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## Byrnes Reports on Paris Meeting

Secretary of State announces progress of the Big Four Council was "disappointingly small." U. S. propositions rejected by Soviet delegate, including that of calling a general peace conference. Urges a continuation of "peace offensive," and says question of peace will be submitted to United Nations Assembly if Big Four agreement is not reached in June. Holds there is no iron curtain that a united mankind cannot pierce.

Secretary of State James F. Byrnes, speaking over a general radio hook-up on May 20, reported on the results of the "Big Four"



James F. Byrnes

Council of Foreign Ministers in Paris, from which he has just returned. Although he admitted progress was "disappointingly small," he nevertheless stated that it "was infinitely greater than I expected when I suggested that the Council should meet in Paris." He cautioned that "building the foundations of a people's peace is a long and hard process," requiring patience, firmness and understanding, and concluded that should his efforts fail to have a general peace conference convene in the near future, he will place the matter before the United Nations General Assembly.

The text of Secretary Byrnes' address follows:  
I wish to talk with you about the meeting of the Council of For-

ign Ministers at Paris. On that mission I was accompanied by Senator Connally, Chairman of the Senate Foreign Relations Committee, and Senator Vandenberg, a Republican member of that committee. I cannot adequately express my appreciation of their wise counsel and loyal cooperation. Senator Connally was exceedingly helpful and Senator Vandenberg by his wholehearted cooperation let the world know that regardless of how much he and his party may disagree with the Administration about domestic issues, in our relations with foreign Governments we have but one policy, the policy of the United States.

Building the foundations of a people's peace in a war-shattered world is a long, hard process. A people's peace cannot be won by flashing diplomatic triumphs. It requires patience and firmness, tolerance and understanding. We must not try to impose our will on others, but we must make sure that others do not get the impression they can impose their will on us.

(Continued on page 2836)

## Britain Sacrificed Export Trade at U.S. Behest: Batt

William L. Batt, Former Vice-Chairman of War Production Board, holds result has been that Britain "has seen the business go to us." Denies proposed loan to Britain is a gift, and says it is good business for all Americans.

William L. Batt, President of SKF Industries, Inc., who served as Vice-Chairman of the War Production Board throughout the war, disclosed in a recent discussion of the British loan that Great Britain cut her export trade about two-thirds during the war as the result of an Allied agreement.



W. L. Batt

Britain's fulfillment of this agreement, which meant giving up her important export markets to other nations, especially the United States, was a "contribution to the winning of the war as material as the Battle of Britain and the victories in North Africa," Batt declared in a radio address.

Batt, now back at the Philadelphia plants of SKF, revealed that in an attempt to free British factories for war work and speed deliveries to the front, the Combined Economic Boards, on which he was a representative, suggested to the British shortly after Pearl Harbor that manufacture of many items needed by the British market be transferred to American factories already producing them.

The British, Batt said, could have refused on the ground that (Continued on page 2838)

## The Financial Situation

Last week in these columns we ventured to assert in effect that if the inconveniences, not to say the very real hazards, to which the people of this country are being subjected by reason of labor disputes, the one after the other, were to stimulate careful and dispassionate thought about the origins and real nature of the situation by which we are faced, they would be worth all the cost. At that time we undertook to show that these difficulties were a natural, not to say inevitable, outgrowth of the public policy of the past decade or more—the one-sided legislation designed to give the unions the upper hand, the false doctrines preached concerning the place of the wage earner in modern economic society, and the general and constant palaver about the "underprivileged third."

### A Fallacy and Its Consequences

We shall pursue the subject further at this time for the purpose of calling attention especially to the fact that a number of current socio-economic doctrines, which probably have not been generally related to the subject, are logically the god-fathers of much of present day trouble. One of these dogmas is what may be termed the purchasing power theory of business cycles. It runs something like this: Depressions in the past have regularly succeeded booms for the reason that purchasing power adequate to the purchase of the magnificent output of industry in times of prosperity is lacking. How it happens that the people are not able to find the means wherewith to buy that which they themselves have produced has never been very carefully explained. For most of these commentators upon current affairs, and, we often fear, for much the larger number of their audiences, the mere statement of the tenet is quite sufficient. At any rate, this relative scarcity of "purchasing power," allegedly developing when business is pro-

(Continued on page 2832)

## From Washington Ahead of the News

By CARLISLE BARGERON

Inasmuch as nearly everyone with voice or pen is making an appeal these days, your correspondent would like to make one, mostly for the hell of it. It is an appeal that whatever else we do, we not let go the World Leadership which we have attained, and the responsibility which goes with a people having such Leadership. Your correspondent is prepared to give up Mother's Day, Father's Day



Carlisle Bargeron

entailing the loss invariably of a tie and some cigars; we are prepared, if you insist, to give up Lent, Yom Kippur and all similar assets that we have acquired down over the years. But don't give up that World Leadership which has come to us. Looking around, it is difficult to see just where it can be cashed in, but we hear so much about it, that we are quite sure it has a tangible value somewhere; maybe it's something you've got to hold to get its full value, like a Government bond, for many years. But there is more to it than that, for art lovers, that is. To have a token of our World Leadership in

your home is a show of culture, like an Old World print. You can show it to your visitors, by way of making an impression on them, that this rare object means the kicking around of American business men, the rascals, in Argentina, in Latin America, in China, in European countries. It means our giving money to Italy so she can pay her reparations to Russia; it means sending food to the Russian occupied countries so she can continue to occupy those countries. This World Leadership, the work of an unknown genius, and there are only a few copies in existence, means giving food to people so they won't become Communist and when they do become Communist they will be well fed and formidable. It means sustaining the Socialists of Britain who are really quite indignant at the Communists because they seek to break in on their racket. If you want a denunciation of the Communists in this country, see Norman Thomas. He was going good (Continued on page 2836)

## The Anglo-American Financial Agreement

By WINTHROP W. ALDRICH\*  
Chairman of Board, Chase National Bank

Prominent American banker traces causes of British need for external credits to wartime exhaustion of her foreign balances and investments, as well as temporary decline in her export trade. Says Britain needs time to regain her status as a creditor nation; and in transition she will need foreign loans. Holds Anglo-American Financial Agreement covers a much wider field than a credit transaction, and concerns removal of exchange controls and bilateral monetary and trade arrangements. Points out political importance of agreement particularly in maintaining U. S. world leadership and Anglo-American cooperation, and denies loan will be used to foster a British planned economy.

It was the termination of Lend-Lease that initiated the discussions between the United States and the United Kingdom, resulting in



W. W. Aldrich

Canada, represented a vital contribution to mutual victory. Both permitted Britain to dedicate her whole economy to the supreme objective of winning the war. Wartime mobilization of British manpower and industry was on a scale unsurpassed by any of the Allied nations. About 1,500,000 men and women were transferred from the export trades to the armed forces or to war industries, and the volume of British (Continued on page 2835)

\*An address by Mr. Aldrich at annual luncheon of the Boston Chamber of Commerce, Boston, Mass., May 17, 1946.

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## More Than Legislation Needed

"Six or eight months of sustained maximum production would, in my opinion, put us over the hump—most of our troubles would have vanished—we would be well on our way toward prosperity such as we have never known.

"Lacking any sign that labor will now agree voluntarily to a holiday of strikes that will permit such production, or that management will agree to voluntary arbitration, I am forced, as a private citizen, to the reluctant conclusion that legislation is urgently required.

"Hasty legislation written and debated in the heat and rancor of an emergency is almost always apt to be bad legislation. Therefore, at this critical juncture it seems to me that the sensible thing to do would be to pass emergency and temporary legislation outlawing strikes for at least the next six months ahead, meanwhile permitting collective bargaining to go forward within the present wage pattern but imposing compulsory arbitration in those cases where collective bargaining fails. Not only must strikes be stopped, but also, if we are to get maximum production, the leap-frogging of wages and prices must come to a halt.

"And most important, during those six months of breathing spell the best minds in this country must work out sane and sensible legislation that will adequately protect the rights of labor, the rights of property, and the paramount rights of the public. I am convinced that it can be done."—John D. Small, Civilian Production Administrator.

Much more than legislation, however "sane and sensible," is needed to right the situation of which complaint is justly made.

This notion that "legislation" or "control" can undo the mischief generated by multiple tinkering with the economic system is one of the major causes of existing difficulties.

## Illinois Bankers Issue Policy Declaration

Advocates free enterprise, sound currency, adherence to high standards of banking ethics and warfare against inflationary tendencies. Asks for prompt release from or modification of price controls, and elimination of special privileges to minority groups. Says loans to other nations should be on strictly business basis, and that subsidized Federal banking should cease. Opposes branch banking, but upholds dual banking system.

Before adjourning their 55th Convention, held in St. Louis, May 1 to 3, inclusive, the Illinois Bankers Association adopted the following declaration of policy:

**BE IT RESOLVED**, That the Illinois Bankers Association represented by its delegates at the 55th Convention held in St. Louis, Mo., May 1, 2 and 3, 1946, does hereby approve and adopt the following Declaration of Policy for the guidance of its officers, committees and members:

Bankers of the State of Illinois here assembled realize the need of a united people devoted to the preservation of the freedom that is our heritage as American citizens in the many problems that confront us now.

First, we advocate the observance of all laws, the continued support of the free enterprise system, the maintenance of a sound currency, the participation of our members in every type of service that is for community good, and the adherence to high standards of banking ethics.

One of the most important problems affecting the welfare of our country is the inflationary tendencies which are now so apparent.

As bankers, we realize that the cost of waging war is great and must be paid out of national income. After each modern war, we have witnessed an increase in the cost of goods and services, and a decrease in the purchasing power of money. During this process many plans are advanced to prevent these increasing costs from forming an inflationary spiral while at the same time powerful minority groups are demanding special privileges. The two cannot exist together.

The Illinois Bankers Association shares the concern of all thoughtful citizens who sense the

vital need to curb inflationary trends in our economic structure, and affirms it to be the solemn conviction that there must be a definite end to Government extravagances and policies of appeasing demands of pressure groups for special privileges.

We recognize the fundamental importance of increased production and the competition of the open market and to that end endorse all demands for the prompt release or modification of restrictions and controls.

We urge our member banks to use their every influence to further this policy.

Now that World War II has been brought to a successful conclusion we urge Congress:

To direct that loans to other nations be made on a strictly business basis with proper safeguards for orderly repayment;

To take immediate steps for the reduction of the enormous Federal debt, to balance the budget, to eliminate all unnecessary Federal bureaus and to curtail all non-essential expenditures;

To pursue a tax policy that is fair and equitable;

To eliminate subsidized Government competition with banking and other businesses;

To assert its authority, as representatives of the people, by maintaining a firm but cooperative stand in working with all nations of the world through the medium of the United Nations Organization for the preservation of a lasting peace, in the spirit of the common fatherhood of God and the brotherhood of man.

As bankers, we believe it is our duty:

To discourage waste and to encourage thrift by the individual, and by our local, county, State and Federal Governments;

To be leaders in all worthy community activities;

To make every effort to train our personnel in the policies, functions and operations of our banks, and to encourage them to take advantage of the educational facilities afforded by individual banking groups and the American Institute of Banking, the Graduate School of Banking of the American Bankers' Association, and the Central States School of Banking and to provide other incentives for faithful and loyal service in the belief that this will attract and maintain a high quality of bank personnel;

To provide credit for all segments of business and society for every useful purpose;

To be more active in our participation in the affairs of our state association, groups and county federations, thus enabling us to render ever increasing and more effective services to our customers and communities;

To continue to advise and cooperate fully with the returning veteran in his social and financial problems;

To continue to promote the sale of U. S. Savings bonds to the public, in order to assist in the fight against inflationary forces.

We again emphasize the policy of this Association, that we are unalterably opposed to branch banking, and are definitely in favor of the maintenance of a dual system of banking.

We recognize the dangers inherent in over-banked communities and therefore urge, for the preservation of a sound banking system in Illinois, that we and the chartering agencies cooperate in overcoming this increasing tendency.

We also urge that every effort be exhausted and every opportunity be taken to eliminate by any proper means the present unfair double liability which now attaches to shareholders of state banks and which has been removed by Congressional action from those of national banks, thus placing the state banks in Illinois at a disadvantage.

We are concerned over the possibilities inherent in the statutes recently passed by the General Assembly with regard to the assessment of property for taxation and the rates applied thereon, and therefore we respectfully request that these laws be reviewed and such safeguards be established as are necessary to protect the taxpayers of Illinois against the greatly increased tax burden which may be levied at the expiration of the five-year period of limitation.

We reaffirm and subscribe to the sentiments of Abraham Lincoln, as expressed in the Declaration of Policy, adopted by the 53rd Convention of this Association:

"You cannot bring about prosperity by discouraging thrift.

"You cannot strengthen the weak by weakening the strong.

"You cannot help small men by tearing down big men.

"You cannot help the poor by destroying the rich.

"You cannot lift the wage-earner by pulling down the wage-payer.

"You cannot keep out of trouble by spending more than your income.

"You cannot build character and courage by taking away a man's initiative and independence.

"You cannot help men permanently by doing for them what they could and should do for themselves."

In deep humility we pray for Divine Guidance that will aid us in carrying out the policies which are determined upon and contained herein.

## Treasury Eases Restrictions on United States Bonds Eligible for Commercial Banks

Secretary Vinson issues circular permitting commercial banks to hold limited amount of restricted issues, to enable the banks to render service to individuals and corporations in buying and selling these issues.

In order to enable banks to render better service to individuals and corporations wishing to buy or sell restricted Government securities, Secretary Vinson announced May 17 that he had amended Treasury regulations so as to permit commercial banks to hold a limited amount of the restricted issues for trading purposes.

The limit on holdings is 1% of demand deposits, excluding war loan deposits and interbank deposits, or \$500,000, whichever is less. The bonds so held shall be in addition to and shall be held in

an account separate from the bonds of such issues which have been otherwise acquired.

The change was made after consultation with Federal Reserve authorities, who agreed that it would be helpful particularly to small non-bank investors.

The circular which incorporates the details and enumerates the issues affected, follows:

TREASURY DEPARTMENT,  
Office of the Secretary,  
Washington, May 17, 1946.

1946  
Department Circular No. 787  
Fiscal Service  
Bureau of the Public Debt

### I. Enumeration of Department Circulars Affected

1. The Department circulars modified by this circular, and the Treasury Bond issues which they govern, are as follows:

No. 685	2 1/2 % Treasury Bonds of 1962-67
No. 692	
No. 701	2 1/2 % Treasury Bonds of 1963-68
No. 708	2 1/2 % Treasury Bonds of 1964-69 (dated April 15, 1943)
No. 719	2 1/2 % Treasury Bonds of 1964-69 (dated Sept. 15, 1943)
No. 724	
No. 729	
No. 734	2 1/2 % Treasury Bonds of 1965-70
No. 740	
No. 730	2 1/2 % Treasury Bonds of 1956-59
No. 735	
No. 755	2 1/2 % Treasury Bonds of 1966-71
No. 760	
No. 768	2 1/2 % Treasury Bonds of 1967-72 (dated June 1, 1945)
No. 769	2 1/2 % Treasury Bonds of 1959-62 (dated June 1, 1945)
No. 776	2 1/2 % Treasury Bonds of 1967-72 (dated Nov. 15, 1945)
No. 777	2 1/2 % Treasury Bonds of 1959-62 (dated Nov. 15, 1945)

### II. Modification of Circulars

1. Each of the circulars enumerated in Section I hereof provides that the bonds issued thereunder may not be transferred to or be held by commercial banks, which were defined for this purpose as banks accepting demand deposits, before various fixed dates, except to the extent and in the manner set forth in the governing circulars. These provisions are hereby modified to permit any such bank to hold, for the purpose of facilitating transactions for the account of

customers, bonds issued pursuant to said circulars in an aggregate amount not to exceed at the close of business on any day 1% of its demand deposits, excluding United States war loan deposits and inter-bank deposits, or \$500,000, whichever is less. Such bonds shall be in addition to and shall be held in an account separate from those otherwise acquired pursuant to the provisions of the offering circulars.

FRED M. VINSON,  
Secretary of the Treasury.

## Hastie Inaugurated As Virgin Islands Gov.

In an address on May 17 incident to the inauguration of William H. Hastie, as Governor of the Virgin Islands, at Charlotte Amalie, Secretary of the Interior J. A. Krug declared that "we have all come here with high hopes that a new period in the history of the Virgin Islands is about to begin." "Certainly," he said "we are being given a unique opportunity to test the ability of democracy to solve difficult political and economic problems. The ability of democratic society to correct the inequalities, artificially established, which deny economic or political freedom because of race, color or creed is a basic test of our governmental system." "Secretary Krug went on to say:

"You here and we in Washington are partners in a program which will bring credit to us all and to the cause of territorial populations the world over. Under Governor Hastie's intelligent guidance and encouraging leadership I am confident that the impetus for a solution of the Island's destiny will come from the Islands themselves. I pledge the cooperation of my Department to him and to you in working out that destiny."

In the earlier portion of his address Secretary Krug said:

"In his capacity as Assistant Solicitor of the Interior Department Governor Hastie had much to do with drafting of the Organic Act of the Virgin Islands—legis-

lation which has been tested through use for almost 10 years. Its revision now in the direction of an increased measure of self government is of paramount interest to you. One of the recommendations made by your Organic Act Reform Committee that the Islands be entitled to a Resident Commissioner has been incorporated in a bill which I will soon recommend to the Congress. I know you want the right to elect your own Governor, and I know that that provision too will come with time.

"Governor Hastie has a great opportunity. I am sure that he will prepare a practical program to build a firm economy for the future development of the Islands. I am sure that under his administration private capital investments will be encouraged and larger markets will be built up for local products and that the tourist trade will be promoted.

Secretary Krug also said: "The Governorship of the Virgin Islands is a challenge to the ability and wisdom of any man. I do not have to catalog for you the number of excellent reasons why William Hastie will make a great Governor. Governor Hastie has what no other Governor before his has had as he began his term of office: a thorough knowledge of the social and economic problems of the territory and an understanding of the people themselves. This knowledge was acquired during his work as Assistant Solicitor of the Interior Department and later during the 25 months he spent as Judge here in the Federal District Court."

## China Issues New Regulations for Banks

**Prohibits establishment of additional banks that are not purely local, and requires cash reserves up to 20% of current deposits be placed with Central Bank. Prevents banks from buying or selling foreign exchange without special permission, and restricts other subsidiary operations, such as dealings in securities, warehousing, and safe deposit. Banks cannot directly engage in industrial or commercial enterprises.**

The Chinese News Service, an agency of the Chinese Government in Washington, issued a special release on May 14, giving the text of the new Chinese Bank Regulations, promulgated by the Ministry of Finance for immediate enforcement. Since extraterritoriality in China has been abolished, the release states that the Regulations presumably will apply to foreign banks in China.

The text of the Regulations follows:

**Article 1.** Besides other relevant laws and orders in force, the Ministry of Finance, in directing the activities of the banks, shall abide by these Regulations.

The term "banks" applies to all institutions that accept deposits, make loans and handle the discount of promissory notes, exchange, and letters of credit. Those which accept deposits but are not known as such, will be considered as banks.

**Article 2.** Except those which have received approval from the Ministry of Finance and have obtained licenses therefrom prior to the promulgation of these Regulations, no more banks are allowed to be established. Hsien (county) banks, however, are not subject to this restriction.

**Article 3.** Commercial banks, before establishing branches or sub-branches, are required to apply to the Ministry of Finance for permission. They must not apply for permission in localities where the opening of additional branches or sub-branches has been restricted by the Ministry of Finance. Commercial banks outside these restricted localities must not apply for permission to move into these localities to do business there.

**Article 4.** Banks which accept ordinary deposits are required to deposit with the Central Bank of China or banks designated by its agents the following percentages of their reserve funds in cash:

- (a) 15 to 20% of their current deposits (checking accounts).
- (b) 7 to 15% of their fixed deposits (savings accounts).

The exact percentages of reserve funds required to be so deposited shall be determined by the Central Bank of China according to conditions on the money market and with the approval of the Ministry of Finance.

**Article 5.** Unless with special permission, banks must not buy or sell foreign exchange, nor gold or silver bullions.

**Article 6.** In the employment of their assets, the commercial banks should have the following as principal objectives of their loans:

- (a) Productive enterprises—agricultural, industrial and mining.
- (b) Transportation and marketing of important daily necessities. (The scope of these daily necessities is to be fixed by the Ministry of Finance in consultation with the Ministry of Economic Affairs.)
- (c) Transportation and marketing of important products for exports.

Loans for the purposes mentioned in Article 6 must not exceed 50% of the total amount of loans extended by the banks concerned.

**Article 7.** Bank loans to farms, industries, mines, and businesses shall be limited to those lawfully engaged therein themselves. In localities with business guilds, the

loans shall be available only to their members. Before extending credits of the above-mentioned nature either as ordinary loans or as overdraft, the banks and the borrowers must sign contracts beforehand.

**Article 8.** The term of bank loans to productive enterprises in agriculture, industries and mining, must not exceed one year at most. The term of other loans must not be longer than six months. In either instance, the loans can be extended only once.

**Article 9.** Banks extending credits against warehouse receipts, bills of lading, finished products or raw materials must abide by such control regulations as laid down by government organs concerned.

**Article 10.** Besides the following subsidiary operations, banks must not engage in other businesses:

- (a) The buying and selling of securities;
- (b) The floating of bonds for the Government or debentures for corporations;
- (c) Warehousing;
- (d) Safekeeping valuables and precious goods;
- (e) Acting as agents in collecting and paying bills.

**Article 11.** Banks must not become stockholders of stores, other banks and other firms. With approval of the Ministry of Finance, however, they may invest in productive enterprises and reconstruction projects.

**Article 12.** Banks must not directly engage in industrial or commercial enterprises; must not hoard commodities; must not set up agents departments or trading structures; must not, in the name of their trust departments, buy or sell commodities for their customers; and must not engage in other speculative activities.

**Article 13.** Banks must not buy their own stocks, or take them as collaterals for loans. Except what is necessary to carry on business with, banks must not buy or acquire immovable property. Stocks issued by the banks themselves, when accepted in payment of loans, must be disposed of within four months, and immovable property taken in for the same reason must be disposed of within one year.

**Article 14.** When Bank A issues a loan to Bank B against the latter's stocks, the amount must not exceed 10% of Bank B's entire capital. If in addition, Bank A has made other loans to Bank B, the aggregate of all loans (including those extended against the latter's stocks) must not exceed 10% of Bank A's actually paid-in capital and sinking fund.

**Article 15.** Banks must record fully and factually every one of their transactions in such books as stipulated by law.

**Article 16.** The Ministry of Finance may assign its own personnel or entrust other Government organs to examine the banks with regard to their business operations, the state of their assets, or attach certain personnel to the banks to supervise their operations.

**Article 17.** If the Ministry of Finance should find that certain banks in the light of their business operations and the state of their assets, are having difficul-

ties to carry on, it may order the banks in question to change their methods of operation, or to elect new important officials, or to increase their capital, or to reorganize the banks completely, within a specified period of time. In the meantime, for the protection of public rights and interests, the Ministry of Finance may order the banks in question to suspend business for a specified period of time, may hold the assets and property of the banks in custody, or may take other necessary measures.

**Article 18.** If a bank violates laws or commits acts injurious to the public welfare, the Ministry of Finance, besides meting out penalties according to law, may order the bank in question to dismiss its important officials. In more serious cases, the Ministry of Finance may rescind the bank's business license, order it to close for liquidation, or order its dissolution.

**Article 19.** Those who establish banks without permission from the Ministry of Finance, or unlawfully engage in banking business, thereby violating provisions in Article 2 of these regulations shall not only be ordered to suspend business but shall be subject to a fine of less than \$500,000.

**Article 20.** Banks violating provisions in Article 3 of these regulations besides being ordered to abolish their additional branches or sub-branches concerned, shall be subject to a fine of less than \$300,000.

**Article 21.** Banks violating provisions in Article 4 of these regulations shall be fined 10% of the difference between the amount they are required to deposit with the Central Bank of China and the amount they have actually so deposited. The fine shall be doubled on second offense.

