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Observations

By A. WILFRED MAY

Even though Russia may remain generally inscrutable behind her Churchill-termed "Stettin-Trieste iron curtain," it does seem that meanwhile she could at least clarify her anomalous position on some of the more specific international questions. Take, for example, her development of atomic energy. On the one hand, Mr. Stalin tells the world that he is well on the way toward consummation of the bomb know-how. Nevertheless, concurrently the Soviet sees fit to justify her attempted filching of the knowledge by espionage, on grounds of ends justifying means. This desperation is confirmed by the contentions of General Groves. The former Commander of the Manhattan project which produced the bomb, last week stated that it would take Russia another generation to develop an atomic bomb, predicting that "if we gave them unlimited help, the Russians could have an atomic bomb in five or six years. Otherwise it would take them 15 or 20 years to create their own."

Similar basic contradictions underlie the economic situation. The U. S. S. R.'s Embassy in Washington issues a comprehensive report showing the great recovery she has accomplished since V-E Day. Particularly glowing accounts are given of the achievements in the production of coal, steel, and food; and in the major reconstruction of transport facilities. Still the representations issuing from both sides of the Atlantic about Russia's great need for continuing substantial financial help from America, does not at all abate.

While most stock market observation conceives of "the market" as a unit, analysis of the price movements of individual securities over a number of years shows the great fallacy of this dangerous assumption of uniform conformation with the averages. The ex-

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A Report on UNO

By HON. ARTHUR H. VANDENBERG*

U. S. Senator from Michigan

Stating He Returns From the United Nations Meeting With No Illusions That Automatic Peace Awaits the World, Senator Vandenberg Holds That Despite Shortcomings the Organization Must Succeed and Be Kept a Going Concern. Describes Problems Dealt With in 37-Day Session and Characterizes Russia's Attitude as a Conundrum. Urges an Open and Firm U. S. Attitude to Match Russia's and Insists That the Rival Ideologies of Both Nations Should Not Stand in Way of Peace. Warns That Zest for United Nations Is Not as Strong as at San Francisco and That Tendency to Relapse Into Power Politics Exists.

Mr. President, I say frankly, at the outset, that I return from London with mixed emotions. I return with no illusions that automatic peace



A. H. Vandenberg

awaits the world just because the machinery of the United Nations is now in gear. But I return also with an overriding conviction, even more emphatic than before, that the world's only hope of organized peace and security is inseparably linked with the evolution and the destiny of this United Nations Organization. I return in the convinced belief that the more complex or ominous the world's international relations may become, in that same degree the

greater becomes the critical need that the peaceloving peoples of the earth shall strive to make this enterprise succeed. I return in the belief that it can succeed unless Russia, Britain, and the United States, individually or collectively, make it impossible.

I can share your disappointments over some phases of the London record. I can share your anxieties over some of its disturbing trends. I can share your desires that the San Francisco Charter should be improved in certain aspects. I intend to speak frankly about some of these things. But I cannot—and I do not—share the melancholy pessimism, heard in some quarters, that the United Nations, as a result of

*An address by Senator Vandenberg in the U. S. Senate, Feb. 27, 1946.

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A Controlled Economy Leads To Collectivism

By D. K. BROWN

President of the Neenah Paper Co. and Retiring President of the American Paper & Pulp Ass'n

Leading Industrialist Stresses Fact That Prices Are Safety Valves of Our Economic System and Says That When Government Directs the Economic Activities of Its People, the Result Is Collectivism.

Without presuming to take issue with the proposed continuance of government controls, let us not forget that prices are the safety valves of our economic system and it has never been a good policy to sit on a safety valve. The real motive of some who would retain these controls is to replace our free enterprise system with a controlled economy. This means loss of freedom (to which we submitted to win the war), but we have all seen what happens in other countries where government directs the economic activities of a people, and that is collectivism.



D. K. Brown

We do not desire monopolistic control in any form and only wish for a fair opportunity with American free labor, free enterprise and free initiative, and we will do our part in building up a real peace-time economy both for ourselves and the world at large.

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The Financial Situation

The folly of notions about world conditions and world affairs which dominated our thinking from the middle '30s onward, and the consequent faultiness of our foreign policies, are now becoming increasingly and distressingly clear. The ever-increasing awkwardness of our current position has been the cause of much comment from many sources of late, and has brought doubts to many minds which heretofore were inclined to cling to the idea of a 1946 model League of Nations as world savior, or at all events to hope against hope that the UNO could and would succeed where its prototype so miserably failed.

Russia!

The most obvious and therefore the most discussed aspect of the situation is the behavior of Russia, and this phase of the matter has brought strong statements — or should we say heated oratory?—from the Secretary of State, Senator Vandenberg and John Foster Dulles. It remains to be seen whether we can in any measure remedy the situation by meeting impoliteness with bad manners, or a determined policy of aggressive world politics—or Geopolitik, as Mr. Hitler or his predecessors would call it—with similar tactics of our own, or by a sort of negative opposition expressed in pious words or phrases. Apparently, we are finding ourselves embarrassed again and again and again by secret agreements or understandings entered into by the author of the Atlantic Charter. We are certainly handicapped by the fact that Russia has taken the initiative with

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A Long-Range Federal Tax Program

By the Committee on Taxation and Public Revenue, Commerce and Industry Association of New York, Inc.

Asserting That a Sound Fiscal Policy Should Include (1) a Reduction of Expenditures; (2) the Elimination of Deficit Financing; and (3) Eventual Lowering of Individual and Business Taxes; the Association's Committee Recommends: (1) a Balanced Budget; (2) More Economy in Federal Expenditures; (3) Gradual Debt Retirement; (4) Coordination of Budget and Fiscal Procedure; and (5) Future Tax Reductions. Proposes Reduction in Corporation Taxes, Elimination of Dividend Taxation, Gradual Abandonment of Capital Gains Levies, Greater Latitude in Depreciation Allowances, Repeal of Tax on Intercorporate Dividends, and Repeal of the Penalty Tax on Filing of Consolidated Returns. Wants Income Surtaxes Reduced and Obnoxious and Adverse Excises Repealed.

One of the principal problems which this country faces is the establishment of a sound fiscal policy. That policy should include three cardinal principles:

1. Reduction of expenditures.
2. Elimination of deficit financing.
3. Eventual lowering of individual and business taxes.

In 1945 Congress commendably enacted the Tax Adjustment Act of 1945 and the Revenue Act of 1945, which provided a temporary tax program in order to stimulate business and employ-



Laurence A. Tanzer

ment in the postwar reconversion period.

With the necessary temporary expedients enacted, a long-range Federal tax policy should be adopted incorporating the recommendations outlined below, which will permit businessmen and individuals to know what the program will be in order that all may plan for future expansion of business opportunity and activity and the maximum employment possible.

A. Expenditure and Debt

1. *Balanced Budget*—For the first time since 1930 there is hope of achieving a balanced national budget. Every effort should be made to attain in the fiscal year ending June 30, 1948, a complete balancing of the budget, that is,

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From Washington Ahead of the News

By CARLISLE BARGERON

As this is written, the town is agog, as the expression goes, over Mrs. Roosevelt's conduct at the UNO meeting. Not only Senator Connally, the Chairman of the Senate Foreign Relations Committee, but Senator Vandenberg, has returned from this glorious junket to sing the praises of the former First Lady. We have sought to find out just what it was she did to bring about this praise. Was it the fact that she didn't, as must have been terribly feared, upset the appellation? This seems to be but a part of it. It seems that the reason the other delegates are crazy about her conduct is that she stood up to Russia.

This must have been an amazing experience for the other delegates. No other one person of influence could have been more responsible for the predicament in which we now find ourselves: Communist infiltration in our Government, in our armed forces, their apparent hold over our thinking; no other one person of influence could have been more responsible for this situation than Mrs. R.

Several months ago she wrote a column telling about how they had abused her confidence. This was received by the Conservatives with great joy. But it was difficult to discover, thereafter, just where she was not advocating the same things as the Communists were. So the fact that she stood up to the Russians at London and came to be the darling of the rest of the delegation is causing a lot of tongues to wag in Washington, a place where tongue wagging is not unimportant.

A rather generally accepted theory is that she doesn't like the unpleasant light her late husband has been put in, in connection with his dealings with Stalin. The Yalta deal came as a considerable shock to the American people. And the most favorable interpretation of it has been that Roosevelt was then a sick man. The implication is that being in this condition, the wily Stalin put things over on him. The Yalta agreement was apparently lying around here for a long time, with neither the new Secretary of State nor the new President, knowing anything about it. The Russians insisted it was there, and sure enough our officials seem to have found it.

The Yalta conference and those other conferences were the main claim to Mr. Roosevelt's Fourth Term Presidency. As we have always understood it, there was nothing he would have liked more to do than to retire and enjoy a much needed rest. But he just simply couldn't let the country down, as was the case in his second and third terms. Here, in the matter of the Third and Fourth Terms, we were drafting the boys; how on earth could he refuse a draft.

The reason he had to stay, of course, was that he knew Winnie and Joe. He could talk turkey with them. They were the Big Three. The way the propagandists used to play them up in photographs as Big Statues, made even a Republican shrink when he thought of Little Tom Dewey.

We remember very well and we've undoubtedly told this story before, that Bricker, in the pre-convention campaign of '44, came to Washington to speak before the National Press Club. He was not



Carlisle Bargeron

getting anywhere because the Propagandists had spread the word that we must have a President who knew Winnie and Joe, in our then present state of world affairs. We saw presumably honorable citizens in those days groan at the thought of electing one man President for four times, but who said it had to be done, because he knew Winnie and Joe. Parenthetically, Winnie had used the same argument in Britain on at least two occasions, to head off a Parliamentary crisis. On each occasion Roosevelt had done something to let it be known that Winnie was a close buddy of his.

But getting back to Bricker: his advance man came to town ahead of him, and by way of making good will for his candidate, sought to be a good fellow, the night before, in the National Press Club taproom. An irreverent soul said to him with mock solemnity:

"My worry about your candidate is as to how he would get along with Churchill and Stalin."

"Oh, he would predominate them," replied the Bricker advance man eagerly.

With this sort of a build up for Roosevelt, the utter necessity of his being reelected, it has come as quite a shock to us, to know that at Yalta, Roosevelt did not "predominate" anybody; that the only explanation for his actions is that he was then a sick man. You can understand that Mrs. Roosevelt would not like the man who unpredominated her husband, that she would not like the kindly explanations now of his friends, that he was undoubtedly a sick man. So she stood up to Stalin's Government at London.

The funny thing about this is that apparently she, Connally and Vandenberg have come back with a unanimous axe out against Jimmy Byrnes. To get from under this axe, Jimmy has come to "stand up" against Stalin, too. What all this means, your correspondent is not prepared to predict.

Extend Deadline for Deposit of Czech Currency

An announcement by the Department of State was issued as follows on February 19:

"The Department of State has been informed that the Czechoslovak Government has extended until March 10, 1946, the deadline for the deposit of Czechoslovak currency (denominations of 20 crowns or less) and registration of Czechoslovak bank deposits and life insurance policies held by residents of the United States with Czechoslovak Consular offices in the United States. The deadline previously announced was Dec. 31, 1945.

"The deadline for deposit and registration of Czechoslovak securities held by residents of the United States, previously fixed at Feb. 28, 1946, has been extended to April 30, 1946. The official forms required to be used in the registration of the securities together with directions for their use may be obtained from Czechoslovak Consular offices located in New York City, Chicago, Cleveland, Pittsburgh, San Francisco, and Washington, D. C."

Brazil Reduces U. S. Debt

Advices to the effect that Brazil's debt to the United States, which in November, 1943 amounted to \$284,012,645, has been reduced to \$216,698,135, as of Dec. 31, 1945, were revealed by Mario da Camara, head of the Brazilian Treasury delegation and Financial Counsellor to the Brazilian Embassy, at a recent luncheon of the American Brazilian Association. Other prominent guests included Walder Sarmanho, Brazilian Consul General in New York, and Alfredo Pessoa, Director of the Brazilian Government Trade Bureau, said the Brazilian Bulletin of Feb. 15 published by the Brazilian Government Trade Bureau, in New York, from which we also quote the following:

Holders of Brazilian foreign dollar and pound sterling bonds were offered two plans, known as Plan A and Plan B, in December, 1943, said Mr. Camara, as a result of many conferences between Brazilian Government officials and representatives of the Foreign Bondholders Protective Councils of the United States and England.

Results of this offer were explained by Mr. Camara as follows:

"When the offer terminated on Dec. 31, 1945, \$55,824,300 (or roughly, 19% of the original bonds) had been presented in acceptance of Plan A, and \$158,807,400 (or about 56% of the original bonds) had come in under Plan B. The remaining 25% of unassented bonds automatically became Plan A bonds in keeping with the terms of the offer. As you see, a large majority of the holders of our bonds preferred Plan B over Plan A.

"Against the 158-odd million dollars of original bonds presented in acceptance of Plan B, were issued \$105,086,340 new United States of Brazil 3 3/4% dollar bonds of 1944.

"The difference between 158-odd million and the 105-odd million new bonds issued was partly made up by cash payments made by the Government through the different fiscal agents.

"As a matter of fact, during the year 1944 the Brazilian Government paid out to the different fiscal agents a total of \$39,549,316.37 to meet those cash payments to holders who had selected Plan B, as well as to meet the interest and sinking fund requirements of all bonds during that year, and an additional \$11,967,186.06 during the year 1945 for the same purpose.

"Of the \$55,824,300 worth of bonds which were actually presented in acceptance of Plan A, \$2,705,100 had been retired through operation of the sinking fund up to Dec. 31, 1945. And of the \$105,086,340 new 3 3/4% 1944 bonds issued under Plan B, \$10,888,350 had been retired, again through operation of the sinking fund, up to Dec. 31, 1945.

"Thus, the Brazilian dollar debt amounts today to a grand total of only \$216,698,135."

Hilbring State Dept. Aide

Major-Gen. John H. Hilbring was named on Feb. 27 an Assistant Secretary of State by President Truman. General Hilbring, 50 years old, said to be about to retire from the Army, is at present director of the War Department's civil affairs division. Secretary of State Byrnes is to assign the duties of his new assistant. Although their nature was not disclosed with the sending of his name to the Senate, it is thought likely, according to Associated Press Washington advices of Feb. 27, that they will include the job of preparing civil administration organizations for Germany and Japan in view of his wide experience in occupation problems.

The United Nations Meeting

By JOHN FOSTER DULLES*

U. S. Delegate to the United Nations Organization

Though Stating That No Clear Verdict Can Be Rendered as to Whether the UNO Is the Solution for Peace, Mr. Dulles Lists the Accomplishments and the Shortcomings of the First Meeting in London. Says It Is Better That Meeting Displayed No Fictitious Harmony and That the Discords Developed Is a Challenge to U. S. Explains Difficulties in Working With the Soviet Union but Holds It Is Possible to Stop the Drifting Apart. Urges a Firm Diplomatic Attitude by U. S. In Princeton Talk He Scores Present Security Council as a Forum to Score National Gains at the Expense of Others and Expressed Belief That "Veto" of Big Powers Will Not Be Abandoned.

Last week I returned from London on a Constellation plane. It was christened the United Nations Clipper and was making its first

commercial flight. But before it ever took to the air it could have been predicted with confidence that it would fly. I wish that it could be predicted with equal confidence that the United Nations itself will work. There is, however, no mechanistic solution to the problem of peace. That is why, when I spoke to you following the San Francisco Conference, I praised the Charter as a fine blueprint, but I said that whether it would work would depend on whether, in fact, its possibilities were used to develop fellowship among the member States.

Now the first meetings of UNC have been held and it is possible to judge them. No clear verdict results. Some developments were unifying and encouraging, others were divisive and discouraging. If one were to draw up a balance sheet and put the unifying developments on the asset side and the divisive developments on the liability side, the asset side might list these items:

The "Assets" of UNO Developments

1. A difficult job of organization was done in good spirit. A fine example was set by Canada and New Zealand. Canada withdrew as candidate for the Security Council, and New Zealand as candidate for the Economic and Social Council, in order to prevent a prolonged and irritating election deadlock.

2. Good progress was made toward establishing the Colonial trusteeship system. Great Britain set the pace by pledging to accept United Nations trusteeship for areas she holds under League of Nations mandate. That example was quickly followed by Belgium, Australia and New Zealand, and, after some vacillation, by France. The Union of South Africa was the only mandatory State to maintain a reserved attitude. All of the Colonial Powers joined in a message from the Assembly to the dependent peoples emphasizing the concern of the United Nations for their welfare and its intention to promote self-government, free institutions and, where appropriate, independence.

3. The Assembly addressed itself seriously to the imperative needs of relief. It called for broader support of UNRRA and it obtained serious commitments from food-producing countries whereby they undertook, even at sacrifice, to help meet the desperate food shortage which threatens nearly half of the world's population.

*An address by Mr. Dulles before the Foreign Policy Association of Philadelphia, March 1, 1946.



John F. Dulles

tion with actual or near starvation.

4. The proceedings of the Security Council showed that irritating political sores, when exposed to the light, may be cured. That was conspicuously the case in relation to Syria and Lebanon. There France, in deference to world opinion, gave public commitment to a prompt and unconditional withdrawal of her troops.

The foregoing would be the principal items on the asset side. The other side of the balance sheet might show these items:

1. The proceedings before the Security Council seldom showed a genuine spirit of conciliation. Mostly, they reflected an effort by one State to use the processes of the Council to gain an advantage for itself or to weaken and embarrass another. The demand of Iran for withdrawal of Soviet troops was, I believe, spontaneous. But the Soviet Union believed that it had been instigated by Great Britain. It retaliated by bringing charges against Great Britain on account of the presence of British troops in Greece and in Java. It used the Java incident as a basis for encouraging violent independence movements which would weaken the Colonial Powers.

2. When Lebanon and Syria asked for the withdrawal of French and British troops the Soviet Union sought a form of resolution even more condemnatory than that sought by the complainants themselves. France and Great Britain abstained from voting. That left nine voting members who, by a large majority, were against the Soviet proposal. An alternative proposed by the United States was approved by seven of the nine with one abstention and only the Soviet Union voting against. However, the Soviet Union insisted on maintaining its one vote as a veto of the proposal. The explanation seemed to be that the Soviet were maneuvering to gain influence with the Arab League and to embarrass the French Minister of Foreign Affairs, who heads the strongest anti-Communist party in France.

3. There was brought into the Assembly, with divisive effect, the same controversy which in many countries divides the ranks of labor. Member States whose governments were sympathetic to Communism or subject to the political pressure of Communist parties, sought a position of special privilege for the World Federation of Trade Unions, with which the CIO is affiliated, but not the A. F. of L. It seemed to some that the purpose was to enable that Federation to achieve a position such that, through its influence on many governments, it could dominate the Assembly and its Economic and Social Council.

4. A refugee resolution sharply divided the Assembly. Member States which did not believe in free political thinking and talking sought a right to purge the refugee camps of unfriendly political thinking. That particularly involved refugees from Poland, the Baltic States and Yugoslavia.

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U. S. Delegates to Monetary Fund and Int'l Bank Organization Meeting Opening March 8

Secretary Byrnes Appoints Treasury Secretary Vinson as Governor of Both Fund and Bank, With Assistant Secretary of State Clayton as Alternate. H. D. White, Bank Assistant Secretary of the Treasury, Is Made Executive Director of Fund and Emilio G. Collado, Assistant Secretary of State for Economic Affairs, Is Given Same Position for Bank. Wagner (D.) and Tobey (R.) of Senate, and Spence (D.) and Wolcott (R.) of House, Named as Special Advisers, Along With Members of the Existing National Advisory Council on International Financial and Monetary Matters.

The Secretary of State announced on March 4 that the persons named below will represent the United States at the first meetings of the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development scheduled to convene at Wilmington Island, near Savannah, Georgia, on March 8, 1946:

United States Governor of the Fund and the Bank—Fred M. Vinson, Secretary of the Treasury.

Alternate—William L. Clayton, Assistant Secretary of State.

Executive Director of the Fund—Harry D. White, Assistant Secretary of the Treasury.

Executive Director of the Bank—Emilio G. Collado, Deputy on Financial Affairs to the Assistant Secretary for Economic Affairs, Department of State.

Special Congressional Advisers—Robert F. Wagner, United States Senate, Chairman, Committee on Banking and Currency; Charles W. Tobey, United States Senate, Member, Committee on Banking and Currency; Brent Spence, House of Representatives, Chairman, Committee on Banking and Currency; Jesse P. Wolcott, House of Representatives, Member, Committee on Banking and Currency.

Members of the National Advisory Council—Henry A. Wallace, Secretary of Commerce; Marriner S. Eccles, Chairman, Board of Governors of the Federal Reserve System; William McChesney Martin, Jr., Chairman, Board of Governors Export-Import Bank.

Secretary of the Delegation—Frank Coe, Director, Division of Monetary Research, Department of the Treasury.

Technical Advisers—Edward M. Bernstein, Assistant Director, Division of Monetary Research, Department of the Treasury; Walter Gardner, Chief, International Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System. J.

President Praises Anglo-U. S. Air Pact

President Truman told his news conference on Feb. 26 that the recently negotiated Anglo-American air transport agreement was "a very important forward step," and "should protect against the type of rate war feared by so many of the countries through whose air space we desire that our air lines have the right to fly." Reporting this, Associated Press accounts from Washington added that in a formal statement expressing satisfaction with the conclusion of the pact and outlining the general problems of civil aviation in its international aspect, the President continued:

"The major purpose of the two governments in regard to civil air transport has now been set forth in writing and it reads:

"(1) That the two governments desire to foster and encourage the widest possible distribution of the benefits of air travel for the general good of mankind at the cheapest rates consistent with sound economic principles, and to stimulate international air travel as a means of promoting friendly understanding and good will among peoples and insuring as well the many indirect benefits of this new form of transportation to the common welfare of both countries."

Extend Deadline for Reports on U. S. Property Owned by Enemy Nationals

Alien Property Custodian James E. Markham extended on Feb. 25 until March 31, 1946, the deadline for filing reports on property in the United States owned by nationals of Germany or Japan. The reports, required by APC General Order 34, were due on Feb. 28, 1946, but, Mr. Markham said, the extension has been granted at the request of many persons who are filing reports on large numbers of items. The advices from the Office of the Alien Property Custodian add:

"These reports constitute an integral part of the United States' participation in the worldwide undertaking to uncover all German and Japanese assets in foreign countries and to eliminate the external economic power of Germany and Japan, the custodian explained. Every person who has custody, control or possession of any property in the United States in which any national of Germany or Japan may have an interest is required to report such property to the Alien Property Custodian under General Order No. 34, Mr. Markham said. All types of property are to be reported, including securities, real estate, personal property, debts, bank accounts and cash.

"Nationals of Germany and Japan include all persons who have been citizens or residents of Germany or Japan at any time since June 14, 1941, he continued. However, persons who were resident in the United States on Dec. 31, 1945, or who were members of the armed forces of the United States or its Allies, are not regarded as nationals of Germany or Japan.

"Any business organization which is organized under the laws of, or which since June 14, 1941, has had its principal place of business in, Germany or Japan, is likewise considered a national of such country, Mr. Markham said. Also included as a national is any other business organization, located or organized anywhere except in the United States, in which Germany or Japan, or any of their nationals, has had any interest since Jan. 1, 1939. Mr. Markham pointed out that reports must be filed with the Office of Alien Property Custodian even though the property had been previously reported to another Government agency. Persons failing to report are subject to the penalties provided by law.

