56	2.69	2.94	2.83	2 65	2.54
7	1.32	2.67	2.48	2.57	2.70	2.94	2.83	2.66	2.54
6	1.33	2.68	2 48	2.57	2.70	2.96	2.84	2.66	2.54
5	1.33	2.69	2.49	2.58	2.71	2.97	2.85	2.67	2.54
4	1.33	2.69	2.49	2.58	2.71	2.98	2.85	2.68	2.54
2	1.33	2.69	2.49	2.58	2.71	2.98	2.86	2.68	2.54
1	1.33	2.69	2.49	2.58	2.71	2.98	2.86	2.68	2.54
Jan. 25	1.31	2.70	2.50	2.59	2.70	2.99	2 87	2.68	2.55
18	1.33	2.72	2.53	2.61	2.72	3.01	2.89	2.71	2.56
11	1.32	2.74	2.55	2.62	2.74	3.03	2.90	2.73	2.58
4	1.38	2.76	2.57	2.66	2.77	3.04	2.92	2.76	2.61
High 1946	1.40	2.77	2.58	2.66	2.78	3.05	2.93	2.76	2.62
Low 1946	1.31	2.67	2.48	2.55	2.69	2.94	2.81	2.64	2.54
1 Year Ago Feb. 26, 1945	1.69	2.92	2.64	2.72	2.93	3.39	3.14	2.94	2.68
2 Years Ago Feb. 26, 1944	1.81	3.11	2.74	2.84	3.11	3.73	3.49	2.98	2.84

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

NOTE— The list used in compiling the averages was given in the Nov. 22, 1945 issue of the "Chronicle" on page 2508.

President Concerned Over Wheat Shortage

Expressing concern over what appeared to be a world-wide shortage of wheat and vitally needed supplies abroad, President Truman on Jan. 25 proposed calling on the principal wheat-producing countries to make up a 5,000,000-ton shortage in shipments to deficit areas during the first half of 1946, special Washington advices to the New York "Times" stated. The Department of Agriculture estimated on the same date that stocks of wheat held in storage in all positions, on and off farms on Jan. 1 were 689,000,000 bushels. It was added:

Stocks held in all positions a year ago totaled 835,000,000 bushels.

The Department said that the disappearance of wheat since July 1 had been relatively rapid, with smaller stocks in the various storage positions Jan. 1 than in any of the previous four years. Government-owned stocks held by the Commodities Credit Corporation totaled only about 15,000,000 bushels.

Following a White House conference with Secretary of State Byrnes, it was added in the "Times" advices: The President issued a directive to the Secretaries of State, War, Navy, Agriculture and Labor, the War Shipping Administrator and the Director of Defense Transportation calling attention to his pledge after the Potsdam conference that this country would feed Europe's hungry to the extent of its ability and added:

"I should like to emphasize the last sentence of that statement and request that you give the personal attention to this problem which the seriousness of the situation demands."

The President followed this up with the reminder that Director John W. Snyder of the Office of War Mobilization and Reconversion, acting on his instructions, had set up a Movement Coordinating Committee of representatives of the departments and agencies named in the directive with the request that he be kept advised of progress, and of any major difficulties not readily adjustable.

In his directive the President said:

"I have become increasingly concerned over the shortages of vitally needed supplies to liberated countries. I am particularly alarmed at what now appears to be a world-wide shortage of wheat. I am informed that many of the countries of Europe now possess less wheat than is necessary to maintain distribution, even though their bread ration is down to a starvation level.

"In view of this situation, this Government is recommending that each of the supplying countries accept its proportionate share of the responsibility in meeting the urgent requirements of the liberated countries on an equitable basis."

Reports Applications For Dwelling Units

Applications covering an additional 19,427 dwelling units were received by the field offices of the Federal Housing Administration during the week from Jan. 22 through Jan. 29 under the veterans' housing priorities system, FHA Commissioner Raymond M. Foley announced on Feb. 1. This makes total applications covering 38,191 units which have been received since the new system, aimed at expediting construction of moderate-cost housing for veterans, went into effect on Jan. 15. The FHA further said:

Of the applications received to date 44% have been for sales prices of less than $7,500 or rentals of less than $60 a month. The top permissible sales price is $10,000, including land and improvements, and the top monthly rental permitted is $80 a month. Under the new system the Civilian Production Administration has delegated to the FHA, through the National Housing Agency, the authority to process applications for and issue HH preference ratings for 11 items of building material now in critically short supply. Applicants must agree to hold the accommodations for sale or rental to veterans during the course of construction and for 30 days thereafter.

Commissioner Foley said it still was too early to reach any definite conclusion as to whether the price distribution of the applications throughout the country is satisfactory. He has urged FHA field offices to exert every effort among home builders to induce the production of housing at price levels as much below the maximum as feasible.

The present priority system is designed to speed construction through channelling into the hands of home builders the necessary scarce materials to produce between 400,000 and 500,000 moderate priced houses in 1946.

Restrict Wheat Trades

Following similar action by the Minneapolis and Kansas City exchanges, directors of the Chicago Board of Trade ordered on Feb. 19, according to special advices from Chicago to the New York "Times", that trading in May wheat contracts, effective Feb. 20, be restricted to the liquidation of outstanding contracts. Also effective Feb. 20, according to the "Times", the board changed margin requirements, initial margins to be 10 cents a bushel on wheat, barley, corn and oats; 25 cents on soy beans and 35 cents on rye. The advices added: "Such margins must be maintained on the following bases: Oats, 8 cents a bushel; wheat, barley and corn, 10 cents; soy beans, 16 cents; and rye, 25 cents.

"Speculators cannot take a delivery of cash wheat on May contracts in leading markets, according to brokers who have studied the Government wheat conservation program, and assert that the order gives the closest control over wheat that has ever been taken. Millers and feed manufacturers say they are still uncertain about some provisions of the order."

Moody's Daily Commodity Index

Tuesday, Feb. 19, 1946	268.7
Wednesday, Feb. 20	269.3
Thursday, Feb. 21	269.7
Friday, Feb. 22	*
Saturday, Feb. 23	269.7
Monday, Feb. 25	269.5
Tuesday, Feb. 26	269.5
Two weeks ago, Feb. 11	267.3
Month ago, Jan. 26	266.0
Year ago, Feb. 24, 1945	255.0
1945 High, Dec. 27	265.0
Low, Jan. 24	252.1
1946 High, Feb. 21	269.7
Low, Jan. 2	264.7

*Holiday.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Feb. 20 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 Feb. 2, 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 Feb. 2 (in round-lot transactions) totaled 4,392,181 shares, which amount was 14.79% of the total transactions on the Exchange of 14,845,670 shares. This compares with member trading during the week ended Jan. 26 of 3,401,203 shares, or 14.33% of the total trading of 11,873,690 shares.

On the New York Curb Exchange, member trading during the week ended Feb. 2, amounted to 1,692,270 shares, or 13.04% of the total volume on that Exchange of 6,487,675 shares. During the week ended Jan. 26 trading for the account of Curb members of 1,071,760 shares was 13.16% of the total trading of 4,073,445 shares.