**Article 22.** The Ministry of Finance may order banks violating Section B of Article 6 of these regulations to effect necessary readjustments within a specified period of time. Banks shall be fined less than \$500,000 for failure to bring the conditions up to standard on time. Article 18 of these regulations shall be invoked in the event of serious cases.

**Article 23.** Banks violating provisions in Articles 7, 8, 10, 12 and 15 of these regulations, besides being subject to penalties as stipulated in Article 18, shall be subject to a fine that is less than 50% of their entire volume of business.

**Article 24.** Banks which refuse or thwart the execution of such functions as stipulated in Article 16 of these regulations, or make false entries in their books, or deceive the Government organs or the general public by other means (besides the prosecution of their important officials for thwarting the execution of official duties or forgery of documents), shall be subject to a fine of less than \$500,000, or shall receive penal action according to Article 18 of these regulations.

**Article 25.** Bank employees must not misappropriate funds or disguise their use of bank funds as loans. The violators shall be prosecuted for embezzlement.

**Article 26.** The control of state banks\* shall be enforced in accordance with their charters and by-laws, respectively.

**Article 27.** These regulations shall go into effect on the day of their promulgation.

\*There are four State or Government banks in China, namely, the Central Bank of China, the Bank of China, the Bank of Communications, and the Farmers Bank of China.

## The State of Trade

Threats of a railroad strike the past week further aggravated an already tense situation and left business in general in a state of great uncertainty and paralysis. Following the rejection by both management and the United Mine Workers to arbitrate their differences, the President gave consideration to the threatened nationwide rail walkout which would prevent the movement of coal from the mines.

On Friday, Mr. Truman ordered the Government to seize the roads effective at 4 p.m. (E.S.T.) and appealed to the trainmen to remain at work. The operation of the roads was placed in the hands of the Office of Defense Transportation. Late on Saturday, however, a five-day railway truce was agreed upon, being within minutes before the deadline for the strike.

On Monday of the present week a prediction was made by Thomas J. Harkins, assistant grand chief engineer of the Brotherhood of Locomotive Engineers, that announcement of a settlement would probably not be made before 6 p.m. (New York Time) on Wednesday, stating, "I still feel there will be a settlement." The brotherhoods called the strike after their refusal to accept a mediation award of an increase of \$1.28 a day.

On the same day a Government labor official predicted that the Government would seize the soft coal mines as the next step in averting a renewal of the coal strike. Explaining the reason for his prediction, the official stated that John L. Lewis and the soft coal operators now feel that further efforts to negotiate a contract would be fruitless. He added that seizure depends on the willingness of both parties to cooperate in running the mines and eventually working out a contract with Government help.

The President on Tuesday at 3 p.m. (E.D.T.) ordered Secretary of the Interior J. A. Krug to seize the bituminous coal mines on Wednesday of this week—the actual hour of seizure occurred at 1:01 a.m. (E.D.T.)

The truce under which the mines are now operating expires on May 25. It was reported that under the second week of mining under the truce which started on Monday, the majority of soft coal miners were at work in all 25 producing States except Pennsylvania, where only about one-fourth of the State's 100,000 soft coal workers were engaged.

The 12-day strike truce has not afforded the steel companies any real relief from the steady strangling of production that began in mid-March, according to the American Iron and Steel Institute. The slight rise in the operating rate for the coming week, the Institute reports, indicates that only a fraction of the small amount of coal that was received by the industry will be used immediately in production. The major portion of any coal received by the plants must be held in the badly depleted stockpiles for emergency use if the strike is resumed.

Industrial production the past week on an overall basis continued to fall as was the case in the last two weeks. Conversion to peacetime output was well advanced, but production in many lines suffered from shortages of necessary raw materials and, in some instances, by labor shortages.

For the week ending May 4, unemployment compensation claims declined 1.8%, showing a steady drop since March 1. The monthly report of the Bureau of Census shows that employment rose from 52,950,000 in March to 54,550,000 in April and that unemployment declined from 2,710,000 to 2,350,000. In the fields of agriculture, construction, lumber and furniture, trade and services and all the nondurable manufac-

turing lines gains were reflected with the exception of foods.

Production of automobiles trended upward for the week with output for the United States placed at 64,647 units or 7.6% higher than in the previous week. Overall textile production, too, rose in the week with increases noted in wool and rayon cloth output. The same held true for sheets and pillow cases.

Retail volume continued its upward trend this week despite temporarily reduced shopping hours in some localities. The volume was considerably above that of the corresponding week a year ago. Retail inventories were slightly increased and many consumers took advantage of the more numerous offerings by exercising greater selectivity than they previously have demonstrated.

Wholesale volume also increased for the week and was well above that of the corresponding week a year ago. Retail inventories were slightly increased and many consumers took advantage of the more numerous offerings by exercising greater selectivity than they previously have demonstrated.

Wholesale volume also increased for the week and was well above that of the corresponding week a year ago. The recent rail freight embargo delayed shipments of some goods, though requests for immediate delivery were high just before and after the imposition of the embargo. As for new order volume, it continued to rise the past week.

**Steel Industry**—It may be the middle of next week before the coal mine truce will be of any benefit to the steel industry, since even receiving consideration in the allocation of coal from captive mines owned by steel firms, at least a week would be required before a normal flow of fuel will reach by-product coke ovens, according to the "Iron Age," national metal working paper, in its current review of the steel trade.

The past week a state of paralysis was rapidly gripping the steel industry and if the "truce" in the coal strike does not result in a settlement, the industry will find itself almost completely shut down. Many hurdles still remained early the past week before the conclusion of a contract with the mine operators anything but optimistic considering the two-week truce not as a termination of the strike, but rather as a "stay of execution."

The uncertainty which prevails over the possible outcome of current coal negotiations has forced many steel firms to continue shut-downs and to further curtail output this week. One startling fact emerging from the recent series of strikes is that the putting on and taking off of equipment concurrent with complex adjustments involved, causes almost as much loss in steel output as do actual shutdowns, the magazine states.

At the close of last week the coal strike alone will have cost the steel industry more than 2,400,000 tons of ingots and it is estimated that by the end of this week regardless of the outcome in negotiations, the total loss since April 1 will approximate 3,000,000 tons of steel ingots. This loss combined with that suffered from the steel strike will reflect an elimination from the steel market

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## The Financial Situation

(Continued from first page)

ceeding at a rapid pace, is apparently regarded as an innate characteristic of the economic system under which we have been operating, for these many years.

Of course, it has been convenient to say that the discrepancy grows out of exorbitant profits which place undue amounts in the hands of the over-privileged third, who for some reason best understood by the left-wing doctrinaires, presently begin to hoard it. "Over-saving," "under-investing," "lack of investment opportunities" due to the "matured state of the economy," and simple cussedness are some of the reasons advanced for the alleged regular appearance and reappearance of this phenomenon. There is in any event general agreement, at least among the rank and file of the politicians of the day, about the appropriate remedy. According to them, and, naturally, to labor leaders, the remedy is a drastic redistribution of income such that the proceeds of current operations shall at all times fall much more largely into the hands of the multitude of wage earners, who, according to this theory, are consumers, and who will see to it that the funds flow back into the market for the goods which are being produced, or will be produced in response to the demand thus created.

### Justifies All Wage Demands

Here is an economic doctrine which tends at all times to support any and all arguments for higher wages, and all those other special considerations which may take other names or assume other appearances but which come down in the end to higher wages for a smaller amount of effort on the part of the wage earner. Under it in its extreme form, or at any rate under it if it is but slightly twisted or exaggerated, any demand for higher wages, and any effort including strikes, in support of such demands become automatically warranted not only as a means of betterment for a down-trodden element in the population but as a contribution to the welfare of the country as a whole—a definite bulwark against an end to any era of prosperity which may develop.

The Administration, which has assumed responsibility not only for general prosperity but also for prices, and which has been continuously preaching the danger of inflation, has, of recent weeks, found some of the demands of labor pursuant to such doctrines more than a little embarrassing. It has become rather more than patent that some, perhaps most, of these

demands can in the nature of the case be granted only if part of their cost is passed on to the ultimate consumer—that is, what is granted in order to enhance the "purchasing power" of the members of these unions must in substantial part be taken from other consumers. So thoroughly, however, has the doctrine been taught that the higher the wages any group of wage earners are able to obtain for themselves the more they contribute to the general welfare, that such facts as these are of strictly limited effectiveness with the rank and file.

### No Leg to Stand On

Now, of course, there is absolutely nothing in human experience to support any such theory of "purchasing power" as this. One would suppose that it would be sufficient to point to our experience after World War I—to which some of our public commentators and labor agitators are so fond of referring—to give the lie to the whole idea. Those whose memory reaches that far into the past—and those others who have taken the trouble to consult the record of those years—will of course easily recall that the year 1919 was one of labor strife on a scale not hitherto known in this country, and also a year in which the wage earner was granted repeated advances. In that year, policies such as are now advocated as a preventive of later depression were given effect with a vengeance—and the following year saw the sharp, severe, if somewhat short-lived depression which seems to grow worse each time crocodile tears are shed about it. But whether or not the proper lesson is learned from this experience, the fact is that this strange idea of purchasing power has not a leg to stand on, as every reputable economist well knows. Somehow we shall have to "reeducate" the American people in these matters—or hard experience will.

### Organization vs Competition

Another fallacy which lies close to the roots of existing difficulties is the belief that somehow a substitute for the plain, ordinary, garden variety of competition has been found. That substitute is "organization" which enables industry, agriculture, and labor to "cooperate" effectively with a benign, omniscient and omnipotent government in arranging human affairs according to predetermined plans. This, of course, was the philosophy which brought the NRA into being in the early days of the New Deal. This "blue eagle" nonsense went the way of all

flesh in a short time, but the ideas, or at least one of them, that it fostered remains. It is the concept which has stimulated greater and greater concentration of power in the labor field, and which would have gone much further in this direction if that had been possible for the public authorities. That concentration of power is today facing the Government of the United States with real difficulties and will continue to do so. Instead of efforts to "unify" labor, it might be wise to begin a search for some way in which to restore at least some element of competition into this situation.

This is a time for reconsideration and reappraisal.

## New Highs in Total Bank Resources

During the five war years of 1940 to 1945, banking resources in the U. S. more than doubled, according to a consolidated statement of all Federally and State chartered banks, prepared by the State Bank Division of the American Bankers Association. The statement shows that on Dec. 31, 1945, total resources of the 14,553 banks in continental United States reached a new high of \$177,364,700,000, compared with Dec. 31, 1940, when consolidated assets of the 14,892 active banks were \$84,980,578,000. At the end of 1944 there were 14,535 active banks which reported \$152,046,421,000 in resources. The ABA in its advices May 14 also says:

"The year-end figures for 1945 were compiled from reports from state supervisory authorities and from the Comptroller of the Currency, while figures for Dec. 30, 1944, and Dec. 31, 1940, are official reports from the Comptroller's office.

"The report shows that during the five war years the privately owned State and National banks of the country aided the Government in financing the war, and at the same time liquidity and the capital structure of the banks increased for the protection of the public. On Dec. 31, 1940, the banks had \$75,961,892,000 in deposits, and this deposit liability was covered by assets amounting to \$84,980,578,000. Of these assets, approximately \$58,500,000,000 consisted of cash, Government bonds, and other liquid assets, amounting to approximately 77.3% of the deposit liability. On Dec. 31, 1945, total deposits had increased to \$165,593,369,000, represented by total assets of \$177,364,700,000 of which approximately \$145,323,000,000 were in cash, Government bonds, and other liquid assets. This liquid portion of total assets represents 87.8% of the deposit liability.

"During the five war years, the credit service provided by banks to meet the needs of individuals and business increased substantially. Loans and discounts outstanding on Dec. 31, 1940, amounted \$23,741,224,000. At the end of last year this figure advanced to \$30,330,566,000.

"The capital account of the banks increased more than two billion dollars during the war years, from \$8,337,236,000 on Dec. 31, 1940, to \$10,579,246,000 on Dec. 31, 1945. Figures, which have been previously compiled, covering the condition of all State banks only, showed that the banks generally have been plowing a large part of their earnings back into the capital account to provide a greater cushion of protection for their depositors and stockholders."

## Senate Passes British Loan Resolution; House Action Faces Delay

After weeks of debate and uncertainty as to final action, the Senate on May 10 moved swiftly and approved, by a vote of 46 to 34, the \$3,750,000,000 credit to Great Britain, without the qualifying amendments which the measure's sponsors had at times feared inevitable if passage were actually effected. Two or three weeks of hearings and debate in the House of Representatives are expected before action is completed on the bill, but its proponents seem confident of final approval.

Chief among the amendments to be defeated before the Senate's final vote were:

The proposal of Senator Ellender (D.-La.) to require 90% of the loan funds to be spent in the United States;

One by Senator Johnson (D.-Colo.) to grant Britain a \$1,000,000,000 credit, raising the balance by public sale of British securities;

Two proposed by Senator Langer (R.-N.D.), one of which would have authorized highway improvements in this country in the amount of \$3,750,000,000, and the other was similar to the subscription loan proposal of Senator Johnson;

And the amendment which had caused most concern to the bill's proponents, that of Senator McFarland (D.-Ariz.) proposing that the British be required to turn over title to Atlantic military bases now held by the United States under 99-year lease in payment on their World War I debt and to negotiate to give permanent civil aviation rights to bases built in Empire areas by the United States. The McFarland proposal was defeated on May 8, according to Associated Press Washington advices, by a bare margin of 45 to 40.

Senate passage of the resolution to grant the loan, which is regarded by the Administration as an integral part of the mechanism which will put to work the Bretton Woods institutions and make possible elimination by Great Britain of discrimination against United States exports, was especially gratifying to the measure's sponsors who had seen the possibility of interference both from anti-strike legislation and action to extend the Selective Service Act.

As the loan bill moved over to the House it met with an unexpected and challenging rebuff almost immediately when on May 13, according to Associated Press Washington advices, Representative Knutson of Minnesota, ranking Republican on the Ways and Means Committee and known foe of the measure, announced his intention of offering a resolution to determine whether the legislation should originate in the House in compliance with the Constitutional requirement as to revenue measures. If adopted, such a resolution would have necessitated the House's refusal of the Senate bill, and brand new legislation would have had to start in the lower chamber. Although possibly identical with the present Senate-passed measure, this would have required the Senate to act all over again if passage by the House were accomplished. Representative Knutson's resolution was the result of a dispute between the House Ways and Means Committee, which normally considers tax and revenue bills, and the Banking and Currency Committee.

Reporting that the Knutson resolution was pigeonholed by the House on May 14, special Washington advices on that date to the New York "Times" from John H. Crider said in part:

The leadership, in a surprise maneuver, succeeded in having

the resolution sent to the Judiciary Committee.

Pigeonholing of the Knutson resolution entrenched the Banking and Currency Committee in jurisdiction over the House loan legislation. Before the House met today the committee had begun hearings on the original House loan bill, a companion to the bill filed in the Senate.

The immediate loan question before the House today was assignment to committee of the loan bill as passed by the Senate. Speaker Rayburn referred the Senate bill to the Banking and Currency Committee, adhering to an announcement of his intentions.

This was the signal for Mr. Knutson to offer his resolution. It challenged the Senate action on the loan on constitutional grounds and would have put the loan legislation in the hands of the Ways and Means Committee, of which Mr. Knutson is ranking minority member.

When Mr. Knutson offered his resolution on the floor an hour of debate was allowed on it.

Mr. Knutson cited Section 2 of the loan resolution. This would authorize the Secretary of the Treasury to use the proceeds of bonds sold under the Second Liberty Loan Act to carry out the British agreement and Mr. Knutson contended that it proved that raising of revenue was the principal purpose of the resolution.

Majority Leader McCormack retorted that the main purpose of the resolution was an agreement with Great Britain and that the borrowing authorized in Section 2 of the resolution was merely incidental.

He cited several precedents for the present treatment of legislation authorizing public debt transactions and recalled that in 1874 the House rejected a contention by James A. Garfield that the National Banknote Act of that year had not properly originated in the Senate.

When the hour for debate ended Speaker Rayburn called for a vote on a substitute motion by Mr. McCormack that the Knutson resolution be referred to the Judiciary Committee. He ruled promptly that the voice vote appeared to be in the affirmative.

The McCormack-Rayburn move came when most members expected a roll-call vote on the Knutson resolution. Mr. Knutson did not insist on a roll-call vote on his question, however. He said in explanation later that it would have tipped off the Administration leadership to the Democrats who were opposed to the loan, and the leaders would have started "working on them."

The House Committee's first witness was Secretary of the Treasury Fred M. Vinson who told members, according to the Associated Press, that even if no interest were paid the proposed loan to Britain would be worthwhile, because foreign trade necessary to American prosperity could only be maintained if the British were in a position to relax currency and trade restrictions. "Our trade cannot reach the high levels necessary for American prosperity if the world again resorts to currency and trade restrictions," Mr. Vinson declared.

## Housing Subsidy Bill Passed

A compromise measure to subsidize increased production of building materials to the extent of \$400,000,000 was finally agreed to by both House and Senate on May 13 as part of the veterans' housing program designed to enable private enterprise to build 2,700,000 homes within the next two years. Sent to the White House after the House had agreed to the legislation on a roll-call vote of 298 to 71, followed by Senate acceptance on a voice vote, the bill was described by the Associated Press in its Washington dispatch as representing a victory for the Administration. The President and his advisers had originally sought \$600,000,000 in subsidies, and the first action of the House had been to ban any subsidies for housing materials whatever.

Home builders have recently reported, according to the Associated Press, that many structures would be left half-built unless the Government acted at once. Joseph Meyerhoff, President of the National Association of Home Builders, declared that "tens of thousands" of needed homes would be left in partially complete condition unless Wilson W. Wyatt, Housing Expediter, took "immediate and positive" action. However, as soon as the subsidy legislation had been finally passed, Mr. Wyatt said that he had called industrial consultants in the various building supplies fields to help with a program for using the premium payments.

Besides providing for incentive payments to speed up the flow of materials production, the legislation, said the Associated Press, calls for:

An increase of \$1,000,000,000 in Government authority to insure home mortgage loans.

A continuance of priorities and allocation authority to Dec. 31, 1947, to direct scarce materials to construction of low and medium-priced homes.

Preference to veterans in purchase or rental of new homes.

Price ceilings on new houses.

Broad authority for the Housing Expediter to issue orders to other Government agencies, including the Office of Price Administration, on building materials prices.

Authority for the Expediter to halt or limit the export of lumber so long as it continues scarce.

Mr. Wyatt has indicated that the premium payments would be used to tap additional sources of production not reached through price adjustments, help reopen plants, draw in the output of high-cost producers and offset high operating costs of manufacturers who step up production.

Prior to the action of Congress on May 13 Chairman Spence, of Kentucky, of the House Banking Committee moved on May 9 that the House instruct its conferees to accept a compromise figure of \$400,000,000 on the Administration's proposal for use of \$600,000,000 in subsidies to encourage larger production of scarce building materials and the motion was carried by a vote of 187 to 158. According to the Associated Press dispatch the Senate had voted to authorize the subsidies after the House rejected them.

The House approval, which broke a month-old stalemate on housing legislation, would mean, it was stated, a victory for the President in his program for construction of 2,700,000 houses by private enterprise in two years.

## Government Seizes Nation's Railroads

President Truman seized the nation's \$27,000,000 railroad system on May 17 in an effort to head off a paralyzing strike set for 4 p.m. on May 18, according to an Associated Press dispatch, and won a five-day postponement which will expire today (May 23). The seizure order, which placed the Office of Defense Transportation in command of the carriers, empowered the ODT to ask the Secretary of War to furnish protection for railroad employees and to supply any equipment and manpower deemed necessary. Charles H. Buford, Executive Vice President of the Chicago, Milwaukee, St Paul & Pacific RR., was appointed as Federal Manager of the Government seized railroads by J. Monroe Johnson, Director of the ODT.

Following the executive order, most rail service has returned to normal after hours of confusion resulting from the last-minute postponement on May 18 of the threatened strike.

*The White House on May 17 made public today the following text which it described as a history of the railroad wage controversy which led to the seizure of the carriers:*

"A request for wage increases and 44 rules changes was made by the five operating unions. The carriers on July 24, 1945, made a counter-proposal calling for 29 rules changes. At about the same time proposals and counter-proposals were made by 15 non-operating unions and the carriers.

"The Railway Labor Act provides for negotiation, mediation and voluntary arbitration, or if arbitration cannot be agreed upon, emergency fact-finding boards or panels may be selected to hear and make recommendations as to the settlement of wage or rules issues.

"In following the railway labor act machinery, three of the operating unions and the 15 non-operating unions, representing 85% of all the railroad employees, agreed to give wages first attention, thereby taking the rules out of the discussion until the wage requests were settled. These 18 organizations then agreed to arbitrate the wage question. The arbitration boards heard the wage case and awarded an increase of \$1.28 a day.

"The Brotherhood of Locomotive Engineers and the Brotherhood of Railroad Trainmen rejected the emergency board recommendation in its entirety.

"Under Section 10 of the Railway Labor Act no change except by agreement may be made in conditions out of which a dispute arose until 30 days after the filing of an emergency board recommendation. The recommendation was filed April 18, 1946.

"The union executive offices of the engineers and trainmen set 4 p.m., May 18, 1946, as the date for striking unless a settlement satisfactory to them should be reached prior to that time.

"The order providing for the taking over of the roads by the Government contains guaranties of preservation of existing wage rates and working conditions except as they may be changed by agreement in accordance with the provisions of the railway labor act."

## Kiser Quits UNRRA Post

United Nations Relief and Rehabilitation Administration's director in China, Benjamin Kiser, resigned his post on May 12, according to an Associated Press dispatch from Shanghai, because, it is reported, he found himself in fundamental disagreement with proposed operational changes revealed in discussion with the special representative of UNRRA, Director LaGuardia.

## Holds Hearings on Stock Options

Security officials at Cincinnati have discussion with IBA representatives regarding options on stock obtained by underwriters. Seek to establish fair basis for use of stock purchase rights in security offerings to the public.

On May 16 and 17, hearings were held in Cincinnati by a committee of the National Association of Security Administrators regarding the use of stock purchase rights acquired by underwriters in public offerings of securities. The sessions were attended by representatives of the Investment Bankers Association, the Illinois Dealers and Brokers Association, and other interested parties. The ostensible object of the conference was to fix upon a yardstick or formula which would be fair to all interests, whereby underwriters, in addition to commissions, would be further compensated by receiving options on blocks of stocks of the concern offering securities to the public.

According to a dispatch to the New York "Journal of Commerce," May 16, the discussion brought out the views of the IBA group that a solution of the problem could be achieved in a way to liberalize the present strictly conservative handling of security offerings by certain States, and thus broaden the market for new security issues.

Several States, notably Ohio, have refused to permit the marketing of certain issues within their borders, in part due to what they termed objectionable features of the offering, including the offering of stock purchase rights to underwriters and others.

It was pointed out in the discussion that a rise in the value of the stock and consequent appreciation in the value of the rights, would allow the underwriters to receive extra compensation over and above the maximum commission limit.

A suggestion was made that a call on the holdings of important owners to offer a part of their shares directly to underwriters would not be entirely objectionable inasmuch as several recent financing programs have had as a corollary purpose a broadening of the market in a particular issue and a lessening of the concentration of holdings in a few individuals.

"The benefit of such a special warrant offering," says the "Journal of Commerce" dispatch, "would lie in the avoidance of dilution of stock purchased by the public. Even though a prospectus states the possibility of dilution through the offering of rights, State Commissioners have felt that protection of the public demanded positive measures against such a practice."

## Union Pickets Man Painting Own Home — Court Ruling

A demand that a man painting his own home in Detroit, Mich., either join the union or hire a union painter was made on May 15 by the American Federation of Labor Painters Union and, when he refused, picketed the place. We quote the foregoing from special Detroit advices to the New York "Herald Tribune," which further reported in the matter as follows:

The man, Alfred J. McEnhill, 65, was painting the woodwork and sashes of his four-family home at 2563 West Grand Boulevard, before which two union pickets then took up positions.

"We've lived here 32 years and raised four children," Mr. McEnhill said. "This building is mine, and I do little maintenance jobs myself. I'm going to finish this job."