"Forms and detailed instructions for reporting can be obtained from any Federal Reserve Bank or from any of the offices of the Office of Alien Property Custodian, located at 120 Broadway, New York 5, New York; 417 Montgomery Street, San Francisco 4, California; 135 South LaSalle Street, Chicago 3, Illinois; National Press Building, Washington 25, D. C.; Yokohama Specie Bank Building, Honolulu, T. H.; or Manila, Philippine Islands."

Ivan White, Foreign Service Officer, Department of State.

Special Assistant to the Secretary General—W. Clyde Dunn, Division of Middle Eastern Affairs, Department of State. Richard S. Wheeler, Division of International Conferences, Department of State.

Administrative Officer—Millard L. Kenestruck, Division of International Conferences, Department of State.

Assistant Administrative Officer—Harold G. Kissick, Division of International Conferences, Department of State.

Liaison Officer for Coast Guard Relations—Commander Carl A. Bowman, United States Coast Guard.

Burke Knapp, Special Assistant to the Chairman on International Finance, Board of Governors of the Federal Reserve System. Walter C. Luchheim, Jr., Adviser on Foreign Investments, Securities and Exchange Commission. George F. Luthringer, Chief, Division of Financial Affairs, Department of State. Ansel F. Luxford, Assistant to the Secretary of the Treasury; August Maffry, Economic Adviser, Export-Import Bank. James L. McCamy, Director, Office of World Trade Policy, Office of International Trade, Department of Commerce; Herbert W. Parisius, Deputy Director, Office of International Trade, Department of Commerce; Arthur Paul, Assistant to the Secretary of Commerce; John W. Pehle, Assistant to the Secretary of the Treasury; John Parke Young, Adviser, Office of Financial and Development Policy, Department of State.

Press Relations Officers—J. H. Randolph Feltus, Assistant to the Secretary of the Treasury; Charles P. Shaeffer, Director of Public Relations, Department of the Treasury.

International Secretariat

In accordance with the terms of the Bretton Woods Agreements, this government will be host to the meeting, which entails responsibility for organization. The President has accordingly requested the Honorable Fred M. Vinson, Secretary of the Treasury and United States Governor of the Fund and the Bank, to serve as Temporary Chairman of the Inaugural Meeting.

Presidential approval has also been given to the designation of the following officers of the International Secretariat of the Meeting:

Secretary General—Warren Kelchner, Chief, Division of International Conferences, Department of State.

Temporary Secretary of the Fund—Roman L. Horne, Assistant to the Assistant Secretary of the Treasury.

Temporary Secretary of the Bank—John S. Hooker, Deputy Director of the Office of Financial and Development Policy, Department of State.

Secretaries and Assistant Secretaries of Committees—Elting Arnold, Department of the Treasury. Alice Bourneuf, Federal Reserve Board. R. B. Brenner, Department of the Treasury. David Delman, United States Senate Banking and Currency Committee. J. E. DuBois, Jr., Department of the Treasury. John Ferguson, Department of State. Wilbur R. Lester, Department of the Treasury. Raymond F. Mikesell, Department of the Treasury. Norman T. Ness, Export-Import Bank. Phillip T. Thorson, Department of the Treasury. Max J. Wasserman, Department of Commerce. Gordon Williams, Department of State. Walter H. Windsor, Department of the Treasury.

Chief Press Relations Officer—Lincoln White, Executive Assistant, Office of the Special Assistant to the Secretary of State. Press Relations Officer: Harold R. Beckley, Superintendent, United States Senate Press Gallery.

Protocol Officer—H. Charles Spruks, Division of Protocol, Department of State.

Liaison with Technical Officers

The State of Trade

There was a slight increase in total industrial output last week over that of a week ago. A higher production rate in some industries continued to be delayed by limited supplies of raw materials. New order volume in the week increased and pressure for delivery of back orders mounted.

Consumer spending, reports indicate, remained at a high level in the week and retail volume closely approximated that of the previous week. Staple articles continued to be in greatest demand.

Inventories became a top topic of business news this week as the Civilian Production Administration prepared to look at auto company supplies, "Business Week" reports in its "Outlook."

CPA's most effective weapon, the magazine states, if it finds cause to use one, would be to force an over-inventoried concern to consume before reordering. This, presumably, could be enforced within certain broad limits.

Latest comprehensive figures on inventories show no undue bulge. However, these data are hard to collect and of necessity, late. The last Department of Commerce report is for the final month of 1945. Raw materials producers will tell you, confidentially, that they doubt if December figures can be considered typical now. And even the December data need some analysis. Manufacturers' inventories dipped about \$170 million (around 1%) for the month. However, liquidation of war stuff is believed to account for the whole decline.

Dollar value of all manufacturers' inventories at the turn of the year was nearly 60% above 1939. But half the increase probably can be ascribed to higher prices. A 30% rise in physical volume of inventory over 1939, in the light of today's business prospects, certainly isn't out of line, the magazine adds.

Inventories of durable goods manufacturers naturally show the sharpest reduction. These are down 40% from the wartime peak (without allowance for price change) but only 9% since the end of the war.

Thus it would appear that war contractors made good progress drawing down inventories while the war was on. The narrowness of the decline since V-J Day shows stocking for civilian output while clearing war stocks. Manufacturers of nondurable goods, with little war contract liquidation or re-converting to do, boosted inventory 14% after the war's end.

On the strike front the wage dispute between the General Motors Corp. and members of the United Automobile Workers Union-CIO failed to come to terms with the strike up to the present running into its 104th day. In the steel industry 800 fabricating and non-integrated steel companies employing 350,000 workers, continue strikebound over demands by the United Steel Workers for an 18½ cents wage increase. It appeared at the close of last week that the steel companies would be hampered further by a soft coal strike if the request of President John L. Lewis of the United Mine Workers on Saturday last, asking soft coal operators to meet him on March 12 to negotiate a new basic wage contract, was not granted. Mr. Lewis at the same time filed notice of a strike by 450,000 bituminous miners on April 1 if his demands are not met.

In requesting the conference Mr. Lewis stated that its purpose was to negotiate new arrangements affecting wages, hours, rules, practices, differentials, inequities and all other pertinent matters affecting or appertaining to the national bituminous coal industry. The strike situation was further complicated this week by a threatened nation-wide telephone strike scheduled for Thursday. The parties involved are the Fed-

eration of Long Lines Telephone Workers and the Long Lines Department of the American Telephone and Telegraph Co. The union is seeking an average 18½-cents-an-hour rise, the original demand was for \$2 a day.

Steel Industry—Resuming operations at a much faster rate than had been expected, the steel industry last week was pondering over the threat of a coal strike in April. Negotiations for higher wages in the mines are expected to be underway by March 10 or shortly thereafter, according to the "Iron Age," national metalworking paper, in its survey of the steel trade.

Even though the steel industry was almost completely shut down 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 notified the coal operators the latter part of last 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 nine-hour days), the same for a 40-hour work week.

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 tie-up should last as long as three or four weeks, the magazine states.

The OPA on March 1 announced specific price increases for various types of steel, ranging from \$2 to \$9 a ton, with an average of \$5 a ton, raising average steel prices from \$60.92 to \$65.92 a ton or 8.2%. The increases apply to both carbon and alloy steel, and are retroactive to Feb. 15.

The increased prices are expected to have the two-fold effect of ending strikes presently existing in 800 steel-fabricating plants involving about 300,000 workers and make possible production by fabricators and others who now have an accurate yardstick of their costs.

Under the new pricing schedule as set forth by the OPA, steel sheets, used to a great extent in the automotive industry and by makers of refrigerators, stoves, washing machines and other similar products were advanced \$4.50 a ton.

Plates, shapes and bars, the other leading carbon steel products, moved up \$5 a ton. These are used chiefly for railroad cars, ships and construction work.

Standard railroad rails were raised \$5 a ton, bringing the price

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The Financial Situation

(Continued from first page)

apparently quite definite ideas about what she wants and means to have.

There are, however, other serious weaknesses in our position. The fact of the matter is that, sentimentality aside, we have little generally recognized "right" to complain of Russia's crude behavior. By any standards that Russia would be willing to accept—indeed, by any standard that the rest of the world is likely long or very ardent to defend (notwithstanding current protestations)—we have no "legitimate interest" in what Russia is doing in eastern Europe or in central Asia, and not much in her actions in eastern Asia, and the Middle East. Of course, if we set out to make a case for the idea that Russia has definitely determined to conquer and rule the world, we should have more material at hand out of which to forge proof, and certainly more to suggest that the campaign had reached a dangerous stage, than was true of either Germany or Japan in 1939, or perhaps even in 1941 or 1942.

Our Embarrassments

Yet one finds it difficult to envisage great danger from precisely this possibility. Russia, apparently, has grown exceedingly fond of fishing in troubled political waters, and would as soon cause her erstwhile allies embarrassment as anyone else. If she is harboring serious notions of "world conquest," it has to do with "political infiltration," as Secretary Byrnes terms it, more often probably than with the older type of conquest and subjugation. She has been playing at this game for many years, and has repeatedly shown that she can be indirect and subtle in playing it. Moreover experience seems to demonstrate that against much of this type of activity, ordinary arms or military operations have little defensive power. In any event her aggressions in this respect—apart from those long conducted in this country by Russian agents or by individuals or groups connected in devious ways with Russia—are being perpetrated a long, long way from our shores. Again, therefore, by ordinary standards we have only sentimental, moralistic, or abstract grounds upon which to appeal to Mr. Stalin. Russia certainly, and most of the rest of the world probably, have little faith in our platitudes about non-aggression or our hopes of a world in which nationalism will disappear at any foreseeable date.

Of course, if we are willing to face the facts squarely we shall not turn our eyes from the circumstance that most of our real embarrassment at this time—again apart from sentimentalism and that embarrassment which results

from want of success—once more arises from our relation to the British Empire. At times it appears almost as if Russia was taking a sadistic delight in picking at the foundations of a none-too-stout Empire upon which the sun never sets. Russia, to the Western mind at all events, is always an enigma, and far be it from us to undertake to say precisely what the real purpose of all this British Empire baiting is. There can, of course, be no doubt that Russia intends to dominate Eastern Europe. In some respects she is in this matter perhaps taking the place of Germany in British nightmares, but it is not particularly clear that it is Britain that Russia wishes to thwart or defend herself against, or that apart from being supreme in that part of the world—as the Czars also wanted to be—she has any particular interest in British activities or influence there.

British vs. Russian Interests

There is a more definite clash of British and Russian interests—or interests which Russia apparently intends to make her own—in the eastern Mediterranean. Conflicts of Russian and British interests in the oil of Iran and Irak are traditional, of course. One supposes that Russia is interesting herself in India and the East Indies chiefly for the purpose of making gains elsewhere at the expense of the British—or it may be... well who knows what. But the fact is clear that so far the aggressive policy of Russia conflicts with British rather than our own interests. Again apparently we may ultimately have to decide whether we shall in perpetuity underwrite the British Empire. Our decisions in this connection have cost us fabulous sums in two world wars.

But it is by no means as respects Russia alone that our notions about international affairs have proved erroneous or our foreign policies proved costly. Although, probably, it is not usually thought of in such a way, the instant danger, so we are now told, of actual starvation in Germany is one of the outgrowths of our insistence upon "unconditional surrender" in our fight with the Germans. This attitude resulted in prolonging the struggle and in unnecessary destruction within the land. The future will tell whether recompense in some form may be obtained from obliging the military clique of that country to admit utter defeat and, one supposes, convincing the people that their

U. S. Group to Visit Scandinavian Projects

Plans for a Scandinavian Industrial Survey to be conducted in Denmark and Sweden in late summer by a committee of industrialists and bankers from various sections of the United States, were developed recently at an organization meeting held at the Engineers Club, 32 West 40th Street, New York. An American organization committee to arrange for participation in the mission was formed with Chauncey Williams, of New York, Vice-President of the F. W. Dodge Corp., as Chairman, and Harold Vagborg, President of the Midwest Research Institute, of Kansas City, Mo., as Vice-Chairman. The announcement also says:

"The project which will provide for a group of American leaders visiting the Scandinavian countries and viewing their industrial plants and studying their research is the outgrowth of an invitation from Edy Velander, Director of the Royal Swedish Institute for Engineering and Scientific Research. The invitation was received by Maurice Holland, of New York, who before the war was director of similar industrial missions to South America and Europe under the auspices of the National Research Council. Mr. Holland was for many years director of the National Research Council, Division of Engineering and Industrial Research. At the recent meeting he was named Director of the Scandinavian Industrial Survey group. He is research adviser to the Armour Research Foundation, of Chicago, and other organizations.

"K. L. Holm, Research Director for Sweets-Catalog Service, was named Executive Secretary of the American Organization Committee for the survey. Willard Rockwell, Jr., of Pittsburgh, Vice-President of the Pittsburgh Meter Co., and Col. Bert H. White, of Washington, formerly of the Smaller War Plants Corp., also were appointed regional Vice-Chairmen to aid in formulating preliminary plans for the selection of members to the mission."

armed forces were destroyed by superior power. At any rate, the food situation in Germany as well as elsewhere in the world is in substantial part a direct outgrowth of this policy.

Broader Significance

But this food situation is more than that. It is, or at all events ought to be, a warning of the inevitable results of the systematic industrial destruction of the German nation and of any continued policy or program of keeping that country prostrate. Unless we are prepared to feed millions of Germans, to permit millions of them to migrate, to enslave millions of them in alien or alien-owned factories or to permit wholesale starvation, we had better come quickly to a realization of the inevitable consequences of the punitive measures that have been mapped out by many for postwar Germany.

There is little wonder that many who have been heretofore taken in by slogans are beginning to wonder if we had not better review our whole attitude and ideas about the rest of the world.

Changes in Subsidies and Price Ceilings For Livestock and Grain Announced

Increases in the prices of six major grains as a step in carrying out the country's program to help feed hungry peoples were announced jointly on March 2 at Washington by the Office of Price Administration and the Department of Agriculture. The changes, made by Secretary of Agriculture Anderson and Price Administrator Porter, with the approval of the Office of Economic Stabilization,

affect subsidies and price ceilings for livestock and grains and are designed to carry out the food and feed conservation program announced by President Truman on Feb. 6. Effective March 4, it was noted in United Press accounts from Washington, on March 2, the price of wheat was scheduled to go up three cents a bushel, corn three cents a bushel, oats two cents a bushel, barley four cents a bushel, and grain sorghums nine cents a hundred pounds. When rye ceilings go into effect June 1 for the first time they will be four cents higher than previously announced.

From the United Press advices we also quote in part:

"The price changes are expected to accelerate the movement of wheat from farms and into export channels to meet the United States goal of shipping to Europe and Asia, 6 million tons of wheat by July 1.

"The other changes are expected to bring into line market prices farmers receive for meat as compared with the price they can get for grain. During the war the Government set up a price pattern which made it more profitable for farmers to feed grains to cattle and hogs than to sell the grain.

"At the same time, the Government said today it would not break any of the price promises it had made to farmers. Secretary Anderson had indicated that it might be necessary to adjust ceiling prices and subsidies on hogs in order to obtain sufficient quantities of grain for overseas shipment."

Instead, the two agencies said the following would be done:

1. No change will be made in ceiling prices until Sept. 1. After that, there may be changes to encourage the marketing of heavy weight hogs. However, the hog subsidy may be lowered before Sept. 1.

2. The present subsidy of 50 cents a hundred pounds for "finishing" cattle to top grades will be ended on June 30.

These steps, however, apparently will not go into effect until after expiration of the wheat-export goal period and cannot be expected to help increase overseas shipments.

Present grain prices are: wheat \$1.775 a bushel Chicago base; corn \$1.16, Chicago; oats 80.5 cents, Chicago; grain sorghums \$2.36 a hundred pounds at Kansas City, and barley \$1.26, Chicago. The rye ceiling had been scheduled for \$1.42 a bushel.

In the joint announcement of Secretary Anderson and Price Administrator Porter regarding the change in subsidies and price ceilings for livestock and grains it was stated:

"The changes will help adjust livestock feeding to the reduced supplies of feed grains and encourage more prompt marketing of grain supplies. The Department of Agriculture also announced today that it is considering action to assure more equitable distribution and effective use of feed grain. The coordinated program is intended to help make it possible for the Government to meet its foreign food commitments."

"The problem of speeding up the adjustment of livestock operations to a diminished feed supply has been discussed by Government representatives with producers and representatives of farm organizations. Many alternative suggestions were considered before it was determined

that the following actions should be taken at this time.

"1. Hog ceilings and subsidies. In accordance with announcement made last April, no change will be made in the ceiling prices for hogs prior to Sept. 1, 1946. As soon as possible, however, the Office of Price Administration will confer with its Industry Advisory Committee to consider lowering the ceiling price on heavier weight butcher hogs after Sept. 1 and to consider lowering the subsidy on heavier hogs before Sept. 1. The purpose of such changes would be to encourage farmers to finish hogs at lighter weights and thereby make more effective use of our limited supply of feed grains.

"2. Cattle feeder subsidy. The subsidy now being paid to cattle feeders at the rate of 50 cents per 100 pounds on cattle meeting certain weight and grade specifications will be terminated on June 30, 1946. The purpose of this subsidy has been to give greater encouragement to cattle feeding operations. The present feed situation is not such as to justify continuance of this special incentive for the feeding of cattle to heavier weights.

"3. Grain prices. Effective Monday, March 4, 1946, ceiling prices for grains will be increased as follows: wheat, three cents a bushel; corn, three cents a bushel; barley, four cents a bushel; oats, two cents a bushel; grain sorghums, nine cents a hundred pounds. Ceiling prices for rye, which go into effect on June 1, will be increased by four cents a bushel.

"These adjustments are made to keep grain prices in conformity with legal requirements. When ceiling prices on grain were established, a cushion was included to allow for possible advances in parity. This cushion has now been used up. The new price ceilings reflect present parity with, as in the past, a cushion to allow for possible increases in parity during the months ahead.

"4. Price regulations on corn and processed grains. Changes are being made on corn and processed grains regulations which are designed to aid in restoring normal distribution by country elevators and carload sellers. These changes will be described in more detail in a separate OPA announcement.

"5. The Department of Agriculture also announced that a conference of farm, trade, and processing representatives has been called to discuss the provisions of a War Food Order designed to bring about a more equitable distribution and more complete mobilization of feed grain supplies, by means of use and inventory limitations and delivery preferences for users in greatest need."

Nat'l Foreign Trade Convention In New York

Eugene P. Thomas, President of the National Foreign Trade Council, has announced that the 33d National Foreign Trade Convention, annually sponsored by the Council, will be held this year, Nov. 11, 12 and 13, in New York City, with headquarters in The Waldorf-Astoria. Among the reasons for holding this year's convention in New York was the scheduling of several proposed meetings of international character directly bearing on our foreign economic policies also to be held in New York during the late summer and early fall of 1946.

Savings and Loan Institute Elect

At Milwaukee Meeting, Robt. W. Almoney Is Elected President. Three Hundred Delegates Attend. Morton Bodfish Points Out Aid Given by Loan Associations to Low Income Groups.

Elected to the Presidency of the American Savings and Loan Institute on Saturday, Feb. 23, at the Milwaukee conference was

Robert W. Almoney Vice President - Secretary of the Citizens Federal Savings and Loan Association of Dayton, Ohio. He succeeds Francis E. Ingalls of Lynn, Massachusetts, as 1946 head of the nationwide educational system of the savings and loan associations and co-operative banks. Mr. Almoney has served as First Vice President during the past year.



Robert W. Almoney

Some 300 delegates from the various Chapters and study clubs of the Institute, as well as representatives from the junior executive group of many savings and loan institutions in cities which do not have an organized unit of the educational organization, attended the Milwaukee gathering which lasted a day and a half. Traditionally this Institute meeting is held in connection with the Washington's Birthday holiday but this was their first unrestricted national gathering in four years.

Other officers elected with Mr. Almoney are: First Vice-President, Marc S. Raichle, Aberdeen, Washington, Secretary of the Aberdeen Federal Savings and Loan Association; and Second Vice-President, Christian W. Staugaard, Executive Vice-President of the South Bergen Savings and Loan Association, Wood-Ridge, New Jersey.

Trustees elected included Oscar Keith, Treasurer of the Mattapan Co-operative Bank, Boston; Arthur C. Blackwell, Secretary-Manager of the Boonton-Mountain Lakes Savings and Loan, Boonton, New Jersey; William E. Poulton, Treasurer of the Columbia Federal Savings and Loan, Washington, D. C.; Donald L. Adair, President-Manager of the South Bend Federal Savings and Loan Association, South Bend, Indiana; S. E. Smith, of the Farm and Home Savings and Loan Association,

Nevada, Missouri; Everett Johnson, Assistant Secretary-Co-manager of the Tulsa Federal Savings and Loan Association, Tulsa, Oklahoma; and E. Ronald Lon, Secretary of the Berkeley Guarantee Savings and Loan Association, Berkeley, Calif. Terms of trustees in the odd-numbered districts did not expire this year.

The meeting was addressed by Morton Bodfish, Chicago, Executive Vice-President of the United States Savings and Loan League, who stated that three fourths of the 12,000,000 home owning families in this country have achieved this status on incomes of less than \$2,000 a year. He stressed the responsibility of the savings and loan institutions in keeping America a nation of home owners.

"As the traditional source of funds for the home-seeking family which had too little income or credit rating to get credit anywhere else, the savings and loan associations have been the main reason why more than a third of the families with less than \$1,500 a year incomes owned their homes when the 1940 census was taken," he said. "People must not be led astray into thinking government controlled housing is the answer either for the veteran, or for the person of the lowest income, and certainly not for the lower middle class incomes which are the principal group living in government owned and subsidized housing today."

Mr. Bodfish touched on the implications of the Wagner-Ellender-Taft general housing bill which is now before the Congress and said that it is a program which pays lip service to "private enterprise" but in the main relies heavily on government credit and government control of housing and government-owned housing to accomplish the so-called higher housing standard for the nation.

"Every responsible observer of our country will tell you that we certainly have a higher standard of housing than any other nation has any pretensions of having, and we got it by relying upon ownership, upon home ownership as the principal driving force toward good and better housing," he declared.

put of most other building materials from previous low levels. Production gains were also recorded in January at textile and paper mills, at printing and publishing establishments, and in the furniture, tobacco, chemical, and rubber products industries.

Output of minerals rose 5% in January, reflecting large increases in output of anthracite and bituminous coal and a small gain in production of crude petroleum. Coal production in January and the first part of February was at a rate about 8% above a year ago.

Employment

Employment at trade establishments in January showed a much smaller decline than is usual after the Christmas season and employment in most other industries continued to advance. Construction employment in January was double the level in the same month last year, and, following large increases since last autumn, employment in the trade, finance, service, and miscellaneous industries was substantially larger than a year ago. Employment at factories was about one-fifth lower than at the beginning of 1945 as reductions in munitions employment was only partly offset by increases in other employment. Unemployment rose somewhat further by the middle of January to a level of 2,300,000 persons.

Distribution

Value of department store sales in January was 15% above last year and in the first half of February the increase was larger. Retail sales at stores selling furniture, building materials, and other durable goods were from 25 to 40% above a year ago in January and the total value of retail trade since the first of the year has been about one-fifth higher than during the same period last year.

Railroad freight traffic was reduced from the middle of January to the middle of February owing mainly to the work stoppage in the steel industry. Shipments of agricultural commodities, coal, and general merchandise, however, remained at high levels.