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

WEEK ENDED FEB. 2, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	515,430	
‡Other sales	14,330,240	
Total sales	14,845,670	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	1,295,260	
Short sales	302,800	
‡Other sales	1,020,600	
Total sales	1,323,400	8.82
2. Other transactions initiated on the floor—		
Total purchases	233,040	
Short sales	46,600	
‡Other sales	245,840	
Total sales	292,440	1.77
3. Other transactions initiated off the floor—		
Total purchases	496,250	
Short sales	100,610	
‡Other sales	651,181	
Total sales	751,791	4.20
4. Total—		
Total purchases	2,024,550	
Short sales	450,010	
‡Other sales	1,917,621	
Total sales	2,367,631	14.79

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

WEEK ENDED FEB. 2, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	93,480	
‡Other sales	6,394,195	
Total sales	6,487,675	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	542,475	
Short sales	44,455	
‡Other sales	393,270	
Total sales	437,725	7.55
2. Other transactions initiated on the floor—		
Total purchases	73,950	
Short sales	9,800	
‡Other sales	98,100	
Total sales	107,900	1.40
3. Other transactions initiated off the floor—		
Total purchases	107,395	
Short sales	22,475	
‡Other sales	400,350	
Total sales	422,825	4.09
4. Total—		
Total purchases	723,820	
Short sales	76,730	
‡Other sales	891,720	
Total sales	968,450	13,04
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	196,004	
Total purchases	196,004	
Total sales	265,344	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

National Fertilizer Association Commodity Price Index Remains Steady

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Feb. 25, for the week ended Feb. 23, 1946, remained at the same level as that of the preceding week, 142.1. A month ago the index stood at 141.8, and a year ago at 139.8, all based on the 1935-1939 average as 100. The Association's report went on to say:

During the latest week the advances registered in three of the composite groups of the index were offset by a decline in one of the more heavily weighted groups. The farm products group declined slightly. The cotton subgroup continued its advance. The grain index showed a small increase because of higher rye quotations. The livestock index declined moderately with lower prices for cattle, lambs, sheep and live poultry. The textile index advanced fractionally. The building material index rose substantially because of higher prices for oak flooring. The chemical and drug index was slightly higher due to an increase in castor oil prices. The price for finished steel advanced fractionally but the rise was not sufficient to change the metal index. The small decline in potato prices was not enough to affect the food index. All other groups of the index remained unchanged.

During the week 6 price series in the index declined and 5 advanced; in the preceding week 3 declined and 7 advanced; in the second preceding week 6 declined and 5 advanced.

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

% Each Group Bears to the Total Index	Group	Latest Week Feb. 23, 1946	Preceding Week Feb. 16, 1946	Month Ago Jan. 26, 1946	Year Ago Feb. 24, 1945
25.3	Foods	141.5	141.5	141.3	141.7
	Fats and Oils	146.6	146.6	146.6	145.3
	Cottonseed Oil	163.1	163.1	163.1	163.1
23.0	Farm Products	169.7	170.1	168.8	165.6
	Cotton	247.8	145.7	237.8	206.3
	Grains	169.9	169.8	169.7	163.7
	Livestock	157.1	158.3	157.8	159.8
17.3	Fuels	128.7	128.7	129.1	130.4
10.8	Miscellaneous commodities	133.9	133.9	133.5	133.4
8.2	Textiles	161.3	161.0	159.8	155.9
7.1	Metals	110.2	110.2	110.2	104.7
6.1	Building materials	161.3	160.1	160.4	154.1
1.3	Chemicals and drugs	127.2	127.0	127.0	125.4
.3	Fertilizer materials	118.2	118.2	118.2	118.3
.3	Fertilizers	119.8	119.8	119.8	119.9
.3	Farm machinery	105.2	105.2	105.2	104.8
100.0	All groups combined	142.1	142.1	141.8	139.8

*Indexes on 1926-1928 base were: Feb. 23, 1946, 110.7; Feb. 16, 1946, 110.7, and Feb. 24, 1945, 108.9.

Non-Ferrous Metals — Offerings of Copper and Lead Shrink on Strike Threats — Demand Active

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 21, stated: "Any comfort that producers and consumers of non-ferrous metals might have gained from the settlement of the labor dispute in the steel industry was nullified last week by additional disturbing labor developments within their own industry. The International Union of Mine, Mill & Smelter Workers, CIO, voted to call a strike on Feb. 25 in some 16 plants and mines of the American Smelting & Refining Co. [This strike materialized on Feb. 25 and was 100% effective, involving some 7,000 workers, according to an Associated Press dispatch.] Work stoppage would further restrict the supply of both copper and lead, and sellers last week limited offerings of these metals pending further developments. Bills were introduced in Congress to extend price controls and the Premium Price Plan for another year." The publication further went on to say in part as follows:

Copper

Strikes and additional work stoppages that are likely to occur in the next week restricted new business in copper, even though the demand for the metal remains quite active. Should the refineries of A.S.&R. Co. shut down next week (see above), the problem of supplying consumers with metal in desired shapes will become complicated. The Metals Reserve undoubtedly will be called upon to furnish addditional copper.

The strike in the Utah area continues, and the refinery at Laurel Hill remains idle. The Hastings plant of Anaconda Wire & Cable closed down last week because of labor trouble.

Negotiations are in progress in reference to fixing terms for the sale of South American copper to the Government. With the free market for copper rising, the new price may be somewhat higher than that paid last year.

Lead

With the demand for lead active, inspired in part by a possible stoppage of work at smelters and refineries of A.S.&R., the market last week was in a highly nervous state. News from Washington that CPA will allow mine operators who started producing after Oct. 27, 1943, to become eligible for the same premium payments as old producers, effective Feb. 1 this year, will not bring out much additional metal, market authorities believe.

Consumers have asked for a large tonnage of foreign lead for March delivery, but it appears doubtful whether they will obtain even one-half of the quantity requested. February allotments of foreign lead by CPA were held down to around 14,000 tons.

The Mexican situation has improved somewhat. Workers returned to work at several mines, and the Monterrey refinery, closed since the beginning of the year, resumed production Feb. 18.

Lead sales for the week amounted to 6,461 tons.

Zinc

With galvanizing operations resuming, demand for Prime Western zinc increased last week. Call for Special High Grade continued at a lively rate, but grades that enter into the production of brass are moving slowly, owing to the strike situation at brass mills.

Cadmium

Electroplaters last week were urged to substitute other metals for cadmium to conserve shrinking supplies. At the recent meeting of the advisory group representing distributors, CPA officials said that demand for cadmium is absorbing the metal at the rate of about 9,000,000 lb. a year, or approximately 1,000,000 lb. in excess of estimated new supply. To meet the heavy demands of consumers, the Government has been drawing heavily on its stockpile. In 1940, production amounted to about 6,000,000 lb., with supply and demand virtually in balance. A return to prewar electroplating, involving a larger precentage of zinc and other more plentiful metals, is necessary, CPA holds. Before arriving at a defnite program for curtailing consumption, CPA officials are to meet with consumers in other fields, as bearings, pigments, etc.

Tin

Production of tin-plate in the United States in December totaled 194,678 tons, against 224,112 tons in December 1944. Production in 1945 was larger than in the preceding year, owing chiefly to further gains in output of electrolytic plate to conserve tin. Tin-plate production in 1944 and 1945, in tons, according to the American Iron and Steel Institute, follows:

	1945	1944
Hot dipped	1,968,894	1,992,276
Electrolytic	867,445	649,556
Total	2,836,339	2,641,832

The supply situation in tin is improving slowly, but consumers believe that some increase in consumption will be permitted in the third quarter of the year.

Quotations in the domestic market remain unchanged. Forward metal was nominally as follows, cents per pound:

	Feb.	March	April
Feb. 14	52.000	52.000	52.000
Feb. 15	52.000	52.000	52.000
Feb. 16	52.000	52.000	52.000
Feb. 18	52.000	52.000	52.000
Feb. 19	52.000	52.000	52.000
Feb. 20	52.000	52.000	52.000

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

Quicksilver

The trade was interested in a report to the effect that the European producers had decided to merchandise metal for the present through the same agents as formerly. Spanish quicksilver was offered here on the basis of $103 per flask, duty paid.