The Detroit Common Council immediately acted to protect the privacy of a man's home by unanimously asking Corporation Counsel William Dowling if it would be

legal to pass an ordinance prohibiting picketing of private homes where there is no labor dispute. Mr. Dowling's decision is expected tomorrow.

Earlier in the day Recorder's Judge Gerald W. Groat had fined 63 members of the United Automobile Workers, an affiliate of the Congress of Industrial Organizations, for picketing a private residence in another case.

Judge Groat held that a man's home is still his castle, in fining Paul Silver, President of Local 351, \$100, with the alternate of ninety days in jail, and each of the other 62 \$10, with the alternate of thirty days in jail. All appealed their cases and were released on \$100 bonds for hearing on May 24 on their appeals.

The men recently picketed the home of Edgar R. Ailes, Secretary-Treasurer of the strike-bound Detroit Steel Products Company, closed since April 26 by a strike for higher wages. The pickets appeared outside Mr. Ailes' home when he refused to heed a union ultimatum that he attend a negotiation session which the union sought to settle the dispute which led to the strike.

Mr. Ailes testified that he was held a virtual prisoner in his own home and that the pickets chanted songs accusing him and his wife of being Nazis and making other insulting remarks about them.

In passing sentence, Judge Groat said:

"It was a frightening attempt to intimidate the occupants of a household, a flagrant violation of the privacy of the home and an indulgence in name calling under the pretext of singing alleged songs composed of insulting words and phrases.

"This whole thing can be attributed directly to the most incompetent leadership. Such a display of arrogance and utter disregard for the security of citizens and their right of protection in their homes has not and can not promote labor's objectives."

From the Detroit "Free Press" of May 17, we take the following: Joseph L. Bannigan, assistant prosecutor, said his office would investigate picketing by AFL Painters and Decorators Union to stop the owner of a four-family terrace from painting his own building.

Alfred McEnhill, 65, said he was stopped from painting his building at 2564-70 W. Grand Blvd. and told to join the union by a representative of Local 22.

Mr. McEnhill's building, the union said, is an office building because he rents one of the terraces to an insurance agency. Another is occupied by a beauty parlor.

On May 20 the Wayne County Prosecutor's Office at Detroit ruled that unions may not picket a man painting his own home, but may picket a man who paints a piece of property not his home.

Reporting this, special advices from Detroit to the "Herald Tribune" further said:

Assistant Prosecutor Joseph Bannigan declared that when Mr. McEnhill paints his own home he shouldn't be picketed and if pickets show up they should be arrested. When Mr. McEnhill paints the other part of the building picketing would be lawful, Mr. Bannigan ruled.

"It doesn't make any difference to me," said Mr. McEnhill, "I'm going right on painting."

## Changes in W. R. Grace Following Retirements

At the annual meeting of stockholders of W. R. Grace & Co. held on May 10, it was announced that Joseph P. Grace was retiring as Chairman of the Board and D. Stewart Iglehart as President of that company — each after fifty-one years of service with the company. Messrs. Grace and Iglehart, on leave of absence since last September, were re-elected Directors. In accordance with custom, the annual meeting was held on the birthday anniversary of the founder of the company, W. R. Grace, who was born in 1832.

The death on May 14 of Mr. Iglehart, who was also formerly President of the Grace Line, was announced with deep regret by W. R. Grace & Co. He died at his home at Old Westbury, L. I., and private funeral services were held on May 15. Mr. Iglehart was 72 years of age, having been born in September 1873 at New Albany, Ind.

With the retirement of Mr. Grace and Mr. Iglehart, William G. Holloway, interim Chairman of W. R. Grace & Co. since last September, was joined by those present in tribute to Messrs. Grace and Iglehart who, he said, "have each served the firm actively for more than 51 years and by their outstanding management have placed the company where it is today."

The announcement from Grace & Co. May 10 also said:

"For many years outstanding leaders in American foreign trade and shipping, Messrs. Grace and Iglehart began their careers together in W. R. Grace & Co. upon their graduation from Columbia. They were trained as all around merchants under the exacting tutelage of the former's father, W. R. Grace, twice Mayor of New York, who had established the Grace business in Peru in 1850. Their business careers of more than half a century of close friendship and business association have

been marked by steady expansion and diversification of Grace trading, transportation, and industrial activity in and among the American nations and the promotion of trade and good-will between the Americas.

"At the Directors' meeting following that of the stockholders, the following, who have been serving as interim officers since last September, were elected:

"W. G. Holloway, Chairman; Adolf Gami and Harold J. Roig, Vice Chairmen; Joseph P. Grace, Jr., President."

In the New York "Times" of May 15 it was stated:

"In 1899, when trade between the United States and South America was beginning to develop, Mr. Iglehart was transferred to the Grace office in Lima, Peru.

"He spent most of the next sixteen years in South America, traveling throughout the Continent. In 1908 he became resident director in charge of all company activities on the West Coast. The next year he became Vice-President of the Grace company.

"After Mr. Iglehart returned here in 1915, he made frequent visits to South America, for he continued to direct the company's business on the West Coast. During the first World War he was an adviser to the United States Government on maritime affairs. For many years Mr. Iglehart was an advocate of a long-range ship-building program as a security measure.

"In a recently published magazine article he said the United States lacked an adequate merchant marine at the outbreak of the second World War. Describing this as a 'penny-wise, pound foolish' policy, he wrote:

"Shipping is the key element in defense transport, for, without a large merchant marine, the only way we can fight is one on American soil."

"For his activities in fostering trade and understanding between the United States and South American countries, Mr. Iglehart received decorations from the Governments of Bolivia, Chile, Ecuador and Peru."

## Strong OPA Legislation Urged to Senate Comm.

As the Senate Banking and Currency Committee held final hearings on price control extension legislation preparatory to going into closed session to write a new version of the measure, more and more witnesses came forward to urge a modification of the House-approved bill which would limit to a marked degree the functions of the Office of Price Administration. Marriner S. Eccles, Chairman of the Federal Reserve System's Board of Governors, was one of those heard by the committee, and his statement was referred to in our May 16 issue, page 2652.

On May 7 Secretary of the Treasury Vinson and Wilson Wyatt, National Housing Expediter, urged a year's extension of price control without limiting amendments. Mr. Vinson's views were indicated in these columns May 9, page 2508.

Mr. Wyatt declared that, if enacted, the House version of price control extension would wreck the Administration's emergency housing program. Criticizing in particular two of the House-approved amendments, the guaranteed profit formula and the decontrol provision, Mr. Wyatt asserted that they would "create an economic environment in which the veterans' emergency housing program could not possibly succeed." One of these changes, according to the New York "Times," would require price "ceilings" to reflect the cost of production plus a reasonable profit on every commodity. The other would force the removal of price controls when the 12-month production of any item equals the 1940-41 level.

Mr. Wyatt emphasized to the committee that he favored "reasonable price increases where necessary to stimulate production."

Mr. Wyatt also said "a break in the price stabilization program" would also have "dangerous consequences in the entire mortgage and real estate field," resulting, finally, in a deflation.

The chairman of the Banking and Currency Committee, Senator Robert F. Wagner (Dem.-N.Y.), promised, on May 4, according to the "Times" to do his utmost to bring out a bill under which OPA's authority to control prices and rents would be effectively continued "to help stabilize the American economy in the difficult period ahead."

## Freight Cars on Order Fell Off in April

The Class I railroads on May 1, 1946, had 39,703 new freight cars on order, the Association of American Railroads announced today (May 23). This included 12,670 hopper, including 3,483 covered hoppers; 5,261 gondolas, 1,163 flat, 12,647 plain box, 6,309 automobile, 1,558 refrigerator, and 100 miscellaneous freight cars. New freight cars on order on April 1, last, totaled 40,217 and on May 1, 1945, amounted to 33,727.

They also had 490 locomotives on order May 1, this year, which included 74 steam, six electric and 410 Diesel locomotives. On May 1, 1945, they had 554 locomotives on order, which included 125 steam, two electric and 427 Diesel one year ago.

The Class I railroads put 11,115 new freight cars in service in the first four months in 1946 which included 3,823 hopper including 583 covered hoppers, 2,005 gondolas, 19 refrigerator, 55 flat, 894 automobile box and 4,319 plain box freight cars. In the first four months of 1945 the railroads put in service 16,314 new freight cars.

They also put 59 new locomotives in service in the first four months this year, of which 29 were steam, and 30 were Diesel. New locomotives installed in the same period last year totaled 191, of which there were 32 steam, and 159 were Diesel.

## Truman Proposes Gov't Reorganization

President Truman on May 16 sent a message to Congress in which he recommended a Government reorganization plan in three steps, part of which was a proposal to greatly enlarge the function of the Federal Security Agency and later to elevate it to the status of a Cabinet department. Saying that the "people expect the Federal Government to meet its full responsibilities for the conservation and development of the human resources of this nation in the years that lie ahead," the President said of his reorganization plan and the legislation to be proposed that they would "provide the broad and firm foundation required for the accomplishment of that objective." All the agency reorganizations and consolidations suggested come under the authority of the Reorganization Act of 1945 and automatically become effective within 60 days unless both the Senate and House meantime pass a resolution to disapprove them. However, the President's plan for making the FSA a full department would require new legislation.

Mr. Truman's recommendations, according to a report made by William S. White to the New York "Times," fall into the following three aims:

"First, the enlargement, centralization and eventual elevation of the administration of social security and allied functions dealing with what the President termed the conservation of 'human resources.'"

"Second, to make permanent by status a number of reorganizations already made by executive order under emergency war powers."

"Third, new consolidations."

Mr. White goes on to say that as to housing, the President recommended:

"A permanent consolidation in the National Housing Agency of all principal Government activities relating to the subject, saying that the present agency has been 'handicapped in its operations by its lack of a permanent status.'"

"Established within the permanent agency would be three units, corresponding to the present Federal Housing Administration, the Federal Public Housing Authority and the Federal Home Loan Bank Administration."

"Formally abolished would be the following: the Office of Federal Housing Administrator, the Federal Home Loan Bank Board, the Board of Trustees of the Federal Savings and Loan Insurance Corporation, the Board of Directors of the Home Owners Loan Corporation and the Office of the Administrator of the United States Housing Authority."

Reporting to the "Times" further, Mr. White says:

"In the proposed reorganization and broadening of the Federal Security Agency, it would take over all functions of the Labor Department's Children's Bureau, save those of Child Labor, along with the vital statistics operations of the Census Bureau and the whole of the United States Employment Compensation Commission."

"The functions of the Social Security Board would be transferred to FSA and the office of Assistant Commissioner of Education and the Federal Board of Vocational Education would be abolished."

"By department and agencies, some of the principal changes made in the reorganization plan would include the following:

"State Department: Make permanent the Office of Inter-American Affairs under the Secretary of State; abolish the office of High Commissioner to the Philippines in view of the prospective independence of the islands.

"Office of War Mobilization and

Reconversion: Eliminate the Office of Contract Settlement by transferring all its functions to the parent OWMR.

"Agriculture Department: Further consolidation of research bureaus.

"Interior Department: Transfer to it jurisdiction over mineral deposits on lands now held by the Agriculture Department."

## Funds for Interior Dep't Cut by Comm.—House Increases Amount

Supply funds for the Department of the Interior for the year beginning July 1 were cut by the House Appropriations Committee on May 7 approximately 50%, or \$172,113,251, from the Administration's budget proposal, the bill sent to the House for debate providing \$174,652,579 maintenance and project finances. On May 16, however, funds of \$179,426,847 for the Interior Department for the year ending July 1 won House approval. On that date Associated Press advices from Washington said:

"As sent to the Senate, the total was \$4,774,268 over the bill reported to the House by its Appropriations Committee, but \$167,338,983 under the original budget estimate of the department."

"The major increase, \$4,032,000, was in funds for the Southwestern Power Administration. The House backed Speaker Sam Rayburn, Democrat, of Texas, to override the committee, 125 to 76, and grant a total of \$7,500,000 to the Power Administration. The committee had recommended only \$3,198,000.

"Other increases were \$180,224 to the Bureau of Mines for safety and accident prevention work, and \$305,000 for the bureau's safety fund."

The following, according to special Washington advices May 7 to the New York "Times," shows briefly how the Committee reduced estimates for the Department of the Interior:

"The Secretary's office from \$4,373,200 to \$3,805,206.

"The Commission of Fine Arts from \$11,900 to \$7,926; the Bonneville Power Administration from \$19,791,000 to \$9,000,000; Grazing Service from \$1,784,500 to \$425,000; General Land Office, from \$3,682,700 to \$2,958,374, and Bureau of Indian Affairs, from \$42,677,085 to \$33,633,787.

"It also cut the Bureau of Reclamation from \$166,894,055 to \$72,271,475; Geological Survey from \$13,166,000 to \$7,993,445; Bureau of Mines from \$20,231,400 to \$11,298,439; National Park Service from \$33,893,215 to \$18,092,963; Fish and Wildlife Service from \$11,108,275 to \$8,235,249, and Territories from \$5,829,500 to \$3,632,715."

## David Ford Honored

Officers and directors of savings and loan associations from all parts of Maryland attended a testimonial dinner held at Annapolis on April 25 in honor of David Ford, Assistant Governor of the Federal Home Loan Bank System. Mr. Ford is retiring from the Government post after ten years' service to become President of the Council of Insured Savings and Loan Associations of New York State. The Baltimore "Sun" in reporting this also said:

Lynn C. Lashley, President of the Maryland Council, presided at the dinner.

Among the guests were Harold Lee, newly appointed Governor of the Federal Home Loan Bank System; Verne C. Bonesteel, chief examiner, and John Wayne, chief supervisor of the bank system, and O. K. LaRoque, President of the Federal Home Loan Bank of Winston-Salem.

## Labor Dep't Reports Hours & Earns. in Feb.

Numerous wage rate increases maintained gross average hourly earnings in manufacturing at the \$1 level in February despite a reduction in the number of overtime hours, the Bureau of Labor Statistics of the U. S. Department of Labor reported April 26. Preliminary estimates indicate that gross average hourly earnings increased to \$1.03 in March.

The Labor Bureau's announcement continued:

"Weekly earnings declined by 54 cents to \$40.60 reflecting a shorter scheduled workweek in many plants in February. In the non-durable goods industries, however, weekly earnings again rose to a new record, \$39.02, as hourly earnings increased and hours of work declined only fractionally. Because of the 19 1/2% decline in weekly earnings since February a year ago in the durable goods industries, the average for all manufacturing is down almost 14% in the year.

"All but 3 of the 20 major groups reported gains in hourly pay in February. The decrease in the iron and steel group reflects the relatively low employment due to strikes in the high-paying blast furnace industry. Average hourly earnings in the electrical machinery group declined chiefly because of employment decreases in the higher-paying plants, while the drop in the miscellaneous group reflects reductions in the overtime hours in both the professional and scientific instruments industry and in plants producing pianos, organs and parts.

"The February average of 95 cents, the highest hourly pay on record in the non-durable goods industries, is 1.3% above last month and 7% above a year ago. Workers in the textile mill products group averaged 83.3 cents or 3.8% more per hour than in January and almost 14% above a year ago. The next largest gain over the year was in the tobacco group where earnings increased by 12.4% to 83.3 cents. Despite these relatively large gains, earnings in the textile and tobacco groups are lower than in any other group.

"The workweek for all manufacturing averaged 10 1/2% below February a year ago. Although the workweek in both the durable and non-durable goods groups have declined, the latter has had considerably less of a decline. In all but one month since the end of the war, workers in the non-durable goods group have actually averaged a longer workweek."

## Financial Advertisers Convention in October

Local committees for the annual convention of the Financial Advertisers Association to be held in San Francisco October 7 to 10, under the general Chairmanship of Swayne P. Goodenough, Vice-President of the Lincoln Rochester Trust Company of Rochester, N. Y., have been announced as follows: Program Chairman, Rod Maclean, Advertising Manager, California Bank, Los Angeles; San Francisco General Committee, Lester B. Johnson, Advertising Manager, American Trust Company, San Francisco; Publicity and Promotion, George Dawson, Advertising Manager, Wells Fargo Bank and Union Trust Company, San Francisco; Hotel Committee, Monroe A. Bloom, Advertising Manager, Anglo-California National Bank, San Francisco; Entertainment, L. E. Townsend, Vice-President, Bank of America, San Francisco; Los Angeles Entertainment, John R. Christie, Director of Public Relations and Advertising, Citizens National Trust and Savings Bank, Los Angeles.

## Mines Ordered Seized

President Truman at 3 p.m. (EDT) on Tuesday ordered J. A. Krug, Secretary of the Interior, to seize the bituminous coal mines of the nation at 1:01 a.m. (EDT) on Wednesday (May 22). The truce called by John L. Lewis, President of the United Mine Workers of America, on May 10, and which began on the 13th, terminates on Saturday.

Mr. Krug appointed Vice-Admiral Ben Moreell, Chief of the Material Division, Office of the Assistant Secretary of the Navy, who operated the nation's oil installations last year after a strike had halted their output, to direct the actual operations of the mines.

The executive order stated that the President had found "interruptions or threatened interruptions in the operation of the mines producing bituminous coal as a result of existing or threatened strikes and other disturbances," and that the Secretary of the Interior will permit management of the mines "to continue with their managerial functions to the maximum degree possible consistent with the aims of this order."

The mines will be operated in accordance with the War Labor Disputes Act and employment in the mines will be subject to the National Wage Stabilization Board "for appropriate changes in the terms and conditions of employment for the period of the operation of the mines by the Government."

## Lockwood President of 50-Year Bankers Club

A minimum of 2000 years of banking experience, it is noted, is represented by the 40 members of the new Fifty Year Club of the Illinois Bankers Association, organized at its recent Convention in St. Louis. At the organization dinner, on May 1, Frank M. Lockwood, of Kankakee, was elected President and H. M. Merriam, of Springfield was elected Vice-President of the Club. The Association provided gold lapel pins for members of the club. Referring to "this badge of distinction," President Lockwood, at the Inaugural Luncheon, said, "I have been continuously in the banking business in Illinois for over fifty years and have attended 48 conventions of the Association, but I consider my election to the Presidency of the Fifty Year Club the outstanding honor that I have received in all my banking career and I will wear this Fifty Year pin with pride as long as I live."

## Blackall Named to Boston Reserve

Albert M. Creighton, Chairman, of the Board of Directors, of the Federal Reserve Bank of Boston, announced recently the election to the board of directors of Frederick S. Blackall, Jr., President of the New England Council and President and Treasurer of The Taft-Pierce Manufacturing Company of Woonsocket, Mass. This was made known in the Boston "Herald" of May 3, which also said:

"Mr. Blackall, elected by Group 3 member banks, will serve as Class B Director for the unexpired term ending December, 1948, left vacant when Laurence F. Whittemore recently resigned as director to become President of the Bank.

# The Anglo-American Financial Agreement

(Continued from first page)  
ish exports was cut to about 30% of that of 1938. British factories furnished about 70% of all of the supplies used by the 8,750,000 men in the armed forces of the British Commonwealth of Nations and the Empire. As British industry was producing under conditions of blackout, bombing and dispersal, this alone was a remarkable achievement.

## Wartime Drain of British Gold and Dollars

Prior to the passage of the Lend-Lease Act, Britain was forced to pay cash for imports of food, raw materials and munitions from the United States. In consequence, her holdings of marketable investments, gold and dollars declined at a rapid rate. To acquire additional amounts of foreign exchange, she endeavored during this period—in addition to equipping and sustaining her armed forces—to maintain her export trade—but this proved particularly difficult owing to the bombing of the London docks, losses of merchant shipping and the dislocation of British economic life by the war effort.

When Lend-Lease was enacted, Britain was scraping the bottom of the barrel of her marketable foreign investments and her holdings of gold and dollars. Our help, together with the Mutual Aid supplied by Canada, ensured her of a steady flow of food and raw materials and enabled her to gear her economy to the requirements of total war. Although she needed dollars in order to meet cash payments not covered by Lend-Lease, the amount involved was small compared to previous requirements and, after our entrance into the war, it was more than covered by the dollar expenditures of the American armed forces in the British Empire.

In the absence of Lend-Lease or Mutual Aid to Britain from India or the Middle East, Britain was forced to pay cash for goods and services supplied in those areas, including the cost of military operations and installations. The cash received was used by the recipient nations first to reduce their indebtedness to England and then to build up their sterling claims against England to huge totals. These claims are known as "blocked balances" because of the fact that they cannot be converted into other currencies than sterling and amount to the equivalent in sterling of about 13 billion dollars. They resemble the war debts of World War I in that they did not create the means for their own repayment.

## Britain Becomes a Debtor Nation

The net result of the war was to reduce Britain to the status of a debtor country. The full economic implications of this change have not, I believe, been fully realized here or abroad. Britain's foreign assets have been reduced from about 16 to 11½ billion dollars, and her overseas liabilities, exclusive of Lend-Lease or Mutual Aid, have increased from about 2 to 14 billion dollars, representing an adverse turnover of about 17 billion dollars. In addition, enemy action cut heavily into the British merchant marine and her income from commissions and other service charges has been reduced.

It must be remembered, moreover, that, in speaking of the global situation of the economy of Britain, I am not differentiating between the assets of the British Government and those of British corporations and nationals. It is obvious that the foreign assets of Britain to which I refer are to a predominating degree the property of British nationals which would have to be acquired by the British Government if they were

to be utilized for the purpose of paying foreign loans or of taking care of current adverse balances of payments.

The developments which have been described leave Britain with a much reduced income from the invisible items in her balance of payments: Income from investments, shipping, commissions and service charges. At the very time that her power to purchase imports has been reduced, her requirements have increased. In addition to the ever-present need for food, she requires imports to repair the war damage, to replenish civilian inventories, and to expand, modernize and reequip plants.

It will take Britain time to regain and build up her export markets. Not only must her economy be reconverted to production for peace but, in addition, new markets must be developed. The war has altered radically the pattern of world trade. Britain will sell less to continental Europe and in consequence must sell more to the United States and Latin America.

## Foreign Credits Needed in Transition Period

During this transition period, pending the time when her exports are large enough to pay for imports, Britain must have foreign credits. Of necessity the foreign credits must be largely dollar credits since the United States alone is able to supply Britain with the quantity and types of goods she requires.

It has been estimated that Britain's requirements for foreign exchange during the five-year period beginning in 1946 will exceed five billion dollars. The proposed line of credit, \$3,750,000,000, embodied in the Anglo-American Financial Agreement and approved by the United States Senate a week ago, will meet at least 70% of those requirements. The balance will be met by the Canadian credit of \$1,250,000,000 and by drafts upon the net gold and foreign exchange reserves of the British Government.

As you know, the line of credit may be drawn upon any time between the date the Congress of the United States appropriates the necessary funds and Dec. 31, 1951. As set forth in the Financial Agreement, the purposes of the line of credit are to enable England to purchase goods and services in the United States and elsewhere, to maintain adequate reserves of gold and dollars, and to assume the obligations of multilateral trade. There is no doubt but that the credit will be drawn upon only as required, and the British Government will not use more than is absolutely necessary. In the early period of the credit, the British Government doubtless will continue to license imports in order to make certain that the credit is not dissipated in the importation of luxury goods. These controls will be gradually relaxed as British export trade is reestablished.

The credit is to be repaid over a 50-year period. If the entire credit is used, annual payments on account of principal and interest will amount to \$119,336,000. Interest payments, which begin at \$75,000,000 a year, will steadily decrease over the period, and principal payments, which begin at \$44,336,000 will steadily increase. Interest payments may be waived in case the United Kingdom is not able to pay for the prewar volume of imports from exports and net income on current invisible items. Since interest payments begin at a high level and steadily decrease, waiver of interest in the early years of the repayment period would bring particular relief to Britain's balance of payments.

## Will Debt Be Repaid?

The question has frequently been asked whether the British Government will be able to repay the credit. This question cannot be answered categorically for the reason that the answer depends upon the postwar volume of international trade, the willingness of the United States to receive foreign imports, and the avoidance of another world war. Given favorable conditions, the British Government will be able to repay the credit. In providing England with raw materials and capital equipment and in furthering the development of multilateral trade, the credit creates conditions favorable for its repayment.