Commodity Prices

Federal price policies were modified in the middle of February to permit increases in ceilings made necessary by Federally approved wage-rate advances and sellers now may ask for immediate price relief rather than waiting six months. Accompanying this action steel prices were raised by 8 to 9%. Ceiling prices for a number of other manufactured products, including certain foods, cotton goods, paper, and lumber, have also been increased in recent weeks.

Bank Credit

Treasury deposits increased by more than one billion dollars in the five weeks ending Feb. 20, reflecting large Treasury tax receipts, reduced expenditures, and sales of savings bonds and tax savings notes in excess of securities redeemed. Deposits, other than Government and interbank, showed little change during this period, in contrast to developments in former post-drive periods when funds were shifted rapidly from Treasury balances to accounts of businesses and individuals. Bank loans made for purchasing and carrying Government securities were further reduced, while commercial, industrial, and agricultural loans continued to increase.

Banks continued to increase their holdings of Government securities, purchasing bonds in the market and Treasury certificates from the Federal Reserve Banks. Non-reporting banks drew upon their balances with city correspondents to increase their loans and investments. City banks met this and other drains in part by selling bills to the Reserve Banks.

Observations

(Continued from first page)

treme selectivity evinced by the market over the long term is demonstrated by a rough compilation showing that, despite the fall of 50% in the Dow-Jones average since 1929, one-tenth of the common stocks listed on the New York Stock Exchange and Curb nevertheless are now selling above their 1929 peaks. And despite the decline in the averages between 1929 and 1937, at least 30 of these companies also sold higher in 1937 than they had in 1929.

An unrealized degree of selectivity likewise is controlling in today's market. Since our historic V-J Day last August, the general market, as reflected in the Dow-Jones average, has risen by 15%. Nevertheless not only have many stocks exceeded this average advance by wide margins and others been stationary, but some leading shares actually show net declines. This diversity is demonstrated by the following table:

	Price Aug. 17, '45	Price Mar. 1, '46	Change %
Dow-Jones average.....	165	190	+ 15
<i>Stocks With Large Advance Since V-J Day—</i>			
Allied Stores	29	50	+ 72
American Woolen	19	43	+126
Cities Stores	11	22	+100
Consolidated Film preferred....	29	69	+138
Eastern Airlines	62	106	+ 69
Gimbel Brothers	25	64	+156
Gotham Hosiery	22	39	+ 77
Paramount	31	68	+119
Park & Tilford	36	65	+ 80
Schenley	58	144	+148
Standard Gas preferred.....	6	37	+533
Warner Bros.	16	38	+131
<i>Sluggish Stocks—</i>			
Allis-Chalmers	48	48	---
Bendix	50	51	+ 2
Delaware & Hudson.....	42	43	+ 2
Fajardo Sugar	28	28	---
General Electric	45	47	+ 4
International Harvester	86	89	+ 4
International Tel. & Tel.	25	25	---
American Tobacco	79	82	+ 4
<i>Stocks Having Declined—</i>			
American Can	97	93	- 4
C. I. T. Financial	53	52	- 2
Continental Can	45	41	- 9
Dresser Industries	29	26	- 10
Philip Morris	66	46	- 30
Servel	21	20	- 5
Sylvania Electric	36	35	- 3
Willys Overland	24	22	- 8

One of the many bad effects of the current cheap money policies on institutional assets is the resulting temptation to embark on unsound real estate investment—for example, in capitalizing the continuing war boom in the hotel business. Securities in this field have enjoyed a most remarkable rise. Since 1939 the Amott Baker Realty average of 28 hotel bonds has risen from 28 to 80; and since November, 1943, their price has doubled. Bonds like those of the Waldorf Astoria in New York, which for many years entirely omitted their interest, have recently sold up in the 80s to yield only 6%. Insurance companies, savings banks, and a few commercial banks have already become engaged in reorganizations and in refinancing existing mortgages at very low rates; long-term financing being extended at as low as 3 to 3½%.

The present precariousness of hotel profit margins, consisting of the differential between permanently higher costs and war-inflated volumes, is frequently overlooked. Before the war operating costs were covered when occupancy reached 65% of capacity. Now increased costs, combined with price ceilings, have raised this break-even point above 80%. In newly constructed enterprises the break-even point is even higher. But even in the 1925-1928 boom occupancy never exceeded 70%; and only once in the 1935-1939 period was that figure exceeded.

In the boom following World War I hotel space doubled in Chicago and increased by 66% in New York, with the result that there ensued as many reorganizations as there were hotels; and some enterprises "went through the wringer" three times.

Doubt on the efficacy of socialization and Government planning as a solution for our housing difficulties is furnished by the current British experience. When Mr. Churchill's Government announced plans for 100,000 houses to be erected in the first postwar year, this was called "chicken feed" by Labor Leader Arthur Greenwood. Yet under the present Government barely 1,500 permanent houses have been completed. And this in the face of the Labor party's election promises that Britain would get houses as she got guns and planes—by planning and control.

In loan-bargaining activities Russia, in holding aloof from Bretton Woods, is but a follower of other important countries who will be making cooperation therewith the bait for U. S. grants in aid. France's chief persuasive argument now is that otherwise she will not be able to fulfill her obligations under Bretton Woods. The similar British position, which had been reiterated on several occasions by Chancellor of the Exchequer Dalton, has just been confirmed anew by Sir Wilfred Eady, head of the British mission negotiating a Canadian loan. As he aptly put it last week, "Congressional failure to ratify will mean an end to any participation in the Bretton Woods Agreement and all that."

Industrial Activity in January Reported By Federal Reserve Board

Output at factories declined further in January and the early part of February owing to work stoppages according to the summary of general business and financial conditions in the United States, based upon statistics for January and the first half of February, issued by the Board of Governors of the Federal Reserve System on Feb. 28. "Production and employment in most nonmanufacturing lines, however, continued to advance and the value of retail trade was maintained considerably above last year's level," said the Board which further reported:

Industrial Production

Wage disputes sharply reduced output in the iron and steel and electrical machinery industries during January and the early part of February. These decreases were offset in part by increased output in most other manufacturing lines and in mining. The Board's index of total industrial production was at a level of 159% of the 1935-39 average in January, as compared with 164 in December.

Steel mill operations, which averaged 83% of capacity in the first three weeks of January, dropped to around 6% during the succeeding four weeks. Since settlement of the wage dispute in the steel industry, output has re-

covered sharply and during the last week of February operations were scheduled at 59% of capacity.

Activity in machinery industries declined about 5% in January, mainly because of work stoppages in plants of leading electrical equipment producers after Jan. 15. Output of most other types of machinery continued to increase. Activity in the automobile industry rose in January, even though plants of the leading producer remained closed by a labor-management dispute. About twice as many automobiles and trucks were assembled in January as in December. Passenger car assemblies were at an annual rate of 700,000 cars which, however, was only about one-fifth of the 1941 rate.

Lumber production rose considerably in January and there were substantial increases in out-

A Report on UNO

(Continued from first page) This experience, will be unable to cope with world realities as disclosed in current history. It would be silly to ignore the hazards. It would be sillier to ignore vindicated hopes. The amazing thing is not that at London there were areas of disagreement but that the areas of agreement were so vast and so significant.

The UNO Must Stand

In my opinion, Mr. President, I repeat—because it is so dreadfully important—that the United Nations must be made to succeed if we are to avoid unspeakable catastrophe in this atomic age when decisive war may be waged in minutes instead of years and when the first casualty list may be the last. To those who are already earnestly suggesting substitutes, I prayerfully suggest that if the United Nations compact, as a starter, cannot command the agreement and cooperation essential to success, then any more ambitious program would obviously multiply these obstacles. Any less ambitious program would die of international pernicious anemia. This charter clearly has its imperfections. We must be constantly alert to opportunities for its improvement. It is helpful that the earnest friends of peace should press these discussions. But it seems clear to me that we must first learn to live with what we have. It seems clear to me that our challenge is to make the United Nations work. It is particularly a challenge to the so-called five great Powers. More particularly it is a challenge to three of them. Still more particularly, it is an individual challenge to the Union of Soviet Socialist Republics, upon the one hand, and to our own United States, upon the other, as I shall presently undertake to demonstrate.

A Going Concern

Now, Mr. President, let us look at London. In 37 days the United Nations turned a blueprint into a going concern. It turned an ideal into a reality. On Jan. 10, 1946, we had only a pious dream. On Feb. 16, 1946, we had organized, in working detail, the complete machinery for the General Assembly, for the Security Council, for the Court of International Justice, for the Social and Economic Council, and for the functioning of every instrument of peace which the Senate envisioned when it underwrote this dream last July with but two dissenting votes. On Jan. 10 we had a scrap of paper. In 37 days we gave it life. The supreme need, in the name of flesh and blood and human hearts and hopes, is that it shall not return to the status of a scrap of paper.

There was sharp controversy and competition in some of these organizational decisions. But all of them were accepted in good spirit by all concerned. There was not a suspicion of insincerity or sabotage. In other words, the original purpose—and what was intended to be the exclusive purpose—of this first General Assembly was carried out with complete comity and with significant success. There was healthy rivalry. But there was equally healthy agreement. In athletic parlance, the team was learning to play team ball. The temporary quarters of the United Nations is already rising in the United States. The machinery is all in gear. Indeed they were 37 momentous days.

All this involved great labor and the composition of many differing points of view. For example, I was chairman of the subcommittee which dealt with administration and with budgets. Starting from zero, we had to cre-

ate the frame-work for a tremendous institution. Fifty-one nations, spanning the gamut of race, color, language, and tradition, had to concur. They did—with ultimate unanimity. I venture to ask with great respect, how long, and with what travail, it would have taken our own Congress to complete a comparable task. Obviously it was possible only with the highest degree of cooperation; with the best of mutual good will; and with a common dedication to a common purpose. And it is highly significant that there were no exceptions to this rule.

I should say, at this point, that UNO will be financed from a so-called working capital fund of \$25,000,000; and that its provisional budget for 1946, including the Court at The Hague, is \$21,500,000. Our provisional share is 25%. In other words, the United States will spend for peace, on this account far less per annum than it spent per hour on war.

Work of General Assembly

So, Mr. President, let us put this first big entry in the credit ledger. When we look at London and at the first General Assembly of the United Nations, let us remember that its organizational phase was a phenomenal success and a vigorous omen of hope for the tolerant cooperations which are the lifeblood of this adventure in behalf of the collective security for which men and women pray, in a hundred different tongues, at the war-scarred hearthstones of the world. Again in athletic parlance, let us anticipate that when the team has played together a little longer it will be invincible.

Let us remember some other things about this first General Assembly.

Let us remember that it initiated the joint studies which should lead to the international control of atomic energy, on a basis requiring adequate and dependable security and inspection arrangements as a mandate prerequisite to any disclosures of any nature at any time. This is the way to save civilization from the use of atomic energy as a lethal curse to mankind.

Let us remember that this General Assembly—this town meeting of the world—sounded reveille against the famine which threatens countless peoples with pitiful extermination. Of course, the call to service is not itself alone enough. Action must follow words. But it is heartening to find the world thus equipped with a new and powerful weapon with which to attack the social and economic, as well as the political, ails of the human family everywhere.

Let us remember that this General Assembly—this vocal conscience of the earth—unanimously offered new hope to dependent peoples everywhere through the expression of our mutual purpose to encourage their self-government.

Let us remember that it pledged itself to encourage a world-wide free press through instrumentalities to be created at its next session in September. Blackouts and iron curtains are not the insignia of liberty nor the trade-marks of peace.

Let us remember that this General Assembly encouraged the hopes of war refugees—the pathetic derelicts of recent conflict—by refusing, on a decisive roll call, to sanction their involuntary repatriation.

Let us remember, Mr. President, that this General Assembly has now put itself in full position to proceed hereafter to implement dynamic article XIV of the Charter. This means that it can recommend the peaceful adjustment of any situation, regardless of origin, which it deems likely to impair the general welfare or to in-

fringe upon equal rights and self-determination of peoples.

All this, and more, the General Assembly did in 37 days. Let us put this entry in the credit ledger.

No; it is not the whole story. I shall come to that in a moment. But it is enough of the story to hearten men of good will to refuse any defeatism in their attitudes and to carry on. We have the greatest encouragements to believe that the United Nations can gather strength and moral power to meet the major issues which may threaten international peace and security, or, as an alternative, to organize the conscience of the world against any aggressor who defies these precepts.

The Security Council

Ah, yes, you say; but how about the Security Council? Well, Mr. President, let us look at the Security Council. By all means, let us look at the Security Council. First, let us remember that the Security Council was put to unexpected test just six days after it came into being—before it had any of the Charter instruments intended for its use—before it even had any rules for its own procedure. That was like expecting a motor car to run on one wheel—and yet it did. Or, changing the metaphor, it was like asking General Eisenhower to invade the Continent 20 minutes after we declared war on Germany. It took four years to integrate the machine that won the war. I respectfully submit to those who are impatient with the London story that we are entitled to at least a few months of grace in the winning of a lasting peace. Even if it took as long as the winning of the war, still it would be a miracle, in the light of man's dismal failures for 1,900 years to follow in the footsteps of the Prince of Peace. Or, again changing the metaphor, I would suggest a study of our own swaddling days and of the time and travail involved in accommodating ourselves to our own Constitution. The truth is, Mr. President, that the brief, preliminary record made by the Security Council is, under the circumstances, much more notable for what it did than for what it did not do.

Four controversies, each involving the presence of foreign troops in lands other than their own, were submitted to the Security Council, upon which sit Britain, China, France, Russia, the United States, Egypt, Mexico, Netherlands, Australia, Brazil and Poland. In each instance, after full hearing, the four controversies were left, on conciliatory American initiative, to further negotiations between the nations in direct concern. But that qualifying phrase, "after full hearing," is of paramount importance.

Mind you, these were the raw materials out of which wars have sprung in other days. But here the contestants were not meeting on a battlefield. They were meeting at the council table, in the white light of full publicity, in the presence of their peers, under the searching eyes of a watching world and under the impulse of a solemn pledge to keep the peace. Here, words which would have been fighting words in other days were the substitutes for guns and swords. Here the frankest imaginable discussions were taking place, eye to eye, cheek by jowl. Here the contestants shook hands at the termination of the jousts. Here there was a clear verdict rendered on the facts by the member nations sitting in their judgment seats, as each representative spoke into the record. It was the "open diplomacy openly arrived at" of which men heretofore have dreamed in vain. It was an epoch in the hopes of hu-

mankind. Let us put that in the credit ledger.

Both World War I and World War II have been chaptered with secret agreements; and the serial postscripts still continue to appear. This new fraternity of nations may lay claims to high values; at least in its emphasis upon daylight diplomacy.

To be sure, the ultimate disposition of each case, after full hearing, was a reversion to direct negotiation between the parties involved, instead of some affirmative act of penalty or of enforced restraint. This may have been a disappointment to some of our more impatient direct-actionists who would like a god of peace as militant and as relentless as the gods of war. But I remind you that the United Nations Charter does not contemplate the techniques of the meat-axe. It is not built to hasten sanctions and the use of force. It is built to prevent, if possible, the use of sanctions and of force. It is built to stop war; not to make it. It requires the exhaustion of all possibilities of direct negotiation, and of inquiry, and of mediation, and of conciliation, and of arbitration, and of judicial settlement before we turn to grimmer disciplines.

And this, Mr. President, is desperately important. I venture to assert that the renewal of direct negotiations in the four instant cases, after these full hearings, is calculated to be quite a different thing than it was before. Now these negotiations will proceed in the presence of the necessity for an ultimate accounting not only to the Security Council but also to the critical opinions of mankind. Now the record, be it good or ill, defies distortion in the future conduct of these events. In most instances, I dare to believe there will be adequate results. By way of example, I point only to the fact that the Soviet Union immediately opened negotiations with Iran—after months of previous refusal to confer at all—and that, in the midst of the Indonesian discussion the Netherlands announced new plans for an autonomous Indonesian Commonwealth. This, too, goes on the credit ledger.

I say again that this is the wholesome pattern of a great hope—even as it also has its danger spots. I do not intend to deny the latter, as will presently appear. But neither do I intend to ignore the former, lest we be treacherously misled against our own best destiny. The price of failure is too great.

By way of concrete illustration, Mr. President, let me submit a blow-by-blow account of the final contest before the Security Council. Within it are found all of our hopes and fears—all of the credits and the liabilities—all of the encouragements and all of the warnings for the future.

Lebanon and Syria were asking the simultaneous withdrawal of French and British troops. Just linger for a moment, Senators, upon this unprecedented scene. Two of the newest and smallest and humblest of governments in the world were complaining against two off the Five Great Powers—against two of the permanent members of the Security Council. The difference in relative power and authority could scarcely approach greater extremes. Yet little Lebanon and little Syria were invited to temporary seats at the council table, pursuant to the mandate of the Charter. There they sat, with the mightiest of earth, to have their untrammelled day in this court of world opinion. It was indeed the triumph of an ideal.

They spoke without limitation and without curb. French and British troops had been necessary in Lebanon and Syria once upon a time, particularly the British, who had entered upon invitation, and

who were staying by request until such time as both the British and French could retire together. Lebanon and Syria testified that the need for these foreign troops was done, but that negotiations for their withdrawal had been unsuccessful. Frankly, without rancor, they laid their facts upon the table and petitioned for relief. At long last here, indeed, was at least an approach to the parliament of man. Another large entry on the credit ledger.

When Lebanon and Syria had finished, sturdy Ernest Bevin, Foreign Minister of the United Kingdom, promptly announced that he would be willing and glad to withdraw the British troops at once. Monsieur Bidault, the able Foreign Minister for France, immediately followed with a statement in kind. He said that there were technical arrangements to be concluded; but that he would gladly press their speediest possible negotiation. The controversy gave promise of amicable composition at one sitting of the Council. Our own distinguished Ambassador Stettinius, speaking for the United States, offered a resolution at this point which took note of the record; asserted the Council's general belief that there should be no unwanted troops on foreign soil in time of peace; expressed the Council's confidence that the case could be safely remanded to the parties in interest for final negotiation; and asked that the Council be kept advised of these developments. It appeared to be a prompt and happy and effective composition of the incident. The dove of peace flew in the window. But unfortunately, quickly it flew out again.

At this point the brilliant Soviet Commissar, Vishinsky, intervened. He wanted no such easy peace. He was not satisfied, he said, thus to let the matter rest. Long and bitterly he indicted the action particularly of France in Lebanon and Syria. Instead of being closed, the incident then blazed into two more days of intense and futile debate. He offered amendments to the American resolution which both France and Britain—and most of the Council—interpreted as stinging and unwarranted rebukes. This was not oil on troubled waters. It was salt in reopened wounds. The Chairman of the Security Council finally called for a vote. Mr. Vishinsky said he, too, was ready, provided the vote was taken under the provisions of the Charter prohibiting the participation of members of the Council who were parties to a dispute which threatens international peace and security. Both Bevin and Bidault hotly protested that this was not a "dispute threatening international peace and security"; that, therefore, they were entitled to vote and that they could not accept the Vishinsky implication. But they then announced that, upon their own responsibility, they would voluntarily abstain.

Vishinsky's amendment was voted down with only its author on its side. The American resolution was then given the seven affirmative votes required by the Charter. The Chairman announced that it was carried. But he was wrong. The Charter also required that these seven votes had to include the concurring votes of the permanent members of the Council. This is the famous veto of which so much has been heard. Mr. Vishinsky promptly challenged the Chairman's announcement. He was wholly within his rights, as indeed, he was from start to finish. The resolution was lost by veto. That left little Lebanon and little Syria just where they started. But then came the thrilling climax. Bevin, for Britain, and Bidault, for France, magnificently asserted that they would voluntarily accept the terms of the resolution and abide its terms precisely as though it were

the law of the Council. Put that high up on the credit ledger.

Conundrum of Russian Policy

Mr. President, I confess that I was proud of western democracy that night. And the life of the United Nations took on new assurance and new expectancy, in the pattern of their attitudes. On the other hand, I trust I am not unfair in also confessing that it seemed to me the distinguished Soviet Delegate—one of the ablest statesmen I have ever seen in action—seemed to be less interested in helping Lebanon and Syria than he was in baiting France and Britain—less interested in peace at this point than he was in friction. I am certain it posed the same question in all our minds which I am now finding almost every day, in one form or another, in every newspaper I read—"What is Russia up to now?" It is, of course, the supreme conundrum of our time. We ask it in Manchuria. We ask it in eastern Europe and the Dardanelles. We ask it in Italy where Russia, speaking for Yugoslavia, has already initiated attention to the Polish legions. We ask it in Iran. We ask it in Tripolitania. We ask it in the Baltic and the Balkans. We ask it in Poland. We ask it in the capital of Canada. We ask it in Japan. We ask it sometimes even in connection with events in our own United States. "What is Russia up to now?" It is little wonder that we asked it at London. It is less wonder that the answer—at London and everywhere else—has a vital bearing on the destiny of the United Nations. And, Mr. President, it is a question which must be met and answered before it is too late.

Mutual Understanding of Rival Ideologies

It would be entirely futile to blink the fact that two great rival ideologies—democracy in the west and communism in the east—here, find themselves face to face with the desperate need for mutual understanding in finding common ground upon which to strive for peace for both. In the final analysis this means that the two greatest spokesmen for these rival ideologies—Soviet Russia and the United States—find themselves face to face with this same need for mutual understanding, both in and out of the United Nations. Indeed, if this does not oversimplify the problem, it might even be said that the future of the United Nations itself is wrapped up in this equation.

If this be so, Mr. President, I assert my own belief that we can live together in reasonable harmony if the United States speaks as plainly upon all occasions as Russia does; if the United States just as vigorously sustains its own purposes and its ideals upon all occasions as Russia does; if we abandon the miserable fiction, often encouraged by our own fellow travelers, that we somehow jeopardize the peace if our candor is as firm as Russia's always is; and if we assume a moral leadership which we have too frequently allowed to lapse. The situation calls for patience and goodwill; it does not call for vacillation.

Let me make it wholly clear that I do not complain because Russia speaks—indeed, Mr. Vishinsky probably spoke in this Security Council more than the spokesmen of all the other powers combined. I am glad she speaks. She ought to speak. That is what this forum is for. But it is for others, too, Mr. President—just as Mr. Bevin used it upon more than one eloquent and courageous occasion. It is, I repeat, for others, too. All should feel an equal freedom, an equal duty, and an equivalent responsibility. The governments of the world suddenly

find themselves in the presence of a new technique in international relations. It is in this forum of the United Nations where the most dominant of all debates and decisions are hereafter calculated to occur. It would be impossible to over-emphasize the importance of our own role and our own performance in such epochal events, and the need for positive foreign policies as our consistent guide therein.

Speaking in New York last week, at a celebration in honor of the great Red Army, which Marshal Stalin certifies will be kept at a progressive peak, our new American Ambassador-designate to Moscow, Lieut. Gen. Walter Bedell Smith, said: "It is imperative that our national temperatures remain at normal." I agree. He said that "both nations want nothing so much as peace and security." I not only agree; but, in addition, if what still bothers Russia is really a security fear against resurgent aggression, I would renew my offer of one year ago for a direct treaty of mutual defense, under the United Nations, in the event an aggressor axis ever rises again.

