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"No Need for a Third Party"

By HON. HENRY A. WALLACE*
Secretary of Commerce

Asserting "it is time for third party advocates to stop kidding themselves," Secretary Wallace points out election laws make it difficult to get a new party on ballots. Contends third party will serve no useful function since Democratic party already serves progressive forces. Hits at "brazen coalition of reactionaries of both parties," and urges restraint upon labor and management without "trappings of totalitarianism. Decries the "butchering of OPA" and calls for continued support of the New Deal.

I am here tonight as a member of the Democratic Party fighting for the New Deal of Franklin Roosevelt. And I am here as a member



Henry A. Wallace

of the Cabinet of Franklin Roosevelt's successor—Harry Truman.

If there are those who serve the cause of progress and who, of late, think they have found a paradox in my position—to these I say that this is no time to abandon the fight for progressivism inside the Democratic party.

This is no time for anyone who believes in our progress, as a people and as a nation, to be influ-

*An address by Secretary Wallace before a joint meeting of the Liberal Voters League of St. Louis and the National Citizens Political Action Committee, St. Louis, Mo., June 14, 1946.

enced by prophets of Democratic defeat. This is the time to fight all the harder—in Washington as everywhere else.

In recent weeks, there has been considerable talk about the need for a third party. Now let us analyze this talk bluntly and realistically.

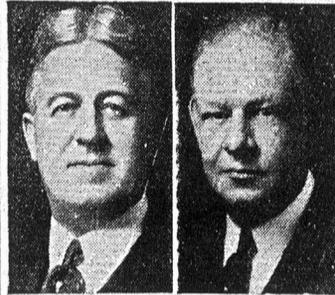
In the first place, it would be simply impossible for a third party to get on the ballot in enough states to make anything approaching an effective challenge. Too few people know that too many states have restrictive election laws that either outlaw a third party or put big obstacles in its way.

So it is time for third party advocates to stop kidding themselves.

Even if they were thinking of 1952 instead of 1948, I believe it is unrealistic to expect that they could bring about a change in the election laws in enough states to build a really effective national organization. And as far as 1948 (Continued on page 3406)

Hancock and Dodd To Head AMA

John M. Hancock, Lehman Brothers partner, a director of many companies in varied fields of industry and assistant to Bernard Baruch in his work as Amer-



John M. Hancock Alvin E. Dodd

ican representative on the Atomic Energy Commission of the United Nations, was recently elected the new Chairman of the Board of the American Management Association, it was announced on June 16, following the week-end meeting of the AMA at which executives from every phase of management in industry were named to posts as officers and directors.

Alvin E. Dodd, President of AMA since 1936, the report added, will continue as chief executive. Keith S. McHugh, Vice President of the American Telephone and Telegraph Company, will serve as Chairman of the Executive Committee of the Association.

Among new directors elected to the Board of AMA are: Beardsley Ruml, Chairman of the Board, R. H. Macy & Company, New York City; James Tanham, Vice President, The Texas Company, New York City; Owen L. Coons, Chairman of the Board, General Finance Corporation, Chicago, Ill.; Thomas Roy Jones, President, American Type Founders, Inc., Elizabeth, New Jersey; W. L. McGrath, President, Williamson Heater Company, Cincinnati, O.; James L. Palmer, Executive Vice President, Marshall Field & Com- (Continued on page 3401)

The Financial Situation

Given the circumstances, strategic, psychological, and propagandistic, under which World War II was fought, it was all but inevitable that postwar differences and difficulties of the sort now plaguing the nations of the earth should arise. How absurd it was to suppose that once the "dictatorships" had been crushed, the chief world problem would be keep them under control, and that any other problems which might presently confront the remainder of the world would yield to the selfless efforts of the "peace-loving" nations emerging victorious and all-powerful from the long and bitter conflict. Evidently a good many had but a poor grasp of the true state of affairs in the world in 1939, and certainly of the history of international affairs.

Childish Notions

It was childish to think of the war merely as a struggle between dictatorship, tyranny, statism, imperialism, ruthlessness, and utter disregard of ordinary decency in international relations on the one hand and on the other, the democratic conception of society and government, individual freedom and initiative, contentment with the status quo, a sort of Quixotic mutual consideration in world affairs, and strictly honorable dealing one people with another. Such wholly unrealistic conceptions of the situation, without much question, had at least something to do with the costly part we were led to take in the proceedings. They, of course, were at the bottom of the fervor of the war patriotism—which might just as well have been developed on a much sounder footing. They can scarcely be accused of responsibility for the basic difficulties which now face the world, but they are certainly responsible for some of the futility and blunders in which we have been engaged during the past year or two.

(Continued on page 3400)

From Washington Ahead of the News

By CARLISLE BARGERON

The amazing thing in Washington tonight is that there is scarcely a single newspaperman who believes that, after all the bitter heat that has revolved around the OPA for the past several months, there will be any worthwhile accomplishment by Congress except the deflation of Mr. Chester Bowles, not to be minimized, of course. As to any relief to the country's businessmen, none is expected, and when the chips are finally counted, the belief is that the only result aside from Mr. Bowles' misfortune, will be that the consumer will get more goods than he has been getting in recent weeks; that is he will get the goods which some producers and manufacturers undoubtedly have been withholding from the market in the anticipation of price relief. Among Congressmen and newspapermen here alike there is a conviction that the heat has really been put on the consumer in recent weeks. This heat, it is believed, will be relieved when the OPA bill is settled one way or



Carlisle Bargeron

the other and the consumer will profit to that extent.