The Anglo-American Financial Agreement covers a much wider field than the mere granting of a line of credit to Britain. The agreement deals with the demobilization of wartime trade and monetary restrictions, the settlement of Lend-Lease and long-range commercial policies, including such questions as tariffs, preferences, cartels, quota arrangements, discriminations, commodity agreements, etc. It is because the Agreement covers the whole gamut of monetary and commercial policy that the loan cannot be considered as a separate problem. The loan forms a part—a vital part to be sure—but only a part of a broad agreement.

In consideration for the line of credit, England agrees to remove exchange controls on all current transactions between the United Kingdom and the United States immediately after the effective date of the Agreement. Also, within a year of the effective date of the Agreement, England agrees to remove exchange controls on all current transactions, to complete arrangements under which sterling receipts from current transactions in all sterling areas will be freely available for current transactions in any currency area, and to remove any discrimination arising from the so-called sterling-area dollar pool. These are important concessions. Under the Articles of Agreement of the International Monetary Fund, Britain is not required even to consult with the Fund concerning the removal of exchange controls on current account until the lapse of a five-year period.

Also, the United Kingdom agrees to enter into arrangements with the countries concerned for an early settlement of the blocked sterling balances accumulated during the war. Part is to be released at once and made convertible into any currency for current transactions, part is to be funded, and part is to be canceled. No portion of the American credit is to be used for the liquidation of these blocked balances. To this end, the British Government will have to draw upon its own reserves of gold and dollars.

At the time of the publication of the Financial Agreement, two joint statements were issued by the United States and the United Kingdom. The one concerned commercial policy and the other the settlement on account of Lend-Lease, reciprocal aid, surplus war property, and claims.

In the statement on commercial policy, the United Kingdom declared itself in full agreement with all of the important points included in a document released by the Secretary of State of the United States setting forth proposals for consideration by an International Conference on Trade and Employment. The proposals prepared by the United States and endorsed by the United Kingdom for the expansion of world trade and employment are to be considered at a conference to be convened as soon as possible following the adoption of the Financial Agreement by the Ameri-

can Congress. This conference is to be devoted to means and measures for relaxing trade barriers and is to bring about the establishment of an International Trade Organization to function in cooperation with the Economic and Social Council of the United Nations.

The second Joint Statement indicated that the settlement on account of Lend-Lease and reciprocal aid would be final and complete and would be consistent with the obligations undertaken by the two nations under Article VII of the mutual agreement of Feb. 23, 1942, covering Lend-Lease. The net sum due from the United Kingdom to the United States was fixed at \$650,000,000 and is to be discharged on the same terms as those specified in the Financial Agreement. The final settlement reached on Lend-Lease prevents the problem of war debts, which disrupted economic and political relationships after the first World War, from arising in connection with the present war.

## Arguments in Favor of Agreement

Many arguments have been cited in favor of the Anglo-American Financial Agreement and these have been summarized in convenient form in a recent issue of the "Monthly Review of the Federal Reserve Bank of Boston." All arguments in favor of the Agreement, it seems to me, can be reduced to two fundamental points, the one economic and the other political.

The first point is that, from an economic point of view, the extension of the line of credit to the British Government is a prerequisite for the removal of exchange and trade controls throughout the world and the establishment of international trade on a multilateral basis in which private enterprise can freely participate, as opposed to a bilateral basis in which only governments participate. Since the end of the war there has been a growing tendency everywhere towards the formation of economic blocs, import control schemes and bilateral trade practices. Unless this tendency is checked now, there will be little hope of reestablishing international trade on a relatively free basis. The extension of financial aid to England, which plays a central role in world trade, is essential to checking this tendency towards bilateralism and to giving a firm basis to multilateral trade. The extension of the credit will enable the British Government to remove exchange controls on current account and to throw its great influence in the direction of freer trade at the forthcoming International Trade Conference. Its example in this regard doubtless will be followed by other members of the British Commonwealth of Nations and by all nations whose economic life is not completely and at the moment irretrievably dominated by the state.

Multilateral trade is essential to the maintenance of peace. It eliminates the distinction between the so-called "have" and "have not" nations and provides access on terms of equality to the resources of the world. It creates a situation in which private enterprise at home and abroad, in the form of small and large business, can exist and flourish.

Failure to grant the credit will lead to bilateralism in trade. Bilateralism contributes to the growth of international ill-will and suspicion and creates a situation in which international trade becomes an instrument of state policy to be used for aggressive purposes of political penetration.

## The Political Aspect

The second point in favor of the Anglo-American Financial Agreement is, as I have said, po-

litical. In his address before the United States Senate in support of the Agreement, Senator Vandenberg declared that we must accept economic and moral leadership in a wandering world and that, if we do not lead, some other great and powerful nation will capitalize on our failure, and we shall pay the price of default. The Agreement is a necessary step in our acceptance of economic and moral leadership. It is a necessary investment in the ideals of political freedom and free enterprise for which we fought the war. It is a necessary condition for closer economic and political cooperation between the English-speaking peoples, who, in their democratic institutions, way of life and traditions, have much in common, and who must stand together in a world of conflicting ideologies.

The adoption of the Anglo-American Financial Agreement is very much to our own interest. There is no alternative course of action. Recent suggestions advanced by opponents of the Agreement for secured loans or gifts are not alternatives. Not only are the amounts suggested too small to solve Britain's problems, but in these suggestions the extension of financial aid is divorced from the other phases of the Financial Agreement which are of vital consequence in freeing world trade from throttling restrictions.

## The Arguments Against

The more common arguments advanced against the extension of the credit are that it will underwrite socialistic experiments in England, that it will perpetuate existing maladjustments in the British economy, that it will stimulate the forces of inflation in the United States, and that England could secure the dollar credits she requires from other sources such as the International Monetary Fund and the International Bank for Reconstruction and Development.

The credit is not requested and is not being granted to underwrite socialistic experiments. The British Government does not need dollars for that purpose. Any British Government whether of the right or of the left would have to request assistance in dollars to enable Britain to assume the obligations of multilateral trade. In making it possible for Britain to assume such obligations, the credit will obviate the need for economic controls, will create a situation in which the forces of private enterprise can function and will strengthen the influence of those in Britain who wish internal controls to be removed. In other words, the credit will tend to make socialistic experiments unnecessary and more obviously undesirable.

## Democratic Britain Opposed to Planned Economy

Traditions of political democracy are in my judgment too strong in Britain to permit the unnecessary adoption by any British Government of a planned or directed economy or of totalitarian controls. Democratic Britain stands as a bulwark against totalitarian ideology and is the rallying point of the democratic forces of Europe.

The British are fully aware of the nature of the economic problems they face in the postwar period, are keenly alive to the need for improving the efficiency and productivity of their industry and hence will use the credit in a constructive fashion. They will not use the credit to perpetuate existing maladjustments. Not long ago Herbert Morrison in an address at Leeds stated that nationalization would effect no magic cure of Britain's basic difficulties and that these could only be remedied by improved efficiency and production. (Continued on page 2836)

\*March-April, 1946.

†April 22, 1946.

## The Anglo-American Financial Agreement

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ductivity. Part of the credit will be used to finance the importation of foodstuffs in order to maintain the present meager food rations of the British people, part to finance the importation of raw materials and part to finance the importation of equipment for purposes of industrial modernization.

### Alleged Inflationary Effects

The alleged inflationary effects of the Agreement have been given emphasis by its opponents. By increasing the demand for goods in the United States, the credit will, in the short-run, tend to exert an upward pressure upon prices. Its inflationary effects in the whole economic complex, however, are of minor influence and of a short-run character. Over the long run, the credit, by widening the channels of international trade, will make more goods available to consumers and thus will exert an influence in the direction of lower prices.

Even the temporary inflationary effect of the credit may be offset by appropriate fiscal policies on the part of our Government. The maintenance of present tax rates and a careful scrutiny of expenditures should permit us to grant the credit within the scope of a balanced budget.

### International Fund and Bank Cannot Furnish Aid Needed

Those who suggest that the International Monetary Fund or that the International Bank for Reconstruction and Development be drawn upon for Britain's financial requirements overlook the basic fact that these institutions were not established to meet such requirements. The Monetary Fund should be used for very short-term purposes, principally for the financing of seasonal requirements. The International Bank, save in special circumstances, is intended to finance specific projects and

not a general deficit in the current balance of payments. Nor must it be concluded that the use of these two institutions would be any less inflationary than the grant of a special credit which, in this case, has the indispensable characteristic of being linked to the removal of monetary and trade controls.

### Conclusion

In my judgment, the proposed credit to Britain represents a justifiable investment in the future prosperity, peace and security of the world. It is an investment in the economic life and stability of a great trading nation. In view of the stakes involved, it is a desirable venture because it will result in economic benefits to the people of the United States, collectively and individually.

Our great economic resources place a peculiar obligation upon the United States to play a role of constructive leadership in world economic affairs. We cannot be true to our responsibility if we fail to use our resources and talents in trying to solve the economic problems of the transition period. Transitional short-run problems must be solved before long-run equilibrium can be established. The manner in which these short-run problems are handled will determine the course of world developments. The most urgent and important of the short-run problems is Britain's external financial position. Its solution lies in the proposed Anglo-American Financial Agreement, promoting multilateral trade in which private enterprise can participate. Multilateral trade must be promoted if all peoples are to be given access on an equal basis to the raw materials of the world, if the resources of the world are to be used most effectively and the cause of international peace is to be furthered.

## From Washington Ahead of the News

(Continued from first page)

until the Commies eased him off the front page.

To us cultured and art loving people, it is really quite annoying that there should be those who are careless about the World Leadership which we now have. You sometimes wonder if our Democracy is worthwhile when you go up to a man in the street, and say "Aren't you glad we have the World Leadership," and he asks you if you are talking about the Yankees or the Giants. We had never realized, either, how serious the coal strike and John Lewis were, until an expert on holding the World Leadership, told us that John and the strike were jointly jeopardizing it. We had been perfectly prepared to go without hot water or lights on the movies, or the gas station attendant using a vacuum cleaner on our car—we were quite prepared to make these sacrifices in way of helping Lewis' and the operators' clean fun, until we learned that it was jeopardizing our World Leadership. That, we were not prepared to let go without a struggle.

Congress jeopardized it the other day, we are told, when it refused to pass the Administration's version of the draft bill extension. This mortified Jimmy Byrnes, who at the time was exercising our World Leadership with the foreign ministers at Paris. From the accounts we get, Stalin and Bevin turned to Jimmy when Congress did this and said: "Now this proves you don't intend to exercise your World Leadership," and Jimmy had to admit: "You're right; I've got nothing more to say. My people have

gone isolationist again and aren't going to give you any more money."

To put our World Leader in such a position as this at a time when he is over there exercising our World Leadership is a downright shame.

The trouble with us people is that we have been spoiled. We do not appreciate our acquisitions such as this World Leadership which has come to us at such a modest price, oh, \$300 or so billion and around 300,000 American lives. We have a splendid opportunity here to give money and food to people all over the world, and we don't appreciate it. In our midst are strikes, lack of discipline; instead of bowing down to LaGuardia and the OPA, we go into the black markets. Of course, the railroad workers on strike would cause us some inconvenience, but that is of small matter as compared to what it does with our most priceless possession, World Leadership.

This writer, for one, doesn't believe that we are prepared to let it go easily. He believes that we are prepared to bring into Washington millions of other Bureaucrats and to set up countless other agencies rather than give up this tremendous estate that has come to us.

Let Stalin and those other European cynics mock all they may, let them deride us as a people of no background. Come what may, we will show them that we have acquired an appreciation for such Old World works as World Leadership, and that as money mad and commercial as they may think us to be, we are not so

callous to the finer things of life, as not to be determined to keep neaping money and goods upon them to keep the World Leadership. They may think they can befuddle us with their intrigue and their continued kicking of us in the pants. But, they may as well realize that we intend to hold onto our World Leadership, even to the extent of going totalitarian, ourselves.

Like the retired industrialist with the socially ambitious wife who is willing to spend a fortune for a foreign ambassadorship, we are determined to get into history's Who's Who as a World Leader—to hell with our substance.

## Decide Preliminary Jap Reparations

The Allied Far Eastern Commission, acting on proposals originally submitted to President Truman by Edwin W. Pauley, American reparations expert, unanimously voted on May 13 to make available as "interim" reparations to be divided among the Allies much of Japan's war industry, including a substantial portion of the Army and Navy arsenal. The aircraft and light metals industries, with certain exemptions, were particularly appropriated for the purpose. There was no indication, according to the Associated Press dispatch from Washington, as to how the 11-nation commission, which makes policy for Japan, would decide as to the apportioning of the interim reparations or as to the means of removing them.

Final decisions and detailed agreement on the complete reparations policy is indicated still to be far off. The "interim reparations" cover only industries which Japan obviously would not be permitted to retain. Eleven industrial concerns in Japan, known to have assisted the war of aggression, have been listed as among those which should provide reparations. These are, the Associated Press stated: The Mitsui, Mitsubishi, Sumitomo, Kuhara, Okura, Yasuda, Mori, Rikken, Iissan, Mangyo and Nakajima firms.

## Jacoby Deputy Gov. Fed. Home Loan Banks

The appointment of Robert B. Jacoby as Deputy Governor of the Federal Home Loan Bank System was announced on May 18 by Harold Lee, Governor of the System. Mr. Jacoby has been associated with the System for the past thirteen years. He served as counsel for the district Federal Home Loan Bank of Cincinnati for seven years, and for the past six years has been an Associate General Counsel of the Federal Home Loan Bank Administration. Before going to Washington, he was associated with the law firm of Taft, Stettinius and Hollister in Cincinnati.

## McCarroll Heads Memphis Chapter of AIB

The election of Earl McCarroll of the Union Planters National Bank & Trust Company, Memphis, Tenn., as President of the Memphis Chapter of the American Institute of Banking on April 25 was announced by the Memphis "Commercial Appeal" which also said: He succeeds S. Griffin Walker of the National Bank of Commerce.

Other officers elected were Roy Patterson of First National Bank, First Vice President; Robert Mobley of National Bank of Commerce, Second Vice President; Jack O'Hearne of National Bank of Commerce, Treasurer, and Miss Offie Stanford of Union Planters, Secretary.

## Byrnes Reports on Paris Meeting

(Continued from first page)

### Disappointingly Small Progress

The progress made toward peace at the Paris meeting of the Council of Foreign Ministers was disappointingly small in light of the expectations we had when it was agreed at Moscow last December that the Council should resume the work which had been interrupted by our inability to agree at London last September.

But the progress towards peace at Paris was infinitely greater than I expected when I suggested that the Council should meet in Paris preparatory to the prompt calling of a peace conference. The Ministers did come to Paris seriously intending to pave the way for a peace conference. We differed considerably on a number of fundamental points; but we did come to know what those fundamental points were and the varying weight the different Ministers attached to those points.

We found that there were three basic issues outstanding on the Italian treaty: reparations, the colonies and the Italian-Yugoslav boundary, particularly as it concerns the Italian city of Trieste. In summarizing the significance of these basic issues, I shall deliberately seek to avoid intensifying the conflict in viewpoints.

### U. S. Position on Reparations

Our position on reparations is simple. To enable the Italian nation to live we have already advanced directly or indirectly \$900,000,000. We should prefer in the interest of peace to forget about reparations. But we are willing to agree to limited reparations, provided these do not deprive Italy of resources necessary to enable her to subsist without external assistance.

If Italy requires help from others she will look to us. And we made it clear we are not going to advance millions of dollars to enable Italy to produce goods to be paid as reparations to any of our allies.

The Soviet Government has insisted on reparations for itself of \$100,000,000. We have pointed out certain sources from which reparations can be taken which would not seriously affect the Italian economy and which would yield substantially the amount which the Soviets claim. But the Soviet Government is unwilling to count what she will obtain from some of these sources as reparations.

For example, she insists that some of the naval ships surrendered by Italy to the navies of the United States and Britain be shared with her. She declares the ships are war booty. But war booty belongs to the nation capturing it. The Soviet Union has never shared with Allied nations any war booty captured by her. We are willing to give to her in lieu of reparations some of the naval ships surrendered to us. She demands the ships but refuses to consider them as a substitute for reparations. She insists upon being paid out of current production. We would have to finance the production; and therefore I refused to agree to the proposal.

### Colonies Claims an Issue

Differences regarding the colonies have been narrowed but not resolved. The Soviet Government receded from its claim for a trusteeship of Tripolitania, first in favor of a joint Soviet-Italian trusteeship and later in favor of an Italian trusteeship as originally proposed by the French.

Our position has always been that the colonies should be placed under United Nations trusteeship, having as its objective the welfare of the inhabitants and their independence at the earliest practicable date. The Trusteeship Council should appoint a neutral ad-

ministrators responsible to it, thus avoiding all possible rivalry between the powers. Libya and Eritrea should be granted independence in ten years.

It is open to question whether Italy is in an economic position to assume the responsibility of trusteeship and whether the return of the colonies to Italy as trustee takes sufficiently into account the wishes of the inhabitants. For these reasons it was with considerable reluctance that I indicated my willingness to yield to the French suggestion of an Italian trusteeship if that would bring about an agreement in the Council, and if it were agreed that a definite date would be fixed for the independence of Libya and Eritrea. But the French Government was unwilling to agree to a fixed date for independence.

### UN Trusteeship Urged

The British felt that because of their promises during the war they could not agree to an Italian trusteeship for territory occupied by the Senussi tribes. For security reasons they also proposed a British trusteeship for Cyrenaica. When no agreement was reached, I again urged the original American proposal for a United Nations trusteeship.

It was my impression that agreement on reparations and the colonies as well as on a host of other questions would not be long delayed if only a solution of the Trieste problem could be found. The Soviet representative finally indicated that there would be no serious question on the cession of the Dodecanese Islands to Greece but he refused to approve it until the other territorial dispositions could be agreed upon.

The experts appointed to investigate the Italian-Yugoslav frontier did not differ as to the facts. But the Soviet representative differs from the other members of the Council as to the conclusions to be drawn from the facts. It is his position that Venezia Giulia must be treated as an inseparable whole, and that, so treated, the claim of Yugoslavia to the area is superior to that of Italy. The other representatives believe that wise statesmanship as well as the explicit decision taken by the Council at London requires a boundary line which will in the main be an ethnic line leaving a minimum of people under alien rule.

It was wrong to give Italy the whole of Venezia Giulia after World War I. It would be equally wrong to give Yugoslavia the whole of Venezia Giulia now. It would transfer from Italy to Yugoslavia approximately 500,000 Italians.

The British and French experts proposed ethnic lines more favorable to Yugoslavia than our own. In an effort to reach agreement we stated we were willing to accept the British or French line or any other ethnic line that could be justified upon the basis of the London decision.

### U. S. Asks Plebiscite

The American delegation suggested a plebiscite for the area between the line proposed by the United States and the line proposed by the Soviet Union—but the Soviet delegation would not consider a plebiscite except for the whole Venezia Giulia area. All of us are agreed that Yugoslavia and the countries of central Europe which have for years used the port of Trieste shall have free access to Trieste, at which there shall be a free port under international control. But we will continue to appeal to the Soviet Government and the Yugoslav Government not to press for a boundary line which will needlessly violate ethnic principles

and will breed trouble in the future.

Agreement on the Balkan treaties is blocked principally by the inability of the Council to agree upon the economic clauses. Agreement on these provisions may have been delayed as part of a bargaining process, although so far the Soviet Government has stood out against the inclusion in the treaties of any provision which would promise freedom of commerce on the Danube, the gateway to central Europe.

If the Soviet Government is opposed, as the United States Government is opposed, to the formation of exclusive political and economic blocs they will not persist in their refusal to permit the countries of Central Europe to open their gates to the commerce of all nations.

#### Failure at Paris Regrettable

It is regrettable that our outstanding differences on the treaties could not have been adjusted at our recent meeting in Paris. A short recess to allow a calm re-examination of our respective positions should expedite agreement when we reconvene. But when a world short of goods and short of food is crying for the return of conditions of peace, we cannot indefinitely delay the making of peace and the withdrawal of troops from occupied areas. The four Allied Governments cannot indefinitely delay the making of peace with countries which they have long ceased to fight, simply because they cannot agree among themselves on peace terms. The Council of Foreign Ministers was formed to facilitate and not obstruct the making of peace.

It was for that reason that the American delegation proposed that the Council, at its next meeting on June 15, should conclude as far as possible its work on the proposed drafts, but that the date for the peace conference should be definitely fixed for July 1 or July 15 and invitations should be issued at once.

#### Peace-making Joint Venture

It was our view that the Council had taken sufficient time to try to narrow their differences, and at this stage, with the principal issues defined, we should not deny to our other war partners their right to participate. The making of peace is not the exclusive prerogative of any four governments.

The Soviet delegation insisted that invitations for the conference could not be sent until we had reconvened and agreed on all fundamental questions. Unanimous agreement was necessary and we were forced, therefore, to recess without agreement for the actual calling of the peace conference.

While the American delegation will, when the Council reconvenes, make every effort to reach agreement on fundamental questions, it will renew its demand for the calling of a peace conference on July 1 or July 15.

If we cannot have a peace conference until the four nations agree on every subject deemed fundamental by any one of them, that will give to one member of the Council the power to stop all efforts toward peace. It would be better for the Council to submit to the peace conference a single draft of each treaty and to set forth in this draft both the matters on which agreement had been reached and those on which agreement had not been reached. This would permit free discussion in the peace conference by all the nations that did the fighting, and world opinion will then point the way to a final settlement.

#### Expects Peace Conference This Summer

If a peace conference is not called this summer, the United States will feel obliged to request

the General Assembly of the United Nations under Article 14 of the Charter to make recommendations with respect to the peace settlements. But I confidently expect a peace conference to be called this summer.

The situation which we will face in the coming months will be a test not only of others but of ourselves. There are now and there will be in the future many occasions which might impel us to say, as we did after the last war, that much as we would like to cooperate in the restoration of Europe, cooperation as a practical matter is impossible without the sacrifice of our principles, and that we must be content to cultivate and defend our own hemisphere.

But we must not forget that if we fail to cooperate in a peace which is indivisible we may again find that we will have to cooperate in a war which is worldwide. Whether we like it or not, we live in one world.

I am unwilling to admit that we cannot cooperate without sacrifice of our principles. If we are going to play our part we must take the offensive for peace as we took the offensive for war.

#### Sacrifice for Principle

But the victories of peace, like those of war, require sacrifice not of principle but for principle. They require faith in ourselves and in our ideals. They require initiative, resourcefulness, and unrelenting effort. There is no iron curtain that the aggregate sentiments of mankind cannot penetrate.

The American delegation at Paris did not hesitate to start the offensive for peace.

Security is the concern of every nation. But the effort of one nation to increase its security may threaten the security of other nations and cause them in turn to try to increase their own security. The quest for security may lead to less rather than more security in the world.

It is in truth extremely difficult to know to what extent the action of any nation may be ascribed to its quest for security or to its desire to expand. But some so-called security moves on the diplomatic checkerboard have not contributed to a general sense of security.

Many of these moves are said to originate in the fear of the revival of German military might.

#### Germany Must Continue Disarmed

On our way to Potsdam last summer President Truman and I discussed this situation and agreed that it should be American policy to disarm Germany and keep her disarmed and to do what we can to prevent a struggle between the powers for the control of Germany which might give Germany the chance to divide and conquer.

Those principles were stated in the Potsdam agreement. But President Truman and I thought at that time that the policy of disarming Germany and keeping Germany disarmed for a definite period of years should become a part of a solemn treaty between the principal Allied powers. Our policy should be to prevent war and not to wait until aggression gets out of hand.

It was not a new thought. It had been foreshadowed in the Moscow Declaration of 1943. Others had discussed it, but no one more forcefully than Senator Vandenberg in a speech in the Senate in January, 1945.

At the London meeting of the Council of Foreign Ministers, when the Soviet Foreign Secretary seemed greatly concerned about the Soviet security requirements in the Balkans, I suggested a twenty-five year, four-power treaty to keep Germany disarmed as a means of preventing any real threat to Soviet security. I ex-

plained that we contemplated a similar joint guaranty of the disarmament of Japan.