General Smith said that "the United States is willing to go a long way in meeting its international associates, but that it must be watchful of its own vital interests and hold to the line beyond which compromise cannot go." Again I heartily concur. There is a line beyond which compromise cannot go; even if we have previously crossed that line under the pressures of the exigencies of war, we cannot cross it again. But how can we expect our alien friends to know where that line is unless we re-establish the habit of saying only what we mean and meaning every word we say? I have the deep conviction that this way is the dependable way to permanent peace and concord between us, with its inevitable effect upon the United Nations. Indeed, I have the feeling it is the only way. I have the feeling it is the best way to win Soviet respect and Soviet trust. Respect must precede trust; and both are indispensable to peace.

U. S. Should be Firm

General Smith said that "America and the Union of Soviet Socialist Republics, given honesty and frankness on both sides, can get along together in the future just as well as they have for almost 150 years, in spite of the fact that our Governments and our economic systems have been quite different." Again I associate myself with that sentiment. But the honesty and frankness must be mutual.

Sometimes it is a useful, albeit painful thing to search our own souls in critical hours like these. Was Sumner Welles, the late President Roosevelt's long-time Under Secretary of State, right in a recent statement from which I quote:

If the United States is to exercise any potent influence in promoting world peace and in establishing a better international order, other nations must be confident that this Government will abide by our professions. American foreign policy must possess the all-important quality of dependability. . . . The United States continues to possess the influence in world affairs which is derived from its potential military might and from its material resources. But the moral influence which it possessed during the war years because of the belief that this Government was determined to support those principles which are indispensable to be established is rapidly vanishing. . . . It would be better far to refrain from giving assurances, however noble they may be, than to fail to carry them out. For the

United States cannot exercise any effective leadership until all nations know that it means what it says.

Mr. President, this sort of an analysis does not detract for an instant from the notably loyal and richly helpful record which the United States has made to the foundations of the United Nations. I have been privileged to be so placed that I could see these great works of ours at first hand. We have a right to be eternally proud of America's part in launching this new argosy of peace upon the seas of time. The startling fact at London—I cannot repeat too often—is not that it sometimes trembled in the gale but rather that it so staunchly weathered all the storms. But, sir, we would be dubious mariners if we did not look back upon this pioneering journey to assess the dangers that developed and to put up warning signals for journeys yet to come.

Admonitions

Therefore, in addition to what I have already said, I must add two further admonitions.

I confess that in this first meeting of the United Nations I missed the uplifting and sustaining zeals for a great, crusading, moral cause which seemed to imbue the earlier Charter sessions at San Francisco. Perhaps it was because the agenda was so largely confined to the humdrum routine of organizational details. Perhaps it was the burden of anxiety over the misgivings that are inevitable in launching a peace project which never yet has succeeded in the history of civilization; or, on the other hand, perhaps it was the accumulated tiredness which dampens ardor and easily surrenders to the expedient notion that "all's well." Perhaps it was because, in the aftermath of war, we confront too many grim realities that are utterly at odds with the precepts of justice which we presume to defend. In any event, and whatever the cause, we are on notice that the peoples of the earth must never cease to evangelize this struggle for peace if it shall reach full flower.

Again, Mr. President, I sensed at London what seemed to be too great a tendency to relapse into power politics, in greater or less degree, and, as someone has said, to use the United Nations as a self-serving tribunal rather than as a tribunal. It will require constant, consistent, courageous guidance to keep the United Nations within the main channel of its obligations—and here again is a clear call to America always to act in its traditional character for liberty and justice, and not to lapse, as I fear we may have done on some occasions.

Mr. President, I have endeavored faithfully to report both the credits and the debits on the United Nations' ledgers as a result of the first meeting of the General Assembly. I fear it has been illy and inadequately done. But I want to leave the positive and emphatic conclusion that the credits utterly preponderate with a heavy, a significant, a wholesome and an encouraging balance.

Those, sir, were 37 vital days in London. They are freighted with hope—solidly justified hope—in respect to collective security in this atomic age. In such an age there can be no security which is not collective. With unwavering fidelity we must carry on the great adventure. If there be any failure, let not the blood be upon our hands nor the tragedy upon our souls.

The United States has no ulterior designs against any of its neighbors anywhere on earth. We can speak with the extraordinary power inherent in this unselfishness. We need but one rule. What is right? Where is justice? There let America take her stand.

The United Nations Meeting

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Other States espoused the practice of tolerance and freedom of political belief and expression. This led to one of the most dramatic episodes of the Conference, a debate where Mrs. Roosevelt, with moving simplicity, pleaded for tolerance, and where Mr. Vishinsky, with the explosive power of a great prosecutor, denounced tolerance as a dangerous weakness.

Other Side of the Balance Sheet

The foregone would be the main items which were divisive. It was better that they should have come to the surface rather than be suppressed to give a fictitious appearance of harmony. But the net result was to show that the United Nations is not yet the "harmonizing center" which is its Charter goal. To a considerable extent, its processes are being availed of to advance rival aims.

That may seem discouraging. Actually, that was bound to happen. The first session of the United Nations would inevitably reflect past discords and old habits. It could not yet reflect the result of new programs of common effort for the common good. But what happened shows that we must not continue on the same low plane. It is imperative that the United Nations quickly get under way those programs, envisaged by the Charter, which will be unifying and which will increase fellowship.

A Challenge to U. S.

That above all is a challenge to the United States.

In much of the world the peoples have been exhausted by the physical and moral strains of war and, since fighting has stopped, the daily problems of keeping alive seem to have become even more burdensome. It is impossible to find words to portray such numbing misery as I glimpsed on the Continent and which today grips most of mankind. If, therefore, the United Nations is to be galvanized into a positive and unifying force, the spiritual and intellectual power must, above all, be supplied by the American people. The success or failure of the United Nations depends on that more than on any other single factor.

If the United States is to meet that challenge, we must treat it as serious business. It is easy to sponsor resolutions which express good fellowship and good intentions, and there is danger that we shall try to get along with that counterfeit coin. It is hard to find practical ways whereby the nations, working together, can achieve common gains so valuable that they will not want to jeopardize those gains by quarreling.

Hard to Work With Russians

It is particularly hard to find ways of working together with the Soviet Union, for it seems not to want cooperation. The Soviet leaders have strong convictions of their own and those include a strong conviction against compromise. When the Soviet Union was in the minority in the United Nations, it never, so far as I can recall, compromised the substance of its position. It never accepted the adverse verdict of a committee, even a full committee of 51 nations. Though defeat of its proposals was certain, it carried them to the Security Council or to the floor of the Assembly and insisted on a roll call vote. Soviet representatives abroad almost uniformly avoid friendly and communicative relations with foreigners. If they do not, they are recalled. Also, the Soviet Union has, for the most part, declined to join the economic, financial and cultural undertakings which have

been launched since the war and which are designed to be related to United Nations as specialized agencies. It often seems as though the Soviet leaders do not want to expose their system or their people to outside contacts until the system has been strengthened internally and externally and that, therefore, they keep up barriers of a kind which, normally, are used only against an unfriendly and dangerous outer world.

Can the Drifting Apart Be Stopped?

On the other hand, the needs of the Russian people are great, their people are inherently friendly, we have many common social goals. While the Soviet idea of how the United Nations should work may be different from ours, at least they are playing an active part in it. Also, it can be taken as certain that neither the Russian people nor their leaders have any conscious desire to plunge into another war. It ought to be possible to find ways which will, in fact, stop our present tendency to drift apart and set up, within the framework of the United Nations, a trend toward fellowship. But that will not be easy. We shall have to keep trying and we shall have to follow procedures which will give our efforts a real chance to be fruitful. Above all, we must remember that a problem as hard as that we face cannot be solved by last minute improvising.

The U. S. delegates to the next sessions of the Assembly should be chosen well in advance. They should have time to develop policies which will be realistic and significant and expressive of the righteous faith of the best of America. They should seek to develop these policies in a bi-partisan way, so that they will command the wholehearted support of the American people. Also, the program should go on the agenda sufficiently in advance to enable the representatives of other States to be prepared to act with us.

Urges Firm U. S. Attitude

If we adopt such procedures in the United Nations, and coordinate them with firm diplomatic policies which will command respect, then I am confident that we can vitalize the United Nations and make it the harmonizing center it was designed to be. The danger is that we shall not take the trouble to do the job right. I have only been home a few days, but I have the impression that our people and our national leaders are so engrossed with other matters that they do not now take much interest in a second session of the United Nations next September. That seems a long way off.

If that attitude prevails, we shall not stop the present trend toward disharmony. That is already proceeding at a rapid pace. The further it goes, the harder it will be to restore unity and fellowship. At some date, which cannot be fixed, that restoration may become humanly impossible. That is why I speak seriously.

The one great gift the United Nations has already given us is the gift of vision. We can now see the kind of things that used to be concealed. I do not believe that the sight will discourage us or that it will leave us indifferent. The American people stood up to the hard tasks of war once they knew what was required of them. I believe that the American people should also know what is required to win the peace. I have faith that if they do know, they will respond.

Mr. Dulles' Princeton Address

Previous to the above address, Mr. Dulles made an address on Feb. 22 at Princeton University

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The United Nations Meeting

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entitled "The United Nations—Its Challenge to America." As his remarks on this occasion stressed other aspects of the United Nations meeting, it is printed in full below:

The United Nations will not achieve peace and security merely because those words are written into its Charter or because the Charter is now implemented by a personnel. These were necessary preliminaries, and they have been well done. But what remains is the essential, that is, to assure that our new world organization will be dedicated to some great purpose.

Alexander Hamilton said, during our Constitutional Convention, that "Government ought to contain an active principle." No doubt he had in mind such purposes as the establishment of equal justice, which the English people by the Magna Charta required of their Government; or the pursuit of personal liberty, which the founding fathers made a central theme of our Constitution; or the ending of the exploitation of man by man, which the leaders of the Soviet revolution wrote into the Constitution of the U. S. S. R. It is only when men organize to advance their common good that their organization will hold together. Self-interest is a dominant human motive. It can serve as a cement which binds men together in fellowship. It can be a repellent, which sets men one against the other. The art of peaceful statesmanship is to find ways whereby the welfare of the members can be served better by working together than by working apart.

Let us apply that proposition to the United Nations. It has two main organs: The General Assembly and the Security Council. The Security Council is designed to settle disputes. Every political body needs such an organ. But we must not place reliance on that alone. Such an organ can never, itself, be the main organ or the main reliance for order. It can work successfully only as an adjunct to other relationships which make fellowship of positive value.

It might be thought that fear of war would, itself, always make nations want to settle their disputes, so that a settlement tribunal would suffice. It does not work that way. One reason is that it seldom seems that any particular controversy will actually precipitate war. For example, in the three cases brought before the Security Council, where the Soviet Union, Great Britain, and Great Britain and France were in turn the defendants, each earnestly and, I believe, sincerely contended that its action complained of could not possibly "endanger the maintenance of international peace"—to use the language of the Charter.

National Policies Geared to Short Term Considerations

Of course, a succession of clashes of national interest may build up a situation which makes war an obvious danger. But nations are seldom run by men who give up the chance of present gain lest, some years after, there be the danger of loss. Almost everywhere national policies are geared to short-term considerations—the term being the term of office of the current incumbents. Furthermore, if the danger of war becomes obvious, that is only because national emotion runs so high and national prestige is so involved, that peaceful settlement is, on account of those very facts, made almost impossible.

Also, there are always in the world some virile, dynamic peoples who are not moved solely by consideration of safety and security. That to some may seem an unpleasant fact. But it is a real-

ity to which we had better accommodate ourselves and our institutions.

Throughout the ages peace-loving people have placed their principal reliance upon fear. They have always been wrong. Fear of war or fear of risk is not enough to bring nations to reconcile their conflicting interests. It is necessary to put a positive premium on fellowship.

No Importance Attached to Settling Differences

The first meetings of the United Nations have made it perfectly clear that the nations, at least the big nations, do not feel it very important to settle their differences. I have listened for hours to representatives on the Security Council accusing others and defending themselves. Most of the time it seemed that the members were using the Council as a forum where through propaganda and clever maneuvers they could score a national gain at the expense of others.

That is a disturbing fact. It is in marked contrast with the situation which prevailed during the war. Then the United Nations were engaged together on a great task of supreme importance to each—the defeat of common enemies. That made fellowship worthwhile, so much so that it would have been immediately disastrous to have sacrificed that fellowship by such quarreling as was indulged in at London. But now, with the defeat of Germany and Japan, the practical, immediate advantages of fellowship seem to have disappeared. The nations feel it again expedient to push for gains at the expense of each other and at the risk of discord.

Obviously what is needed is the resumption of common tasks so valuable, that fellowship becomes worth preserving. There must be spun a web so precious that no one wants to tear it. It must be made more advantageous to agree than to disagree.

The Removal of the Veto

There are some who have not the spirit to face up to the task of organizing common effort for the common good. It seems a slow, hard way, and so it is. In contrast, mechanistic solutions are very tempting. The most popular of these would eliminate the so-called "veto-power" of the permanent members of the Security Council.

At the present time it is wholly unrealistic to talk in such terms. The permanent members of the Security Council have demonstrated, at their first meeting, a much greater degree of distrust than was anticipated at San Francisco. Then the permanent members declared that they would use the veto only sparingly and when major issues were involved. Actually, at London, the veto power was invoked three times by the Soviet Union. Once it was used, informally, in connection with the election of the Secretary General. The second time it was used to prevent the formal dismissal by the Security Council of charges against Great Britain in relation to Greece, charges which all the members but the complainant felt unfounded. It was used a third time to prevent the adoption of a resolution calling for the withdrawal of French and British troops from Lebanon and Syria, the reason being that the resolution seemed to the Soviet to be too mild. It is natural that the Soviet Union should use the veto more than any other permanent member, for it has developed few ties of fellowship with other countries. That, no doubt, explains why it was the representatives of the Soviet Union who, at the opening of the Assembly formally gave notice that no change such

as the elimination of the veto could be tolerated. But the Soviet Union is not the only permanent member which is unwilling to subject its vital interests to the arbitrary disposition of the other members of the Council.

Security Council Not a World Government

Let us not be deluded into thinking that there is a solution by the easy way of changing a few words on a piece of paper. The Security Council is not, and cannot now be made a world government acting by majority vote. It is a tool, upon which each great power keeps a restraining hand. It can operate to settle disputes only if other processes and other relationships make such settlements seem expedient. That brings us to the other great organ of the United Nations, the General Assembly.

The Charter gives the Assembly enormous possibilities of developing an active principle. It can seek to advance human welfare in all of its phases—spiritual, cultural and material. It can promote basic human rights and fundamental freedoms. It can fight disease. It can help to solve the vast Colonial problems. It can develop world trade. It is given almost unlimited opportunity to advance the welfare of the member peoples. Thereby it could create a fellowship of common effort which would make the parties want to settle such differences as emerged in the Security Council.

But will the Assembly take advantage of its opportunities. It will not do so merely because a power to do so is written into the Charter. It will do so only if the nations which make up the Assembly in fact endow it with a dynamic purpose.

Task of the United States

That is the big task that still remains to be done and it falls heavily upon the United States. In much of the world the peoples have been drained by the physical and moral strains of war. In most of the world the daily problems of keeping alive absorb the energy of the people. There are a few individuals, chiefly from small countries, who already have impressed their spirit on the Assembly. But they cannot alone supply the amount of spiritual drive that is needed to galvanize the United Nations into a positive force for human welfare. What is needed is the spiritual power which could be supplied by the American people. The success or failure of the United Nations depends upon that more than any other single factor. Unhappily the fact is that at this critical juncture the people of the United States have no great faith which moves them. We are in no mood to seize on the United Nations as an agency for accomplishing some great purpose in the world.

The United States representatives to the first Assembly were a so-called "instructed" delegation: We were to carry out such instructions as we might receive from the President. Actually, except for organizational matters, the delegation received no instructions. It was given no substantive task to perform, no great objective to achieve. It is true that this first session of the Assembly was supposed to be given over primarily to tasks of organization. Thus our official position could be justified as a matter of logic. But cold logic does not restrain those who are passionately dedicated to some great purpose. If there had been anything which the American people really wanted, they would have gotten it under way at this first meeting of the Assembly. The very fact that we were so reasonable shows the low level of our faith and of our purpose. We were apathetic.

That would not have happened 50 years ago or 100 years ago. Then the American people were imbued with a great faith. We acted under a sense of moral com-

pulsion, as a people who had a mission to perform in the world. Our conduct was largely determined by a religious belief that every human being had a God-given possibility of spiritual development and that to realize this was man's chief earthly aim. Accordingly we sought to organize a society which would promote the spiritual development of the individual. We wanted him to have not only spiritual freedom, but the surrounding conditions of intellectual and economic opportunity without which spiritual growth is seldom realized. That was "the great American experiment." It was designed, not only for ourselves, but others. We sought, through conduct, example and influence, to promote everywhere the cause of human freedom. We availed of every opportunity to spread our gospel throughout the world. In those days no international conferences were held without the United States being a purposeful participant.

"We Are Lacking Spiritually"

That mood has passed, with the result that at this critical time we may fail the world. We are, materially, playing a good part in keeping others physically alive and in helping to get their economy going again. We have, intellectually, played a good part in devising a world organization which well reflects the present political realities and possibilities. But spiritually we are lacking. We seem incapable of breathing into that organization the spirit needed to make it a living body.

Most of us, no doubt, would like to see our nation possessed of spiritual power. We had it once, but how now can we recapture it?

I suggest that there is no mystery about that. The way to get faith is to expose one's self to the faith of others. Faith is a contagious thing. A strong faith, rooted in fact and reason, inevitably spreads, if contacts are provided. If, therefore, we want our faith renewed, we should re-sum contact with those who have had it. The Bible is the greatest book, because, as Paul pointed out it is a story of faith. It recounts lapses from faith and their consequences, and revival and restoration. Most of all, it is the story of men and women who lived by faith and died in faith, bequeathing it to successors, who ever moulded it into something finer, truer and more worthy. Our national history is also rich in the story of men who, through faith wrought mightily. Two of the greatest were from Princeton. It was James Madison who saw the vision of a Federal system and played a great part in bringing it into reality. It was Woodrow Wilson who saw the vision of a world organization and played a great part in bringing that into reality. We are, indeed, compassed about by a great crowd of witnesses.

Need More Contact With Great Faiths

What our people need is more contact with the great faiths of the past. That is something our schools and colleges can provide. Indeed, those who founded our older colleges did so with the primary purpose of assuring that we would always have men of strong beliefs, who would be teachers and leaders of men. They thought in terms of the Christian ministry and also, notably in the case of the College of New Jersey, of leaders in the field of statesmanship.

We have largely abandoned the idea that our schools and colleges should produce men of faith. In part, that idea has given place to a materialistic and utilitarian conception. Many of our colleges now consider that their main purpose is to teach technical skills. In part the original conception has surrendered to a feeling that it was reactionary or illiberal to carry forward the faith of our fathers.

The result has not been a better faith, but a replacement of faith by apathy or cheap emotionalism. These degenerating forces have operated on our youth long enough to alter the character of our people. We have lost our sense of purpose and our capacity to inspire and to uplift. That deficiency pervades all phases of our foreign relations. It makes us ineffective in our international dealings. It makes us impotent to breathe life into the United Nations. If in consequence, our people perish, that will merely fulfill one of those prophecies which we have found it convenient to forget.

Happily, we still have some time. How much time no one can say, but at least we need not become panicky merely because we now see realities of a kind which have always existed, but which, in the past, diplomacy used to keep concealed. On the other hand, we have no time to waste. The pattern of the future is already taking form, and the form is not a pleasing one.

So it is that I welcome this occasion to speak to this great college. For 200 years your example has influenced our nation's past. It can influence our nation's future. May you, I pray, work to renew in us a faith.

New Cardinals Created

In a series of ceremonies creating 32 new Cardinals of the Roman Catholic Church, which culminated in the Pope's placing the four-cornered red silk biretta on the heads of the 29 able to be present on Feb. 20, and the receiving of the Cardinals' rings from the Pope on Feb. 22, Pius XII took the opportunity to address the dignitaries of the Church in speeches which were broadcast from the Vatican City radio and heard in many parts of the world. Speaking of social values, the Pontiff said, according to Associated Press advices from Vatican City, Feb. 20, that the individual man should be able to use his own powers and not be subjected by the community.

The Pope took the occasion to proclaim the unity and completeness of the Church, her universality and her supra-national character. It was sensed that although he did not mention the Soviet Union and communism, much of the criticism in the Pontiff's words was directed toward these two bulwarks of an opposing idea.

For the first time, Italian Cardinals are outnumbered by foreigners, but this was in line with the Pope's own decision that the College of Cardinals should represent a universal church. Eleven of the new Cardinals are from the Americas, the four from the United States being: Archbishops Francis J. Spellman, of New York; John J. Glennon, of St. Louis; Samuel A. Stritch, of Chicago; and Edward Mooney, of Detroit. Following are two small excerpts from the address of Pius XII on Feb. 20, as reported by the Associated Press:

"Thus the principal meaning of the supra-national character of the Church is to give lasting shape and form to the foundations of human society, above all differences, beyond the limits of space and time. Such a task is arduous, especially in our days, in which life in society seems to have become an enigma for men, an inextricable tangle. . . .

"We may add that especially the complications of the economic and military order have made of society a huge machine, of which man is no longer master, of which, indeed, he is afraid. Continuity in time had always appeared essential to life in society and it seemed that this could not be conceived if men were isolated from the past, present and future. Now this is precisely the disturbing phenomenon of which we are today witnesses."

A Long-Range Federal Tax Program

(Continued from first page)

the meeting of expenditures from income. A balanced budget and an end to the Government's recourse to borrowing are essential for restoring the confidence of businessmen and investors in the fiscal stability of the Federal Government.

Any genuine attack on the inflationary tendency in this nation's economy should begin with the Federal budget. Without a real effort to curb the further accumulation of inflationary bank credits the price control program is doomed. Until we stop this pressure at the source, the measures taken to prevent inflation will be found to be stop-gap in nature and ineffectual.

The most feasible time in which to balance the budget and set the fiscal structure of the nation is during a period of high national income. The balancing of the budget must be made possible while the country enjoys its present high national income.

2. Economy in Expenditures—Economy in government expenditures is a vital part of sound government policy. In view of the large expenditures made for the prosecution of the war and the genuine need to end the Federal practice of deficit financing, governmental expenditures should be restricted to the amounts needed for the conduct of essential activities.

3. Debt Retirement—The national debt has reached the enormous figure of \$278,000,000,000, and President Truman has promised to reduce it by \$7,000,000,000. Any fiscal program which is adopted should include provision for continuing debt retirement.

4. Coordination of Budgetary and Fiscal Procedure—More than 40 years ago civic organizations, experts in public administration and fiscal planners waged a successful campaign for the adoption of a national budget. The budget is a plan—a plan of action for government looking toward the future. Used correctly and wisely the budget substitutes planning for chance in operating the departments and agencies of the Government and coordinates these with revenues available. Under the budgetary procedure the administrator and the executive must forecast their expenditure needs, formulate a work plan, and, once it is adopted by Congress, follow it.

We are faced with a situation wherein the committees of Congress recommend appropriations for departments of Government without reference to any fiscal policy or to the ability of the Government to raise the funds requested.

What is required is that the separate functions and responsibilities of the appropriating committees and of the Finance and Ways and Means Committees be welded into an over-all budgetary and fiscal committee. In this manner there would be found in one committee a group which would recommend approval, after adequate study, of the two essential features of the process of public budgeting:

- A comprehensive financial plan.
- A procedure for devising, authorizing, financing and executing this plan.