Demand for quicksilver last week was moderate, with quotations unchanged at $103 to $105 per flask, spot and nearby. On forward metal $102 might be done, according to sellers. Some export inquiry was noted.

The Bureau of Mines estimated consumption in December at 2,000 flasks, against 2,500 flasks in November. Domestic production of quicksilver in December was 1,600 flasks, and imports amounted to 770 flasks.

Silver

Demand for silver remains active and the supply available is insufficient to cover the needs of consumers. The New York Official for foreign silver continued at 70¾¢ an ounce troy. London was unchanged at 44d.

Result of Treasury Bill Offering

The Secretary of the Treasury announced on Feb. 25 that the tenders for $1,300,000,000 or thereabout of 92-day Treasury bills to be dated Feb. 28 and to mature May 31, which were offered on Feb. 21, were opened at the Federal Reserve Banks on Feb. 25.

Total applied for, $2,005,866,000.

Total accepted, $1,316,466,000 (includes $41,343,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price, 99.904+; equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.908, equivalent rate of discount approximately 0.360% per annum.

Low, 99.504; equivalent rate of discount approximately 0.376% per annum.

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

There was a maturity of a similar issue on bills on Feb. 28 in the amount of $1,316,013,000.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 20, a summary for the week ended Feb. 9 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 Feb. 9, 1946

	Total For Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of Orders	56,007
Number of Shares	1,602,273
Dollar value	$65,745,897
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	126
*Customers' other sales	39,061
Customers' total sales	39,187
Number of Shares:	
Customers' short sales	4,560
*Customers' other sales	1,099,775
Customers' total sales	1,104,335
Dollar value	$48,065,711
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	110
†Other sales	148,470
Total sales	148,580
Round-Lot Purchases by Dealers—	
Number of shares	614,250

*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 Feb. 16, 1946 Increased 19,450 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Feb. 16, 1946, was 4,709,950 barrels, an increase of 19,450 barrels per day over the preceding week and 279,950 barrels in excess of the daily average figure of 4,430,000 barrels estimated by the United States Bureau of Mines as the requirements for the month of February, 1946. The current figure, however, was 70,720 barrels per day less than the output in the week ended Feb. 17, 1945. Daily production for the four weeks ended Feb. 16, 1946 averaged 4,659,000 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 4,643,000 barrels of crude oil daily and produced 14,002,000 barrels of gasoline; 2,285,000 barrels of kerosine; 5,776,000 barrels of distillate fuel, and 8,813,000 barrels of residual fuel oil during the week ended Feb. 16, 1946; and had in storage at the end of that week 105,233,000 barrels of finished and unfinished gasoline; 8,436,000 barrels of kerosine; 27,273,000 barrels of distillate fuel, and 40,036,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements February	State Allowables Begin. Feb. 1	Actual Production: Week Ended Feb. 16, 1946	Change from Previous Week	4 Weeks Ended Feb. 16, 1946	Week Ended Feb. 17, 1945
Oklahoma	368,000	388,000	†389,450	+ 350	389,650	366,300
Kansas	254,000	249,400	†259,650	+22,950	247,600	271,350
Nebraska	800	----	†750	----	750	900
Panhandle Texas			81,000	----	81,000	88,000
North Texas			157,600	----	155,200	148,800
West Texas			503,300	----	496,950	464,300
East Central Texas			146,200	----	144,450	144,200
East Texas			321,000	----	320,500	392,000
Southwest Texas			356,150	----	347,050	347,000
Coastal Texas			544,000	----	527,900	562,100
Total Texas	1,890,000	‡2,126,504	2,109,250	----	2,073,050	2,146,400
North Louisiana			79,200	— 400	79,650	68,750
Coastal Louisiana			288,850	----	288,850	294,800
Total Louisiana	368,000	412,515	368,050	— 400	368,500	363,550
Arkansas	74,000	79,603	77,500	+ 200	77,150	82,200
Mississippi	49,000		55,100	— 100	55,350	51,500
Alabama	600		1,000	+ 50	800	250
Florida	----		100	----	100	20
Illinois	198,000		208,350	— 6,350	210,700	204,500
Indiana	13,000		16,250	— 200	15,650	12,500
Eastern— (Not incl. Ill., Ind., Ky.)	61,200		63,800	+ 2,550	62,150	62,050
Kentucky	29,000		29,950	— 2,050	30,300	31,100
Michigan	46,000		12,100	— 2,200	44,350	51,100
Wyoming	94,000		103,400	+ 5,600	100,200	100,950
Montana	20,400		19,050	— 50	19,150	19,700
Colorado	24,000		24,050	+ 1,250	23,000	10,050
New Mexico	96,000	104,000	98,450	+ 50	98,400	103,950
Total East of Calif.	3,586,000		843,700	— 2,200	842,150	902,300
California	844,000	§823,700	3,866,250	+21,650	3,816,850	3,878,370
Total United States	4,430,000		4,709,950	+19,450	4,659,000	4,780,670

*These are Bureau of Mines calculations of the requirements of domestic crude oil (after deductions of condensate and natural gas derivatives) based upon certain premises outlined in its detailed forecast for the month of February. As requirements may be supplied either from stocks or from new production, contemplated withhdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced. In some areas the weekly estimates do, however, include small but indeterminate amounts of condensate which is mixed with crude oil in the field.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Feb. 13, 1946.

‡This is the net basic allowable as of Feb. 1 calculated on a 28-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 4 to 9 days, the entire state was ordered shut down for 4 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 4 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED FEB. 16, 1946

(Figures in thousands of barrels of 42 gallons each)

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

District—	% Daily Refin'g Capac. Report'g	Crude Runs to Stills Daily Av.	Crude Runs to Stills % Operated	§Gasoline Produc'n at Ref. Inc. Nat. Blended	‡Finish'd and Unfin. Gasoline Stocks	‡Stocks of Kerosine	‡Stks. of Gas Oil & Dist. Fuel Oil	‡Stks. of Resid. Fuel Oil
East Coast	99.5	784	99.1	1,641	22,645	3,657	8,116	6,591
Appalachian—								
District No. 1	76.8	95	65.1	293	3,082	176	477	305
District No. 2	81.2	60	120.0	199	1,177	18	84	285
Ind., Ill., Ky.	87.2	707	82.5	2,527	22,988	1,219	3,453	3,087
Okla., Kan., Mo.	78.3	383	81.7	1,375	9.978	319	1,321	1,022
Inland Texas	59.8	207	62.7	826	3,140	209	275	666
Texas Gulf Coast	89.3	1,182	95.6	3,878	17,082	1,173	4,782	4,130
Louisiana Gulf Coast	96.8	305	117.3	751	5,347	693	1,565	1,248
No. La. & Arkansas	55.9	55	43.7	149	1,723	279	494	217
Rocky Mountain—								
District No. 3	17.1	12	92.3	37	105	20	27	29
District No. 4	72.1	103	64.8	363	2,141	115	361	669
California	86.5	750	77.6	1,963	15,825	558	6,318	21,787
Total U. S. B. of M. basis Feb. 16, 1946	85.7	4,643	85.9	14,002	*105,233	8,436	27,273	40,036
Total U. S. B. of M. basis Feb. 9, 1946	85.7	4,512	83.5	12,854	¶103,952	8,258	¶28,301	39,555
U. S. B. of M. basis Feb 17, 1945		4,835		15,249	†95,373	7,521	28,787	48,150

*Includes unfinished gasoline stocks of 8,200,000 barrels. †Includes unfinished gasoline stocks of 12,418,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 2,285,000 barrels of kerosine, 5,776,000 barrels of gas oil and distillate fuel oil and 8,813,000 barrels of residual fuel oil produced during the week ended Feb. 16, 1946, which compares with 2,115,000 barrels, 5,650,000 barrels and 8,630,000 barrels, respectively, in the preceding week and 1,465,000 barrels 5,240,000 barrels and 9,390,000 barrels, respectively, in the week ended Feb. 17, 1945. ¶Revised in North Louisiana and Arkansas due to error by reporting company.