#### Stalin Promised Support

I again proposed such a treaty in a talk with Generalissimo Stalin on Dec. 24 while I was in Moscow. The Generalissimo said that if the United States made such a proposal he would wholeheartedly support it.

Later I also spoke to Mr. Bevin, who advised me that he personally was most sympathetic to the suggestion.

In February I sent a working draft of the proposed treaty for German disarmament to the Soviet, British and the French Governments and the proposed treaty for Japanese disarmament to the Soviet, British and Chinese Governments. I invited their suggestions as to the draft.

I was informed by Mr. Bevin and M. Bidault that they favored the proposal in principle but would have a few suggestions to make. I did not hear from Mr. Molotov. Just before the Paris meeting I advised the Ministers I would like to discuss the proposal at Paris. The Soviet Minister agreed to discuss it informally but stated without specification that there were serious objections to the draft.

At Paris the Soviet representative stated he first wanted to know if Germany was being disarmed as contemplated by the Potsdam Agreement and he feared the treaty might delay immediate disarmament. I pointed out that our proposal could not fairly be so construed; that it did not lessen the obligation to disarm Germany now but provided machinery to keep Germany disarmed.

To remove any question as to our purpose I asked General Clay to request the Allied Control Council to appoint representatives with power to go into every zone and make a report as to the disarmament of Germany.

Later the Soviet representative stated that when Generalissimo Stalin agreed with me to support the treaty I did not have a draft of it. He said that as it could not become effective until after a German treaty was signed, consideration of it could be delayed.

It is our sincere hope that after the Soviet Union studies our proposal and comes to appreciate our earnest desire to see Germany disarmed and kept disarmed, the Soviet Union will support it wholeheartedly.

#### U. S. Took Initiative

While the making of the German peace settlement may take some time, we took the initiative at Paris to propose the immediate appointment of special deputies to prepare a peace settlement which could be considered at a general Allied conference, the date of which should be fixed by the Council at its next session.

While there is no German Government yet which could accept the settlement, agreement among the Allies on the nature of the settlement is necessary to enable the Allies to know the goal toward which the Allied occupation and administration should be directed and the kind of German Government which should be created to accept the settlement.

I also asked that the special deputies on Germany be instructed to report on several pressing problems, including boundary and economic questions. We cannot, for example, continue to carry out the reparation program if Germany is not to be administered as an economic unit as agreed upon at Potsdam. Whatever boundaries are agreed upon for Germany, she must be able to subsist without external assistance. We cannot subsidize Germany to enable her to pay reparations to other nations.

I regret that the Soviet representative was not prepared to act

upon my proposal for the appointment of special deputies without further study. I shall renew my proposal when the Council reconvenes.

Important as the German questions are and eager as we are to press for their speedy solution, we must not and cannot delay the peace settlements with other countries. At Potsdam it was agreed that the start should be made with Italy, Bulgaria, Hungary, Romania and Finland. While Germany must remain under occupation for some time, we cannot fail to do our part to rid the rest of Europe of the burden of the forces of occupation. There can be no recovery in Europe until we do.

#### Must Settle Austria's Status

It is particularly important that we press forward vigorously with the Austrian treaty. The Moscow Declaration on Austria contemplated that Austria should be regarded more as a liberated than as a satellite country. It was agreed at Potsdam that no reparations would be taken from her. She was one of the first countries in Central Europe to have free elections following the liberation. The continuance of foreign troops in Austria is an undue burden on her economy.

In February we asked that the Austrian treaty be prepared along with other treaties for satellite states. At Paris I insisted upon its preparation, but the Soviet representative declined to discuss the Austrian treaty or say when he would consider it.

The making of peace with Austria is essential to the restoration of anything like conditions of peace in Europe. As long as there is no peace with Austria and foreign troops remain on her soil, military communication lines will continue to be maintained in Romania and Hungary and possibly Italy.

If peace could be made with Austria concurrently with the treaties now under consideration, there would be no necessity or excuse for a single soldier on foreign soil in Europe, with the exception of Germany and a line of communication through Poland. European states would have a chance to live and breathe.

#### Favors Troop Withdrawals

It is American policy to press unremittently for the conclusion of peace settlements to make possible the withdrawal of troops from countries where they do not belong and where they impose unjustified economic and social difficulties upon the people. And even without waiting for the conclusion of peace treaties it is American policy to press for the reduction of occupation troops in all countries.

Our policy of continuing to press for the return of conditions of peace, without regard to the making of formal peace treaties, finally yielded some constructive results in the case of Italy. For months we have been urging the revision of the Italian armistice so as to restore virtually complete sovereignty to Italy, except in the colonies and in the controversial Venezia Giulia area. At Paris this revision was agreed to.

While the absence of a peace treaty still handicaps Italy in her effort to rebuild her broken economic and political life, the revised armistice gives the Italian Government the largest possible freedom that can be given to it without a formal peace treaty.

Our problems are serious, but I am not discouraged. Our offensive to secure peace has only begun. We are determined to work for political and economic peace in Europe, in the Near East and in the rest of the world. We shall work for it in the peace conferences and in the Councils of the United Nations. The objective of our offensive is not territory or

reparations for the United States. The objective is peace—not a peace founded upon vengeance or greed, but a just peace, the only peace that can endure.

## Labor in Politics Upheld by Schwollenbach

Firm approval of labor political action was voiced by Lewis B. Schwollenbach, Secretary of Labor, on May 17, at which time he asserted at Atlantic City that trade union responsibility must not end with wage contracts but must extend to the "people in this country who are inarticulate, who have no one to speak for them." This is learned from Atlantic City advices to the New York "Herald Tribune" of May 18 by Robert W. Glasgow, who in his account of Mr. Schwollenbach's address went on to say:

Speaking before delegates to the convention of the United Steel Workers of America, the largest of the Congress of Industrial Organizations affiliates, Mr. Schwollenbach did not refer specifically to the CIO Political Action Committee, but his address, by implication, was a reply to critics of the PAC.

Mr. Schwollenbach said that he was gratified that the CIO has put in so much of its time "to better living conditions... for all people as it has... to secure particular wage contracts or working-condition contracts for its own particular members." He added that whenever a labor union "attempts to do something to better the conditions of the people of the country, that is called insidious political activity."

"Of course, it is politics," he asserted. "We live in a democracy, and there is only one medium through which the people of this country may speak, and that is at the ballot box. I don't know of any reason in the world why the organized workers of America haven't just as much right to take an interest in the results in a free election as any other part of our population."

Mr. Schwollenbach then called upon the steel workers to redouble their efforts to bring pressure upon Congress to pass pending legislation to provide a permanent Fair Employment Practice Committee and a minimum wage of 65 cents an hour.

At no time during his speech did he refer direct or indirectly to the coal or railroad disputes. Nor would he offer comment as he left immediately following his address to return to Washington.

Earlier in the day, the steel workers had been quick to jump on Civilian Production Administrator John D. Small's proposal yesterday of a six-months' moratorium on strikes to facilitate reconversion. A hastily drawn resolution calling upon President Truman to demand Mr. Small's immediate resignation was enthusiastically adopted by the convention.

One of the few angry flurries on the floor of the convention came later when another resolution was offered asking that union members employed in the fabricating division of the steel industry receive special attention in wage negotiations. There was much opposition from the floor to the Resolution Committee's report recommending that the resolution be referred to the executive board.

But the report was finally adopted after Philip Murray, President of the Union, asserted that wage negotiation efforts had hitherto been concentrated in basic steel because "it was the heart and core of American industry" and would provide the wage pattern not only for other divisions in the Union, but for the whole of American industry.

## The State of Trade

(Continued from page 2831)

this year of well over 10,000,000 tons of steel with the final figure before normal operations are resumed expected to exceed 12,000,000 tons since Jan. 1.

Despite the fact that steel firms last week were emphatically telling customers that future delivery promises on steel products were impossible to give, consumers were still flocking to district offices with fresh orders.

It is estimated that the steel industry as a whole now has a backlog which would require about a half a year's output of steel. The significance of this, plus the effects of shutdowns, indicates clearly that the supply of steel products will be exceptionally tight for some time, the "Iron Age" adds.

In the past several weeks coal supplies have dwindled and scrap has been utilized to make up for deficiencies in pig iron inventories, thus mills must build up raw material stockpiles before normal steel production is attained. Growing concern by the mills over the rapid rate of scrap consumption is evident, states the "Iron Age," and there are prospects that a new scrap crisis of unparalleled severity may follow the end of the coal strike. This outlook has caused many steel firms to be approached by customers offering to trade scrap for a place on mill schedules. Most mills are shying clear of such a dicker fearing that it would upset their entire quota system.

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 49.2% of capacity for the week beginning May 20, compared with 48.9% one week ago, 73.6% one month ago and 92.9% one year ago. This represents an increase of 0.3 points from the previous week.

This week's operating rate is equivalent to 37,100 tons of steel ingots and castings and compares with 861,800 tons one week ago, 1,297,100 tons one month ago and 1,701,600 tons one year ago.

**Electrical Production**—The Edison Electric Institute reports that the output of electricity decreased to 3,910,760,000 kwh. in the week ended May 11, 1946, from 4,011,670,000 kwh. in the preceding week. Output for the week ending May 11, 1946, was 9.1% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 181,000,000 kwh. in the week ended May 12, 1946, compared with 167,000,000 kwh. for the corresponding week of 1945, or an increase of 12.8%. Local distribution of electricity amounted to 170,000,000 kwh., compared with 159,900,000 kwh. for the corresponding week of last year, an increase of 6.7%.

**Railroads Freight Loading**—Car loadings of revenue freight for the week ended May 11, 1946, totaled 684,942 cars, the Association of American Railroads announced. This was an increase of 13,631 cars (or 2.0%) above the preceding week and 153,822 cars, or 18.3% below the corresponding week for 1945. Compared with the similar period of 1944, a decrease of 182,240 cars, or 21.0%, is shown.

**Paper and Paperboard Production**—Paper production in the United States for the week ending May 11 was 102.8% of mill capacity, against 107.3% in the preceding week and 85.4% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 97% against 101% in the preceding week, and compared with 94% a year ago.

**Business Failures Continue Low**—Although declining from the

previous week's level, commercial and industrial failures in the week ending May 16 were a little higher than in the comparable week of 1945. Dun & Bradstreet, Inc., reports 16 concerns failing as compared with 23 last week and 15 in the corresponding week a year ago.

All but three of this week's failures involved liabilities of \$5,000 or more. These large failures remained at 13, the same as in the previous week, and exceeded by one the large failures occurring in the comparable week of 1945. On the other hand, only three concerns failing this week had liabilities under \$5,000. This marked a sharp downswing from the 10 small failures reported a week ago.

Manufacturing accounted for one-half of the concerns failing in the week just ended, little change being noted for the previous week and the same week a year ago. In retailing, on the other hand, failures fell from 10 last week to only two this week, which is also lower than the five reported in 1945. Concerns failing in construction and wholesale trade continued at a very low rate. A slight increase appeared in commercial service with four concerns failing this week, an increase of two from the preceding week and of three from last year.

No Canadian failures were reported as compared with one in the previous week and one in the corresponding week of 1945.

**April Building Permit Values High**—Although off quite sharply from the unprecedented volume recorded in March when builders rushed to file permits in anticipation of the Government restriction order, April building permit values continued at a high level, being almost four times that of April, 1945. The total for 215 cities, according to Dun & Bradstreet, Inc., amounted to \$240,722,327 last month, and, with the exception of the March sum of \$426,951,603, was the highest for any month since July, 1929. It compared with \$61,161,846 in April last year.

New York permits with an estimated cost of \$37,499,107 in April, compared with \$42,362,246 in the previous month, and with \$9,035,965 in the like month a year ago.

**Food Price Index at New 25½-Year Peak**—Reflecting higher grain ceilings, the Dun & Bradstreet wholesale food price index for May 14 rose 1 cent further to stand at \$4.21. This represented a new peak since Oct. 7, 1924, when it stood at \$4.24. The current figure marks a rise of 3.2% over the \$4.08 for the corresponding 1945 date. Moving upward during the week were wheat, corn, oats, barley, sheep and lambs, with rye showing the only decline. The index represents the sum total of the price per pound of 31 foods in general use.

**Wholesale Commodity Price Index**—Up sharply due to the advance in grain ceilings, the Dun & Bradstreet daily wholesale commodity price index reached a new peak level of 194.41 on May 13, and closed at 194.23 on May 14. This represented a rise of 2.6% over a week previous, and of 9.8% over last year's index of 176.82.

With prices holding tight against existing ceilings and in anticipation of higher ceilings, activity in leading grain markets last week fell sharply to the smallest volume recorded in recent years. The Government announcement, made late on Wednesday, May 8, provided for increases of 15 cents per bushel in the ceiling price of wheat, 25 cents on corn, 5 cents on oats, 9 cents on barley and 10 cents on rye to go into effect at 12:01 a.m., May 13. Weakness occurred only in rye, where the May contract and cash article dropped the 5-

cent limit for six consecutive days due to the fact that new ceiling prices will be much below prevailing levels. The flour situation continued acute, with a large part of the industry expected to be closed down by the end of the week. Winter wheat was said to be progressing favorably with harvesting reported under way in some early southwestern areas. A sharp increase in the run of hogs is looked for shortly due to the advance in corn price ceilings.

Domestic raw cotton prices trended somewhat firmer toward the latter part of the week. In early dealings prices were depressed as a result of the coal strike, pending embargoes on railroad freight and prospects of early action on price control legislation. Subsequently prices turned firmer on reports that the Administration has submitted a proposal to both sides in the coal dispute, and later, by the announcement of a two-week truce.

Further stimulus came from reports of less favorable progress by the new crop and the statement by the Secretary of Agriculture that Government-owned and controlled stocks of cotton had been reduced to about 250,000 bales, as compared with more than 6,000,000 less than a year ago. Business in carded gray cotton cloth markets was very quiet, with activity confined to scattered small sales in the fore part of the week. Mill activity and deliveries of cotton goods were affected to some extent by the coal strike and freight embargo.

Turnover in domestic wools in the Boston market continued slow last week with very few sales resulting from inquiries received. In primary markets of the west, competition for new clip wools was very keen with prices paid to growers reported steady to slightly higher. Lack of offerings continued to restrict activity in foreign wools although increased interest was shown in Montevideo wools.

Total amount of foreign wools arriving in the three leading Eastern ports during the week ended May 3 amounted to 25,013,300 pounds, of which 20,826,800 pounds were apparel class wools. The bulk of the large weights of Australian arrivals were reported sold at the time of allocation. Appraisals of domestic wools from the 1946 clip during the week ended May 3 totaled 7,160,340 pounds, making a total of 20,893,765 pounds for the season to date, as against 30,348,567 pounds appraised to the same date last year.

**Wholesale and Retail Trade**—Total retail volume for the country at large continued to increase the past week despite setbacks in some localities brought on by coal shortages and an accompanying curtailment of power and light services. With the lifting of the ban later in the week shoppers thronged to the stores; over-all volume was very high in comparison with that of the corresponding week a year ago. There were slightly larger selections of many goods than has been evident for some time.

Retail food volume was estimated to be 20% above that of the corresponding week a year ago. Abundant supplies of most fresh vegetables attracted many consumers. Fresh fruits were plentiful and generally of a wide variety. Most varieties of meat were scarce; the supply of fish was generally abundant and that of poultry plentiful.

Many apparel departments reported high consumer interest in sportswear, cotton dresses, summer suits, formal dresses, and short coats. Main floor items such as handbags, blouses, compacts, cosmetics, and small gifts attracted many last-minute Mother's Day shoppers. The supply of nylon hosiery continued to increase slowly. Men's suits were less scarce than they have been in previous weeks and limited selec-

tions of lightweight suits appeared in many stores. The acute shortage of shirts continued to harass many male consumers.

Interest in floor coverings remained high with a large share of consumer-attention directed toward broadloom carpeting. Almost no increase was noticed in the limited selections of piece goods, curtains, and draperies. The demand for housewares remained high. Existing shortages were most evident in electric appliances, garden supplies, and unpainted furniture. A slightly larger supply of lamps appeared on many retail shelves the past week.

Retail volume for the country was estimated to be from 23 to 27% over the corresponding week a year ago. Estimates of regional percentage increases were: New England and Pacific Coast, 17 to 21; East, 29 to 33; Middle West, 22 to 26; Northwest, 19 to 22; South, 20 to 24, and Southwest, 18 to 22.

Wholesale volume increased against this week and was considerably above that of the corresponding week a year ago. Decreased deliveries of many goods resulted from curtailed freight shipments during the early part of the week. New order volume rose as many buyers swelled the attendance at shows throughout the country.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's in-

dex for the week ended May 11, 1946, increased by 39% above the same period of last year. The large increase shown for the week reflects in part the fact that last year many stores were closed on May 8 for V-E Day celebrations. This compared with an increase of 29% in the preceding week. For the four weeks ended May 11, 1946, sales increased by 36% and for the year to date by 25%.

The pace of retail trade here in New York the past week continued its upward climb with gains in sales volume of department stores approximately 50% above that of a year ago. Food sales for the week were steady as compared with the previous week and textile markets for cottons generally quiet. Silk fabrics made their appearance during the week with the lifting of price ceilings on silk products. Final touches were given to fall coat, suit and dress lines to be opened beginning this week. Housewares buyers in the week placed heavy orders with the 600 exhibitors at Atlantic City on a delivery-when-possible basis.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to May 11, 1946, increased 54% above the same period last year. This compared with an increase of 38% (revised figure) in the preceding week. For the four weeks ended May 11, 1946, sales rose by 43% and for the year to date by 31%.

## Truman Calls for Merger Agreement

With legislation for unification of the armed services at a standstill, President Truman on May 13 summoned the heads of the War and Navy Departments for a conference which Secretary of War Patterson later described as a "general discussion on military reorganization and the possibility of a reconciliation of views." The following day the President's press secretary, Charles G. Ross, according to Associated Press Washington advices, told newsmen that during the conference "much progress" toward reconciliation of differences had been made, and disclosed that Mr. Truman had instructed the Secretaries of War Patterson and Navy Forrestal to reach an agreement on unification by May 31.

Apparently the process is to be a listing of the points of agreement and disagreement, with frequent meetings between the two department heads until differences have been eliminated.

One recently suggested form of compromise would provide for an independent air force rather than the merger proposal. Senator Edwin C. Johnson (D-Col.), one of the original proponents of the merger plan, has indicated that he might support such a compromise put forth by Navy supporters. As to this the Associated Press said:

"The question of whether we have one or three Cabinet members is of minor importance," he said.

Senator Walsh (D-Mass.), chairman of the Senate Naval Committee, said in a separate interview that he had suggested a new approach to unification through points of agreement rather than disagreement. He said that the bill approved by the Military Committee calling for merger of the present War and Navy departments into a single new common defense department, appeared to emphasize "differences between the services rather than their many points of common agreement."

## Thanked for Palestine Action

President Truman has been thanked formally for his part in the report of the Anglo-American Committee of Inquiry on Palestine in a letter sent to him by the American Council for Judaism through its President, Lessing J. Rosenwald. The Council gave assurance to the President of its support for complete acceptance of the recommendations contained in the report, a dispatch on May 13 to the New York "Times," from Philadelphia, stated. In urging that the Committee's proposals be acted upon without revision, Mr. Rosenwald asserted that the report would some day, "when the passions of the moment will have become a memory, be regarded as one of the most lucid, wise, humane and statesmanlike documents of our time."

## Britain Sacrificed Export Trade: Batt

(Continued from first page) it was too much to ask them to sacrifice their export trade and also could have argued that with the entrance of the United States into the war, it was up to that nation to supply more munitions and manpower.

"But the British did not take that line," the SKF official pointed out. "The result was that when the war was over, her export trade was only a small amount of what it had been normally, and she had seen the business go to us. And with the quick termination of Lend-Lease, she was left with desperate needs at home."

Describing the British loan as "a form of insurance against war," Batt added:

"We want international agreements for freer trade that will help us and our people immediately. If Britain's financial condition is such that she cannot afford to join with us in such a program, there is no hope of success."

"The loan to Britain is not a gift any more than the credit that any business man extends to his customers. It is my judgment that the loan is good business for all Americans."

### 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.	F. U.	Indus.
May 21	123.95	118.80	122.92	121.46	118.40	112.75	116.20	119.00	121.25
20	124.05	118.60	122.71	121.46	118.40	112.56	116.20	119.00	121.04
18	124.11	118.60	122.71	121.46	118.40	112.56	116.20	119.00	121.04
17	124.14	118.60	122.71	121.46	118.40	112.56	116.20	119.00	121.04
16	123.83	118.60	122.71	121.25	118.40	112.56	116.20	119.00	120.84
15	123.64	118.60	122.92	121.46	118.40	112.75	116.20	119.00	121.04
14	123.45	118.60	122.92	121.25	118.40	112.75	116.22	119.20	120.84
13	123.45	118.60	122.92	121.46	118.40	112.75	116.22	119.20	120.84
11	123.80	118.60	122.92	121.46	118.40	112.75	116.41	119.20	121.04
10	123.83	118.60	122.92	121.46	118.40	112.75	116.41	119.20	121.04
9	123.86	118.60	122.92	121.25	118.60	112.75	116.41	119.20	120.84
8	124.27	119.00	122.92	121.67	118.60	112.93	116.61	119.20	120.84
7	124.33	118.80	122.92	121.46	118.60	112.93	116.61	119.41	120.84
6	124.45	118.80	122.92	121.46	118.60	112.93	116.61	119.20	120.84
4	124.49	119.00	122.92	121.46	118.60	113.12	116.61	119.41	121.04
3	124.49	119.00	122.92	121.67	118.60	113.12	116.61	119.41	121.04
2	124.52	119.00	122.92	121.46	118.60	113.12	116.61	119.41	120.84
1	124.45	118.80	122.92	121.46	118.40	113.12	116.41	119.41	120.84
Apr. 26	124.33	119.00	123.34	121.85	118.40	113.12	116.41	119.41	121.04
18	125.30	119.61	123.99	121.88	119.20	113.89	117.20	120.22	121.67
12	125.77	120.02	123.99	122.29	119.61	114.27	117.60	120.22	121.88
5	125.92	120.02	123.99	122.29	119.61	114.46	117.60	120.22	122.09
Mar. 29	125.61	119.62	123.99	122.29	119.41	114.27	117.40	120.22	122.09
22	125.74	119.62	123.77	122.29	119.41	114.08	117.20	120.22	122.09
15	125.80	119.62	123.77	122.29	119.20	114.27	117.00	120.22	122.29
8	125.86	119.62	123.56	122.50	119.20	114.46	116.80	120.43	122.29
1	125.84	119.61	123.56	121.88	119.20	114.27	116.61	120.22	122.09
Feb. 21	126.02	120.22	123.34	121.88	119.00	114.27	116.41	120.22	122.09
15	126.14	119.61	123.56	121.88	119.20	114.27	116.80	120.02	122.29
8	126.15	119.61	123.34	121.88	119.20	114.27	116.41	120.02	122.29
1	126.05	119.20	123.34	121.46	118.80	113.50	115.82	119.41	122.29
Jan. 25	126.28	119.00	123.12	121.25	119.00	113.31	115.63	119.41	122.09
High 1946	126.28	120.02	124.20	122.50	119.61	114.46	117.60	120.43	122.50
Low 1946	123.45	117.60	121.46	119.82	117.40	112.19	114.46	117.80	120.63
1 Year Ago									
May 21, 1945	122.31	115.43	120.63	118.80	115.63	107.27	112.19	114.66	119.41
2 Years Ago									
May 20, 1944	119.59	112.19	118.60	116.80	111.81	102.30	105.86	113.89	117.00

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.	F. U.	Indus.
May 21	1.48	2.71	2.51	2.58	2.73	3.02	2.84	2.70	2.59
20	1.47	2.72	2.52	2.58	2.73	3.03	2.84	2.70	2.60
18	1.47	2.72	2.52	2.58	2.73	3.03	2.84	2.70	2.60
17	1.47	2.72	2.52	2.58	2.74	3.03	2.84	2.70	2.60
16	1.49	2.72	2.52	2.59	2.73	3.03	2.84	2.70	2.61
15	1.50	2.71	2.51	2.58	2.74	3.02	2.84	2.70	2.60
14	1.51	2.71	2.51	2.59	2.73	3.02	2.84	2.69	2.61
13	1.51	2.71	2.51	2.59	2.73	3.02	2.84	2.69	2.61
11	1.49	2.71	2.51	2.58	2.72	3.02	2.84	2.69	2.60
10	1.49	2.71	2.51	2.58	2.72	3.02	2.83	2.69	2.60
9	1.48	2.71	2.51	2.59	2.72	3.02	2.83	2.69	2.61
8	1.46	2.70	2.51	2.57	2.72	3.01	2.82	2.69	2.61
7	1.45	2.71	2.51	2.58	2.72	3.01	2.82	2.68	2.61
6	1.44	2.71	2.51	2.58	2.72	3.01	2.82	2.69	2.61
4	1.44	2.70	2.51	2.58	2.72	3.00	2.82	2.68	2.60
3	1.44	2.70	2.51	2.57	2.72	3.00	2.82	2.68	2.60
2	1.44	2.70	2.51	2.58	2.72	3.00	2.82	2.68	2.61
1	1.44	2.71	2.51	2.58	2.73	3.00	2.83	2.68	2.61
Apr. 26	1.45	2.70	2.49	2.59	2.73	3.00	2.83	2.68	2.60
18	1.38	2.67	2.46	2.56	2.69	2.96	2.79	2.64	2.57
12	1.35	2.65	2.46	2.54	2.67	2.94	2.77	2.64	2.56
5	1.34	2.65	2.46	2.54	2.67	2.93	2.77	2.64	2.55
Mar. 29	1.36	2.66	2.46	2.54	2.68	2.94	2.78	2.64	2.55
22	1.35	2.66	2.47	2.54	2.68	2.95	2.79	2.64	2.55
15	1.34	2.66	2.47	2.54	2.69	2.94	2.80	2.64	2.54
8	1.34	2.66	2.48	2.53	2.69	2.93	2.81	2.63	2.54
1	1.34	2.67	2.48	2.56	2.69	2.94	2.82	2.64	2.55
Feb. 21	1.33	2.67	2.49	2.56	2.70	2.94	2.83	2.64	2.55
15	1.32	2.67	2.48	2.56	2.69	2.94	2.81	2.65	2.54
8	1.32	2.67	2.49	2.56	2.69	2.94	2.83	2.65	2.54
1	1.33	2.69	2.49	2.58	2.71	2.98	2.86	2.68	2.54
Jan. 25	1.31	2.70	2.50	2.59	2.70	2.99	2.87	2.68	2.55
High 1946	1.51	2.77	2.58	2.66	2.78	3.05	2.93	2.76	2.62
Low 1946	1.31	2.65	2.45	2.53	2.67	2.93	2.77	2.63	2.53
1 Year Ago									
May 21, 1945	1.64	2.88	2.62	2.71	2.87	3.32	3.05	2.92	2.68
2 Years Ago									
May 20, 1944	1.84	3.05	2.72	2.81	3.07	3.61	3.40	2.96	2.80

\*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.