5. Future Tax Reductions—Further tax reduction should wait upon the balancing of the budget and the making of adequate provision for debt retirement. But it must be pointed out that the present rates of corporate and individual taxes are too high for our economy and that rate reductions are essential. It will be found that at lower rates and increased production there actually will be a greater yield than at the present high and, in some instances, almost prohibitive tax rates.

The tax recommendations of the Commerce and Industry Association,

which are made below, are predicated upon the premise that in 1948 the national budget will be balanced and provision made looking toward retirement of the debt.

B. Corporation Taxes

1. Corporate Income Tax Rates—The high corporate tax rates are a great deterrent to full industrial capacity. At all times the fiscal authorities should bear in mind the principle that the rates should not be set at a point beyond which the maximum return is derived. It is, therefore, recommended that for 1947 the combined corporate tax rate be fixed at 30%, and at the rate of 25% or less for 1948. Ultimately, more far-reaching reductions in the rates will be required.

The association continues its opposition to graduated income tax rates on corporations, and recommends that corporations be subject only to a flat rate corporate income tax with appropriate consideration for relief treatment given to small corporations.

The association renews its opposition to any taxation of undistributed profits. Such taxation is expressly prohibited by the New York State Constitution and this prohibition is, in the opinion of the association, a sound policy.

2. Elimination of Double Taxation of Corporate Dividends—Income derived by stockholders is now taxed twice—once when the corporation pays a tax on its earnings, and again when the earnings are distributed among the stockholders as dividends. In order to avoid this duplication, so far as practicable, it is recommended that the normal tax rate on corporate income be fixed at a rate equal to the rate of basic tax upon individual incomes, say 70%, and that dividends be free of normal tax to the individuals receiving them. Thus, the stockholder would, in effect, be credited with the corporate tax which will be treated as having been paid in his behalf. This would be equivalent to a withholding tax on behalf of the stockholder on corporate net income paid out in dividends to the extent of the normal tax, leaving only surtax to be paid by the stockholder. Even though it may be considered necessary temporarily to provide corporate rates higher than the basic individual rates, the exemption to individuals on dividends received by them could still be limited to the basic rate for individuals.

3. Capital Gains and Losses—The capital gains tax is a direct and unwise restriction upon the private enterprise system. It serves to destroy incentive and prevent freedom of transfers necessary to keep the investment portfolios of the nation in a sound condition. Furthermore, in the long run the receipts from this tax are not an important item of government revenue.

The association recommends the abolition of the tax and, pending its repeal, favors:

- The reduction of the net rate on long-term capital gains to 20% for 1947, to 15% for 1948, and to 12½% for 1949.
- Retention of the present holding period at six months.
- permitting offset of losses and gains and allowing excess losses against other income, but limiting the resulting reduction in tax to an amount equal to the capital gain rate on the excess losses.

4. Depreciation. Corporate and non-corporate enterprises should be allowed greater latitude in deductions for depreciation and should be permitted to amortize assets rapidly. The reasonable allowance contemplated by the law does not represent any specific amount nor is there any single method for determining what is a reasonable allowance. If the amount claimed by the taxpayer is reasonable, it should be allowed. It should not be disallowed

by the commissioner simply because some different amount otherwise determined might in his opinion also be considered reasonable.

In determining the remaining basis of depreciable property at any time, depreciation should be considered as having been allowed or allowable only to the extent it could be effectively applied in reduction of income subject to tax.

5. Tax on Intercorporate Dividends—The association continues to favor the repeal of the tax on intercorporate dividends effective for the year beginning Jan. 1, 1947. It would serve as an encouragement to business as well as to restore a fair practice common to earlier tax laws under which corporate dividends were exempted from taxation.

6. Consolidated Returns—The association reiterates its position in favor of the repeal of the penalty tax of 2% on the filing of consolidated returns.

C. Individual Income Tax

The association has, in the past, advocated the lowering of individual income tax exemptions in order that the Government might reach, through taxation, a large number of persons not previously taxed for the support of the Government. The association believes a tax on individual income is less deterrent in its effect upon production and the flow of venture capital than taxes upon corporate profits, provided that the tax rates on the upper income groups are sufficiently lightened to give encouragement to risk-taking, and that the tax rates in the lower income groups are not so high as to limit consumer markets unduly.

The association recommends that:

- As quickly as revenue needs will permit, the combined normal and surtax rates be limited to a ceiling of 50%. There should be an eventual reduction in rates so as to provide for a tax rate not exceeding 50% in the highest bracket. If there were a normal tax rate ranging from 15 to 20%, the graduated surtax rates would run from 1 to 30 or 35%.

- The present exemption of \$500 for each taxpayer and for each dependent be retained.

- Withholding of individual Federal income tax at the source be continued.

D. Excise Taxes

Large revenues are collected by the Federal Government in excise taxes. The association recommends that excise taxes be reduced to a point which will not interfere with the reduction recommended in the income tax rate. The question of retention, abolition or reduction of excise taxes or their rates should take into consideration:

- The deflationary tendency of the tax.
- The optimum point of productivity of revenue derived from the tax.
- The nuisance effect.
- The adverse effect on industry and employment.

The association reiterates its position in favor of the repeal of Section 520 of the Revenue Act of 1942, imposing a 3% tax on the amount paid for the transportation of property by rail, motor vehicle, water or air. The objection to this tax is that it is a heavy burden on manufacturers and distributors of consumer goods.

E. Estate and Gift Taxes

The association reiterates its recommendations with regard to estate and gift taxes:

- The present exemption of \$60,000 for estate taxes should be increased to \$100,000 and the rates materially reduced.

- The association is opposed to proposals which have been made for, adding the amount of lifetime

gifts to the amount of the estate and pyramiding gift taxes and estate taxes on an ascending scale of rates based on the aggregate amount, but, on the contrary, believes that gift taxes should be clearly differentiated from estate taxes as is now done and fixed at rates sufficiently lower than estate tax rates to encourage lifetime giving.

- Gifts made more than two years before death should in no case be included in the estate as made in contemplation of death and, further, such gifts made within two years of death should not be included in the taxable estate unless the Government can prove that they were made in contemplation of death.

F. Social Security Payroll Tax

Under the provisions of the Social Security Act the payroll tax will automatically be increased from the present 1% rate now in effect. Since Congress through its committees is studying the entire subject of Social Security—its coverage and financing—the association recommends that the 1% rate in effect not be increased at the present time.

G. Technical and Administrative Amendments

1. Section 722 of the Internal Revenue Code—The general dissatisfaction with the administration of Section 722 has led to hearings on this question before committees of Congress. If Section 722 is to afford the relief from excessive and discriminatory taxation which Congress intended to provide, amendments of the statute and liberalization in its administration seem necessary.

The following amendments of Section 722 are recommended:

- The second sentence of Section 722 (a) requires that all events occurring or conditions existing subsequent to Dec. 31, 1939 should be disregarded except in two instances. It is submitted that this requirement is too rigid and in many cases makes reconstruction of normal earnings unnecessarily difficult or impossible. This provision should be liberalized so as to permit the use of post-1939 events or conditions at least for the purpose of checking conclusions, with due regard in appropriate cases for the effect of conditions resulting from the war economy.

- The growth factor provided for in Section 713 (f) in case of increased earnings in the last half of the base period applies automatically in cases where relief is not claimed. There seems to be no adequate reason why this provision should not also apply automatically in cases under Section 722 where there is reconstruction only of the income of certain years in the base period, such as in cases arising under Sections 722 (b), (1), (2) and (4). The regulations permit the use of the growth factor in such cases only where in the opinion of the commissioner true growth is present. This discriminates against taxpayers who are entitled under Section 722 (b) to reconstructed income for some part of the base period only.

- Taxpayers whose facilities were furnished largely by the Government should nevertheless be entitled to relief in proper cases.

- There is a general presumption in proceedings in the Tax Court that a determination by the commissioner is correct and that the burden of proof of establishing that the commissioner's determination is incorrect is on the taxpayer. Section 732 should be amended so as to relieve the taxpayer from this general presumption of the correctness of the commissioner's ruling in Section 722 cases, leaving the taxpayer subject only to the burden of going forward with the evidence and leaving the Tax Court free to decide the case on the evi-

dence without any presumption for or against either party.

- On an appeal to the Tax Court from a determination of the commissioner under Section 722, the Tax Court should receive and consider all relevant evidence, whether presented to the commissioner or not. The tendency to limit the evidence in the Tax Court in such cases to proof of facts submitted to the commissioner is a departure from the general rule, which does not seem to be warranted and which casts an undue burden on the taxpayer.

- Section 732 should be amended so as to permit appeals to the courts from the Tax Court on questions of law. There is no more reason why an erroneous decision of the Tax Court on a question of law in a Section 722 proceeding should be final and conclusive than in any other type of cases.

- Section 722 should be amended to provide that the relief provisions should be liberally construed and administered, with a view to accomplishing the general purpose of Congress of affording relief from excessive and discriminatory taxation.

- Applications under Section 722 should operate as claims for refund of all instalments of the excess profits tax for the year in question including those subsequently paid. Under present practice, the taxpayer must either defer filing his claim until all four instalments of the tax have been paid or file, in addition to the claim on Form 991, a separate claim for refund on Form 843 after completing payment of the tax.

- Section 3771 (g) should be amended to allow interest on refunds resulting under Section 722 from the date of payment, as is provided with respect to refunds generally. Since such refunds represent overpayments of taxes which the taxpayer was compelled to make, the taxpayer should not be penalized by the denial of interest on such refunds.

- Under the present law, corporations organized before Dec. 31, 1939, but commencing business after that date are practically excluded from relief under Section 722. They cannot invoke Section 722 (c) because they were in existence prior to Jan. 1, 1940. They cannot secure relief under Section 722 (b) because they had no experience prior to 1940 and are rigidly precluded in most cases from relying on post-1939 events and conditions. Such corporations should be entitled to relief in proper cases under either subdivision (b) or subdivision (c).

In addition to the foregoing amendments of the statute, it is submitted that the administration of Section 722 should be liberalized, so that the purpose of the law to afford relief against excessive and discriminatory taxation shall be effected and not be restricted by hampering technicalities.

It is further recommended that, where a basis for closing the case has been agreed upon by the Bureau representatives and the taxpayer in the field and this ruling is reversed in Washington, the taxpayer should be allowed a conference with the Washington reviewer. The denial of a conference with the individuals who ultimately decide the case is highly unsatisfactory and not conducive to good relations between taxpayers and the government.

2. Averaging Devices—Consideration should be given to the adoption of an averaging device, similar to the British system, applicable to business incomes in order to obviate the hardship resulting from sharp fluctuations of incomes.

3. Tax Benefit Rule—The tax benefit rule should be generally applied so that income will not be deemed to be realized or the basis of property for determining gain or loss adjusted by reason of de-

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ductions for former years, excepting to the extent to which such deductions actually resulted in reduction of taxes in such former years.

4. **Foreign War Losses**—The foreign war loss and recovery provisions should be modified.

5. **Allowable Expenses**—Expenses of preparing individual income tax returns and prosecuting or defending tax cases and obtaining advice in tax matters should be allowed as deductions.

6. **Net Operating Losses**—The net operating loss of a loss year should be fully allowed as a reduction in net income of otherwise taxable years, with the same effect on net taxable income as if the year of loss and the year to which the loss is applied constituted a single accounting period.

The right to carry back net operating losses or unused excess profits credits against the income of years prior to 1946 should not be revoked or abridged from the rights granted under the laws applicable to such years.

7. **Earned Income Credit**—There should be an appropriate credit allowed to give a reasonable reduction in the tax applicable to earned income.

8. **Accounting Methods**—Differences between generally accepted accounting methods and requirements for income tax accounting should be reduced to the minimum. Dates and methods of accrual of income and expense items and reasonable allowance of reserves in accord with generally accepted accounting methods consistently applied by the taxpayer should be accepted for annual income tax determinations, except as to items which under the tax law cannot at any time be considered as taxable income or deductible expense. The determination of business income for any particular period involves at best a considerable degree of estimate and approximation. Arbitrary rules of law and regulations do not lead to better determination of true net income and a multitude of such rules only complicate administration and settlements. Most of the differences between the usual accounting of the taxpayer according to generally accepted accounting practice and the standards set up under special rules for tax accountability will not in the long run make any material difference in aggregate tax accountability and Government revenues. Continual adjustments, however, make more difficult tax administration and give rise to continuing friction and disputes between taxpayers and the Government and a cloud of uncertainty as to tax liability. By administrative methods or amendment to the law, if need be, there should be definite endeavor to bring the tax settlement basis as close as possible to the generally accepted accounting methods customarily followed by the taxpayer.

9. **Integration of Settlements of Income and Excess Profits Taxes**—For the years when both these taxes were in effect, an increase in one might result in a decrease in the other. In any such case assessment should be made for only the net amount owing. Where this is the case, an additional assessment of one tax should automatically be reduced by any credit of the other tax consequent thereon, without special formalities or jurisdictional questions interposed.

10. **Foreign Trade**—There should be continuing studious care that our taxes superimposed upon the taxation of other countries shall not form undue obstacles or deterrents to foreign trade or to organizations engaged therein.

We should extend as rapidly

and fully as possible our treaties with other nations for elimination of international double taxation. We urge that all trade treaties with other nations should contain or be accompanied by appropriate agreements to this end.

The Committee Members

Members of the Committee on Taxation and Public Revenue of the Commerce and Industry Association of New York, Inc., are:

Laurence Arnold Tanzer (Tanzer & Mullaney), Chairman; Thomas N. Tarleau (Willkie, Owen, Otis, Farr & Gallagher), Vice-Chairman; Dr. Frederick L. Bird (Director of Municipal Research, Dun & Bradstreet, Inc.); George E. Cleary (Cleary, Gottlieb, Friendly & Cox); Edwards L. Cleveland (Socony-Vacuum Oil Co., Inc.); H. B. Fernald (Loomis, Sufferin & Fernald); Charles W. Gerstenberg (Chairman of Board, Prentice Hall, Inc.); Laurence Graves; George Lange (Assistant Secretary, Consolidated Edison Co. of New York, Inc.); Godfrey N. Nelson; J. W. Oliver (Comptroller-Secretary, The Linen Thread Co., Inc.); Paul L. Peyton (Breed, Abbott & Morgan); Mark E. Richardson (Lybrand, Ross Bros. & Montgomery); C. W. Rivoire (W. T. Grant Co.); Martin Saxe (Saxe, Cole and Anderson); O. A. Taylor (Vice-President, S. H. Kress & Co.); William Widmayer (Comptroller, Guaranty Trust Co. of New York); and Wilmer D. Zirkle (Zirkle, Breden & Co.).

Labor Dept. to Undertake Union Educational Program

Top officials of the Department of Labor, headed by the Department's Secretary, Lewis B. Schwollenbach, have announced a long-range program which it is hoped may lead to lasting peace between labor and management in industry. To formulate and direct a system of labor education planned, as Mr. Schwollenbach said in a statement, according to the Associated Press in its Washington advices of Feb. 24, to accomplish "the training of capable union leadership and a membership well informed in the rights and responsibilities of unionism," the Labor Department has appointed a Labor Education Advisory Committee of five representatives each from the American Federation of Labor and the Congress of Industrial Organizations.

"The Department of Labor believes," Mr. Schwollenbach continued, said the Associated Press, "that the primary responsibility for this job rests with the unions themselves, with such assistance as they may request from universities and other non-governmental educational organizations." The Associated Press added:

"The Secretary said that the Department, through its Division of Labor Standards, had been working experimentally to develop standards and approaches to the problem of labor education.

"The division developed certain techniques of steward training which Mr. Schwollenbach said 'have definitely contributed to the speedier settlement of plant grievances.'

"Above all," he said, 'we have been trying to work out a pattern through which the Federal Government may assist unions, State institutions and other workers' education groups with this work without in any way encroaching on the traditional American attitude of keeping Federal participation in education to a minimum commensurate with the welfare and needs of the people.'

American Business Will Study European Economic Problems

Application of American business thought to the acute problems retarding the struggling European economies in their transition to peace conditions will be undertaken by a committee of American business men brought together by the United States Associates of the International Chamber of Commerce.

The study, which will begin at once, will be conducted under the chairmanship of Marion B. Folsom, Treasurer of the Eastman Kodak Company and Director of Staff of the special committee of the House of Representatives on Postwar Economic Policy and Planning, generally known as the Colmer Committee.

According to advices in the matter made available by the Chamber on March 1, the business committee's investigation will embrace the questions of German reparations and the position which can be occupied in world commercial affairs by the 60,000,000 Germans of Central Europe. It will deal with the need and means of obtaining short-term credits and production loans for European countries with which they may obtain capital equipment and raw materials to set their industries in motion. A related question is whether or not the United States can supply with reasonable promptness the goods and services that such credits are designed to purchase for European use. The committee will consider also the results of Russian agreements and control in Eastern Europe on the release of individual initiative and the restoration of the normal processes of trade, commerce and transportation in that area.

It is further stated that other pressing problems which the committee will examine include those arising from blocked currencies, the dislocation of transport and communication, the disposal of war surpluses and the relaxation or removal of wartime controls over the movement of goods and people.

Announcement of the acceptance of this assignment by Mr. Folsom was made on March 1 by Philip D. Reed, Chairman of the United States Associates and Chairman of the General Electric Co. The committee will include W. R. Herod, President of the International General Electric Co., New York; James S. Knowlson, President of the Stewart-Warner Corp., Chicago; N. Peter Rathvon, Chairman of the board of the Radio-Keith-Orpheum Corp., New York; and Morris S. Rosenthal, Executive Vice-President of Stein Hall & Co., New York.

It is indicated that it will be the object of the committee to ascertain and coordinate the American business viewpoint on the open and unsolved problems that are obstacles to the free movement of trade and the restoration of normal peace conditions in the war-devastated areas. The committee will make its report to the Council of the United States Associates, which will urge action here and abroad along the lines of its constructive suggestions.

In addition to heading this American business committee, Mr. Folsom will serve as Vice-Chairman of a similar committee of the International Chamber of Commerce which is conducting a simultaneous investigation covering the same phases of the transition of Europe to a peacetime economy. Committee meetings have just been held in London, under the chairmanship of E. Mackenzie Hay, a well-known business leader of the United Kingdom. The United States Associates were represented at these meetings by Ernest H. Meili, Vice-

SEC Renders Decision in Van Alstyne, Noel Case

Holds Sale of Higgins Stock Before Registration Was a Violation of Securities Act and Suspends Firm From NASD for 10 Days. Concern Issues Statement Denying Any Purpose of Wilfully Violating the Law and Contends There Was Uncertainty Regarding the Interpretations of Its Provisions.

On Feb. 28, the Securities and Exchange Commission handed down a decision in the case of Van Alstyne, Noel & Co. The investment firm had been charged with violating the provisions of the Securities Act by taking orders for the stock of Higgins, Inc., before registration of the shares had been approved by the Commission. The decision was to the effect that Sections 15 (b) and 15 A (1) (2) of the Securities and Exchange Act had been violated, and suspended the firm for 10 days from membership in the National Association of Security Dealers. As a basis for its decision the Commission stated:

"The provisions of the Securities Act of 1933 which must be applied to these facts are Sections 5 (a) (1) and (3). Section 5 (a) (1) makes it unlawful for any person, directly or indirectly, unless a registration statement is in effect as to a security, 'to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell or offer to buy such security through the use or medium of any prospectus or otherwise.' Section 2 (3) provides that 'The term 'sale,' 'sell,' 'offer to sell,' or 'offer for sale' shall include every contract of sale or disposition of, attempt to offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value; except that such terms shall not include preliminary negotiations or agreements between an issuer and any underwriter."

"The legislative history of this latter section emphasizes what is clear from the face of statute—that it was the intention of the Congress 'broadly' to include every attempt to offer to dispose of a security for value." H. R. Rep. No. 85, 73d Cong., 1st Sess. (1933) 11. On the admitted facts we find that there has been a "sale" of Higgins common stock by the respondent prior to the effectiveness of a registration statement and hence a violation of Section 5 (a) (1) of the Securities Act.

"In reaching this conclusion we have considered the portion of Section 2 (3) excepting from the definition of 'sale' preliminary negotiations or agreements between an issuer and any underwriter." Although there may well be a point at which so-called underwriting groups become so large in relation to the size of the proposed offering and other relevant circumstances as to become in reality selling groups, we do not find it necessary to decide whether the formation of a so-called underwriting group of 75 dealers to distribute a proposed offering of \$9 million in this case fell within the purview of the exception. For in any event we find that respondent effected 'sales' to members of the selling group—and indeed to some public investors. The House Report on the Bill which became the Securities Act makes it clear that, while underwriting agreements may be entered into prior to the filing of the registration statement, the exception for preliminary negotiations and agreements 'extends no further than the agreement between issuer and underwriters, so as to delay the actual organization of the selling group and the distribution of the security to the dealers until the registration statement shall have become

President of the J. Henry Schroder Banking Corp., of New York, and Almon E. Roth, President of the National Federation of American Shipping and a member of the Council of the United States Associates.

effective.' *Id.* at 12; see also *SEC v. Starmont*, 31 F. Supp. 264, 267 (E. D. Wash. 1939). In fact the Congress did not content itself with outlawing offers or sales to selling group members prior to the effective date of the registration statement; it went further and made it unlawful in Section 5 (a) (1) for any person to 'offer to buy' prior to the effective date, 'thereby preventing dealers from making offers to buy between the period of the filing of a registration statement and the date upon which such a statement becomes effective. Otherwise, the underwriter, although only entitled to accept such offers to buy after the effective date of the registration statement, could accept them in the order of their priority and thus bring pressure upon dealers, who wish to avail themselves of a particular security offering to rush their orders to buy without adequate consideration of the nature of the security being offered.' H. R. Rep. No. 85, 73d Cong., 1st Sess. (1933) 11.

Firm Issues Statement

Van Alstyne, Noel & Co., following the publication of the decision, issued the following statement:

"The finding of the commission is in no sense a reflection on the integrity or reputation of our firm.

"In order not to delay the financing of Higgins, Inc., we have waived our right to contest the commission's proceedings.

"While admitting the material facts alleged by the commission, we denied any purpose or intention to violate the Securities Act as we have at all times endeavored to comply with the law in every respect.

"The proposed financing of Higgins, Inc., had popular appeal and we received a tremendous number of inquiries from dealers and others. In accordance with the usual practice of underwriting houses, we kept a record of these expressions of interest, but we neither solicited nor confirmed any subscriptions.

"The decision of the commission, it should be noted, is based on its interpretation of certain provisions of the Securities Act of 1933 which have been a source of uncertainty to the financial community and as to which little guidance has been afforded either by court decisions or by the rulings of the commission itself.

"In the absence of any authoritative decision on the technical questions of procedure involved, we followed what we regarded as a meticulous observance of the law."

Krug to Succeed Ickes

Julius A. Krug, former Chairman of the War Production Board, was named by President Truman on Feb. 26 to succeed Harold L. Ickes as Secretary of the Interior. The selection of Mr. Krug, former power manager for the Tennessee Valley Authority, at present in New York as a business consultant, came as a surprise, according to advices from Washington to the Associated Press. In speaking of his nominee, who is scheduled to take office on March 15, the President called him a very able administrator with a great deal of experience in administrative jobs. Confirmation of the appointment of Mr. Krug, who is 38 years old, is considered almost a certainty.