Civil Engineering Construction Totals $51,564,000 for Week

Civil engineering construction volume in continental United States totals $51,564,000 for the week ending Feb. 21, 1946, as reported to "Engineering News-Record." This volume is 17% above the previous week, 216% above the week last year and 24% below the previous four-week moving average. The report issued on Feb. 21 went on to say:

Private construction this week, $34,898,000, is 29% above last week and 268% above the week last year. Public construction, $16,666,000, is 2% below last week and 144% greater than the corresponding week of 1945. State and municipal construction records a 4% increase over last week and a 231% increase over the week last year. Federal construction is down 10% below last week's total but 66% greater than the 1945 week.

Total engineering construction for the eight-week cumulative period of 1946, $499,426,000, is 153% greater than the $197,709,000 recorded for the same period of 1945. On a cumulative basis, private construction in 1946 totals $336,124,000, 452% above the 1945 period. The 51% drop in Federal work was not sufficient to offset the 338% increase in state and municipal construction, as public construction, $163,302,000, rose 19% over the total for an eight-week period in 1945.

Civil engineering construction volume for the current week, last week and the 1945 week are:

	Feb. 21, 1946	Feb. 14, 1946	Feb. 22, 1945
Total U. S. construction	$51,564,000	$44,058,000	$16,301,000
Private construction	34,898,000	27,115,000	9,482,000
Public construction	16,666,000	16,943,000	6,819,000
State and municipal	10,702,000	10,295,000	3,236,000
Federal	5,964,000	6,648,000	3,583,000

In the classified construction groups, five of the nine classes recorded gains during the current week over last week as follows: waterworks, commercial buildings, earthwork and drainage, highways and unclassified. Eight of the nine classes gained over the week last year as follows: waterworks, bridges, industrial buildings, commercial buildings, public buildings, earthwork and drainage, highways and unclassified.

New Capital

New capital for construction purposes this week totals $5,966,000 and is made up of $3,240,000 in state and municipal bond sales and $2,726,000 in corporate security issues. New capital for the eight-week period in 1946 totals $294,607,000, 50% greater than the $196,472,000 reported for the corresponding period of 1945.

Steel Operations Now at 58.6% of Capacity—New List of Prices May Be Announced March 1

Resuming operations at a much faster rate than had been expected, the steel industry this week was pondering over the threat of a coal strike in April, according to "The Iron Age," national metalworking paper. "Negotiations for higher wages in the mines are expected to be underway by Mar. 10 or shortly thereafter," states this publication in its issue of today (Feb. 28), which further adds:

Even though the steel industry was almost completely shutdown for more than four weeks because of the steel strike, the coal mines owned by steel firms operated at a high level, but these supplies cannot be utilized to carry on steel output if a prolonged coal strike occurs.

Some steel companies made provisions to lay down the coal mined at their pits so as to have it on hand when steel operations were resumed, but by far the larger segment of the steel industry was unable to make such arrangements with the result that these badly needed coal supplies were diverted into commercial channels. The industry's largest operator made no agreements with the steel union to permit the stocking of coal from its mines and apparently also was unable to quickly make provisions for storage. Consequently almost 90% of the coal mined from this firm's properties found its way into commercial channels during the period of the steel strike.

John L. Lewis may notify the coal operators in the latter part of this week or next week that new wage demands will be made. It is expected in some circles that the United Mine Workers will attempt to keep its present take-home pay (which in many mines amounts to $63.50 a week for six 9-hr days), the same for a 40-hr work week.

Mr. Lewis in his opening address to the coal operators may demand an end to both wage and price controls and call for free collective bargaining. There is one thing certain, however, he will as in the past attempt to get a better bargain for his coal miners than Phil Murray obtained for steelworkers.

Many steel companies would be forced to reduce steel output substantially if the coal strike should last for two weeks, while other firms would probably be hit if the coal tieup should last as long as three or four weeks. In any event a strong possibility of a prolonged tieup would force many steel companies to slowdown production as a safety measure against damage to coke ovens.

The OPA on Mar. 1 is expected to announce an entire new list of steel prices which will reflect the allocation among various products of the recent $5 a ton average boost. Provision will be made to help eradicate the plight of the small nonintegrated maker so that the increase in semifinished steel will not be as great as the adjustment in finished items made by the nonintegrated mills.

Unless plans are greatly changed within the next few days, semifinished steels such as sheet bars, billets, tube rounds, wire rods and skelp may be advanced $3 a ton. Finished items with a few exceptions are expected to be raised $5 a ton. In addition to the latter increase some products such as sheets, strip, nails, tubes and bars may be given a further boost in order to afford relief to the nonintegrated makers who produce these products from semifinished steel purchased from the large companies.

Going ahead by leaps and bounds, the steel ingot rate made extensive gains this week. If the present rate of recovery continues output next week may be above 70% of capacity, a figure which would be far greater than steel officials believed could be obtained in so short a time.

The American Iron and Steel Institute on Monday of this week announced that telegraphic reports which it had received indiated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 58.6% of capacity for the week beginning Feb. 25, compared with 15.2% one week ago, 5.9% one month ago and 94.6% one year ago. This represents an increase of 43.4 points or 285.4% from the preceding week. The operating rate for the week beginning Feb. 25 is equivalent to 1,032,800 tons of steel ingots and castings, compared to 268,000 tons one week ago, 104,400 tons one month ago, and 1,732,700 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 25, stated in part as follows:

"While there has been increase in steel demand since end of the strike a week ago it is restricted. Many consuming plants still are closed because of lack of steel supply. Also consumers before placing new tonnage, want to know not only the cost of steel products they require under the price schedule now being formulated, but also the markup on other materials and their own labor costs.

"A further deterrent is the fact that steel producers are discouraging placing of further orders until they have a clearer conception of how they can schedule it. Mills have been getting back into production slowly and some producers up to the end of last week had not signed new labor contracts.

"A number of consuming plants still idle are closed because of unsettled labor disputes, and these include some of the largest, such as are found in the electrical, automotive and railroad equipment industries. Despite resumption of steel operations the new government wage-price policy has not yet resulted in appreciable decline in strikes in most branches of the metalworking industry.

"At the same time many plants are down either because of lack of steel, having exhausted inventories, or must close temporarily before mills can come to their rescue with further supply. Prediction is made by trade leaders of a further drop before improvement starts. Some large consumers assert it will be another two or three weeks before they will have sufficient steel to warrant resumption of operations. They and others are pressing for steel tonnage already on books.

"Various leading sellers, in attempting to set up schedules, estimate a loss of six weeks to two months because of the strike and difficulties in getting back to normal, even more in the case of some products. Because of many requests for certain types and sizes of steel in which special shortages have developed during the strike, representing changes in original orders, mills are freezing schedules for several weeks, to obtain maximum output.

"Shipments now going forward are being billed on the basis of prices ruling prior to Feb. 15, with the provision that any increase in the price schdule now being set up will be added, in accordance with the new OPA ruling."

Cost of Living Rose 0.4% in December

Living costs for the average family of wage earners and lower-salaried clerical workers in the United States increased 4.4% in December, repeating the rise in November, the National Industrial Conference Board reported recently. The Conference Board's cost of living index stood at 107.1 (1923=100) in December, compared with 106.7 in November. The index was 1.3% higher than in December, 1944. An increase of 0.9% in food costs, to a level 2.3% higher than in December, 1944, featured the rise in the cost of living. Other increased costs were 0.1% in men's clothing, 0.2% in sundries, and 0.2% in fuel and light. Women's clothing declined 0.1%.