### National Fertilizer Association Commodity Price Index Rises Sharply to New Peak

A new all-time peak was reached in the weekly wholesale commodity price index compiled by The National Fertilizer Association, and made public on May 20, when it rose 0.8% to 146.9 in the week of May 18, 1946, from 145.8 in the preceding week. A month ago the index was at the previous high level of 145.9, and a year ago it was 140.3, all based on the 1935-1939 average as 100. The Association's report continued as follows:

The increases in OPA ceiling prices for grains and feedstuffs were responsible for the large gain in the general index. The farm products group rose to a new high level as a result of the increases in grains. The grains subgroup advanced 10.4% from the previous week. The cotton index declined moderately. Lower quotations for good cattle and lambs more than offset higher prices for fluid milk and resulted in the livestock subgroup declining fractionally. The foods group advanced fractionally, reflecting higher prices for dressed fowl. The textile index declined somewhat. The miscellaneous commodities group advanced sharply resulting from the higher prices for cottonseed and linseed meal, bran and middlings. The increase in OPA ceilings on cottonseed meal, fish scrap and tankage applied only to feedstuff and not to fertilizer. The remaining groups of the index were unchanged.

During the week 11 price series in the index advanced and four

declined; in the preceding week six advanced and one declined; in the second preceding week four advanced and five declined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX Compiled by The National Fertilizer Association 1935-1939=100*				
% Each Group Bears to the Total Index	Group	Latest Preceding		Year Ago 1945
		Week May 18, 1946	Month Apr. 20, 1946	
25.3	Foods	144.6	144.5	141.6
	Fats and Oils	147.4	147.4	145.3
	Cottonseed Oil	163.1	163.1	163.1
23.0	Farm Products	178.4	175.7	166.8
	Cotton	268.0	261.7	214.6
	Grains	192.2	174.1	173.9
	Livestock	162.7	162.9	160.2
17.3	Fuels	130.8	130.8	130.4
10.8	Miscellaneous commodities	138.4	134.5	133.7
8.2	Textiles	166.1	166.7	157.1
7.1	Metals	117.9	117.9	104.7
6.1	Building materials	167.8	167.8	154.4
1.3	Chemicals and drugs	127.5	127.5	125.4
.3	Fertilizer materials	118.2	118.2	118.3
.3	Fertilizers	119.8	119.8	119.9
.3	Farm machinery	105.8	105.8	104.8
100.0	All groups combined	146.9	145.8	140.3

\*Indexes on 1935-1939 base were: May 18, 1946, 144.4; May 11, 1946, 143.6; May 19, 1945, 109.3.

### Electric Output for Week Ended May 18, 1946 10% 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 May 18, 1946, was 3,939,281,000 kwh., which compares with 4,377,221,000 kwh. in the corresponding week a year ago, and 3,910,760,000 kwh. in the week ended May 11, 1946. The output for the week ended May 18, 1946, was 10% below that of the same week in 1945.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR				
Major Geographical Divisions—	Week Ended—			
	May 18	May 11	May 4	April 27
New England	1.6	11.6	4.1	2.2
Middle Atlantic	3.7	1.2	3.1	3.7
Central Industrial	14.4	14.5	12.2	12.9
West Central	3.6	2.9	5.6	5.1
Southern States	13.4	12.2	9.2	11.8
Rocky Mountain	2.5	9.0	2.2	13.1
Pacific Coast	8.7	10.2	10.7	10.9
Total United States	10.0	9.1	8.8	9.9

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)					
Week Ended—	1946	1945	% Change under 1945	1944	1929
Feb. 2	3,982,775	4,538,552	-12.2	4,524,134	1,578,817
Feb. 9	3,983,493	4,505,269	-11.6	4,532,730	1,545,459
Feb. 16	3,948,620	4,472,298	-11.7	4,511,562	1,512

## Daily Average Crude Oil Production for Week Ended May 11, 1946, Decreased 2,500 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 11, 1946, was 4,748,700 barrels, a decrease of 2,500 barrels per day from the preceding week and 111,515 barrels per day less than in the corresponding week of 1945. The current figure, however, was 122,700 barrels in excess of the daily average figure of 4,626,000 barrels estimated by the United States Bureau of Mines as the requirement for the month of May, 1946. Daily output for the four weeks ended May 11, 1946, averaged 4,701,500 barrels. The Institute further reported as follows:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,820,000 barrels of crude oil daily and produced 13,903,000 barrels of gasoline; 2,027,000 barrels of kerosine; 5,422,000 barrels of distillate fuel, and 8,724,000 barrels of residual fuel oil during the week ended May 11, 1946; and had in storage at the end of that week 98,158,000 barrels of finished and unfinished gasoline; 11,079,000 barrels of kerosine; 31,736,000 barrels of distillate fuel, and 41,008,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	% B. of M. Calculated Requirements May	State Allowables Begin May 1	Actual Production Week Ended May 11, 1946	Change from Previous Week	4 Weeks Ended May 11, 1946	Week Ended May 12, 1945
Oklahoma	370,000	370,000	373,250	+ 9,550	370,700	385,150
Kansas	252,000	250,000	245,300	+ 650	252,400	270,900
Nebraska	600	---	7800	+ 50	750	900
Panhandle Texas	---	---	85,000	---	82,500	90,000
North Texas	---	---	164,800	---	161,950	153,900
West Texas	---	---	521,100	---	506,800	495,300
East-Central Texas	---	---	139,600	---	138,850	138,200
East Texas	---	---	388,800	---	380,400	379,800
Southwest Texas	---	---	331,500	---	327,150	355,650
Coastal Texas	---	---	496,000	---	481,500	563,300
Total Texas	2,050,000	2,103,120	2,114,800	---	2,079,150	2,176,150
North Louisiana	---	---	87,050	+ 1,850	86,100	71,100
Coastal Louisiana	---	---	291,450	---	289,100	299,800
Total Louisiana	380,000	372,000	378,500	+ 1,850	375,200	370,900
Arkansas	79,000	77,387	78,100	+ 150	77,700	79,600
Mississippi	53,000	---	60,750	+ 3,700	57,200	54,250
Alabama	500	---	1,050	---	1,100	450
Florida	---	---	250	---	150	150
Illinois	204,000	---	210,850	---	209,950	197,550
Indiana	16,400	---	18,550	---	18,950	11,100
Eastern (Not inc. Ill., Ind., Ky.)	62,000	---	64,500	---	65,550	63,250
Kentucky	36,000	---	31,500	+ 350	31,100	26,850
Michigan	43,000	---	47,600	+ 1,550	45,700	50,300
Wyoming	97,000	---	113,000	+ 7,250	111,600	107,500
Montana	22,000	---	19,400	---	19,900	20,850
Colorado	23,000	---	28,950	+ 2,100	27,450	10,600
New Mexico	99,000	106,000	95,750	---	95,800	103,900
Total East of Calif.	3,736,000	---	3,882,900	+ 22,400	3,840,350	3,930,215
California	840,000	835,000	865,800	+ 5,100	861,150	930,000
Total United States	4,625,000	---	4,748,700	+ 27,500	4,701,500	4,860,215
Pennsylvania Grade included above	---	61,700	---	2,500	62,900	60,750

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 May. 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. May 8, 1946. This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of those fields which were exempted entirely the entire state was ordered shut down for five days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 5 days shutdown time during the calendar month. Recommendation of Conservation Committee of California Oil Producers.

### CRUDE RUNS TO STILL'S PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSENE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 11, 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 Crude Refin'g. Capac. Report'g.	Crude Runs to Still's Daily % Operated	Production of Gasoline		Unfin. Stocks	Kerosine	Gas Oil	Dist. Fuel Oil	Resid. Fuel Oil
			Inc. Nat. Blended	Unfin. Gasoline					
East Coast	99.5	77.4	1,833	22,964	4,858	10,035	6,394	---	
Appalachian	---	---	---	---	---	---	---	---	
District No 1	75.8	93	274	2,606	231	411	173	---	
District No 2	81.2	56	181	1,078	57	93	209	---	
Ind., Ill., Ky.	87.2	78.7	2,937	21,516	1,684	4,117	3,104	---	
Okl., Kan., Mo.	78.3	358	1,154	8,195	593	1,656	1,101	---	
Inland Texas	59.8	211	844	2,950	301	311	715	---	
Texas Gulf Coast	89.3	1,192	3,330	15,309	1,618	5,360	4,461	---	
Louisiana Gulf Coast	93.8	59	153	1,871	191	377	204	---	
No. Ia. & Ark. Coast	55.3	59	153	1,871	191	377	204	---	
Rocky Mountain	---	---	---	---	---	---	---	---	
District No 3	17.1	11	40	95	10	39	43	---	
District No 4	72.1	121	382	2,228	122	379	698	---	
California	86.5	82.4	1,649	15,393	565	7,100	21,785	---	
Total U.S. & M.	85.7	4,820	89.2	13,903	98,158	11,079	31,736	41,008	
Total U.S. & M. basis May 11, 1946	85.7	4,672	86.4	13,889	98,548	11,043	31,487	40,212	
U.S. & M. basis May 12, 1945	---	4,887	---	15,241	188,420	8,188	29,486	39,116	

Includes unfinished gasoline stocks of 8,408,000 barrels. Includes unfinished gasoline stocks of 11,244,000 barrels. Stocks at refineries, at bulk terminals, in transit and in pipe lines. Not including 2,027,000 barrels of kerosine, 5,422,000 barrels of gas oil and distillate fuel oil and 8,724,000 barrels of distillate fuel oil produced during the week ended May 11, 1946, which compares with 1,957,000 barrels, 5,313,000 barrels and 1,010,000 barrels, respectively, in the preceding week and 1,470,000 barrels, 4,833,000 barrels and 9,374,000 barrels, respectively, in the week ended May 12, 1945.

## Steel Operations Show Little Change—No Definite Delivery Promises Being Made

"A properly balanced distribution of steel, an absolute necessity for full peacetime production of products for which the public are clamoring, has almost been completely wrecked for the next several months at least," states "The Iron Age," national metalworking paper, in its issue of today (May 23) which further goes on to say: "The damage inflicted on the flow of steel into major consuming channels by the steel strike has been so greatly exaggerated by the current coal impasse that makers of automobiles, household appliances, various consumer goods, construction material and industrial requirements will see many months pass before they will be able to obtain a complete and orderly flow of the parts necessary to step up their production programs."

"Another major factor which stems from the steel strike settlement and which is causing a concentration on the production of some steel products and almost an elimination in the output of others is the steel price picture. Steel companies have been forced to produce those items on which the profit is greater in order to offset what they claim are unreasonable costs in the production of other items."

"This situation has found many steel consumers able to get some flat-rolled material but unable to complete their production cycle because of the scarcity of other products flowing through their manufacturing lines. One example of this general situation is the steady withdrawal of firms from the production of track spikes and bolts which after mid-year will prevent the railroads from buying sufficient fastenings to lay the rails which are being produced."

"During the first week of the coal truce, shipments of coal to steel companies had no effect on steel operations but actually a drop occurred. This week, the second week of the truce, finds the steel ingot operating rate unchanged from last week at 49% of rated capacity. Even this rate may be revised subsequently because some plants were forced down completely on Tuesday of this week."

"Since the mines have been taken over by the Administration, authoritative sources now long familiar with the coal labor pattern definitely expect that the Government will make a deal with John L. Lewis which will include a compromise on the health and welfare demand and a substantial increase in wages. Following that it would be expected that the Government will, after a certain time, hand the mines back to the operators with the latter holding the bag."

"The terrific setback experienced by the steel industry since the first of the year has made it certain that the steel tonnage set up by governmental authorities for European rehabilitation purposes will not go abroad this year, although some token shipments may be made. Domestic steel demand is so far ahead of domestic production that steel salesmen abroad are twiddling their thumbs while some European countries are stepping up their own steel output for export purposes as well as increasing capacity."

"Major steel firms are exporting steel on the same basis that applies to American consumers—a quota system based on prewar shipments. By the time the United States steel industry is in a position to supply substantial quantities of steel abroad, European steel mills and those in other parts of the world may have become greatly expanded and may be in a position to supply a good portion of what was once imported from this country."

According to the American Iron and Steel Institute, the steel industry's operating rate for the week beginning May 20 shows only a very slight gain—estimated at 49.2% of capacity—an increase of only 0.3 points over the preceding week. The Institute, in its statement further adds: "The 12-day strike truce, scheduled to end over the coming weekend, has not afforded the steel companies any real relief from the steady strangling of production that began in mid-March. The slight rise in the operating rate for the current week indicates that only a fraction of the small amount of coal that was received by the industry will be used immediately in production. The major portion of any coal received by the plants must be held in the badly depleted stockpiles for emergency use if the strike is resumed."

year and accepting no new orders for 1947.

"Production of sheets and tin plate has held up better during the coal strike than in most other products, as every effort has been made to favor these items where possible because of their special importance to the reconversion effort and food preservation. However, both have suffered. Civilian Production Administration has revoked export tin plate space reservations, though export orders must be kept in schedules and makers are urged to continue shipments in the same ratio for export as for domestic use."

"Sheet sellers operating on a quarterly quota basis are being forced to defer announcement of third quarter quotas and in many cases probably will have little new tonnage to allocate in view of current commitments. One large producer under the quota system believes he will have a fair tonnage available for September, assuming the coal strike is settled soon."

"Pig iron shortage, a result of banking many blast furnaces, has caused foundries to curtail operations and in some cases to close until conditions become more normal. Under the circumstances at least a month after fuel supply is resumed will be required to bring pig iron supply to a point where a reasonable rate of shipments can be expected. Additional furnaces are being banked as fuel supply shrinks further. Foundries are also handicapped by shortage of scrap."

"While full effects of the steel and coal strikes have not yet been felt, the loss of ingot tonnage in four months this year was 11,212,087 net tons. April production was only 5,876,998 tons, compared with 7,291,926 tons in April, 1945. The loss in May because of the soft coal strike will add to the deficit, as steelmaking operations have been substantially lower than in April."

### WSA Head Named

President Truman, on May 15, designated Capt. Granville Conway to be full Administrator of the War Shipping Administration until such time as the WSA can be liquidated and its functions merged with the Maritime Commission. Capt. Conway has been serving as Acting Administrator, and had signified his desire to resign in order to accept the presidency of a New York steamship company, according to advices to the "Journal of Commerce," from its Washington bureau, but Mr. Truman persuaded him to remain in the post until reorganization of the Maritime Commission and its operating agency shall have been completed.

Announced at the same time was the resignation of Capt. Edward Macauley, a member of the Commission since 1941 and its Acting Chairman since January, and the nomination of Vice Admiral Ward Smith to serve out the unexpired term of Vice Admiral Emory E. Land who resigned in January. Admiral Smith's designation as Chairman of the Commission upon confirmation was stated to be regarded as a certainty. His political affiliation is said to be indefinite, and friends describe him as being independent politically.

### Moody's Daily Commodity Index

Tuesday, May 14, 1946	279.2
Wednesday, May 15	278.8
Thursday, May 16	279.1
Friday, May 17	278.7
Saturday, May 18	278.8
Monday, May 20	279.3
Tuesday, May 21	279.2
Two weeks ago, May 7	272.9
Month ago, April 20	273.6
Year ago, May 21, 1945	256.9
1945 High, Dec. 27	285.0
Low, Jan. 24	252.1
1946 High, Jan. 2	254.7
Low, May 20	279.3

### Trading on New York Exchanges

The Securities and Exchange Commission made public on May 15 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 April 27, 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 April 27 (in round-lot transactions) totaled 2,576,523 shares, which amount was 16.43% of the total transactions on the Exchange of 7,841,310 shares. This compares with member trading during the week ended April 20 of 2,238,254 shares, or 15.82% of the total trading of 7,076,090 shares.

On the New York Curb Exchange, member trading during the week ended April 27 amounted to 686,010 shares, or 13.57% of the total volume on that exchange of 2,528,140 shares. During the week ended April 20, trading for the account of Curb members of 651,940 shares was 13.30% of the total trading of 2,447,960 shares.

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

WEEK ENDED APRIL 27, 1946		Total for Week	%
<b>A. Total Round-Lot Sales:</b>			
Short sales	268,830		
Other sales	7,572,480		
<b>Total sales</b>	<b>7,841,310</b>		
<b>B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:</b>			
<b>1. Transactions of specialists in stocks in which they are registered—</b>			
Total purchases	827,620		
Short sales	153,560		
Other sales	606,000		
<b>Total sales</b>	<b>759,500</b>		<b>10.12</b>
<b>2. Other transactions initiated on the floor—</b>			
Total purchases	139,930		
Short sales	14,800		
Other sales	128,960		
<b>Total sales</b>	<b>143,760</b>		<b>1.81</b>
<b>3. Other transactions initiated off the floor—</b>			
Total purchases	297,788		
Short sales	49,790		
Other sales	357,935		
<b>Total sales</b>	<b>407,725</b>		<b>4.50</b>
<b>4. Total—</b>			
Total purchases	1,265,538		
Short sales	218,090		
Other sales	1,092,895		
<b>Total sales</b>	<b>1,310,985</b>		<b>16.43</b>

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

WEEK ENDED APRIL 27, 1946		Total for Week	%
<b>A. Total Round-Lot Sales:</b>			
Short sales	42,855		
Other sales	2,485,285		
<b>Total sales</b>	<b>2,528,140</b>		
<b>B. Round-Lot Transactions for Account of Members:</b>			
<b>1. Transactions of specialists in stocks in which they are registered—</b>			
Total purchases	245,230		
Short sales	22,315		
Other sales	198,455		
<b>Total sales</b>	<b>220,770</b>		<b>9.22</b>
<b>2. Other transactions initiated on the floor—</b>			
Total purchases	29,160		
Short sales	1,400		
Other sales	19,600		
<b>Total sales</b>	<b>21,000</b>		<b>0.99</b>
<b>3. Other transactions initiated off the floor—</b>			
Total purchases	60,945		
Short sales	12,000		
Other sales	96,905		
<b>Total sales</b>	<b>108,905</b>		<b>3.36</b>
<b>4. Total—</b>			
Total purchases	335,335		
Short sales	35,715		
Other sales	314,960		
<b>Total sales</b>	<b>350,675</b>		<b>13.57</b>
<b>C. Odd-Lot Transactions for Account of Specialists—</b>			
Customers' short sales	0		
Customers' other sales	133,480		
<b>Total purchases</b>	<b>133,480</b>		
<b>Total sales</b>	<b>123,529</b>		

\*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."

### Civil Engineering Construction Totals \$137,822,000, for Week

Civil engineering construction volume in continental United States totals \$137,822,000 for the week ending May 16, 1946 as reported to "Engineering News-Record." This volume is slightly above the previous week, 374% above the corresponding week of last year, and 3% above the previous four-week moving average. The report issued on May 15, added:

Private construction this week, \$79,678,000 is 2% above last week and 2,162% above the week last year. Public construction, \$58,144,000, is 3% below last week and 128% greater than the week last year. State and municipal construction, \$35,173,000, 14% above last week, is 553% above the 1945 week. Federal construction, \$22,971,000 is 20% below last week and 14% above the week last year.

Total engineering construction for the 20-week period of 1946 records a cumulative total of \$1,900,699,000, which 202% above the total for a like period of 1945. On a cumulative basis, private construction in 1946 totals \$1,228,905,000, which is 589% above that for 1945. Public construction, \$671,794,000, is 49% greater than the cumulative total for the corresponding period of 1945, whereas state

and municipal construction, \$435,348,000, to date, is 403% above 1945. Federal construction, \$236,446,000, dropped 35% below the 20-week total of 1945.

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

	May 16, '46	May 9, '46	May 17, '45
Total U. S. Construction	\$137,822,000	\$137,595,000	\$29,049,000
Private Construction	79,678,000	77,872,000	3,522,000
Public Construction	58,144,000	59,723,000	25,527,000
State and Municipal	35,173,000	30,873,000	5,389,000
Federal	22,971,000	28,850,000	20,138,000

In the classified construction groups, highways, unclassified construction and industrial, commercial and public buildings recorded gains this week over the previous week. Seven of the nine classes recorded gains this week over the 1945 week as follows: waterworks, sewerage, bridges, highways, earthwork and drainage, industrial buildings and commercial buildings.

#### New Capital

New capital for construction purposes this week totals \$26,589,000 and is made up of \$10,371,000 in state and municipal bonds sales and \$16,218,000 in corporation security issues. New capital for the 20-week period of 1946 totals \$525,474,000, 7% greater than the \$492,688,000 reported for the corresponding period of 1945.

### Weekly Goal and Coke Production Statistics

The total production of soft coal in the week ended May 11, 1946, as estimated by the United States Bureau of Mines, was 470,000 net tons, a decrease of 50,000 tons from the preceding week. In the corresponding week of 1945, output amounted to 10,532,000 net tons. For the calendar year to May 11, 1946, production of bituminous coal and lignite totaled 164,540,000 net tons, a decrease of 23.9% when compared with the 216,257,000 tons produced in the period from Jan. 1 to May 12, 1945.