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	Avg. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*			
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Mar. 5	125.81	119.82	123.56	123.29	119.20	114.46	116.80	120.22	122.29	122.29
4	125.81	119.82	123.56	122.29	119.20	114.27	116.61	120.22	122.29	122.29
2	125.84	119.61	123.56	121.88	119.20	114.08	116.41	120.22	122.29	122.29
1	125.84	119.61	123.56	121.88	119.20	114.27	116.61	120.22	122.29	122.29
Feb. 28	125.87	119.61	123.56	121.88	119.00	114.27	116.41	120.22	122.29	122.29
27	125.87	119.41	123.56	121.88	119.00	114.08	116.41	120.02	122.09	122.09
26	125.92	120.22	123.56	121.88	119.00	114.27	116.41	120.02	122.09	122.09
25	125.97	120.22	123.56	121.88	119.00	114.27	116.41	120.22	122.09	122.09
23	125.97	120.22	123.56	121.88	119.00	114.27	116.41	120.22	122.09	122.09
22	126.02	120.22	123.34	121.88	119.00	114.27	116.41	120.22	122.09	122.09
21	126.02	120.22	123.34	121.88	119.20	114.27	116.61	120.22	122.29	122.29
20	126.02	120.22	123.34	121.88	119.20	114.27	116.61	120.22	122.29	122.29
19	126.02	120.22	123.34	121.88	119.20	114.27	116.61	120.22	122.29	122.29
18	126.12	119.61	123.56	121.88	119.20	114.27	116.61	120.22	122.29	122.29
17	126.14	119.61	123.56	121.88	119.20	114.27	116.61	120.02	122.29	122.29
16	126.14	119.61	123.56	121.88	119.20	114.27	116.80	120.02	122.29	122.29
15	126.15	119.61	123.56	122.09	119.20	114.27	116.61	120.02	122.29	122.29
14	126.15	119.61	123.34	121.88	119.00	114.27	116.61	120.02	122.29	122.29
13	126.15	119.61	123.34	121.88	119.00	114.27	116.61	120.02	122.29	122.29
12	126.12	119.61	123.34	121.88	119.00	114.27	116.41	120.02	122.29	122.29
11	126.15	119.61	123.56	121.67	119.20	114.27	116.61	120.02	122.29	122.29
10	126.15	119.61	123.56	121.88	119.20	114.27	116.41	120.02	122.29	122.29
9	126.15	119.61	123.34	121.88	119.20	114.27	116.41	120.02	122.29	122.29
8	126.05	119.61	123.56	121.67	119.00	114.27	116.41	119.82	122.29	122.29
7	126.05	119.41	123.56	121.67	119.00	113.89	116.22	119.82	122.29	122.29
6	125.98	119.20	123.34	121.46	118.80	113.70	116.02	119.61	122.29	122.29
5	125.97	119.20	123.34	121.46	118.80	113.70	116.02	119.41	122.29	122.29
4	125.97	119.20	123.34	121.46	118.80	113.50	115.82	119.41	122.29	122.29
3	126.05	119.20	123.34	121.46	118.80	113.50	115.82	119.41	122.29	122.29
2	126.28	119.00	123.34	121.46	118.80	113.50	115.82	119.41	122.29	122.29
1	126.28	119.00	123.34	121.46	118.80	113.50	115.82	119.41	122.29	122.29
Jan. 25	126.06	118.60	122.99	120.84	118.60	112.93	115.24	118.80	121.88	121.88
24	126.06	118.60	122.99	120.84	118.60	112.93	115.04	118.40	121.46	121.46
23	126.11	118.20	122.99	120.84	118.20	112.56	115.04	118.40	121.46	121.46
22	126.18	117.80	121.67	119.82	117.60	112.37	114.66	117.80	120.84	120.84
21	126.28	119.82	123.56	122.29	119.00	114.46	116.80	120.22	122.29	122.29
20	124.97	117.60	121.46	119.82	117.40	112.19	114.46	117.80	120.63	120.63
19	122.28	114.85	120.63	118.60	114.66	106.21	110.70	114.27	119.61	119.61
18	120.43	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41	116.41

MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices)										
1946— Daily Averages	U. S. Govt. Bonds	Avg. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*			
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Mar. 5	1.34	2.66	2.48	2.54	2.69	2.93	2.81	2.64	2.54	2.54
4	1.34	2.66	2.48	2.54	2.69	2.94	2.82	2.64	2.54	2.54
2	1.34	2.67	2.48	2.56	2.69	2.95	2.83	2.64	2.54	2.54
1	1.34	2.67	2.48	2.56	2.69	2.94	2.82	2.64	2.55	2.55
Feb. 28	1.34	2.67	2.48	2.56	2.70	2.94	2.83	2.64	2.55	2.55
27	1.34	2.68	2.49	2.56	2.70	2.95	2.83	2.65	2.55	2.55
26	1.34	2.67	2.48	2.56	2.70	2.94	2.83	2.65	2.55	2.55
25	1.33	2.67	2.48	2.56	2.70	2.94	2.83	2.64	2.55	2.55
23	1.33	2.67	2.48	2.56	2.70	2.94	2.83	2.64	2.55	2.55
22	1.33	2.67	2.49	2.56	2.70	2.94	2.83	2.64	2.55	2.55
21	1.33	2.67	2.49	2.56	2.69	2.94	2.82	2.64	2.54	2.54
20	1.33	2.67	2.48	2.56	2.69	2.94	2.82	2.64	2.54	2.54
19	1.32	2.67	2.48	2.56	2.69	2.94	2.82	2.64	2.54	2.54
18	1.32	2.67	2.48	2.56	2.69	2.94	2.82	2.64	2.54	2.54
17	1.32	2.67	2.48	2.56	2.69	2.94	2.82	2.65	2.54	2.54
16	1.32	2.67	2.48	2.56	2.69	2.94	2.81	2.65	2.54	2.54
15	1.32	2.67	2.48	2.56	2.69	2.94	2.82	2.65	2.54	2.54
14	1.32	2.67	2.49	2.56	2.70	2.94	2.82	2.65	2.54	2.54
13	1.32	2.67	2.49	2.56	2.70	2.94	2.82	2.65	2.54	2.54
12	1.32	2.67	2.49	2.56	2.70	2.94	2.83	2.65	2.54	2.54
11	1.32	2.67	2.49	2.56	2.70	2.94	2.83	2.65	2.54	2.54
10	1.32	2.67	2.49	2.56	2.69	2.94	2.82	2.65	2.54	2.54
9	1.32	2.67	2.49	2.56	2.69	2.94	2.83	2.65	2.54	2.54
8	1.32	2.67	2.49	2.56	2.69	2.94	2.83	2.65	2.54	2.54
7	1.32	2.67	2.48	2.57	2.70	2.96	2.84	2.65	2.54	2.54
6	1.33	2.68	2.48	2.57	2.70	2.96	2.84	2.65	2.54	2.54
5	1.33	2.69	2.49	2.58	2.71	2.97	2.85	2.67	2.54	2.54
4	1.33	2.69	2.49	2.58	2.71	2.98	2.85	2.68	2.54	2.54
3	1.33	2.69	2.49	2.58	2.71	2.98	2.86	2.68	2.54	2.54
2	1.33	2.69	2.49	2.58	2.71	2.98	2.86	2.68	2.54	2.54
1	1.33	2.69	2.49	2.58	2.71	2.98	2.86	2.68	2.54	2.54
Jan. 25	1.31	2.70	2.50	2.59	2.70	2.99	2.87	2.68	2.55	2.55
24	1.33	2.72	2.53	2.61	2.72	3.01	2.89	2.71	2.56	2.56
23	1.32	2.74	2.55	2.62	2.74	3.03	2.90	2.73	2.58	2.58
22	1.38	2.76	2.57	2.66	2.77	3.04	2.92	2.76	2.61	2.61
21	1.40	2.77	2.58	2.66	2.78	3.05	2.93	2.76	2.62	2.62
20	1.31	2.66	2.48	2.55	2.69	2.93	2.81	2.64	2.54	2.54
19	1.67	2.91	2.62	2.72	2.92	3.38	3.13	2.94	2.67	2.67
18	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83	2.83

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

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

The State of Trade

(Continued from page 1263)

to \$48 a gross ton. Can makers will pay \$5.25 a base box for tin plate, compared with the previous quotation of \$5 a box.

Non-integrated steel companies will be aided by a wider spread between prices on semi-finished materials they must purchase from the bigger steel firms and the selling prices on their products. Advances on semi-finished materials are \$2 to \$3 a ton, while advances on sheets and strip, turned out by a number of the smaller concerns, are up from \$4.50 to as much as \$7 a ton.

The American Iron and Steel Institute announced on Monday of this week the operating rate of steel companies having 94% of the steel capacity of the industry will be 78.4% of capacity for the week beginning March 4, compared with 58.6% one week ago, 6.0% one month ago and 95.9% one year ago. This represents an increase of 19.8 points or 33.8% from the previous week.

This week's operating rate is equivalent to 1,381,700 steel in-

got and castings and compares with 1,032,800 tons one week ago, 106,200 tons one month ago and 1,756,500 tons one year ago.

Electrical Production—The Edison Electric Institute reports that the output of electricity increased to 3,922,796,000 kwh. in the week ended Feb. 23, 1946, from 3,948,620,000 kwh. in the preceding week. Output for the week ended Feb. 23, 1946, however, was 12.3% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 185,600,000 kwh. in the week ended Feb. 24, 1946, compared with 177,600,000 kwh. for the corresponding week of 1945, or an increase of 4.5%. Local distribution of electricity amounted to 180,700,000 kwh., compared with 170,900,000 kwh. for the corresponding week of last year, an increase of 5.7%.

Railroad Freight Loadings—Car loadings of revenue freight for the week ended Feb. 23, 1946, to-

taled 723,281 cars, the Association of American Railroads announced. This was an increase of 16,227 cars (or 2.3%) above the preceding week and 49,115 cars, or 6.4%, below the corresponding week of 1945. Compared with the similar period of 1944, a decrease of 57,703 cars, or 7.4%, is shown.

Paper and Paperboard Production—Paper production in the United States for the week ending Feb. 23 was 98.0% of mill capacity, against 95.0% in the preceding week and 89.7% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 97%, compared with 94% in the preceding week and 97% in the like 1945 week.

Business Failures at Low Level—For the fourth consecutive week, commercial and industrial failures continued to decline in the week ending Feb. 28, reports Dun & Bradstreet, Inc. Fifteen concerns failed as compared with 18 in the previous week and 18 in the corresponding week of 1945. This was the first time in seven weeks that failures fell below the number occurring last year.

Large failures involving liabilities of \$5,000 or more remained at 13, the same as in last week, and exceeded the 12 reported in the comparable week a year ago. Meanwhile, small failures with losses under \$5,000 were down to half their number in the previous week and amounted to only a third the number occurring in the same week of 1945.

Manufacturing failures were most numerous, with six concerns failing in this line while there were no more than three failures reported in any other trade or industry group. Furthermore, manufacturing was the only group in which failures exceeded the number occurring in the corresponding week a year ago. The sharp downward trend from the 1945 level appeared in retailing, with failures this week at three as compared with eight a year ago.

Four Canadian failures were reported as compared with three a week ago and four in the corresponding week of last year.

Wholesale Commodity Price Index—The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., continued its irregular movement during the past week, closing at 184.48 on Feb. 26. This was up fractionally over last week's 18

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended Feb. 23, 1946, as estimated by the United States Bureau of Mines, amounted to 12,610,000 net tons, an increase of 5,500 tons, or 4.5%, over the preceding week. Output in the corresponding week of 1945 was 11,925,000 tons. From Jan. 1 to Feb. 23, 1946, soft coal production amounted to 95,374,000 net tons, an increase of 2.1% when compared with the 93,445,000 tons produced from Jan. 1 to Feb. 24, 1945.

Production of Pennsylvania anthracite for the week ended Feb. 23, 1946, as estimated by the Bureau of Mines, was 1,137,000 tons, a decrease of 99,000 tons (8.0%) from the preceding week. When compared with the output in the corresponding week of 1945 there was an increase of 2,000 tons, or 0.2%. The calendar year to date shows an increase of 10.9% 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. 23, 1946, showed a decrease of 6,200 tons when compared with the output for the week ended Feb. 16, 1946; and was 49,000 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	
	Feb. 23, 1946	Feb. 16, 1946	Feb. 24, 1945	Feb. 23, 1946	Feb. 24, 1945
Bituminous coal & lignite—	12,610,000	12,065,000	11,925,000	95,374,000	93,445,000
Total, including mine fuel—	12,610,000	12,065,000	11,925,000	95,374,000	93,445,000
Daily average—	2,102,000	2,011,000	1,988,000	2,069,000	1,963,000
No. of cars loaded, f.o.b. mines—	212,960	206,378	195,823	1,611,562	1,547,924

*Revised. †Subject to current adjustment.

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

	Week Ended			Calendar Year to Date		
	Feb. 23, 1946	Feb. 16, 1946	Feb. 24, 1945	Feb. 23, 1946	Feb. 24, 1945	Feb. 27, 1937
Penn. Anthracite—	1,137,000	1,236,000	1,135,000	8,938,000	8,056,000	7,907,000
*Total incl. coll. fuel—	1,137,000	1,236,000	1,135,000	8,938,000	8,056,000	7,907,000
†Commercial produc.—	1,092,000	1,187,000	1,090,000	8,580,000	7,734,000	7,512,000
Beehive coke—	76,700	82,900	125,700	665,400	835,100	565,700

*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.)

State—	Week Ended		
	Feb. 16, 1946	Feb. 9, 1946	Feb. 17, 1945
Alabama	302,000	317,000	354,000
Alaska	6,000	6,000	7,000
Arkansas and Oklahoma	85,000	107,000	106,000
Colorado	143,000	151,000	167,000
Georgia and North Carolina	1,000	1,000	1,000
Illinois	1,522,000	1,550,000	1,553,000
Indiana	524,000	550,000	545,000
Iowa	42,000	43,000	53,000
Kansas and Missouri	117,000	136,000	182,000
Kentucky—Eastern	1,101,000	1,144,000	1,033,000
Kentucky—Western	427,000	427,000	358,000
Maryland	54,000	51,000	36,000
Michigan	3,000	3,000	3,000
Montana (bitum. & lignite)	91,000	97,000	105,000
New Mexico	23,000	25,000	33,000
North & South Dakota (lignite)	61,000	57,000	60,000
Ohio	741,000	782,000	600,000
Pennsylvania (bituminous)	2,766,000	2,868,000	2,670,000
Tennessee	134,000	145,000	145,000
Texas (bituminous & lignite)	2,000	2,000	5,000
Utah	145,000	147,000	145,000
Virginia	381,000	379,000	378,000
Washington	28,000	23,000	32,000
West Virginia—Southern	2,187,000	2,269,000	2,050,000
West Virginia—Northern	963,000	1,009,000	755,000
Wyoming	215,000	210,000	206,000
Other Western States	1,000	*	1,000
Total bituminous & lignite	12,065,000	12,500,000	11,585,000

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

Steel Operations Again Up—Price Increases

Average 8.2%—Soft Coal Shutdown Possible

In the short space of three weeks, the steel industry has boosted its ingot rate almost 75 points from the strike low of 5½% of rated capacity. This recovery was far beyond previous estimates made by steel officials and puts the steel ingot rate only a few points from the pre-strike level.

"Difficulties in obtaining new labor recruits have evaporated in some areas and there is a definite trend towards a rate of operations which will go beyond the recent highs of 83%," according to "the Iron Age," national metal working paper, which further goes on to say in its issue of today (March 7):

These high hopes of more and more steel production were dampened somewhat this week by the distinct possibility of a nationwide soft coal shutdown on Apr. 2. The nature of the demands which John L. Lewis will make upon the coal industry are so packed with dynamite that little headway is expected to be made in the 10 days between the meeting of the two groups and the deadline set for the strike.

Most explosive item on Mr. Lewis' list will be the one calling for the organizing of supervisors into the United Mine Workers Union. This touchy factor was at the base of the coal shutdowns last October when millions of tons of coal were lost to the steel and other industries. It is a foregone conclusion that the coal operators will in a united front give a blunt 'NO' to any request for organizing the supervisory forces in the coal mines. This stand will be made unmistakably clear even before negotiations between the union and the coal operators begin.

With reports indicating that the UMW will attempt to keep the present high take-home pay with a normal 35 hr week, it is obvious that the steel industry will face added costs when the controversy is finally settled. Aside from this factor a coal strike, which is now well within the realm of probability, would if it lasted more than three weeks, cause a substantial portion of the steel industry to reduce its steel operating rate. Coal and coke supplies are low in the steel industry and the forcing down of blast furnaces because of lack of fuel would cut sharply into steelmaking.

This week the steel industry was busy digesting the various price changes which were assigned on Mar. 1 to most of the steel products on the steel price lists. Price increases range from \$2 to \$3 on semifinished steels to as high as \$12 a ton on some specialty items. The majority of the increases, however, were between \$4.50 and \$6 a ton and the total average worked out about 8.2% for all products. While carbon steel items were raised in dollars and cents per ton, the adjustment on alloy steel was on a percentage basis and called for a 4% increase in the base price and in addition allowed a 4% increase in applicable extras.

On paper nonintegrated steel producers were afforded relief through a broader spread between the price of semifinished and finished steel products. Some steel sources, however, were of the opinion that since the price increase on semifinished steel was so low it might be more difficult to obtain. These sources claim that there would be little incentive for producing large quantities of semifinished steel.

On the other hand many large steel companies during normal times need an outlet for their semifinished steel supplies and as a result built up good trade relations with the smaller nonintegrated companies. Over the long pull it may be expected that these relationships will be re-established, but it does appear that semifinished steel will be a tight item in the near future.

"The Iron Age" finished steel price composite this week which reflects the increases on a selected

some foundry iron was supplied by stacks normally making steel-making basic, this supply now being withdrawn as making of basic is resumed. Blowing in of three idle stacks under Civilian Production Administration plans will offer some relief but shortage is expected to continue through much of the year, especially in view of heavy demand for foundry products.

"While steel mills used every effort during the shutdown to take all scrap offerings present supply is none too large and melters are seeking all the tonnage they can obtain. Idleness in many fabricating plants has cut supply of industrial scrap to a low point and collections by dealers are much below normal. Some government scrap is coming out but not in volume sufficient to relieve the situation. Railroad offerings also are less than usual, in common with other sources. The tightest squeeze is in cast grades, and some foundries have been forced to close for lack of this material and pig iron.

"Tin plate supply for packing perishable food products during the summer has been imperiled by the strike interruption, though tin mills are making good progress toward restoring production. Special attention is being paid to production of down last week because of delay in signing labor contracts. No announcement has been made as to reinstatement of export directives for first half, which were suspended some time ago."

Jan. Gas Sales Higher

January sales of the gas utility industry totaled 2,734,076,000 therms, an increase of 0.1% compared with sales in January 1945, the American Gas Association reported on Mar. 1. The Association's new index number of gas utility sales stood at 189.9 for January (1935-1939=100.0).

Sales for the 12-month period ending Jan. 31, 1946, were about 25,287,149,600 therms, unchanged from the comparable period a year ago.

Sales of manufactured and mixed gas in January were 309,193,400 therms, equivalent to an increase of 1.4% over January 1945. The index of manufactured and mixed gas sales was at 177.7 for January (1935-1939=100.0).

Manufactured and mixed gas sales in the 12 months ending Jan. 31, 1946 increased 1.9% over the same period ending in 1945 totaling 2,960,845,200 therms in the current period.

Natural gas sales decreased 0.1% in January, falling from 2,426,938,800 therms a year ago to 2,424,882,600 this year. The Association's natural gas sales index, however, was 191.5 for January (1935-1939=100.0).

Natural gas sales approximated 22,326,304,400 therms in the 12 months ending Jan. 31, 1946, a decrease of 0.3% compared with the same period ending last year.

Living Costs Rise in Industrial Cities in Dec.

Living costs of wage earners and lower-salaried clerical workers in industrial cities rose generally in December, the National Industrial Conference Board reported on Feb. 26. The Conference Board found that the cost of living during December climbed in 57 of 63 industrial cities surveyed each month. Two cities showed no change, while slight declines were noted in four cities. Spokane, Washington, recorded the greatest increase, with a rise of 1.7%, followed by St. Louis with an increase of 0.9%. Slight declines were shown for Birmingham, Lansing, Sacramento and Macon.

Electric Output for Week Ended Mar. 2, 1946

10.6% 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 March 2, 1946, was 4,000,119,000 kwh., which compares with 4,472,110,000 kwh. in the corresponding week a year ago, and 3,922,796,000 kwh. in the week ended Feb. 23, 1946. The output for the week ended March 2, 1946 was 10.6% below that of the same week in 1945.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR

Major Geographical Divisions—	Week Ended			
	March 2, 1946	Feb. 23, 1946	Feb. 16, 1946	Feb. 9, 1945
New England	1.9	6.4	4.2	2.1
Middle Atlantic	4.3	5.2	6.0	3.8
Central Industrial	15.9	20.5	20.0	19.4
West Central	1.0	3.4	1.0	3.3
Southern States	11.3	13.2	12.7	13.9
Rocky Mountain	\$1.1	\$2.0	\$4.7	\$3.0
Pacific Coast	13.1	10.0	9.2	10.0
Total United States	10.6	12.3	11.7	11.6

DATA FOR RECENT WEEKS (Thousands of Kilo-watt-Hours)

Week Ended—	% Change under 1944					
	1945	1944	1943	1932	1929	
Dec. 1	4,042,915	4,524,257	-10.6	4,580,158	1,518,922	1,806,225
Dec. 8	4,096,954	4,538,012	-9.7	4,586,905	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	4,337,237	1,619,265	1,542,000

Week Ended—	% Change under 1945					
	1946	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	4,539,033	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	4,472,238	-11.7	4,511,562	1,512,158	1,699,250
Feb. 23	3,922,796	4,472,962	-12.3	4,444,939	1,519,679	1,706,719
March 2	4,000,119	4,472,110	-10.6	4,464,686	1,538,452	1,702,570
March 9	4,446,136			4,425,630	1,537,747	1,687,229
March 16	4,397,523			4,400,246	1,514,553	1,683,262
March 23	4,401,715			4,409,159	1,480,203	1,679,589
March 30	4,323,478			4,408,703	1,465,076	1,633,291

Trading on New York Exchanges

The Securities and Exchange Commission made public on Feb. 27 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. 9, 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. 9 (in round-lot transactions) totaled 2,984,370 shares, which amount was 14.97% of the total transactions on the Exchange of 9,960,270 shares. This compares with member trading during the week ended Feb. 2 of 4,392,181 shares, or 14.79% of the total trading of 14,845,670 shares.