Revenue Freight Car Loadings During Week Ended Feb. 16, 1946 Decreased 6,186 Cars

Loading of revenue freight for the week ended Feb. 16, 1946 totaled 707,054 cars, the Association of American Railroads announced on Feb. 21. This was a decrease below the corresponding week of 1945 of 77,649 cars, or 9.9%, and a decrease below the same week in 1944 of 67,183 cars or 8.7%.

Loading of revenue freight for the week of Feb. 16, decreased 6,186 cars or 0.9% below the preceding week.

Miscellaneous freight loading totaled 287,430 cars, a decrease of 507 cars below the preceding week, and a decrease of 103,169 cars below the corresponding week in 1945.

Loading of merchandise less than carload lot freight totaled 118,332 cars, a decrease of 1,920 cars below the preceding week, but an increase of 15,063 cars above the corresponding week in 1945.

Coal loading amounted to 181,840 cars, a decrease of 4,326 cars below the preceding week, but an increase of 15,014 cars above the corresponding week in 1945.

Grain and grain products loading totaled 51,843 cars, an increase of 999 cars above the preceding week and an increase of 8,817 cars above the corresponding week in 1945. In the Western Districts alone, grain and grain products loading for the week of Feb. 16 totaled 34,366 cars, an increase of 1,714 cars above the preceding week and an increase of 7,175 cars above the corresponding week in 1945.

Livestock loading amounted to 18,080 cars, a decrease of 251 cars below the preceding week but an increase of 4,138 cars above the corresponding week in 1945. In the Western Districts alone loading of livestock for the week of Feb. 16 totaled 14,056 cars, a decrease of 83 cars below the preceding week, but an increase of 3,905 cars above the corresponding week in 1945.

Forest products loading totaled 36,318 cars, an increase of 730 cars above the preceding week, but a decrease of 3,449 cars below the corresponding week in 1945.

Ore loading amounted to 5,412 cars, a decrease of 466 cars below the preceding week and a decrease of 7,130 cars below the corresponding week in 1945.

Coke loading amounted to 7,799 cars, a decrease of 445 cars below the preceding week, and a decrease of 6,933 cars below the corresponding week in 1945.

All districts reported decreases compared with the corresponding week in 1945 except the Pocahontas, and all reported decreases compared with 1944, except the Pocahontas, Southern and Central western.

	1946	1945	1944
4 weeks of January	2,883,620	3,003,655	3,158,700
Week of February 2	723,135	739,556	805,714
Week of February 9	713,240	755,832	793,181
Week of February 16	707,043	784,703	774,237
Total	5,027,049	5,283,746	5,531,832

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 16, 1946. During this period 55 roads reported gains over the week ended Feb. 17, 1945.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED FEB. 16

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1946	1945	1944	1946	1945
Eastern District—					
Ann Arbor	330	321	284	1,597	1,818
Bangor & Aroostook	3,069	2,459	2,156	495	489
Boston & Maine	7,814	6,390	6,423	14,252	16,293
Chicago, Indianapolis & Louisville	1,189	1,334	1,268	1,870	2,408
Central Indiana	52	28	38	44	39
Central Vermont	1,083	1,051	960	2,286	3,233
Delaware & Hudson	4,499	4,719	4,864	11,903	14,307
Delaware, Lackawanna & Western	7,051	7,604	7,496	8,518	10,367
Detroit & Mackinac	247	175	204	176	138
Detroit, Toledo & Ironton	1,426	1,699	2,016	2,235	2,289
Detroit & Toledo Shore Line	258	430	297	3,483	3,949
Erie	9,758	12,067	12,363	13,994	17,943
Grand Trunk Western	3,053	4,123	3,621	8,928	10,338
Lehigh & Hudson River	175	152	149	2,884	3,990
Lehigh & New England	2,216	1,813	2,034	1,681	1,324
Lehigh Valley	7,489	7,428	8,850	7,315	13,133
Maine Central	2,946	2,540	2,370	4,537	4,472
Monongahela	7,594	5,289	6,079	277	312
Montour	2,667	2,428	2,622	20	12
New York Central Lines	40,969	46,720	45,360	50,307	53,044
N. Y., N. H. & Hartford	10,387	9,510	9,982	14,890	18,981
New York, Ontario & Western	804	770	1,353	2,362	2,365
New York, Chicago & St. Louis	4,874	6,540	6,289	12,761	17,488
N. Y., Susquehanna & Western	390	494	403	1,581	2,691
Pittsburgh & Lake Erie	2,089	7,507	7,864	7,545	7,091
Pere Marquette	4,459	5,047	4,688	7,327	8,690
Pittsburgh & Shawmut	850	812	859	42	11
Pittsburg, Shawmut & North	252	277	301	251	310
Pittsburgh & West Virginia	700	779	1,110	1,306	3,503
Rutland	353	319	373	1,347	1,133
Wabash	5,987	6,000	5,979	10,893	14,143
Wheeling & Lake Erie	3,582	5,706	5,028	2,858	5,519
Total	138,617	152,531	153,688	199,965	241,823
Allegheny District—					
Akron, Canton & Youngstown	467	841	776	1,221	1,636
Baltimore & Ohio	35,627	38,654	41,140	22,412	32,621
Bessemer & Lake Erie	931	2,951	2,702	1,176	1,812
Cambria & Indiana	1,753	1,561	1,852	9	22
Central R. R. of New Jersey	5,539	6,577	7,064	15,257	22,626
Cornwall	1	481	587	43	59
Cumberland & Pennsylvania	364	199	202	7	5
Ligonier Valley	35	122	140	24	52
Long Island	1,505	1,733	1,297	4,952	4,382
Penn-Reading Seashore Lines	1,542	1,829	1,576	1,909	2,420
Pennsylvania System	61,311	77,589	77,356	53,125	67,721
Reading Co.	11,681	14,884	14,599	24,783	31,736
Union (Pittsburgh)	1,826	19,003	20,575	931	4,500
Western Maryland	3,870	3,938	3,916	11,906	16,520
Total	126,452	170,364	173,782	137,755	186,112
Pocahontas District—					
Chesapeake & Ohio	29,283	28,014	27,929	10,129	13,557
Norfolk & Western	20,999	20,951	21,238	6,387	10,972
Virginian	5,046	4,356	4,507	1,437	2,610
Total	55,328	53,321	53,674	17,953	27,139
Southern District—					
Alabama, Tennessee & Northern	455	395	289	153	340
Atl. & W. P.—W. R. R. of Ala.	862	862	726	1,928	2,787
Atlanta, Birmingham & Coast	†	†	670	†	†
Atlantic Coast Line	15,807	15,336	13,140	10,113	14,474
Central of Georgia	4,468	4,032	3,578	4,737	6,158
Charleston & Western Carolina	422	453	311	1,658	1,881
Clinchfield	1,863	1,704	1,495	3,642	3,420
Columbus & Greenville	341	285	288	253	345
Durham & Southern	83	141	96	844	963
Florida East Coast	3,155	3,470	3,382	1,659	1,509
Gainesville Midland	65	53	28	166	120
Georgia	1,187	1,274	984	2,200	2,618
Georgia & Florida	433	446	355	824	860
Gulf, Mobile & Ohio	4,946	4,445	4,029	4,196	4,143
Illinois Central System	27,306	27,620	27,444	13,987	17,357
Louisville & Nashville	25,514	27,204	23,527	9,103	12,396
Macon, Dublin & Savannah	270	234	207	913	965
Mississippi Central	321	366	278	344	492
Nashville, Chattanooga & St. L.	2,928	3,315	3,002	4,080	5,155
Norfolk Southern	1,292	994	683	1,657	1,778
Piedmont Northern	396	392	384	1,671	1,508
Richmond, Fred. & Potomac	406	551	377	9,522	11,459
Seaboard Air Line	11,670	10,815	10,121	8,450	9,490
Southern System	24,091	24,619	21,267	23,943	29,563
Tennessee Central	603	707	603	929	834
Winston-Salem Southbound	136	122	128	759	1,467
Total	129,020	129,835	117,572	107,731	131,082
Northwestern District—					
Chicago & North Western	15,655	14,678	15,045	13,349	13,954
Chicago Great Western	2,876	2,439	2,850	3,058	3,733
Chicago, Milw., St. P. & Pac.	21,249	21,000	20,595	10,767	11,139
Chicago, St. Paul, Minn. & Omaha	4,111	3,242	3,982	4,149	3,955
Duluth, Missabe & Iron Range	862	1,354	1,442	254	288
Duluth, South Shore & Atlantic	742	649	897	633	670
Elgin, Joliet & Eastern	2,042	8,804	8,356	7,190	12,736
Ft. Dodge, Des Moines & South	532	337	456	131	79
Great Northern	10,938	9,979	12,219	4,381	5,981
Green Bay & Western	523	468	496	1,015	1,203
Lake Superior & Ishpeming	321	262	323	52	85
Minneapolis & St. Louis	2,252	2,022	2,121	2,346	2,680
Minn., St. Paul & S. S. M.	5,089	4,243	5,102	3,853	3,546
Northern Pacific	8,354	9,009	10,310	4,861	6,602
Spokane International	113	254	110	411	603
Spokane, Portland & Seattle	1,769	2,483	2,383	2,139	3,663
Total	77,428	81,223	86,687	58,589	70,917
Central Western District—					
Atch., Top. & Santa Fe System	23,242	23,955	21,693	8,742	14,122
Alton	2,615	3,428	3,096	3,093	4,292
Bingham & Garfield	7	409	509	9	58
Chicago, Burlington & Quincy	21,687	19,805	19,791	11,220	12,147
Chicago & Illinois Midland	3,347	3,126	3,113	788	961
Chicago, Rock Island & Pacific	12,381	12,206	11,501	11,506	13,405
Chicago & Eastern Illinois	2,845	2,694	2,750	2,855	4,146
Colorado & Southern	650	745	727	1,337	2,104
Denver & Rio Grande Western	2,876	3,905	3,340	3,569	6,109
Denver & Salt Lake	678	590	935	29	14
Fort Worth & Denver City	902	888	824	1,220	1,429
Illinois Terminal	2,104	2,355	1,890	1,650	1,906
Missouri-Illinois	817	979	950	468	586
Nevada Northern	1,409	1,435	1,561	122	123
North Western Pacific	580	700	685	562	1,151
Peoria & Pekin Union	19	2	57	0	0
Southern Pacific (Pacific)	26,500	27,403	29,100	8,366	15,825
Toledo, Peoria & Western	0	336	389	0	2,415
Union Pacific System	15,776	17,489	15,187	10,804	16,164
Utah	857	581	618	3	4
Western Pacific	1,682	1,938	1,556	3,132	4,409
Total	120,972	125,074	120,272	69,475	101,370
Southwestern District—					
Burlington-Rock Island	258	415	288	657	340
Gulf Coast Lines	5,501	6,199	7,007	2,305	2,315
International-Great Northern	1,943	2,397	1,856	4,024	3,615
‡K. O. & G., M. V. & O. C.-A.-A.	1,162	1,332	963	1,717	1,656
Kansas City Southern	2,557	4,568	5,712	2,959	2,830
Louisiana & Arkansas	2,411	3,542	2,954	2,341	2,880
Litchfield & Madison	305	336	355	1,341	1,279
Missouri & Arkansas	174	142	170	387	482
Missouri-Kansas-Texas Lines	4,846	7,166	5,052	3,836	4,991
Missouri Pacific	16,420	17,278	15,619	13,531	18,196
Quanah Acme & Pacific	115	83	120	168	433
St. Louis-San Francisco	9,038	9,285	8,044	7,903	8,742
St. Louis-Southwestern	2,498	3,524	2,928	4,648	7,147
Texas & New Orleans	8,509	10,534	12,846	5,015	5,526
Texas & Pacific	3,361	5,445	4,545	6,287	8,420
Wichita Falls & Southern	98	82	68	53	30
Weatherford M. W. & N. W.	41	25	35	7	48
Total	59,237	72,355	68,562	57,179	68,930