Production of Pennsylvania anthracite for the week ended May 11, 1946, was 1,443,000 tons, an increase of 34,000 tons (2.4%) over the preceding week. When compared with the output in the corresponding week of 1945 there was an increase of 1,397,000 tons. The calendar year to date shows an increase of 19.1% 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 May 11, 1946, showed an increase of 5,500 tons when compared with the output for the week ended May 4, 1946; but was 118,300 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	
	May 11, 1946	May 4, 1946	May 12, 1945	May 11, 1946	May 12, 1945
Bituminous coal and lignite—	470,000	520,000	10,532,000	164,540,000	216,257,000
Total, including mine fuel—	78,000	87,000	1,755,000	1,481,000	1,917,000

\*Subject to current adjustment.

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

	Week Ended			Calendar Year to Date		
	May 11, 1946	May 4, 1946	May 12, 1945	May 11, 1946	May 12, 1945	1946*
Penn. Anthracite—	1,443,000	1,409,000	46,000	22,727,000	19,078,000	21,580,000
Total incl. coal. fuel	1,385,000	1,353,000	44,000	21,817,000	18,315,000	20,501,000
Beehive coke—	5,500	2,000	125,800	1,222,200	1,228,600	1,400,600
United States total—	7,500	2,000	125,800	1,222,200	1,228,600	1,400,600

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

### Cottonseed Receipts to April 30

An May 13 the Bureau of Census issued the following statement showing cottonseed received, crushed and on hand, and cottonseed products manufactured, shipped out, on hand and exported for the month ended April 30, 1946 and 1945.

#### COTTONSEED RECEIVED, CRUSHED AND ON HAND (TONS)

State—	Received at mills, Aug. 1—Apr. 30		Crushed Aug. 1—Apr. 30		Stocks at mills, Apr. 30	
	1945-46	1944-45	1945-46	1944-45	1945-46	1944-45
United States	3,084,004	4,252,284	3,061,791	3,774,102	240,561	589,783
Alabama	252,421	270,412	239,368	248,873	23,609	28,676
Arizona	48,234	53,649	47,611	49,967	1,000	3,809
Arkansas	328,638	464,127	336,158	360,511	38,806	113,414
California	127,037	118,266	116,758	108,845	12,372	9,615
Georgia	290,591	359,103	278,105	340,959	30,939	37,999
Louisiana	113,360	168,234	114,385	165,264	731	4,945
Mississippi	543,575	698,415	512,212	601,536	48,769	112,445
North Carolina	161,003	277,813	156,113	238,081	20,200	45,969
Oklahoma	96,276	217,077	92,552	210,585	4,851	8,554
South Carolina	174,887	226,340	175,397	220,557	4,002	11,453
Tennessee	258,784	341,692	249,323	297,735	23,651	57,734
Texas	618,851	931,279	681,262	830,820	21,788	132,105
All other states	70,347	125,874	62,547	100,369	10,223	25,086

\*Includes 992 and 6,650 tons destroyed during 1945-46 and 1944-45, respectively. Does not include 219,340 and 118,256 tons on hand Aug. 1, 1945 and 1944, respectively, nor 49,095 and 66,536 tons reshipped during the seasons 1945-46 and 1944-45.

#### COTTONSEED PRODUCTS PRODUCED, SHIPPED AND STOCKS

Products—	Season	Stocks at beginning of Season		Produced Aug. 1—Apr. 30	Shipped Aug. 1—Apr. 30	Stocks Apr. 30
		Aug. 1	Apr. 30			
Crude oil (thousand pounds)	1945-46	55,121	953,722	952,147	163,563	
	1944-45	29,759	1,169,525	1,146,359	127,562	
Refined oil (thousand pounds)	1945-46	275,625	855,506	855,506	331,800	
	1944-45	239,934	992,374	992,374	331,800	
Cake and meal (tons)	1945-46	52,258	1,347,715	1,351,357	46,616	
	1944-45	28,050	1,733,412	1,655,279	106,183	
Hulls (tons)	1945-46	61,697	734,458	735,317	46,818	
	1944-45	14,733	874,373	819,712	59,454	
Linters (running bales)	1945-46	18,576	928,640	890,149	115,087	
	1944-45	61,920	1,105,289	1,028,217	79,902	
Hull fiber (500-lb. bales)	1945-46	323	15,825	15,620	528	
	1944-45	476	19,208	18,310	874	
Grablots, notes, &c. (500-lb. bales)	1945-46	2,451	39,789	37,378	4,692	
	1944-45	10,025	43,376	42,732	10,669	

\*Includes 11,323,000 pounds at oil mills, 37,297,000 pounds at refining and manufacturing establishments and 6,501,000 pounds in transit.  
 †Includes 12,898,000 pounds at oil mills, 41,804,000 pounds at refining and manufacturing establishments and 8,861,000 pounds in transit.  
 ‡Includes 257,591,000 pounds at refining and manufacturing establishments and 18,034,000 pounds held elsewhere and in transit.  
 §Produced from 945,379,000 pounds of crude oil.  
 ¶Includes 368,427,000 pounds at refining and manufacturing establishments and 25,941,000 pounds held elsewhere and in transit.  
 \*\*Includes 242,796 bales first cut, 586,766 bales second cut and 99,078 bales mill run.  
 ††Includes 29,136 bales first cut, 22,263 bales second cut and 5,662 bales mill run.

### Approve Increase in Int. Rate By N. J. Banks

An increase in the interest rate on savings and time accounts in New Jersey from 1% to 1½% was approved by the State Banking Advisory Board on May 7, according to advices May 8 to the Newark "Evening News" from its Trenton bureau, which also had the following to say:

"The increase is optional with the banks, State Banking Commissioner Carey said, and banks whose directors believe they cannot meet increased costs may continue paying 1%.

The increase probably will become effective June 30, it was said at Mr. Carey's office.

"Heretofore banks have been restricted to 1%, although many bankers had favored a raise in the ceiling that was set as an emergency measure in 1939.

"The meeting of Mr. Carey and the board followed closely on Governor Edge's approval of a bill by Senator Barton of Passaic which continues for a year, the power under which the commissioner fixed the rates paid on the time and savings deposits. The law originally was passed in 1936 as an emergency measure. The rate then was cut to 2% and to 1% in 1939.

"At the time the Governor approved the bill he obtained from Mr. Carey an understanding that the maximum rate would be increased at least to 1½%. Previously there had been indications Gov. Edge might veto the measure on the basis the 1936 emergency no longer exists.

"Although Mr. Carey did not say specifically when the 1½% rate will be permitted, most banks calculate interest on a quarterly or semi-annual basis and June 30 would come at the end of both a quarter and half-year period.

"Mr. Carey said only that he will issue his order soon and that it will be effective in the near future. The increase will be permitted on all time and savings accounts, whether they are in savings or commercial banks."

An address by Commissioner Carey on the State law empowering him to restrict interest rates was referred to in our issue of May 16, page 2652.

### NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 15, a summary for the week ended May 4 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 May 4, 1946		Total
<b>Odd-Lot Sales by Dealers—</b>		
(Customers' purchases)	Per Week	
Number of orders	32,385	
Number of shares	937,438	
Dollar value	\$43,475,359	
<b>Odd-Lot Purchases by Dealers—</b>		
(Customers' sales)		
Number of orders	238	
Customers' short sales	30,448	
Customers' other sales		
Customers' total sales	30,448	
Number of Shares:		
Customers' short sales	6,793	
Customers' other sales	842,177	
Customers' total sales	848,970	
Dollar value	\$39,238,205	
<b>Round-Lot Sales by Dealers—</b>		
Number of Shares:		
Short sales	140	
Other sales	191,250	
Total sales	191,390	
<b>Round-Lot Purchases by Dealers—</b>		
Number of Shares:		
Short sales	140	
Other sales	279,300	
Total sales	279,440	

\*Sales marked "short exempt" are reported with "other sales."  
 †Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

## Wholesale Prices Rose 0.2% in Week Ended May 11, Labor Department Reports

"Price advances for both agricultural and industrial products during the week ended May 11, 1946 raised average primary market prices 0.2%," according to the advice May 16 from the Bureau of Labor Statistics, U. S. Department of Labor, which stated that the wholesale price index of the Bureau rose to 110.1% of the 1926 average, 4.2% above the level of mid-May 1945. The Bureau's report added:

**"Farm products and foods—**Market prices for farm products rose 0.1%, with price increases for a number of commodities. Rye quotations, not under price control, advanced on heavy demand from distillers. Lamb prices rose sharply more than offsetting the recent reduction in subsidy payments to producers. Live poultry prices were seasonally higher, while cattle prices declined despite short supplies, as allocation orders channelled more animals to large packers. Milk prices paid to producers advanced seasonally. Higher prices were reported for sweetpotatoes, and apple quotations continued to move up with short supplies. Poor quality reduced average prices for lemons, while white potato prices weakened in most markets. Cotton prices declined fractionally.

**"Food prices advanced 0.2%, to 110.9% of the 1926 level, equal to the wartime peak reached in mid-1943. Higher prices for fruits and vegetables were largely responsible for the increase. Canned string beans, from the old pack, which had been selling below ceiling, rose on the announcement that new pack beans were removed from ceiling control. Cheese prices advanced, reflecting further adjustments in price following removal of the subsidy earlier in the year.**

**"Other Commodities—**Average prices for all commodities other than farm products and foods rose 0.1%, reaching a level of 4.1% above a year ago. In the last four weeks prices of these commodities have risen 0.9% on the average. Quotations for copper products and brass mill products rose more than 5% during the week, as OPA allowed the second ceiling increase this year for these commodities. The recent increase was permitted to cover higher production costs incurred since the first of the year. Quotations for stock millwork advanced as ceilings were raised to stimulate production. Refinery prices for gasoline advanced as the market strengthened. Gasoline prices now have largely recovered the declines of the first months following the end of the war. Hard surfaced floor coverings rose as OPA allowed a further adjustment in ceilings. OPA's program of raising ceilings for cotton clothing and fabrics to stimulate production was again reflected in price rises during the week. Higher quotations also were reported for chestnut extract and nitrocellulose. Soap sold to industrial users continued to advance."

The following notation is included in the 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 April 13, 1946, and May 12, 1945, and (2) percentage changes in subgroup indexes from May 4, 1946 to May 11, 1946.

CHANGES IN WHOLESALE PRICES BY COMMODITY GROUPS FOR WEEK ENDED MAY 11, 1946 (1926=100)

Commodity group—	Percentage changes to May 11, 1946, from—				Percentage changes to May 11, 1946, from—			
	5-11 1946	5-4 1946	4-27 1946	4-13 1946	5-12 1945	5-4 1945	4-13 1945	5-12 1945
All commodities	110.1	109.9	109.6	109.3	105.7	+0.2	+0.7	+4.2
Farm products	135.6	135.6	135.5	135.1	129.5	+0.1	+0.5	+4.9
Foods	110.9	110.7	110.3	109.9	106.6	+0.2	+0.9	+4.0
Hides and leather products	120.3	120.3	120.3	120.3	118.3	0	0	+1.7
Textile products	106.7	106.7	105.5	105.0	99.1	0	+1.6	+7.7
Fuel and lighting materials	87.0	87.0	86.5	86.5	84.3	0	+0.6	+3.2
Metal and metal products	109.3	109.1	109.0	108.2	104.4	+0.2	+1.0	+4.7
Building materials	126.8	126.6	126.0	124.0	117.2	+0.2	+2.3	+8.2
Chemicals and allied products	96.2	96.1	96.1	96.1	94.9	+0.1	+0.1	+1.4
Household furnishings goods	108.9	108.7	108.7	108.7	106.2	+0.2	+0.2	+2.5
Miscellaneous commodities	96.2	96.2	95.5	95.4	94.6	0	+0.3	+1.7
Raw materials	123.2	123.1	123.0	122.8	117.9	+0.1	+0.8	+4.5
Semi-manufactured articles	101.6	101.5	101.2	100.8	94.8	+0.1	+0.8	+7.2
Manufactured products	105.6	105.5	105.1	104.8	102.0	+0.1	+0.8	+3.5
All commodities other than farm products	104.4	104.3	103.9	103.7	100.4	+0.1	+0.7	+4.0
All commodities other than farm products and foods	103.7	103.6	103.1	102.8	99.6	+0.1	+0.9	+4.1

\*Revised.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM MAY 4, 1946 TO MAY 11, 1946

Commodity group—	Increases		Commodity group—	Percentage change
	5-11 1946	5-4 1946		
Non-ferrous metals	1.6	0.7	Cotton goods	0.1
Fruits and vegetables	0.7	0.5	Grains	0.1
Furnishings	0.5	0.5	Hosiery and underwear	0.1
Other building materials	0.5	0.5	Livestock and poultry	0.1
Petroleum and products	0.3	0.3	Lumber	0.1
Chemicals	0.2	0.2	Meats	0.1
Dairy products	0.2	0.2	Other farm products	0.1

## Non-Ferrous Metals Offered at "OPA Ceiling Prices on Date of Shipment"—Zinc Sales Good

"E. & M. J. Metal and Mineral Markets," in its issue of May 16, stated:

Senator McFarland (Ariz.) stated on May 14 that he had transmitted a written proposal from OPA to copper producers that would permit the ceiling price to rise 2.32c. per pound if strikes are settled on the basis of a wage increase of 18½¢. The figure arrived at, he said, should take care of all higher

costs, and he looks for an early settlement of labor disputes in the non-ferrous metals industry. The strike at mills of the American Brass Co. was settled last week. Most operators were highly optimistic that price uncertainties in major metals will be removed before the end of the month. Comparatively little business was transacted at prevailing quotations. Sellers offered copper, lead,

and zinc at "OPA ceiling prices on date of shipment." The publication further went on to say in part as follows:

### Copper

Whether producers will accept the settlement basis named by OPA was not known on May 15, but in view of the fact that the 14.32c. figure suggested by Washington officials is one at which

no seller would transact business under ordinary circumstances would indicate that additional adjustments will have to be agreed upon to end the strikes at mines, mills, smelters, and refineries. Some observers thought that 14½c. might be acceptable all around. Pending further price developments, business in June copper at current quotations virtually ceased.

A total of 75,756 tons of copper were delivered to customers in April, of which 51,966 tons was foreign metal and 23,790 tons domestic. Supplies from domestic sources were limited because of the strike at refineries. Production at refineries in April dropped to 18,989 tons, which compares with 20,139 tons in March and 75,436 tons in April a year ago.

Termination of the strike at the Waterbury, Ansonia, and Torrington plants of the American Brass Co. was announced May 13. Terms of the agreement provide for a wage increase of 18½c. an hour. Large-scale reconditioning of equipment will be necessary before the plants will be ready for full production.

### Lead

The shortage in lead supplies here and the upward trend of prices in the foreign market have caused most observers to regard 9c. as the level at which production can be stimulated so as eventually to bring supply and demand into a more balanced state. There appears to be a strong possibility that OPA will back the 9c. basis, owing to the world-wide shortage in lead. The foreign market has advanced to approximately 8½c., with offerings light.

Sales in the domestic market for the week totaled 3,976 tons. As in other metals in which price developments are expected shortly, sellers restricted business to sales based on the ceiling price on date of shipment.

Clinton H. Crane, President of St. Joseph Lead Co., told stockholders on May 13 that the lead situation is suffering from lack of price flexibility and that the present ceiling price of 6½c., New York, was too low. He pointed out that London authorities were aware of conditions and appropriately increased the prices of copper, lead, and zinc, and provided for the greatest percentage increase in lead.

### Zinc

Sales of Prime Western and Special High Grade zinc were in good volume last week, but in nearly all instances sellers sold on the basis of the OPA ceiling prevailing on date of shipment. That the ceiling price will be raised is regarded as certain, but opinion on the extent of the rise differs. Few in the industry look

for the market to move above 9c. St. Louis for Prime Western. Settlement of the strike at major brass mills will increase consumption of zinc in that industry. The strike at Mascot has been settled.

### Platinum Metals

The market for refined platinum remains strong. However, operators report that tension over the price situation has moderated. The price of refined platinum was maintained at \$56 per ounce troy throughout the week. Palladium is being maintained at \$24 an ounce, with a view toward expanding its use in the jewelry industry.

### Tin

In view of the general increase in costs, wages and freights, Dutch interests believe that the price of tin should be adjusted upward to between £375 and £400 per long ton, according to the Metal Bulletin, London. The selling basis or 99% tin in the London market continues at £300 per ton, or approximately 54c. per pound.

The situation in the United States market remains unchanged. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	May	June	July
May 9	52.000	52.000	52.000
May 10	52.000	52.000	52.000
May 11	52.000	52.000	52.000
May 13	52.000	52.000	52.000
May 14	52.000	52.000	52.000
May 15	52.000	52.000	52.000

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

### Quicksilver

Sellers continued to quote the market at \$102 to \$105 per flask, the price varying according to quantity. Demand was moderate, but with imports and domestic production down, there was comparatively little selling pressure. Consumers claim that they could have obtained quicksilver for nearby delivery on the basis of \$101 per flask. Some export inquiry was around last week for both metal and salts.

### Silver

Opinion in Washington on the price outlook for silver was confused last week on reports that the Treasury was not satisfied with the compromise suggested recently by the Senate subcommittee. Roy C. Wilcox, vice-president of the International Silver Co., declared that the Treasury would go along "reluctantly" on the 90c price, but opposed \$1.29, suggested by the Senate group as the price that is to prevail after the expiration of two years.

Silver is virtually unobtainable in the open market at quoted prices.

The New York Official for foreign silver was unchanged at 70½c an ounce troy, with London at 44d.

### DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

Date	—Electrolytic Copper—		Straits Tin, New York	—Lead—		Zinc St. Louis
	Dom. Refy.	Exp. Refy.		New York	St. Louis	
May 9	11.775	13.650	52.000	6.50	6.35	8.25
10	11.775	13.425	52.000	6.50	6.35	8.25
11	11.775	13.575	52.000	6.50	6.35	8.25
13	11.775	13.500	52.000	6.50	6.35	8.25
14	11.775	13.775	52.000	6.50	6.35	8.25
15	11.775	13.775	52.000	6.50	6.35	8.25
Average	11.775	13.617	52.000	6.50	6.35	8.25

Average prices for calendar week ended May 11 are: Domestic copper f.o.b. refinery, 11.775¢; export copper f.o.b. refinery, 13.367¢; Straits tin, 52.000¢; New York lead, 6.500¢; St. Louis lead, 6.350¢; St. Louis zinc, 8.250¢; and silver, 70.750¢.

The above quotations are "E. & M. J. M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound. Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Effective March 14, the export quotation for copper reflects prices obtaining in the open market and is based on sales in the foreign market reduced to the f.o.b. refinery equivalent, Atlantic seaboard. On f.a.s. transactions we deduct 0.075c. for lighterage, etc., to arrive at the f.o.b. refinery quotation.

Quotations for copper are for the ordinary forms of wirebars and ingot bars. For standard ingots an extra 0.05c. per pound is charged; for slabs 0.075c. up, and for cakes 0.125c. up, depending on weight and dimensions; for billets an extra 0.75c. up, depending on dimensions and quality. Cathodes in standard sizes are sold at a discount of 0.125c. per pound.

Quotations for zinc are for ordinary Prime Western brands. Contract prices for High-Grade zinc delivered in the East and Middle West in nearly all instances command a premium of 1c. per pound over the current market for Prime Western but not less than 1c. over the "E. & M. J." average for Prime Western for the previous month.

Quotations for lead reflect prices obtained for common lead only.

## First Quarter Rayon Production At New High

Domestic rayon production for the first three months of 1946 reached the unprecedented level of 212,800,000 pounds, thereby exceeding last year's fourth quarter output by 4% and first quarter 1945 output by 10%. Each division of the rayon yarn and staple fiber producing industry attained new record levels. First quarter rayon filament yarn production aggregated 169,100,000 pounds and rayon staple fiber output totaled 43,700,000 pounds it was reported by the Rayon Economics Bureau on May 10, which also supplied the following information:

"Production of viscose-cuprammonium yarn in the January-March period at 122,500,000 pounds was 6% above fourth quarter 1945 output. Of this first quarter production, 46% represented viscose tire-type yarns, the remaining 54% being the non-tire types. First quarter acetate yarn production exceeded by 4% the former peak level established in the fourth quarter of 1945.

### Rayon Yarn Shipments

"Shipments of rayon yarn to domestic trades during the first quarter of 1946 amounted to 164,300,000 pounds, a new record total. This poundage exceeded that of the fourth quarter last year by 5% and first quarter 1945 shipments by 12%. As compared with the fourth quarter of 1945, first quarter shipments of rayon yarn to domestic trades showed the following changes: full-fashioned hosiery —20%; seamless hosiery +13%; warp knitting +8%; broad woven +4½%; narrow woven +9%; miscellaneous uses +3%; and tire manufacturers +6%. There was no change in shipments to circular knitting trade.

"While yarn shipments to full-fashioned hosiery knitters decreased during the first quarter, this decline was almost entirely offset by increased yarn deliveries to seamless hosiery knitters. Total yarn shipments to the hosiery industry during the first quarter aggregated 6 million pounds. Projecting this first quarter rate to an annual basis, yarn shipments to the hosiery industry during 1946 would approximate 24,000,000 pounds or 46% more than was shipped to this industry in 1940, but 51% less than the maximum delivered in 1942 under the silk and nylon replacement provisions of Order M-37-d.

"Rayon yarn exports of 3,300,000 pounds in the first quarter showed an increase of 27% over the fourth quarter 1945, but a decline of 42% from the wartime rate of the first quarter of 1945."

### 3 Cent Discharge Stamp

Postmaster Albert Goldman announced that the 3-cent Honorable Discharge Emblem Commemorative Stamp, first placed on sale at Washington on May 9, would be made available to post offices throughout the country on requisitions as soon thereafter as necessary supplies can be produced. The Honorable Discharge Emblem stamps printed by rotary process in purple, electric-eye perforated, and issued in sheets of 100 subjects, is a facsimile of the Honorable Discharge Emblem on a graduated tone background. Across the top in a single line is the lettering "United States Postage" in dark Gothic. In each lower corner appears the denomination "3c" in dark Gothic numerals. Arranged in two lines between these numerals is the wording "Honoring Those Who Have Served," in dark Gothic. Five stars representing those who died in the five services are arranged horizontally, three above the emblem, and two below centered above the denominational numerals.

## Revenue Freight Car Loadings During Week Ended May 11, 1946 Increased 13,631 Cars

Loading of revenue freight for the week ended May 11, 1946 totaled 684,942 cars the Association of American Railroads announced on May 16. This was a decrease below the corresponding week of 1945 of 153,822 cars, or 18.3%, and a decrease below the same week in 1944 of 182,240 cars or 21.0%.

Loading of revenue freight for the week of May 11, increased 13,631 cars or 2.0% above the preceding week.

Miscellaneous freight loading totaled 389,061 cars, an increase of 12,911 cars above the preceding week, but a decrease of 3,229 cars below the corresponding week in 1945.

Loading of merchandise less than carload lot freight totaled 126,968 cars a decrease of 3,001 cars below the preceding week, but an increase of 18,457 cars above the corresponding week in 1945.

Coal loading amounted to 34,573 cars, an increase of 1,967 cars above the preceding week, but a decrease of 104,943 cars below the corresponding week in 1945, due to coal strike.

Grain and grain products loading totaled 41,148 cars, an increase of 5,720 cars above the preceding week but a decrease of 8,350 cars below the corresponding week in 1945. In the Western Districts alone, grain and grain products loading for the week of May 11 totaled 27,172 cars, an increase of 4,040 cars above the preceding week but a decrease of 6,717 cars below the corresponding week in 1945.

Livestock loading amounted to 16,022 cars, a decrease of 2,344 cars below the preceding week and a decrease of 5 cars below the corresponding week in 1945. In the Western Districts alone loading of livestock for the week of May 11 totaled 12,243 cars, a decrease of 2,107 cars below the preceding week, and a decrease of 87 cars below the corresponding week in 1945.

Forest products loading totaled 45,903 cars, an increase of 24 cars above the preceding week and in increase of 2,977 cars above the corresponding week in 1945.

Ore loading amounted to 26,174 cars, a decrease of 993 cars below the preceding week and a decrease of 48,909 cars below the corresponding week in 1945.

Coke loading amounted to 5,093 cars a decrease of 653 cars below the preceding week, and a decrease of 9,820 cars below the corresponding week in 1945.

All districts reported decreases compared with the corresponding week in 1945 except the Eastern and all reported decreases compared with 1944.