On the New York Curb Exchange, member trading during the week ended Feb. 9, amounted to 1,424,890 shares, or 15.54% of the total volume on that Exchange of 4,907,250 shares. During the week ended Feb. 2 trading for the account of Curb members of 1,692,270 shares was 13.04% of the total trading of 6,487,675 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. 9, 1946		
A. Total Round-Lot Sales:	Total for Week	%
Short sales	301,860	
Other sales	9,658,410	
Total sales	9,960,270	
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	938,840	
Short sales	190,760	
Other sales	751,220	
Total sales	942,000	9.44
2. Other transactions initiated on the floor—		
Total purchases	136,080	
Short sales	13,900	
Other sales	127,900	
Total sales	141,800	1.39
3. Other transactions initiated off the floor—		
Total purchases	316,005	
Short sales	55,050	
Other sales	454,595	
Total sales	509,645	4.14
4. Total—		
Total purchases	1,390,925	
Short sales	259,730	
Other sales	1,333,715	
Total sales	1,593,445	14.97

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

WEEK ENDED FEB. 9, 1946		
A. Total Round-Lot Sales:	Total for Week	%
Short sales	69,830	
Other sales	4,837,420	
Total sales	4,907,250	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	446,455	
Short sales	36,475	
Other sales	336,595	
Total sales	373,070	8.35
2. Other transactions initiated on the floor—		
Total purchases	47,400	
Short sales	8,900	
Other sales	114,465	
Total sales	123,365	1.74
3. Other transactions initiated off the floor—		
Total purchases	95,950	
Short sales	11,150	
Other sales	427,500	
Total sales	438,650	5.45
4. Total—		
Total purchases	589,805	
Short sales	56,525	
Other sales	878,560	
Total sales	935,085	15.54
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
Customers' other sales	172,267	
Total purchases	172,267	
Total sales	225,856	

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

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

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

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

Wholesale Prices Rose 0.2% in Week Ended Feb. 23, Labor Department Reports

"Primary market prices continued to rise during the week ended Feb. 23, 1946 with increases for both agricultural and industrial commodities," the Bureau of Labor Statistics of the U. S. Department of Labor reported on Feb. 28. The index of commodity prices in primary markets, prepared by the Bureau, rose 0.2% during the week, said the Bureau which stated that "at 107.4% of the 1926 average, the index was 0.6% above late January, 1946 and 2.5% above the corresponding week of last year." The Bureau continued:

Farm Products and Foods — Average market prices of farm products rose slightly (0.1%) during the week as higher prices for livestock and poultry more than offset decreases for fresh fruits and vegetables and grains. Quotations for good to choice calves increased with limited supplies and live poultry was higher in New York. Quotations for ewes and wethers were lower with improved receipts. Egg prices increased with improved demand for supplies for storage. Grains averaged fractionally higher with increased prices for rye and oats and lower prices for wheat. White potatoes and sweetpotatoes advanced seasonally. Average prices for oranges

decreased because of large supplies of smaller sizes. The group index for farm products was 0.9% higher than four weeks ago and 3.7% above a year ago.

"The advances for eggs together with higher prices for sugar were primarily responsible for an increase of 0.3% in average prices of foods. Refined sugar prices rose more than 9% accompanying higher ceilings to cover the Commodity Credit Corporation's increased price for the 1946 Cuban crop. Prices of rye flour were higher reflecting increases in grain quotations. On the average foods were 1.4% above a month ago and 4.0% above late February, 1945.

Other Commodities — Prices of wool rugs and furniture increased, reflecting higher ceilings granted earlier by OPA to cover higher costs and to stimulate production of low and medium priced lines. A ceiling increase for castor oil to compensate for higher import costs of castor beans was followed by price advance of more than 9%. Prices of red cedar shingles were higher. There were further competitive price reductions for gasoline. The index for all commodities other than farm products and foods was 0.2% higher than late January, 1946 and 1.8% above the corresponding week of 1945."

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. 26, 1946 and Feb. 24, 1945, and (2) percentage changes in subgroup indexes from Feb. 16, 1946 to Feb. 23, 1946.

WHOLESALE PRICES FOR WEEK ENDED FEB. 23, 1946												
(1926 = 100)												
(Indexes for the last eight weeks are preliminary)												
Commodity group—	2-23			2-16			2-9			2-24		
	1946	1946	1945	1946	1946	1945	1946	1946	1945	1946	1946	
All commodities	107.4	107.2	107.1	106.8	104.8	+0.2	+0.6	+2.5				
Farm products	131.1	131.0	130.4	129.9	126.4	+0.1	+0.9	+3.7				
Foods	108.3	108.0	107.1	106.8	104.1	+0.3	+1.4	+4.0				
Hides and leather products	120.1	120.1	120.0	119.4	118.0	0	+0.6	+1.8				
Textile products	101.1	101.1	101.1	101.1	99.1	0	0	+2.0				
Fuel and lighting materials	85.6	85.7	85.8	85.4	83.8	-0.1	+0.2	+2.1				
Metal and metal products	105.8	105.8	105.8	105.8	104.3	0	0	+1.4				
Building materials	120.2	120.0	119.9	119.9	116.9	+0.2	+0.3	+2.8				
Chemicals and allied products	96.0	95.9	96.0	96.0	94.9	+0.1	0	+1.2				
Household goods	108.0	106.8	106.8	106.6	104.2	+1.1	+1.3	+1.7				
Miscellaneous commodities	95.4	95.4	95.3	95.0	94.1	0	+0.4	+1.4				
Raw materials	119.7	119.7	119.3	119.0	115.7	0	+0.6	+3.1				
Semi-manufactured articles	98.5	98.5	97.5	97.5	94.8	0	+1.0	+3.1				
Manufactured products	103.4	103.2	103.2	102.9	101.6	+0.2	+0.5	+1.8				
All commodities other than farm products	102.2	102.0	101.9	101.7	100.1	+0.2	+0.5	+2.1				
All commodities other than farm products and foods	101.1	101.1	101.1	100.9	99.3	0	+0.2	+1.1				

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM FEB. 16, 1946 TO FEB. 23, 1946			
Increases			
Other foods	2.2	Livestock and poultry	0.7
Furniture	1.2	Oils and fats	0.7
Furnishings	1.1	Lumber	0.5
Drugs and pharmaceuticals		0.2	
Decreases			
Fruits and vegetables	1.5	Other farm products	0.7
Petroleum and products	0.3	Grains	0.7

Civil Engineering Construction Totals \$96,876,000 for Week

Private Construction \$69,969,000 at Five-Year High

Civil engineering construction volume in continental United States totals \$96,876,000 for the week ending Feb. 28, 1946, as reported to "Engineering News-Record." This volume is the second-highest reported this year and is 88% above the previous week 149% above the week last year and 56% greater than the previous four-week moving average. The report issued on Feb. 28 added:

Private construction this week, \$69,969,000, hit a five-year high and is topped only by the \$77,000,000 reported for the week of Oct. 31, 1940; it is also 101% greater than last week and 1,015% greater than the 1945 week. State and municipal construction for the week is 44% greater than last week and 895% above the week last year. Public construction this week is 61% over last week but drops 13% below the 1945 week. Federal construction for the week is 92% greater than last week but drops 63% below the week last year.

Total cumulative engineering construction volume for the nine-week period of 1946, \$593,302,000 is 152% greater than the \$236,691,000 reported for the same period of 1945. On a cumulative basis, private construction in 1946 totals \$406,093,000, 504% above the 1945 period. The 53% drop in federal work is more than offset by the 371% gain this year over last by State and municipal construction resulting in a 12% increase in public construction.

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

	Feb. 28, 1946	Feb. 21, 1946	Mar. 1, 1945
Total U. S. Construction	\$96,876,000	\$51,564,000	\$38,982,000
Private Construction	69,969,000	34,898,000	6,276,000
Public Construction	26,907,000	16,666,000	32,706,000
State and Municipal	15,457,000	10,702,000	1,553,000
Federal	11,450,000	5,964,000	31,153,000

In the classified construction groups, seven of the nine classes recorded gains this week over last week as follows: sewerage, industrial buildings, commercial buildings, public buildings, earthwork and drainage, highways and unclassified. Six of the nine classes recorded gains this week over the week last year as follows: Waterworks, sewerage, industrial buildings, commercial buildings, earthwork and drainage and unclassified.

NEW CAPITAL

New capital for construction purposes this week totals \$7,046,000 and is made up of \$6,546,000 in State and municipal bond sales and \$500,000 in corporate security issues. The new financing for the week brings the 1946 cumulative total to \$301,653,000, 53% above the \$197,544,000 reported for the corresponding period in 1945.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 27, a summary for the week ended Feb. 16 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. 16, 1946	
Odd-Lot Sales by Dealers—	Total
(Customers' purchases)	47,956
Number of Orders	1,385,745
Number of Shares	\$56,736,121
Dollar Value	
Odd-Lot Purchases by Dealers—	(Customers' sales)
Number of Orders:	
Customers' short sales	9
Customers' other sales	29,225
Customers' total sales	29,324
Number of Shares:	
Customers' short sales	3,347
Customers' other sales	859,331
Customers' total sales	862,678
Dollar value	\$37,544,599
Round-Lot Sales by Dealers—	Number of Shares:
Short sales	30
Other sales	107,690
Total sales	107,720
Round-Lot Purchases by Dealers—	Number of Shares:
Short sales	30
Other sales	107,690
Total sales	107,720

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot order and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Result of Treasury Bill Offering

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

Total applied for, \$2,013,988,000

Total accepted, \$1,308,017,000 (includes \$47,772,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price, 99.905+; equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.913, equivalent rate of discount approximately 0.344% per annum.

Low, 99.505; equivalent rate of discount approximately 0.376% per annum.

(61% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on March 7 in the amount of \$1,303,477,000.

West Director of Stock List Dept.

Emil Schram, President of the New York Stock Exchange, announced on Feb. 28 that Phillip L. West had been appointed Director of the Exchange's Department of Stock List. Mr. West has been Acting Director for the past five years, during the absence of his predecessor, Colonel John Haskell, who was serving with the U. S. Army abroad. As Vice President, Col. Haskell will exercise general supervision over the Department of Stock List, the foreign activities of the Exchange, and will carry out other duties as may be assigned to him by the President. Mr. West has been with the New York Stock Exchange for over 21 years. Prior to his appointment as Acting Director in 1940, Mr. West was Chief Statistician of the Exchange's Department of Stock List.

Daily Average Crude Oil Production for Week Ended Feb. 23, 1946 Increased 3,700 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Feb. 23, 1946, was 4,713,650 barrels, an increase of 3,700 barrels per day over the preceding week and 283,650 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 64,320 barrels per day less than the output in the week ended Feb. 24, 1945. Daily production for the four weeks ended Feb. 23, 1946 averaged 4,680,850 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 4,595,000 barrels of crude oil daily and produced 13,175,000 barrels of gasoline; 2,437,000 barrels of kerosine; 5,728,000 barrels of distillate fuel, and 7,913,000 barrels of residual fuel oil during the week ended Feb. 23, 1946; and had in storage at the end of that week 104,709,000 barrels of finished and unfinished gasoline; 8,419,000 barrels of kerosine; 25,898,000 barrels of distillate fuel, and 39,290,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

State	*B. of M. Calculated Requirements February	State Allowables Begin. Feb. 1	Actual Production		4 Weeks Ended Feb. 23, 1946	Week Ended Feb. 24, 1945
			Week Ended Feb. 23, 1946	Change from Previous Week		
Oklahoma	368,000	388,000	1390,050	+ 600	389,000	368,500
Kansas	254,000	249,400	1253,650	- 6,000	247,400	272,850
Nebraska	800		7850	+ 100	800	950
Panhandle Texas			81,000		81,000	88,000
North Texas			157,600		156,400	148,800
West Texas			503,300		500,150	464,300
East Central Texas			146,200		145,300	144,200
East Texas			321,000		320,750	392,000
Southwest Texas			356,150		351,600	347,000
Coastal Texas			544,000		535,950	562,100
Total Texas	1,890,000	12,126,504	2,109,250		2,091,150	2,146,400
North Louisiana			82,000	+ 2,800	80,150	68,800
Coastal Louisiana			288,850		288,850	294,800
Total Louisiana	368,000	412,515	370,850	+ 2,800	369,000	363,600
Arkansas	74,000	79,603	77,500		77,350	82,100
Mississippi	49,000		52,850	- 2,250	54,950	51,450
Alabama	600		1,050	+ 50	900	250
Florida			100		100	50
Illinois	198,000		211,000	+ 2,650	211,200	205,950
Indiana	13,000		17,100	+ 850	16,250	12,700
Eastern— (Not incl. Ill., Ind., Ky.)	61,200		61,300	- 2,500	62,450	61,250
Kentucky	29,000		30,400	+ 450	30,450	32,100
Michigan	46,000		45,300	+ 3,200	44,000	44,500
Wyoming	94,000		104,000	+ 600	100,750	100,750
Montana	20,400		19,100	+ 50	19,100	19,700
Colorado	24,000		24,450	+ 400	23,450	9,450
New Mexico	96,000	104,000	98,450		98,400	103,950
Total East of Calif.	3,586,000		3,667,250	+ 1,000	3,836,700	3,876,470
California	844,000	\$823,700	866,450	+ 2,700	844,150	801,500
Total United States	4,430,000		4,713,650	+ 3,700	4,680,850	4,777,970

*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 withdrawals 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. 20, 1946. This is the net basis 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 STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSENE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED FEB. 23, 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 Capact. Report'g	Crude Runs to Stills Daily % Operated	Gasoline Produced at Ref. Blended	Unfin. Stocks	Kerosine	Gas Oil & Fuel Oil	Stks. of Dist. Resid. Fuel Oil	Stks. of Gas Oil & Fuel Oil
East Coast	89.5	797	100.8	1,583	23,373	3,448	7,532	6,446
Appalachian								
District No. 1	76.8	93	63.7	285	2,819	133	442	296
District No. 2	81.2	57	114.0	135	1,199	18	83	287
Ind., Ill., Ky.	78.2	728	84.9	2,456	23,122	1,197	3,206	3,159
Okla., Kan., Mo.	78.3	394	84.9	1,429	10,006	295	1,333	1,047
Inland Texas	58.3	197	59.7	790	3,096	236	280	578
Texas Gulf Coast	89.3	1,135	91.3	3,364	16,014	1,477	4,456	4,370
Louisiana Gulf Coast	96.8	303	116.5	679	4,751	814	1,546	1,177
No. La. & Arkansas	55.9	58	46.0	167	2,002	147	423	216
Rocky Mountain								
District No. 3	17.1	12	92.3	39	107	20	27	30
District No. 4	72.1	101	63.5	371	2,207	90	356	636
California	86.5	720	74.5	1,817	16,013	544	6,214	21,048
Total U. S. B. of M. basis Feb. 23, 1946	85.7	4,595	85.0	13,175	*104,709	8,419	25,898	39,290
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
U. S. B. of M. basis Feb. 24, 1945		4,846		15,785	196,448	7,276	27,672	46,711

*Includes unfinished gasoline stocks of 8,626,000 barrels. Includes unfinished gasoline stocks of 12,190,000 barrels. Includes stocks at refineries, at bulk terminals, in transit and in pipe lines. Not including 2,437,000 barrels of kerosine, 5,728,000 barrels of gas oil and distillate fuel oil and 7,913,000 barrels of residual fuel oil produced during the week ended Feb. 23, 1946, which compares with 2,285,000 barrels, 5,776,000 barrels and 8,813,900 barrels, respectively, in the preceding week and 1,655,000 barrels, 5,152,000 barrels and 9,253,000 barrels, respectively, in the week ended Feb. 24, 1945.

NOTE—War Emergency Pipe Lines, Inc., from whom we had been receiving reports on product inventories connected with operation of these lines, ceased operations as such as of Jan. 31, last, and was turned over to the Office of Defense Supplies Corp. At that time 1,415,000 barrels of gasoline were still in their custody: (East Coast, 326,000; Appalachian No. 1, 255,000; Indiana, Illinois, Kentucky, 520,000; Texas Gulf, 314,000 barrels.) We have since been trying to arrange with Defense Supplies Corp. for reports covering these inventories until they were disposed of, but without success. We are therefore eliminating these amounts from our gasoline inventory figures beginning this week.

National Fertilizer Association Commodity Price Index Declines

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on March 4, declined for the week ended March 2, 1946 to 141.9 from 142.1 in the preceding week. A month ago the index stood at 142.0, and a year ago at 139.8, all based on the 1935-1939 average as 100. The Association's report added:

The fuel index showed the most significant recession during the latest week resulting from a further decline in gasoline prices. The food index also declined somewhat; among the prices that went up were potatoes and dressed fowl but these were more than offset by lower quotations for oranges. The food index is at its lowest point since August, 1944. The farm products group index advanced with its three component groups all sharing in the advance. Cotton prices reached a 22-year peak. The grain index advanced slightly because of higher rye quotations. The livestock index advanced with higher prices for cattle, lambs, sheep, poultry and eggs. The textile index advanced for the sixth consecutive week. All other groups of the composite index remained unchanged.

During the week 2 price series in the index declined and 10 advanced; in the preceding week 6 declined and 5 advanced; in the second preceding week 3 declined and 7 advanced.

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

% Each Group Bears to the Total Index	Group	Latest Preceding Week		Month Ago	Year Ago
		Mar. 2, 1946	Feb. 23, 1946		
25.3	Foods	140.5	141.5	141.1	141.2
	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	172.0	169.7	168.6	207.2
	Cotton	252.3	247.8	239.1	163.7
	Grains	170.0	169.9	169.8	159.4
	Livestock	159.8	157.1	157.2	130.4
17.3	Fuels	126.5	128.7	129.3	133.4
10.8	Miscellaneous commodities	133.9	133.9	133.5	134.4
8.2	Textiles	162.0	161.3	160.0	156.1
7.1	Metals	110.2	110.2	110.2	104.7
6.1	Building materials	161.3	161.3	160.4	154.1
1.3	Chemicals and drugs	127.2	127.2	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	141.9	142.1	142.0	139.8

*Indexes on 1926-1928 base were: March 2, 1946, 110.5; Feb. 23, 1946, 110.7; and March 3, 1945, 108.9.

Non-Ferrous Metals — Normal Trade in Copper and Lead Disrupted — Quicksilver Unsettled

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 28 stated: "A strike at 16 plants of the American Smelting & Refining Co. halted operations on Feb. 25 at that company's major copper and lead refineries, disrupting business throughout the non-ferrous metals industry. With the status of other plants identified with the industry in doubt as the week ended, business was reduced to metal actually available for shipment. In the case of A. S. & R., negotiations broke down because of a demand by CIO officials that bargaining in the future should be conducted on a nationwide basis instead of plant-by-plant. OPA last week established specific maximum prices for metals in the platinum group. Electrolytic manganese was reduced 2c. per pound. Quicksilver declined \$1 per flask." The publication further went on to say in part as follows:

Copper
With additional shutdowns threatening in the industry, copper producers last week were even more cautious about offering metal than in the preceding week. Advances from Washington to the effect that the brass mills may be granted price relief to offset higher costs were viewed as a favorable development in an otherwise disturbed market. The price situation in foreign copper is generally regarded as firm. A decision has not yet been reached in reference to the price that the Government will pay on purchases in Latin America in the first half of 1946. The fabricating division of the copper industry consumed 100,213 tons of refined copper during January, which compares with 95,887 tons in December and 153,904 tons in January a year ago. Stocks in the hands of fabricators at the end of January totaled 389,157 tons, which compares with 375,618 tons a month previous and 326,031 tons a year ago.

Lead
With production down because of strikes, sellers offered lead sparingly. To make matters worse, the Government's stockpile of lead is virtually down to the minimum (now 42,000 tons), and consumers may not obtain more than 15,000 of foreign metal during March to supplement supplies obtained from domestic sources. They asked for 34,500 tons of foreign metal. The strike in Mexico has been settled so far as major properties are concerned, and production of lead should get back to about normal in that country by the middle of March. Sales of lead in the domestic market last week totaled 2,268 tons. Domestic refineries produced 51,054 tons of lead in January, which compares with 45,399 tons in December and 49,099 tons in January last year, the American Bureau of Metal Statistics reports. Shipments in January totaled 44,806, against 44,304 tons in the preceding month. Stocks increased from 45,682 tons (revised) at the end of December to 51,929 tons at the end of January.

The latest report on production of refined lead by domestic refineries differs from previous reports in its separation of secondary lead from "secondary and foreign." The heading "primary" now comprises refined lead produced in the United States from both domestic and foreign ore. The tonnage of secondary lead produced at primary plants is obviously far short of the production of secondary lead. The figures for December and January, in tons, are summarized as follows:

	Jan.	Dec.
Stock at beginning	45,682	42,671
Production:		
Primary	49,795	38,298
Secondary	1,259	17,101
Totals	51,054	45,399
Shipments	44,806	44,304
Stock at end	51,929	45,682

*Revised. †Production from foreign ore and secondary material treated by primary refiners and some secondary refiners. ‡Secondary only.

Zinc
A fair volume of business was placed in zinc during the last week. Galvanizers face higher costs because of the scheduled rise in steel prices and wages. Stocks of slab zinc in the hands of the Office of Metals Reserve on Jan. 31, 1946, by grades:

	Tons
Special high grade	12,893
Regular high grade	157,210
Prime Western	68,450
Brass special	16,647
Intermediate	5,502
Total	260,702

The Government also holds 344,464 tons of zinc contained in ore, concentrates, and in process.

Tin
Metals Reserve's stockpile of tin as of Jan. 31, 1946, contained 23,331 long tons in the form of metal and 32,685 tons in ore and concentrate.

Forward quotations, in cents per pound, were nominally as follows:

	March	April	May
Feb. 21	52.000	52.000	52.000
Feb. 22		Holiday	
Feb. 23	52.000	52.000	52.000
Feb. 25	52.000	52.000	52.000
Feb. 26	52.000	52.000	52.000
Feb. 27	52.000	52.000	52.000

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

Platinum Metals
Effective Feb. 25, OPA established specific ceiling prices on platinum and platinum metals to do away with any confusion that may exist among various classes of sellers. Column "A" lists the ceiling prices on metals in the platinum group "regardless of whether or not former base period prices were higher." Column "B" lists prices which any seller may charge "regardless of whether or not his base period prices were lower."

	Per Troy Oz.—	"A"	"B"
Platinum (a)	\$35.00	\$34.00	
Palladium (a)	24.00	23.00	
Ruthenium (b)	35.00	34.00	
Rhodium (b)	125.00	123.00	
Iridium (b)	165.00	163.00	
Osmium (b)	50.00	49.00	

(a) Ingots, bars, sheets, plates, or wire not less than one-eighth inch thick; sponge; (b) Powder, sponge, and excepting osmium, granules.

At present, the available supply of metals in the platinum group is exceeded by the demand, OPA observes.

Manganese
The price of electrolytic manganese was reduced 2c. per pound, effective March 1, establishing the carload quotation at 32c. per pound, f.o.b. Knoxville, Tenn., with freight allowed east of Mississippi River points. Hydrogen-free metal commands a premium of 1½c. per pound. Manganese ore quotations at present are largely nominal, with reports current in the market that published prices may be shaded from 5c. to 10c. per long-ton unit, and perhaps more.

Quicksilver
With not much business stirring, some sellers appeared more anxious to take on forward business, and the price situation was a little easier during the last week, quotations showing a range of \$102 to \$104 per flask, or \$1 per flask lower than in the preceding week. It now appears that at least six "agents" represent the European producers in this market.

Silver
The industry is wondering whether the strong stand on prices now assumed by OPA will tend to stabilize silver at current levels. The New York Official for foreign silver was unchanged at 70¼c. London quotes 44d.

Called Treasury Bonds
Secretary of the Treasury Vinson announced on February 18 that the Treasury Bonds of 1946-1956, in the amount of \$489,080,100, which have been called for redemption on March 15, 1946, and the Treasury Notes of Series A-1946, in the amount of \$1,290,640,500, which will mature on March 15, 1946, will be redeemed in cash.

Revenue Freight Car Loadings During Week Ended Feb. 23, 1946 Increased 16,227 Cars

Loading of revenue freight for the week ended Feb. 23, 1946 totaled 723,281 cars, the Association of American Railroads announced on Feb. 28. This was a decrease below the corresponding week of 1945 of 49,115 cars, or 6.4% and a decrease below the same week in 1944 of 57,703 cars or 7.4%.