†Included in Atlantic Coast Line RR. ‡Includes Midland Valley Ry. and Kansas Oklahoma & Gulf Ry. only in 1944 and also Oklahoma City-Ada-Atoka Ry. in 1945 and 1946.

NOTE—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1945—Week Ended					
Dec. 1	172,297	152,571	472,568	96	94
Dec. 8	173,537	154,235	490,123	97	94
Dec. 15	150,330	157,792	487,481	98	94
Dec. 22	122,229	148,591	451,654	92	94
Dec. 29	97,323	78,862	462,446	52	93
1946—Week Ended					
Jan. 5	176,346	111,967	526,891	75	75
Jan. 12	143,366	144,482	523,672	94	85
Jan. 19	134,265	143,550	507,651	93	88
Jan. 26	142,142	143,101	499,955	94	89
Feb. 2	178,590	150,634	516,776	95	90
Feb. 9	169,482	152,066	529,767	97	91
Feb. 16	139,681	149,794	516,211	94	92

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

NYSE Short Interest To Feb. 15 Reported

The New York Stock Exchange made public on Feb. 20 the following:

The short interest as of the close of business on the Feb. 15, 1946 settlement date, as compiled from information obtained by the New York Stock Exchange from its members and member firms, was 1,181,222 shares, compared with 1,270,098 shares on Jan. 15, 1946, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Feb. 15, 1946 settlement date, the total short interest in all odd-lot dealers' accounts was 73,359 shares, compared with 50,207 shares on Jan. 15, 1946.

The Exchange report added:

Of the 1,276 individual stock issues listed on the Exchange on Feb. 15, 1946, there were 73 issues in which a short interest of 5,000 or more shares existed, or in which a change in the short position of 2,000 or more shares occurred during the month.

The following table compiled by us shows the amount of short interest during the past year:

1945—	
Jan. 31	1,475,441
Feb. 15	1,582,647
Mar. 15	1,520,384
Apr. 13	1,361,495
May 15	1,486,504
June 15	1,554,069
July 13	1,420,574
Aug. 14	1,305,780
Sept. 14	1,327,109
Oct. 15	1,404,483
Nov. 15	1,563,015
Dec. 15	1,465,798
1946—	
Jan. 15	1,270,098
Feb. 15	1,181,222

Freight Traffic in Jan. Exceeded Total in Dec.

The volume of freight traffic handled by Class I railroads in Jan. 1946, measured in ton-miles of freight, decreased 14% under the corresponding month of last year, the Association of American Railroads announced on Feb. 23. Traffic in January amounted to approximately 49,000,000,000 ton-miles, according to preliminary estimates based on reports received by the Association from Class I railroads.

The January freight traffic was 19% less than the same month two years ago, but was very nearly double that of 1939.

The following table summarizes revised statistics for the year 1945, and preliminary figures for January, 1946 (000 omitted):

	1945	1944	% Dec.
11 mos. actual	634,370,827	679,649,843	6.7
Mo. of Dec.	*46,500,000	57,264,554	18.8
Year	680,900,000	736,900,000	7.6
Mo. of Jan.	†49,000,000	56,845,141	14.0

*Revised estimate. †Preliminary estimate.