	1946	1945	1944
4 weeks of January	2,883,620	3,003,655	3,158,700
4 weeks of February	2,866,710	3,052,487	3,154,116
5 weeks of March	3,982,229	4,022,088	3,916,037
4 weeks of April	2,604,552	3,377,335	3,275,846
Week of May 4	671,311	866,034	835,538
Week of May 11	684,942	838,764	867,182
<b>Total</b>	<b>13,693,364</b>	<b>15,160,363</b>	<b>15,207,419</b>

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 11, 1946. During this period only 52 roads reported gains over the week ended May 12, 1945.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED MAY 11

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1946	1945	1944	1946	1945
<b>Eastern District—</b>					
Ann Arbor	397	279	265	1,257	1,361
Bangor & Aroostook	1,748	1,179	1,352	423	337
Boston & Maine	8,006	6,936	7,025	12,280	14,100
Chicago, Indianapolis & Louisville	1,172	1,090	1,282	1,769	2,070
Central Indiana	48	13	32	20	33
Central Vermont	1,101	1,165	1,064	2,251	2,160
Delaware & Hudson	4,802	3,136	4,942	9,357	12,944
Delaware, Lackawanna & Western	8,407	5,751	7,899	8,628	11,410
Detroit & Mackinac	753	202	256	230	164
Detroit, Toledo & Ironton	2,421	1,650	1,738	852	1,171
Detroit & Toledo Shore Line	400	406	333	1,831	3,439
Erie	13,732	10,812	13,653	12,571	16,957
Grand Trunk Western	4,886	3,997	3,810	5,382	8,522
Lehigh & Hudson River	218	160	181	2,326	2,290
Lehigh & New England	2,735	648	2,156	875	1,287
Lehigh Valley	9,480	5,169	9,344	7,269	11,878
Maine Central	2,646	2,338	2,205	3,238	2,729
Monongahela	176	5,330	6,631	223	266
Montour	113	2,220	2,813	17	26
New York Central Lines	44,855	48,352	48,845	35,980	47,886
N. Y. N. H. & Hartford	11,244	10,054	10,424	14,791	17,474
New York, Ontario & Western	1,031	760	1,263	2,441	3,479
New York, Chicago & St. Louis	7,417	6,264	6,604	10,646	15,407
N. Y., Susquehanna & Western	435	366	490	1,444	1,937
Pittsburgh & Lake Erie	5,583	7,578	7,707	3,790	9,307
Pere Marquette	6,358	4,903	4,778	5,802	8,500
Pittsburgh & Shawmut	159	674	868	31	39
Pittsburgh, Shawmut & North	202	269	393	119	213
Pittsburgh & West Virginia	237	1,163	1,379	2,066	3,161
Rutland	478	349	403	1,271	1,267
Wabash	6,234	6,452	5,389	9,911	12,900
Wheeling & Lake Erie	3,415	5,827	5,834	3,315	4,617
<b>Total</b>	<b>150,199</b>	<b>146,390</b>	<b>161,356</b>	<b>162,706</b>	<b>219,041</b>
<b>Allegheny District—</b>					
Akron, Canton & Youngstown	631	755	710	932	1,378
Baltimore & Ohio	27,471	44,265	46,714	21,002	28,836
Beasmer & Lake Erie	2,251	5,685	7,246	927	1,830
Cambria & Indiana	2	976	1,658	6	5
Central R. R. of New Jersey	6,778	5,392	7,380	13,573	19,376
Cornwall	326	532	461	22	60
Cumberland & Pennsylvania	19	152	219	8	8
Ligonier Valley	0	87	150	18	61
Long Island	1,595	1,767	1,630	4,694	4,204
Penn.-Reading Seashore Lines	1,873	1,901	1,752	1,968	2,233
Pennsylvania System	63,153	81,649	87,878	44,036	62,633
Reading Co.	17,417	10,395	15,250	17,324	28,207
Union (Pittsburgh)	5,415	18,979	19,954	3,573	6,951
Western Maryland	2,426	3,614	4,288	7,339	13,724
<b>Total</b>	<b>129,357</b>	<b>176,079</b>	<b>195,090</b>	<b>115,422</b>	<b>169,506</b>
<b>Peachentas District—</b>					
Chesapeake & Ohio	8,148	29,091	29,386	9,558	15,073
Norfolk & Western	6,584	20,257	21,688	5,279	7,811
Virginian	804	4,522	4,497	1,360	2,877
<b>Total</b>	<b>15,540</b>	<b>53,870</b>	<b>55,571</b>	<b>16,197</b>	<b>25,761</b>

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1946	1945	1944	1946	1945
<b>Southern District—</b>					
Alabama, Tennessee & Northern	433	410	362	182	336
Atl. & W. P.—W. R. R. of Ala.	954	882	924	2,016	2,776
Atlanta, Birmingham & Coast	↑	↑	837	↑	↑
Atlantic Coast Line	15,776	12,816	13,127	8,701	11,633
Central of Georgia	4,665	3,710	4,047	4,475	4,659
Charleston & Western Carolina	514	509	466	1,395	1,524
Clinchfield	645	1,687	1,790	2,226	2,861
Columbus & Greenville	333	210	232	310	570
Durham & Southern	132	112	132	306	220
Florida East Coast	2,626	1,966	1,978	1,411	1,248
Gainesville Midland	96	62	37	92	160
Georgia	1,195	1,109	1,105	2,049	2,430
Georgia & Florida	481	316	457	785	687
Gulf, Mobile & Ohio	5,009	5,189	4,345	3,658	4,067
Illinois Central System	21,288	28,154	30,049	12,724	18,369
Louisville & Nashville	15,589	27,115	26,393	9,760	12,687
Macon, Dublin & Savannah	271	205	156	1,267	1,093
Mississippi Central	322	427	259	357	506
Nashville, Chattanooga & St. L.	3,424	3,495	3,242	3,851	4,655
Norfolk Southern	1,190	984	986	1,364	1,558
Piedmont Northern	484	446	381	1,139	1,243
Richmond, Fred. & Potomac	486	535	427	1,112	11,722
Seaboard Air Line	13,543	11,210	11,063	8,276	8,278
Southern System	25,903	25,182	23,799	21,728	26,203
Tennessee Central	521	618	777	619	739
Winston-Salem Southbound	154	147	157	835	1,000
<b>Total</b>	<b>116,104</b>	<b>127,496</b>	<b>127,519</b>	<b>100,638</b>	<b>121,224</b>

Northwestern District—					
Chicago & North Western	16,249	18,562	19,617	12,201	14,645
Chicago Great Western	2,367	2,610	2,705	2,787	3,455
Chicago, Milw., St. P. & Pac.	20,658	20,041	21,321	8,913	10,628
Chicago, St. Paul, Minn. & Omaha	3,636	3,410	3,219	3,968	3,937
Duluth, Missabe & Iron Range	13,172	25,778	26,906	240	222
Duluth, South Shore & Atlantic	551	851	852	571	1,036
Elgin, Joliet & Eastern	6,681	8,522	8,918	6,456	6,524
Ft. Dodge, Des Moines & South	493	377	412	102	104
Great Northern	13,767	23,168	21,933	5,154	7,647
Green Bay & Western	519	463	431	779	945
Lake Superior & Ishpeming	265	2,354	1,944	57	59
Minnesota & St. Louis	1,548	1,945	2,084	2,143	2,654
Minn., St. Paul & S. S. M.	5,177	6,618	6,935	3,597	3,313
Northern Pacific	9,695	11,202	10,633	4,727	6,296
Spokane International	123	192	141	499	570
Spokane, Portland & Seattle	2,371	2,075	3,030	2,240	3,821
<b>Total</b>	<b>97,272</b>	<b>128,168</b>	<b>131,081</b>	<b>54,434</b>	<b>69,455</b>

Central Western District—					
Atch., Top. & Santa Fe System	23,575	26,208	23,238	9,583	16,768
Alton	2,521	3,542	3,165	2,912	4,555
Singham & Garfield	0	0	460	8	70
Chicago, Burlington & Quincy	16,693	18,314	18,409	9,625	12,310
Chicago & Illinois Midland	184	2,150	3,294	823	958
Chicago, Rock Island & Pacific	12,415	12,598	11,502	11,379	13,568
Chicago & Eastern Illinois	1,940	2,754	2,751	2,922	5,765
Colorado & Southern	483	620	688	1,784	2,035
Denver & Rio Grande Western	1,639	3,159	3,880	3,594	7,627
Denver & Salt Lake	135	526	730	60	35
Fort Worth & Denver City	1,064	1,015	833	1,488	1,484
Illinois Terminal	1,851	2,137	2,158	1,250	2,419
Missouri-Illinois	1,255	1,126	832	514	642
Neveda Northern	1,460	1,426	1,865	31	100
North Western Pacific	714	839	937	537	681
Peoria & Pekin Union	0	0	0	0	0
Southern Pacific (Pacific)	32,296	32,198	31,604	9,767	16,198
Toledo, Peoria & Western	0	0	332	0	2,134
Union Pacific System	12,799	15,255	14,327	13,267	19,782
Utah	0	494	541	5	10
Western Pacific	2,181	2,121	2,153	3,013	5,217
<b>Total</b>	<b>113,267</b>	<b>127,275</b>	<b>123,704</b>	<b>72,562</b>	<b>112,349</b>

Southwestern District—					
Burlington-Rock Island	297	305	243	408	416
Gulf Coast Lines	6,616	8,290	7,544	2,434	2,821
International-Great Northern	2,445	3,471	2,632	4,337	4,691
K. O. & G., M. V. & O. C. A.-A.	1,012	1,245	950	1,524	2,096
Kansas City Southern	3,039	6,046	6,917	3,213	3,193
Louisiana & Arkansas	2,584	4,008	3,348	2,655	3,160
Litchfield & Madison	206	278	300	1,086	1,549
Missouri & Arkansas	190	180	193	308	426
Missouri-Kansas-Texas Lines	4,954	7,278	6,491	4,444	5,479
Missouri Pacific	14,765	16,784	13,969	15,457	22,015
Quannah Acme & Pacific	215	77	62	198	402
St. Louis-San Francisco	7,947	9,501	8,846	6,993	9,451
St. Louis-Southwestern	2,844	3,838	3,101	5,392	5,982
Texas & New Orleans	10,397	12,449	13,453	5,345	5,972
Texas & Pacific	5,494	5,585	4,676	6,413	8,922
Wichita Falls & Southern	167	127	105	56	36
Weatherford M. W. & N. W.	31	24	31	24</	

## Items About Banks, Trust Companies

At a regular meeting of the Board of Directors of the National City Bank of New York held on May 21, Paul W. Kimzey was appointed an Assistant Vice-President and Ernest W. Redeke was appointed an Assistant Cashier.

The Bank of Montreal announces the appointment of Frank W. Hunter as Third Agent of the bank in New York to succeed A. S. Nichol, who has been appointed Manager of the Chicago branch of the bank. Mr. Nichol succeeds J. H. Ottman, who has been made Manager of the main office in the city of Quebec. Shortly after joining the bank at Saint John, N. B., Mr. Hunter saw service with the Canadian Artillery in World War I, after which he received his first appointment with the Bank of Montreal as accountant of the Haymarket Square branch in Saint John. After service at various branches in the Maritime Provinces, he was transferred to New York in 1929, seven years later becoming accountant of the bank's New York agency, the post from which he has now been promoted.

Mr. Nichol goes to Chicago after two years as Third Agent in New York. After early training in Canada, he was transferred to Chicago office in 1925. Following appointments as accountant and, later, as Assistant Manager of that office, he was made Third Agent in New York.

Guaranty Trust Company of New York announces the appointment of Wilbur C. Fimbach, Charles P. Gates, J. Bradley Green, and Donald A. Stoddard as Assistant Treasurers of the company.

The Industrial Bank of Commerce of New York announced on May 16 the election of Clinton T. Miller, as President, succeeding Arthur J. Morris, who becomes Chairman of the Board upon the retirement of the present Chairman, Wallace D. McLean. Mr. McLean remains as a member of the board of directors and as chairman of the Executive Committee. Mr. Miller, who joined the bank's staff as Executive Vice-President in 1933, was formerly an officer of the Guaranty Trust Company and has held executive positions with life insurance, real estate and motion picture interests. He was Vice-President and General Manager of the Morris Plan Corporation of America, franchising organization of Morris Plan Banks and companies before coming with the Bank of Commerce, formerly The Morris Plan Industrial Bank of New York.

Mr. Morris, as Chairman of the Board, of the Bank of Commerce, was the founder of the Morris Plan system of banking and is Chairman of the Board of the Morris Plan Corporation of America. Mr. McLean, as Chairman of the Executive Committee, retains his association with the institution he helped to organize in 1915 with Mr. Morris and others including former Governor Alfred E. Smith; the late Chief Justice of the Supreme Court Harlan Fiske Stone; Vincent Astor; General T. Coleman DuPont. Mr. McLean was the bank's first chief executive officer and directed its activities during its formative years from 1915 to 1933 when he became Chairman of the Board. He is a member of the board of managers of Seamen's House.

With total resources of \$750,000 at the end of its first year's oper-

ations, the bank today, it is stated, has resources exceeding \$80,000,000.

The Bee Hive Anglers Club of the Bank for Savings in the City of New York it is announced has resumed activity with nearly 100 members. At the spring meeting Edward G. Picken was elected President of the club. The other new officers are John H. Ortloff, Vice-President; James H. Cooper, Treasurer; and Daniel C. Furst, Secretary.

John F. Lee, who was Assistant Cashier of the Lafayette National Bank of Brooklyn, N. Y., and manager of the bank's Bedford office at 1273 Fulton Street, Brooklyn, died in Buffalo, N. Y., on May 14. Mr. Lee, who was 45 years of age, was on his way to attend the convention of the New York State Safe Deposit Association, of which he was Second Vice-President. Mr. Lee started his banking career with the Brooklyn Trust Company and later joined the Prospect National Bank when it was formed in April, 1927. Prospect was merged with Lafayette National in January, 1930. He was Secretary of the Lafayette Safe Deposit Company; past-President and Chairman of the steward's committee of the Central Brooklyn Midway Club; and past-President and director of the Golden Association of Bedford. The funeral was held in Brooklyn May 18.

According to the Albany, N. Y., "Times Union" Frederic B. Stevens announced on May 16 his decision to resign as President of the National Savings Bank of Albany after 58 years of service. He will become Chairman of the board of trustees upon the election of a successor. From the paper indicated we also quote:

"Mr. Stevens is resigning in accordance with a decision he made 21 years ago, when he became President. The decision was that he would resign when he became 75 years old. He will observe his 75th birthday anniversary June 9. "Mr. Stevens started with the bank as a messenger boy in 1888, when 17. Promotions followed one another down through the years until he became President in 1925.

"During his presidency, Mr. Stevens has been credited with sparking the growth and success of one of the city's oldest financial institutions. Deposits by 65,000 residents of the Albany area today total more than 41 million dollars, as compared with 26 million when Mr. Stevens took over the presidency. He has seen the deposits grow to 41 millions from a modest \$4,809,216 in 1888.

"Mr. Stevens also has served in the State Savings Bank Association, having been secretary from 1910 to 1913. In 1914, he published an authoritative history of the association, which has been hailed as a valuable contribution to the entire savings bank system.

The New York State Banking Department has announced on April 27 that approval was given to the plans of the Manufacturers and Traders Trust Co., of Buffalo, N. Y., to increase its capital stock from \$5,405,000, consisting of 540,500 shares of the par value of \$10 each, to \$5,490,000, consisting of 549,000 shares at the same par value.

Louis C. Gerry and Kenneth Shaw Safe on May 14 were elected directors of the Rhode Island Hospital Trust Co., of Providence, R. I., at a meeting of the board of

that bank, and Charles B. McGowan was elected vice-president, it is learned from the Providence "Journal" which also stated that Mr. McGowan, formerly with the Blackstone Canal National Bank, Providence, of which he became Vice-President in 1935, recently resigned his position with the Providence National Bank with which the Blackstone bank merged in October, 1945.

Edward A. Pruden, retired Vice-President and Trust Officer of the Fidelity Union Trust Company, Newark, N. J., died on May 10, at the age of 71. The Newark "News" from which this is learned stated:

"He began his career as a messenger at Fidelity Union Trust Co. soon after leaving school. He was advanced to other posts and in 1909 he was made Assistant Secretary. In 1913 he became Trust Officer and three years later he was given the additional office of Vice-President. He retired several years ago.

Fidelity - Philadelphia Trust Company of Philadelphia has transferred \$300,000 from undivided profits to surplus, making capital and surplus \$20,000,000, according to the Philadelphia "Evening Bulletin" of May 11 which added that this permits the bank to grant loans to any borrower up to \$2,000,000.

The election of Watson C. Marshall as Trust Officer of the Fidelity Trust Company of Pittsburgh, Pa., on May 14, was indicated by the Pittsburgh "Post Gazette" of May 15.

The Bridgeville Trust Company of Bridgeville, Allegheny County, Pa., has become a member of the Federal Reserve System, it was announced on May 13 by President Ray M. Gidney of the Federal Reserve Bank of Cleveland. Member banks in the Fourth Federal Reserve District now total 722. Organized in 1902, the Bridgeville Trust Company is capitalized with \$150,000 common stock and \$150,000 surplus and has deposits totaling \$4,708,465, the Reserve Bank reports. It adds:

"S. C. McGarvey is President of the bank. Other officers are: F. B. Ollett and W. C. Thompson, Vice-Presidents; W. A. McDivitt, Jr., Secretary, Treasurer and Trust Officer; Philip Green and J. G. Murray, Assistant Secretaries, Assistant Treasurers and Assistant Trust Officers. Directors are Messrs. McGarvey, Ollett, Thompson and McDivitt; W. E. Baker, W. E. Foster, S. J. S. Fife, Vincent M. Lavelle, George P. Murray and F. E. Weise.

The directors of the Detroit Trust Co., of Detroit, Mich., announced the appointment of Clyde C. Thomas as Assistant Vice-President and Robert L. Hatch as Assistant Secretary an item in the Detroit "Free Press" of May 19 stated. It further said that Mr. Thomas, a member of the Detroit Real Estate Board and the American Institute of Real Estate Appraisers, has been with the company since 1932. Mr. Hatch joined the company's trust investment department in 1931 as an investment analyst.

Clarence A. Wisby was elected Cashier and John J. Tarasar, Assistant Cashier, of the Fifth Northwestern National Bank of Minneapolis, Minn., Rustan O. Thayer, President, announced on May 17 following resignation of Martin McDonough as Vice-President and Cashier. Reporting this the Minneapolis "Journal" likewise said:

"Mr. Wisby, who started with Northwestern National Bank in 1928, after a brief period in the main office, was transferred to Fifth Northwestern and in 1943 became Assistant Cashier. Mr. Tarasar started at the main office

in 1922 and has since been manager of the discount department at the Lincoln office.

The death of Bethel B. Veech, Chairman of the board of the United States Trust Company of Louisville, Ky., on May 8, it was reported in the Louisville "Courier Journal" which stated that he was a founder of the trust company and served as its President, from 1902 until 1945, when he became Chairman of the board. Mr. Veech was 85 years of age at the time of his death.

The State National Bank of Houston, Texas, capital \$1,000,000 has been consolidated under the charter and corporate title of "First National Bank of Houston," with common capital stock of \$5,500,000 divided into 275,000 shares of the par value of \$20 each, and a surplus of \$2,500,000, according to the weekly bulletin May 13 issued by the Office of Comptroller of the Currency. The consolidation became effective as of the close of business May 4.

Three new Assistant Cashiers were elected in the Republic National Bank of Dallas, Tex., by its board of directors, Fred F. Florence, President, announced, the Dallas "Times Herald" on May 15 said; it added that James S. Cook, H. Vincent Grice and Nicholas F. Roberts, were elevated to officer status. All are native Texans, and Mr. Grice is a native of Dallas.

Morris W. Wilson, President and managing director of the Royal Bank of Canada and Chancellor of McGill University, died in Montreal on May 13 after a brief illness. His age was 63.

In the Montreal "Gazette" of May 14 it was stated in part:

"A native of Lunenburg, N. S., Mr. Wilson was born March 1, 1883, and educated in public and high schools in that city. Entering the Royal Bank in Lunenburg in 1897, Mr. Wilson later served in Halifax, Charlottetown, Montreal, and Truro, N. S., in the last named place as assistant manager before becoming manager in Vancouver in 1911. He rose successively through the positions of chief inspector, head office, Montreal, 1916; superintendent of branches, 1917; senior assistant general manager, 1922; general manager, 1929; vice-president, 1931, and president and managing director, 1934.

"Mr. Wilson was, for more than a decade, a director of the Canadian Pacific Railway Company, and was for a number of years a member of its executive committee. He was also vice-president and a member of the executive committee of the Montreal Trust Company. Other directorships were in the Sun Life Assurance Company of Canada and the Ogilvie Flour Mills Company, Ltd.

"During the war Mr. Wilson was on leave of absence from his position with the Royal Bank. He served first, from 1940, as assistant to Lord Beaverbrook in charge of aircraft production for Britain in the United States and Canada. In January, 1941, he was named vice-chairman of the British Supply Council in North America, becoming chairman in September of that year. In 1943 the Canadian Government named him to the pulp and paper committee of the Combined Materials and Resources Board. In April, 1942, with early production problems surmounted, Mr. Wilson left his wartime post to return to the Royal Bank.

"In December, 1943, Mr. Wilson was unanimously elected to the chancellorship of McGill, on whose board of governors he had long served. He was awarded the honorary degree of Doctor of Laws by McGill shortly thereafter, and later an honorary Doctorate of Civil Laws by the University of Bishop's College.

## US to Invite 11 Nations to Atom Tests

The eleven foreign countries which are members of the United Nations Atomic Energy Commission are to be invited to send representatives and press observers to witness the atomic bomb tests to be conducted by the United States at Bikini Atoll in the Marshall Islands starting early in July, according to an announcement by Acting Secretary of State Dean Acheson which was reported from Washington by the Associated Press on May 7. The nations which will receive invitations by direction of President Truman are Great Britain, Russia, France, China, Canada, Australia, Brazil, Egypt, Mexico, the Netherlands, and Poland.

Invitations to the Governments of those countries participating in the Atomic Energy Commission had been predicted earlier by UN Secretary General Trygve Lie, and it was known that Chairman McMahon of the United States Senate Atomic Energy Committee favored such a plan, but it had been generally supposed that press observers would not be included. Mr. Acheson's announcement, as reported by the New York "Times," said: "The test is, in its entirety, an undertaking of the United States Government and is not a combined or international operation." Thus he emphasized, by indirection, the "Times" pointed out, the fact that the United States is the sole authority over the Bikini tests, which are to be conducted with our own men, resources and ships in waters under our control, and that the power to extend invitations or deny attendance is exclusively ours. The "Times" also stated:

"The first bomb is to be dropped on obsolete ships from an American Superfortress around July 1, weather permitting. The second test, a water-surface explosion of a bomb carried on a barge, will be staged in August. The foreign observers and press correspondents are invited to both.

## NY State Says Bank Deposits Up in March

A net gain in savings deposits of \$74,873,879 for March is reported by the 131 New York State mutual savings banks. The total number of depositors served increased by 25,344 to another new high of 6,778,705.

The report issued April 18 by the Savings Banks Association of New York State continued:

"Total deposits are the highest in history, having passed \$8½ billion. At the same time activity both in dollar deposits and accounts continues at near peak levels. Gross monthly deposits were exceeded only by those in January of this year. However, the ratio of deposits to withdrawals, which serves as a measure of net new savings and which reached a peak of 1.6 for 1944 and 1945, has averaged around 1.3 for the first three months of 1946 and is substantially above prewar levels.

"While gains in both savings accounts and deposits continued during the first quarter of 1946, the rate of gain was lower than during the first quarter of 1945. The gain in accounts during the first quarter of 1946 was 93,658 and in deposits, \$209,261,844 as compared with 102,489 and \$283,044,078 in the same period of 1945.

"The gain in dollar deposits since January 1942 through March 1946 has now reached approximately \$3 billion or nearly 5%.

"Sales of United States Savings Bonds and Stamps for March were \$10,951,278."