Loading of revenue freight for the week of Feb. 23, increased 16,227 cars or 2.3% above the preceding week.

Miscellaneous freight loading totaled 302,479 cars, an increase of 15,049 cars above the preceding week, but a decrease of 79,437 cars below the corresponding week in 1945.

Loading of merchandise, less than carload lot freight totaled 113,883 cars, a decrease of 4,449 cars below the preceding week, but an increase of 12,250 cars above the corresponding week in 1945.

Coal loading amounted to 184,186 cars, an increase of 2,346 cars above the preceding week, and an increase of 13,832 cars above the corresponding week in 1945.

Grain and grain products loading totaled 51,720 cars, a decrease of 123 cars below the preceding week but an increase of 11,255 cars above the corresponding week in 1945. In the Western Districts alone, grain and grain products loading for the week of Feb. 23 totaled 34,401 cars, an increase of 35 cars above the preceding week and an increase of 8,823 cars above the corresponding week in 1945.

Livestock loading amounted to 17,223 cars, a decrease of 857 cars below the preceding week but an increase of 4,331 cars above the corresponding week in 1945. In the Western Districts alone loading of livestock for the week of Feb. 23 totaled 13,165 cars, a decrease of 891 cars below the preceding week, but an increase of 3,783 cars above the corresponding week in 1945.

Forest products loading totaled 37,650 cars, an increase of 1,332 cars above the preceding week, and an increase of 184 cars above the corresponding week in 1945.

Ore loading amounted to 7,288 cars, an increase of 1,876 cars above the preceding week but a decrease of 4,903 cars below the corresponding week in 1945.

Coke loading amounted to 8,852 cars, an increase of 1,053 cars above the preceding week, but a decrease of 6,627 cars below the corresponding week in 1945.

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

	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
Week of February 23	723,281	772,396	780,984
Total	5,750,330	6,056,142	6,312,816

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 23, 1946. During this period 63 roads reported gains over the week ended Feb. 24, 1945.

Railroads	Total Revenue Freight Loaded		Total Loads Received from Connections	
	1946	1945	1946	1945
Eastern District—				
Ann Arbor	301	237	246	1,667
Bangor & Aroostook	2,535	2,501	2,619	402
Boston & Maine	6,467	6,499	6,523	12,831
Chicago, Indianapolis & Louisville	1,161	1,287	1,643	2,023
Central Indiana	39	32	34	38
Central Vermont	955	1,007	963	1,992
Delaware & Hudson	4,047	4,501	5,066	11,327
Delaware, Lehigh & Western	6,570	7,226	7,623	9,279
Detroit & Mackinac	200	165	228	159
Detroit, Toledo & Ironton	1,562	1,775	1,759	1,918
Detroit & Toledo Shore Line	268	353	293	3,497
Erie	9,542	11,877	12,897	14,603
Grand Trunk Western	3,060	4,043	3,683	9,113
Lehigh & Hudson River	152	154	184	2,339
Lehigh & New England	2,003	1,959	2,142	1,559
Lehigh Valley	7,064	7,250	8,846	7,188
Maine Central	2,660	2,427	2,290	4,170
Monongahela	6,579	5,678	6,216	263
Montour	2,854	2,260	2,660	17
New York Central Lines	41,517	46,781	47,600	51,184
N. Y., N. H. & Hartford	8,985	10,292	10,133	13,512
New York, Ontario & Western	796	949	1,035	2,592
New York, Chicago & St. Louis	5,554	6,776	6,384	14,069
N. Y., Susquehanna & Western	338	403	461	1,578
Pittsburgh & Lake Erie	3,815	7,353	7,883	7,302
Pere Marquette	4,650	5,038	4,833	7,940
Pittsburgh & Shawmut	940	816	906	24
Pittsburg, Shawmut & North	302	289	341	237
Pittsburgh & West Virginia	757	678	985	1,621
Rutland	311	260	381	1,035
Wabash	5,881	5,906	5,751	11,206
Wheeling & Lake Erie	4,063	5,725	4,999	3,179
Total	135,934	152,557	157,507	199,924
Allegheny District—				
Akron, Canton & Youngstown	541	759	746	1,361
Baltimore & Ohio	36,943	38,853	41,062	22,235
Beasmer & Lake Erie	1,704	2,728	1,825	1,134
Cambria & Indiana	1,679	1,647	1,814	5
Central R. R. of New Jersey	5,097	6,153	7,242	15,160
Cornwall	265	462	619	47
Cumberland & Pennsylvania	244	166	232	13
Ligonier Valley	30	119	143	8
Long Island	1,369	1,610	1,211	4,521
Penn.-Reading Seashore Lines	1,454	1,800	1,504	1,752
Pennsylvania System	66,040	77,091	79,631	54,098
Reading Co.	11,411	14,998	13,721	25,307
Union (Pittsburgh)	6,359	19,626	20,720	1,318
Western Maryland	3,481	4,068	3,927	12,292
Total	136,617	170,080	174,502	139,311
Pocahontas District—				
Chesapeake & Ohio	31,327	29,936	28,558	11,265
Norfolk & Western	21,636	22,278	22,140	6,612
Virginian	5,154	4,786	4,713	1,617
Total	58,117	57,000	55,411	19,494

Railroads	Total Revenue Freight Loaded		Total Loads Received from Connections	
	1946	1945	1944	1945
Southern District—				
Alabama, Tennessee & Northern	449	378	265	222
Atl. & W. P.—W. R. R. of Ala.	904	864	812	1,968
Atlanta, Birmingham & Coast	7	7	719	7
Atlantic Coast Line	15,721	15,513	14,189	10,596
Central of Georgia	4,026	3,742	3,870	4,517
Charleston & Western Carolina	419	371	352	1,873
Chinchfield	1,768	1,762	1,645	3,616
Columbus & Greenville	428	225	264	304
Durham & Southern	90	115	139	759
Florida East Coast	3,875	3,768	3,200	1,649
Gainesville Midland	61	35	31	154
Georgia	1,039	811	1,054	2,179
Georgia & Florida	450	398	528	857
Gulf, Mobile & Ohio	5,492	4,388	4,125	4,243
Illinois Central System	27,821	27,828	28,901	14,732
Louisville & Nashville	27,191	26,619	24,390	9,549
Macon, Dublin & Savannah	280	190	190	1,079
Mississippi Central	323	381	237	390
Nashville, Chattanooga & St. L.	3,383	3,340	3,403	4,095
Norfolk Southern	1,346	839	941	1,594
Piedmont Northern	433	463	377	1,556
Richmond, Fred. & Potomac	391	400	423	9,260
Seaboard Air Line	11,853	10,404	10,866	7,973
Southern System	25,433	23,905	22,147	24,497
Tennessee Central	617	664	759	972
Winston-Salem, Southbound	138	131	138	1,018
Total	134,591	127,534	123,965	109,377
Northwestern District—				
Chicago & North Western	16,639	14,590	15,507	14,164
Chicago Great Western	2,616	2,243	2,765	3,484
Chicago, Milw., St. P. & Pac.	20,872	20,570	20,303	11,244
Chicago, St. Paul, Minn. & Omaha	3,679	3,133	3,542	4,519
Duluth, Missabe & Iron Range	1,022	1,271	1,342	296
Duluth, South Shore & Atlantic	613	605	818	550
Elgin, Joliet & Eastern	3,437	8,970	8,839	8,851
Ft. Dodge, Des Moines & South	452	259	377	114
Great Northern	11,515	9,354	11,699	4,822
Green Bay & Western	545	447	490	5,738
Lake Superior & Ishpeming	298	200	303	55
Minneapolis & St. Louis	2,311	1,890	2,110	2,563
Minn., St. Paul & S. S. M.	5,055	3,726	4,998	3,745
Northern Pacific	9,160	8,638	10,287	5,140
Spokane International	120	258	109	427
Spokane, Portland & Seattle	1,909	2,463	2,325	2,543
Total	80,243	78,617	85,814	63,554
Central Western District—				
Atch., Top. & Santa Fe System	22,364	22,366	20,860	9,245
Alton	2,915	3,338	2,896	3,238
Bingham & Garfield	6	436	560	12
Chicago, Burlington & Quincy	21,065	18,128	19,035	11,449
Chicago & Illinois Midland	3,316	3,065	2,979	796
Chicago, Rock Island & Pacific	12,113	10,978	11,251	12,343
Chicago & Eastern Illinois	2,800	2,704	2,701	3,320
Colorado & Southern	640	672	710	1,367
Denver & Rio Grande Western	2,852	3,770	3,278	3,581
Denver & Salt Lake	663	566	695	43
Fort Worth & Denver City	2,178	2,198	2,095	1,236
Illinois Terminal	921	959	909	1,689
Missouri-Illinois	1,486	1,559	1,768	511
Nevada Northern	502	662	674	119
North Western Pacific	14	24	27	0
Peoria & Pekin Union	25,238	28,342	26,302	8,973
Southern Pacific (Pacific)	0	305	457	0
Toledo, Peoria & Western	15,858	15,859	14,732	11,149
Union Pacific System	889	565	681	1
Utah	1,468	1,983	1,525	2,685
Total	118,115	118,876	114,897	72,305
Southwestern District—				
Burlington-Rock Island	289	319	300	647
Gulf Coast Lines	4,925	6,191	7,290	2,203
International-Great Northern	1,972	2,295	1,665	3,619
K. O. & G., M. V. & O. C. A.-A.	1,391	981	873	1,583
Kansas City Southern	2,537	4,653	5,404	3,279
Louisiana & Arkansas	2,383	3,117	2,634	2,239
Litchfield & Madison	367	359	368	1,296
Missouri & Arkansas	153	131	193	409
Missouri-Kansas-Texas Lines	4,677	6,743	5,136	3,857
Quannah Acme & Pacific	16,715	15,420	16,150	13,916
St. Louis-San Francisco	118	64	123	192
St. Louis-Southwestern	9,228	8,523	8,354	7,948
Texas & New Orleans	2,496	3,322	2,823	4,794
Texas & Pacific	8,813	10,644	12,674	5,049
Wichita Falls & Southern	3,452	4,845	4,790	6,170
Weatherford M. W. & N. W.	78	90	85	49
Total	59,664	67,732	68,888	57,261

NOTE—Previous year's figures revised.

†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.

Items About Banks, Trust Companies

Edward D. McGrew, Vice-President of the Northern Trust Company, Chicago, has been appointed New York correspondent of the bank, with offices at 15 Broad Street. Mr. McGrew, a member of the bond department of the Northern Trust Company since 1933, was elected a Vice-President last January. As New York representative of the Chicago bank he will be concerned primarily with bond department business. Associated with him are Daniel O'Day, formerly with Phelps, Fenn & Co., and William Ferguson, previously with Weeden & Co., Inc. Both recently returned from military service.

J. Luther Cleveland, President of Guaranty Trust Company of New York, announced on March 1 the appointment of Harold F. Anderson, Arthur H. Kiendl, and Russell L. Wardburgh, formerly Second Vice-Presidents, as Vice-Presidents of the company; Lt. Col. Guido F. Verbeck, Jr., as Assistant Treasurer, and Kenneth S. Stocker as Assistant Trust Officer. At the same time, announcement was made of the reappointment of Col. Daniel B. Grant, Vice-President, and Col. Robert B. Menapace, Second Vice-President, to their former titles upon their return this week from military leaves of absence. Messrs. Anderson, Wardburgh, Grant, and Menapace are associated with the company's foreign department; Mr. Kiendl is in charge of the U. S. Government bond department, Mr. Verbeck with the banking department, and Mr. Stocker with the trust department.

Mr. Anderson became associated with the Guaranty in 1929 at the time of its merger with the National Bank of Commerce, and previously had been with the foreign department of the latter institution since 1917. Mr. Wardburgh has been with the company in the foreign department since 1919 and had earlier banking experience with other New York institutions and military service in World War 1 as a pilot in naval aviation. Mr. Kiendl has headed the U. S. Government bond department since 1937, and had wide earlier experience in the investment banking field with the Guaranty from 1919 to 1934 and with other New York banks and investment firms.

Col. Grant, who was in charge of the Guaranty's foreign offices before the war and has been associated with the company since 1919, served overseas since 1942 in the European theater, principally in financial assignments with SHAEF, of which he was chief financial officer in Belgium and Luxembourg during the period immediately following the liberation of those countries. In September, 1942, with the invasion of North Africa, he was appointed to the staff of Allied Force Headquarters. Prior to the United States' entry into the war, he organized and was Chairman of the American Red Cross Committee in Great Britain.

Col. Menapace entered military service in May, 1943, with the rank of Lieutenant Colonel, and served overseas more than two years, first in North Africa and later in Sicily and Italy with the Allied Military Government. He filled various directive posts in the financial office for Sicily, was appointed senior finance officer of the Fifth Army, and took part in the liberation of Rome in June, 1944. Lt. Col. Verbeck, newly appointed Assistant Treasurer of the company, was on active duty in Marine Corps artillery for five years, four of which were spent in the Pacific theater.

Williamson Pell, President of the United States Trust Company of New York, announced on Feb. 28, the election of John M. Harlan as a trustee of the institution. Mr. Harlan is a partner in the law firm of Root, Clark, Buckner & Ballantine.

The Public National Bank & Trust Company of New York on Feb. 28, raised its dividend rate to 4 1/4% a share. The dividend will be paid on April 1 to shareholders on record March 20. The previous quarterly disbursements were 3 7/8% a share.

The Manufacturers Trust Company, New York, announces the promotion of Edmund Leone from assistant secretary to Assistant Vice-President. A member of the bank's personal loan department, installment financing at its 29 Broadway office, Mr. Leone's 22 years with the Manufacturers Trust Company were interrupted in 1944 upon entering the United States Army Quartermaster Corps. Upon release from service, he resumed his duties with the bank. Mr. Leone, a native New Yorker, graduated with a B.C.S. degree from New York University and an L.L.B. and Masters degree from St. Lawrence University. Admitted to the bar in 1934, he has been active in financial activities, one of which is counsel for the Esquire Credit Club of New York.

Howard F. Vultee has been elected a Vice-President of the Marine Midland Group, Inc., George E. Becker, President of the group announced on Feb. 25. Mr. Vultee was recently elected a Vice-President of the Marine Midland Trust Company of New York.

George P. Kennedy, who rose from an office boy's job to presidency of the Lafayette National Bank of Brooklyn, N. Y., died on Feb. 28 following an operation. At the time of his death, Mr. Kennedy also was a director of the Lafayette National in addition to being its President. He was a former President of the Kings County Bankers Association, and was President of the Bankers Club of Brooklyn. He was director of the Brooklyn Chamber of Commerce, and Mathews Bond & Guaranty Co., as well as being a member of various social and business organizations. Mr. Kennedy who was born in Brooklyn was 64 years of age.

Herman Borneman, Jr., retired Vice-President of the United States Savings Bank, Newark, N. J., died on Feb. 20, at the age of 76. He held his position with the bank for 15 years before his retirement in 1944.

The board of directors of Second National Bank of Philadelphia has authorized an increase of \$200,000 to surplus account. Total capitalization, including capital stock, surplus, undivided profits, and reserve for contingencies, now stand at \$1,750,000, an increase of \$240,000 since Dec. 31, 1945.

James Walter Matlack, President of the Bryn Mawr National Bank, Bryn Mawr, Pa., died on Feb. 18. Mr. Matlack, who was 82 years of age had been connected with the bank since 1889 and has been President for over 20 years.

Robert H. Lacey has been elected a Vice President of the National Metropolitan Bank of Washington, D. C., according to President C. F. Jacobsen. Mr. Lacey assumed his new post on

March 4. The Washington "Post" reporting this said:

"A veteran banker, he has been with the Columbia National Bank for 23 years and Cashier since 1930. He is general chairman for the June convention of the District of Columbia Bankers Association."

C. Raymond Brock was elected a director of the First National Bank and Trust Company of New Haven, Conn., on Feb. 28, at a meeting of its board. In the New Haven "Register" of March 1 it was stated:

"Mr. Brock is President and General Manager of Brock-Hall Dairy Company. Prominent in state and local affairs, he has been a member of the General Assembly since 1937, serving as a Representative for three sessions, and as Senator for two sessions. He has been House and Senate chairman of the Finance Committee, minority leader of the Senate at the last session and a member of the Legislative Council, Committee on Banks, Committee on Agriculture and Committee on State Parks and Forests. He is also chairman of the New Haven County Budget Committee."

At a meeting of the stockholders of the Texas Bank & Trust Co., Dallas, Tex., held on Feb. 25, the capital stock was increased to \$500,000. The new 7,500 shares are to be sold at \$20 par. This action brings the bank's capital structure to \$1,100,000, including \$500,000 surplus and \$100,000 undivided profits, according to the Dallas "Times Herald."

Election of Thomas W. Paul, banker and civic leader of Everett, Wash., as Vice-President of the Pacific National Bank in Seattle, where he became general loan officer March 1, is announced by George H. Greenwood, Chairman of Pacific National's board, and Charles F. Frankland, its President, according to the Seattle "Times."

After 46 years of service with the Bank of Montreal, Otho Rupert Sharp, Assistant General Manager for the Prairie Provinces, British Columbia and the Yukon, with headquarters in Montreal, will retire soon on a pension, according to an announcement by the bank. He will be succeeded by Frederick Gordon Belcher, former superintendent for Manitoba and Saskatchewan and at present assistant general manager for the Quebec, Maritimes and Newfoundland division. Edward Pope, who was recently appointed an Assistant General Manager upon his return from England, where he had been in charge of the bank's main office in London, will succeed Mr. Belcher.

The Chartered Bank of India, Australia & China recently received a telegram from their manager in Singapore advising them that the bank's Kuching (Sarawak) Branch re-opened on Feb. 4.

Swiss Bank Corporation New York Agency announced on March 5 that it has received notice that at the 74th Annual Meeting held in Basle, Switzerland, attended by shareholders of Swiss Bank Corporation representing 145,497 shares, approval was given to the distribution of a dividend of 4%, as well as to the yearly accounts for 1945, including a balance to be carried forward of 4,227,647.05 Swiss francs as against 4,110,496.20 Swiss francs for the previous year. Henri Chenaud was elected a new member of the Board, replacing Paul Buchet, retired. The meeting also confirmed in their office for a further period of three years as members of the Board, Wilhelm Christ-Legler, Walter Schaeffle, Werner Graf, Curt Schaeffle, Dr. Hans Schuler and C. Steuer-Gutzwiller. On Feb. 6 the Bank Corporation

Spence of House Banking Committee Looks for No Action to Increase Banks Res. Requirements

While the question of giving the Board of Governors of the Federal Reserve System power to increase reserve requirements of banks in the Reserve System has recently been claiming attention, Representative Spence, Chairman of the House Banking and Currency Committee, said on Feb. 26 that there is no possibility of Congressional action any time soon toward the enactment of legislation

toward that end. This is learned from the Chicago "Journal of Commerce" of Feb. 27 which said that Representative Spence conceded that the "flood of money" today puts reserve requirements in a new light but said his committee is jammed up with too many "emergency measures" to allow any thought of changes in reserve controls at this time. Such a matter would require lengthy and involved hearings, he said. The paper from which we quote went on to say:

"The question was brought up yesterday when Marriner S. Eccles, Federal Reserve Board Chairman, testified that price control alone would not prevent inflation.

"Under questioning by Representative Crawford (R., Mich.), Mr. Eccles agreed that increased reserve requirements would force banks to sell Government bonds to private investors and thereby tie up a greater portion of idle funds in private hands.

"Mr. Eccles said legislative authority would be necessary for any such increase in reserves, however."

Representative Crawford said today that he would approve of a bill giving that authority but said he had no intention of introducing the bill himself. "That is up to the Administration," he said.

United Press advices from Washington, Feb. 26, as given in the Toledo "Blade" referring to a move developed in the House to give the Federal Reserve Board greater authority to reduce the supply of idle money in the public's hands and thereby supplement the anti-inflationary aims of price control.

Representative Crawford, member of the House Banking Committee, is quoted as saying he believes this step is essential "to facilitate all the benefits needed through price control but which can't be achieved through price control alone." The United Press added:

"The Board now has power to require member banks to keep in cash reserve certain percentages of their demand and time deposits, such as checking and savings accounts.

"The feeling among many officials is that the percentage requirements should be increased. If this were done, they say, banks would sell some of their holdings of Government securities to the public to raise the higher cash reserves. This in turn would take some of the idle money out of circulation and thereby ease inflationary pressures."

It was added that Mr. Eccles, in appealing for a year's extension of the price control law, told the Committee that the Board has "practically exhausted all the powers it has to deal with the monetary aspects of inflation."

Continuing the United Press said: "Under questioning from both Mr. Crawford and Rep. Wright Patman, Democrat, Texas, Mr. Eccles said that legislation authorizing higher reserves would be helpful in the fight against inflation.

"Mr. Eccles noted that living costs had risen by 30% since pre-war days, and said they might

announced that the accounts for the year 1945 showed net profits of S. Frs. 10,627,647, including the carry-forward from the previous year, against S. Frs. 10,510,496 for 1944. The total assets at the end of 1945 amounted to S. Frs. 1,826,427,161 against S. Frs. 1,540,016,463.

climb another 10% under the new policy.

"To hold down the inflation pressures, he proposed:

"1—Continue OPA for at least another year beyond the June 30 expiration date.

"2—A substantial increase in the capital gains tax to put the brakes on speculative buying, especially in the stock market.

"Describing price controls as "virtually our last bulwark against increasing costs of living," he said "it is urgent to continue these controls until production has come into balance with consumer demand."

Redemption Rate For Bank of England

From the New York "Times" of Feb. 26 we take the following London advices, Feb. 24, by Reuter:

Owners of stock of the Bank of England will receive 3% British Treasury stock in exchange for their shares when the existing capital stock of the bank is transferred to the Treasury on March 1 and the bank is nationalized, it was announced tonight.

The Treasury stock given in exchange will be of such amount that the annual interest on it will be equal to the average dividend on the stock of the bank during the last 20 years. This was 12%, therefore the amount of 3% Treasury stock to be received by holders of bank stock will be four times the amount of their bank stock.

Brownlee to Aid Bowles

Chester Bowles, Director of Economic Stabilization, has announced the appointment of James F. Brownlee, formerly Deputy Administrator for Price of the Office of Price Administration, as his Deputy Director "in the fight against inflation," according to advices from Washington to the United Press on Feb. 28. Mr. Brownlee, who resigned from the OPA last September on the advice of his physician, had held the post of Deputy Administrator since August of 1943. Speaking of his aide's work during that period, Mr. Bowles, when announcing the new appointment, said: "His courage and organizational ability were major factors in enabling us to hold down the cost of living and maintain a stable wartime economy." Adding that the present fight against inflation, "in the face of continuing inflationary pressures, is as vital and perhaps as difficult as it was during the war, Mr. Brownlee's experience and courage will be a great help."

Frank J. McCabe, Jr. Joins Mortgage Bankers Ass'n

Frank J. McCabe, Jr., of Chicago, has joined the Mortgage Bankers Association of America as Director of Research and Education and will be in charge of an expanded program relating to these two activities. Mr. McCabe graduated with arts and sciences and law degrees from Northwestern University and was admitted to the Illinois bar in 1935. He practiced law in Chicago before entering the Navy in 1942 and was discharged last November. The association plans two educational courses this spring, one at New York University for mortgage men interested in urban loans, and another at Purdue University for those interested in farm mortgages.