Lumber Movement—Week Ended February 16, 1946

According to the National Lumber Manufacturers Association, lumber shipments of 421 mills reporting to the National Lumber Trade Barometer were 3.7% above production for the week ending Feb. 16, 1946. In the same week new orders of these mills were 8.6% below production. Unfilled order files of the reporting mills amounted to 87% of stocks. For reporting softwood mills, unfilled orders are equivalent to 32 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 10.3%; orders by 13.6%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 4.2% below; shipments were 14.3% below; orders were 24.1% below.

Items About Banks, Trust Companies

The main London office of Guaranty Trust Company of New York, which has been in temporary quarters for more than five years due to bomb damage, moved back on Feb. 25 to renovated premises at its former location, 32 Lombard Street, E. C. 3. The interior of the building had been demolished in November, 1940, by a direct bomb hit. Fortunately it is announced this was not followed by fire and resulted in no casualties. Pending the availability of labor and materials for reconstruction, the office conducted its operations during the remainder of the war at 11 Birchin Lane, with an entrance through 67 Lombard Street. The company's London office, established in March, 1897, was one of the first offices of any American bank in Europe. During two world wars the Lombard Street branch has remained open, and in addition to maintaining continuous service to American and British commercial interests it has also served as an official United States depository and assisted American and Allied Governments and military personnel in many financial capacities. The Guaranty also has a London office in Bush House, Kingsway, which was established 25 years ago, and has complete branches in Paris and Brussels.

Lt. Col. Garland H. Hayes returns to Bankers Trust Company of New York as Assistant Vice-President in the Corporate Trust Department. Mr. Hayes attended Washington and Lee, the University of Richmond and studied law at the Richmond Law School. He was with the Bankers Trust Company from 1931 until ne lert in June of 1942 to join the Air Force.

Bankers Trust Company announces the election of Robert C. Gunnell, as Assistant Vice-President. Mr. Gunnell, recently a Lieutenant Colonel in the U. S. A. A. F., joined the staff of Bankers Trust Company in July of 1928. He went into the Army in March of 1942. After graduating from Dartmouth, Mr. Gunnell attended the Harvard Graduate School of Business Administration. He is at present assigned to the Fifth Avenue office of the bank.

It was announced on Feb. 15 that the directors of the Grace National Bank of New York have voted in favor of a stock dividend of $250,000 to be paid on June 28, and to call a special meeting of the stockholders for the purpose of authorizing the necessary increase in capital from $2,750,000 to $3,000,000. At the same time the bank's surplus will be increased to $3,000,000. The dividend will amount to approximately 9.09% and will be paid in lieu of the regular cash dividends of 6% per annum, payable 3% on March 1 and 3% on Sept. 1. The date of the special meeting will be announced later.

E. Chester Gersten, President of the Public National Bank and Trust Co. of New York, announced on Feb. 21 that Joseph W. Percival, who heads the Purchasing Department, was appointed an Assistant Cashier.

Irving Savings Bank of New York has arranged for an Internal Revenue agent to be at its uptown office, First Avenue at 81st Street, to give free advice on Federal income tax returns to the people of that neighborhood, it is announced by Robert H. Barnet, President of the bank. The Government agent will be on hand through March 1st, and can be consulted by both depositors and non-depositors during regular banking hours.

Cornelius V. Coleman, Executive Assistant of the New York Savings Bank at 8th Avenue and 14th Street, New York, died on Feb. 18, at the age of 47. Mr. Coleman was a well known lawyer and public speaker, and had received a law degree from Fordham University Law School. In the bank he was in charge of the handling of new mortgage loans.

After his graduation from Holy Cross College and Fordham he practiced law in New York with the Wall Street firm of Earle & Rust. Before joining the New York Savings Bank in 1944 Mr. Coleman was assistant to the president of the East New York Savings Bank in Brooklyn.

The Board of Governors of the Federal Reserve System announce that the Patchogue Citizens Bank & Trust Company of Patchogue, N. Y., a state member, has changed its title to the Patchogue Bank, effective Feb. 2, 1946.

The Boston "Herald" on Feb. 19 reported that capital funds totalling $375,000 have been received by the Waltham Citizens National Bank which completes payment in full of subscriptions to its shares, it is announced by Paul W. Bartel, President. He said that remodeling of the space to be occupied by the bank in the Parmenter Building at Moody and Felton Streets is expected to be under way in the near future.

David E. Williams, President of Corn Exchange National Bank and Trust Company of Philadelphia, announced that the Board of Directors has elected Richard F. Fitzgerald as Auditor. Mr. Fitzgerald has been with the bank since 1925 and returned recently from military service. As auditor he will report to Paul D. Williams, Comptroller.

Francis T. Reinhart, a Vice-President of the Land Title Bank & Trust Co. of Philadelphia, died on Feb. 18. He was 65 years of age. The Philadelphia "Evening Bulletin" states that Mr. Reinhart had been active in banking since 1910, when he joined the West End Trust Co. This was merged into the Land Title Bank in 1927. In 1933, Mr. Reinhart was elected Treasurer of the bank, and in 1940 a Vice-President.

The election of Howard W. Fisher as Secretary of the Fidelity Trust Company of Pittsburgh, Pa., was announced on Feb. 19 according to the Pittsburgh "Post Gazette" which also said:

He succeeds Frank T. Power, who is retiring after 37 years' service. Foster M. Mohney, Jr., an employee since 1928, was elected Assistant Secretary, and Karl W. Wiedt, who started as a messenger in 1901, was named Assistant Treasurer.

The Capital Bank of Cleveland, Ohio, announced on Feb. 18 its recent stock issue of 5,000 additional shares at $45 had been oversubscribed. The sale increased the bank's capital and surplus to $500,000 according to advices in the Chicago "Journal of Commerce."

Leo J. Van Lahr, President of the Provident Savings Bank & Trust Co., of Cincinnati, Ohio, died on Feb. 12 at the age of 73 years. He had been in the banking business for 55 years, the Cincinnati "Enquirer" reports, in which it was also stated:

He entered the banking profession in 1890 with the Western Bank & Trust Co. Later, he helped to organize the Columbia Bank & Savings Co., but shortly after the turn of the century became affiliated with the Provident Savings Bank & Trust Co.

The bank was established in 1900, and within a year the late B. H. Kroger, grocery chain magnate, became associated with it. It was only three months later that Mr. Kroger brought Mr. Van Lahr into the organization, and he had remained with it ever since.

When Mr. Kroger retired from active participation in the bank's affairs, Mr. Van Lahr, who had been Vice-President, was elevated to the presidency. That was January 17, 1928.

Mr. Van Lahr had served two terms as President of the Cincinnati Clearing House Association and was a Trustee of the Fleischmann Foundation.

John W. O'Leary, Chicago banker and industrialist, died on Feb. 8, at the age of 70. Mr. O'Leary, according to the Chicago "Tribune" was a Director of the Chicago Great Western RR., and had been President of the old Chicago Trust Company and National Bank of the Republic. The advices added:

Mr. O'Leary was President of the American Enterprise Association. He also had served as President of the United States Chamber of Commerce, the Chicago Association of Commerce, and the National Metal Trades Association.

He was a director of Kelly Steel Works. Mr. O'Leary was a member of President Wilson's first industrial conference and was appointed by President Coolidge to the International Economic Conference at Geneva, Switzerland.

The Board of Directors of the First National Bank of St. Louis has announced the resignation of Richard S. Hawes, Senior Vice-President, who will retire March 1st after more than 50 years of service. Mr. Hawes' banking experience has been entirely with the First National Bank and its predecessors. Mr. Hawes stated on Feb. 24 that it is his purpose to relax and rest, and to do many things which he has heretofore never had time for. William C. Connett has been elected First Vice-President and a Director of the First National, succeeding Mr. Hawes.

Mr. Hawes was born in Covington, Ky., and is the grandson of Richard Hawes, Confederate Governor of Kentucky. His first job was in St. Louis as office boy for the Mississippi River Commission. On Jan. 1, 1893, he secured a position with the old Chemical National Bank, which in 1897 was succeeded by the Third National Bank. In 1911, he was elected Vice-President of the Third National Bank. In 1919, when the First National Bank in St. Louis was organized, through consolidation of the Mechanics-American National Bank and the St. Louis Union Bank with the Third National Bank, he was elected Vice-President. Mr. Hawes has occupied many positions of honor and responsibility in the banking world and in civic life in St. Louis. In 1913, he was elected President of the Association of Reserve City Bankers. During World War I, he was Chairman of the Bankers Committee of the 8th Federal Reserve District for the Liberty Loan Campaigns; in 1915, President of the Missouri Bankers Association; in 1919, President of the American Bankers Association; in 1932 to 1937, President of the St. Louis Clearing House Association. He is a member of the Reconstruction Finance Corporation's Advisory Committee for the St. Louis District. Mr. Hawes is a past President of the St. Louis Chamber of Commerce. Mr. Connett practiced law in St. Louis for 20 years before being elected Vice-President of the old Liberty Central Trust Company in 1922. When the Liberty Central was merged with the First National Bank in St. Louis in 1929, he then became a Vice-President of that bank. Mr. Connett has long been active in civic affairs. He has served as Chairman of the Building Committee which built the present Missouri Athletic Club, and later was President, Chairman Metropolitan St. Louis Relief Committee; President, United Charities of St. Louis, and Chairman, St. Louis Housing Authority, and has also been identified with other activities. At present he is a Director of the Provident Association; member, Board of Directors and Executive Committee, St. Louis War Chest, and member, Executive Committee and Treasurer, St. Louis United Service Organizations. Mr. Connett is a member of the Board of Directors of the following organizations: First National Bank in St. Louis, St. Louis Public Service Company, Southern Acid & Sulphur Company, Potosi Tie & Timber Company and Mountain Valley Water Company.

At a dinner which honored 21 employees of the First National Bank and the Kentucky Trust Company of Louisville, Ky., who have been with the banks for a quarter of a century, Embry Lee Myers, Cashier of the Kentucky Trust and John H. Stockhoff, Vice-President of the First National, were guests of honor. Each has served 42 years with his respective institution.

Robert Strickland, President of the Trust Company of Georgia, Atlanta, Ga., announced recently that Lloyd B. Hatcher, recently discharged from the Marine Corps, has returned to the bank as Assistant Vice President. The Atlanta "Constitution" of Jan. 27, from which this is learned, reports that Mr. Hatcher became connected with the bank in 1935.

Charles L. Pierce of Palm Beach was elected President and a director of the First National Bank, Ft. Lauderdale, Fla., while W. W. McEachern was elevated to Chairman of the Executive Committee at the director's meeting held on Feb. 15. Other advancements announced were those of Alwen Neuharth to Executive Vice-President, E. R. Mackay to Assistant Vice-President; John C. Monaghan to Cashier; new officers elected were Arthur H. Ogle, Vice-President; George E. Hossler, Assistant Cashier; and George W. English, Attorney. Mr. McEachern relinquished his duties to Mr. Pierce on Feb. 15 because of ill health, but will remain as a director and head of the Executive Committee. The new President, Mr. Pierce, has had long experience in the banking field, having commenced as a clerk in the Bank of Palm Beach in 1919. He joined the staff of the First National Bank in Palm Beach as Assistant Cashier in 1937, after several years in the mercantile clothing business in West Palm Beach. Mr. Pierce served in all departments of the bank, was elected Cashier in 1939 and Vice-President on Dec. 6, 1940. He was head of the commercial loan department and served on the committee for personal and automobile loans which loaned over $6,000,000 to more than 20,000 personal loan customers in the Palm Beach area. The Navy claimed Mr. Pierce for both wars, as Ensign during the first war and as a Lieutenant Commander in the second.

Mr. Hossler commenced his banking career at the First National Bank in Lake Worth in 1941, later moving to the First National Bank in Palm Beach where he was made Assistant Cashier and manager of the bank's Army Air Base Facility at Boca Raton Field. Mr. McEachern stated the deposits have increased over $1,585,000 since Dec. 31 to $12,735,000 as of Feb. 14, 1946. He also said the stockholders voted to sell an additional 10,000 shares of stock at $20.00 per share, thereby increasing the capital from $100,000 to $200,000 and the surplus account from $152,500 to $252,500. The Board of Directors consist of: Wiley R. Reynolds, Chairman; Wiley R. Reynolds, Jr., W. W. McEachern, Arthur H. Ogle, Bert C. Teed, John B. Dye, Floyd Wray, George W. English, Earl P. Jones, Lewis E. Moore, and Charles L. Pierce.

Contruction of the Bank of Montreal's new 16-story Ontario headquarters, halted more than six years ago by the demands of war, will now go forward with all possible speed, W. T. A. MacFadyen, Assistant General Manager for Ontario, announced at Toronto on Feb. 21. The building, located at King and Bay Streets in Toronto, will have four floors for use by the bank itself, including a banking space close to 150 feet in length, and 12 floors for occupancy by other business organizations. Designed to house more than 1,400 persons, the building will have a floor area of more than 150,000 square feet. The 300 bank employees will have at their disposal recreational facilities, a dining room and a small but well-equipped hospital.

Lloyds Bank Limited, London, England, reported in its statement of condition for the year 1945 that total deposits were £863,316,010 and total resources £926,339,959 compared respectively with £819,273,880 and £876,918,242 the previous year. Cash on hand and with the Bank of England amounted in 1945 to £94,835,289 against £93,628,018 in 1944 while balances with other British banks and cheques in course of collection was shown in 1945 as £36,355,940 compared with £31,969,611 a year ago. Treasury Deposit receipts were £290,000,000 at the latest date against £315,000,000 while investments were shown to be £221,223,111 against £204,087,424 of which £192,063,750 against £178,743,795 represent obligations of or guaranteed by the British Government. Loans and advances at the end of 1945 was £116,974,130 compared with £104,232,012 in 1944.

Debit Balances on N. Y. Stock Exchange

The New York Stock Exchange announced on Jan. 17, that as of the close of business on Dec. 31, member firms of the New York Stock Exchange carrying margin accounts reported total of customers' net debit balances on Dec. 31 of $1,138,314,378 compared with $1,095,239,941 on Nov. 30. These figures include all securities, commodity and other accounts. Do not include debit balances in accounts held for other firms which are members of national securities exchanges, or "own" accounts of reporting firms, or accounts of general partners of those firms.

Credit extended to customers on U. S. Government obligations was $196,386,679 at the end of Dec. against $181,192,519 in Nov. (This amount is included in the net debit balance total.)

*Cash on hand and in banks in the United States was $312,154,327 on Dec. 31 compared with $300,763,529 on Nov. 30.

*Total of customers' free credit balances, stood at $651,683,490 on Dec. 31 against $639,017,933 at the end of November. (This included free credit balances in regulated commodity accounts, but does not include free credit balances held for other firms which are members of national securities exchanges, or free credit balances held for the accounts of reporting firms or of general partners, of those firms.)

*Form of report revised to compare with similar information called for by Federal Reserve Board.