As to the effect which OPA has had on the retarding of production, generally, no relief is expected. You will say that this is surprising because both the House and the Senate, in spite of the greatest organized pressure that has ever been put on the legislative branch, have passed what the propagandists for OPA say are drastic bills. These propagandists screamed to high Heaven that the bill the House passed meant inflation and disaster. They expressed hope, for the sake of the country, that the Senate would be calmer. Well, now they say the Senate has passed an even more drastic bill and one making for even more inflation and more disaster. Those of us who have wanted inflation and disaster, those of us evil forces a loose, would seem to be sitting pretty. It would seem that out of the dis- (Continued on page 3403)

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Economic Prospects and Problems For Post-war Reconversion Period

By MURRAY SHIELDS*

Vice-President and Economist, Bank of the Manhattan Co.

Bank economist calls for restoration of the basic incentives stimulating industry and greater productive achievement, particularly through revitalisation of profit motive in environment of free competition. Asserting that period of radicalism is only temporary, he concludes that unprecedented era of prosperity only awaits government's institution of realistic and sound economic program.

My purpose in this address is to convey to you the feeling of assurance which I have come to have that, if we will realistically



Murray Shields

solve our reconversion problems, we face an historic opportunity to expand production, increase real income, and raise the standard of living of our people. I do not want to minimize our present difficulties, for rarely have the social and political factors been so unfavorable to the full realization of the

potentialities. The progress of reconversion has been seriously delayed by a breakdown in our machinery for handling labor disputes, the cost-price structure is badly unbalanced in certain areas, and there is an unfortunate tendency in some quarters to be uncompromisingly demanding regardless of the difficulties which this may impose on other segments of the economy. We are in a critical period and it is not at all certain that we shall succeed in solving our immediate problems promptly enough to prevent a reconversion slump involving considerable readjustments especially in those areas where inflationary pressures have been most evident. There is a risk that if we are threatened with wave after wave of strikes, business confidence will be undermined, (Continued on page 3404)

*An address by Mr. Shields before the Controllers' Congress Convention, Chicago, June 19, 1946.

From Moscow?

"In Brazil as well as in the thirty-seven other countries I have visited, wherever there is a Communist press, and this is in most of them, that press has attacked this effort to provide food for the hungry working people of the world, alleging the food was to be used for political purposes.



Herbert Hoover

"In Latin America it also takes the form that we are trying to take food from the people, when our only purpose is to provide food. The unity of the opposition is interesting because the Communist press is aware that the Christian world today is denying itself food in order that the working people of France, Belgium, Italy, Poland, Yugoslavia and twenty other countries may be saved from starvation. Among

these people there are millions of Communists who have received their full share and whose lives were saved by our action.

"It is still more interesting because after the first World War, at the request of the Soviet Government, I organized relief for the great famine among the working people of South Russia and received the most fulsome documents of thanks and appreciation signed by the highest officials of the Russian Government.

"As we are feeding Communists in all countries and always have done so, there obviously has been no use of food for political purposes or no intent to make such use of it."—Herbert Hoover.

If the explanation is not to be found, as Mr. Hoover suggests, in a desire to fish in troubled waters, it would be difficult to guess where it does lie. What one would like particularly to know is the degree in which such behavior is inspired in Moscow, if not directed from that center.

60% of Profit Sharing Plans Have Been Abandoned Says Conference Board

Profit sharing is not the panacea for labor unrest that its advocates would have us believe, in view of the experience of 161 such plans, according to a recent survey made by the National Industrial Conference Board.

Results of the Board's survey, which were issued on June 15, show that out of a total of 161 true profit-sharing plans, 60% were abandoned. More than a quarter of the discontinuances were the result of employer or employee dissatisfaction, while 36% were dropped because there were no profits to share or the company had gone out of business or changed hands.

Reasons for employer and employee dissatisfaction with profit sharing, as shown by the analysis, the Board's report said, arose mostly from the employees' lack of understanding of the principles involved and their inability to comprehend the influence of the business cycle on profits. "The profit-sharing plan apparently works fairly well as long as the company prospers, but dissatisfaction arises when profits diminish or disappear."

Profit sharing, though not a new idea, developed rapidly through the war years. Because of the tax advantages possible under an approved trustee plan, an employer in the excess-profits tax brackets could give employees a share in profits without much loss in income. Another advantage of trustee plans is that the contribution is not considered taxable income to the employee until it is made available to him.

Some of the most successful plans, says the report of the Conference Board's analysis, provide for accumulation of the money in a fund which is not available to the employee until retirement or in the event of an emergency. "These deferred-distributions plans, as they are termed, have been of considerable value in aiding employees to accumulate large sums of money," the study declares. The plans of Proctor &

Gamble Company, of Sears, Roebuck and Company, and of the Jewel Tea Company, are all of this type. This type of plan, however, probably will not meet the current demands of labor.

Success of profit-sharing plans depends, according to the study, on the presence of certain basic conditions. "One such condition is that the wage scale in the company contemplating profit sharing should equal or exceed the going rate of the community for similar tasks. It should be impressed upon the worker that the supplemental bonus depends upon profits and is in no respect a part of wages."

Another factor influencing the eventual success or failure is the profitability of the enterprise. From 1936 to 1939, 50% of the firms reporting to the Bureau of Internal Revenue showed no taxable income. This, according to the study, "greatly limits the field of application of profit sharing." Either the profits must be large or the eligibility requirements restricted so that the profits for each participant represent an adequate sum for each.

Interior Aides Get Posts

C. Girard Davidson of Oregon and Warner W. Gardner of New York, on June 14 received Senate confirmation for posts as Assistant Secretaries of the Interior. Mr. Davidson succeeds Oscar L. Chapman, recently made Under Secretary, while Mr. Gardner replaces Michael W. Straus, who became head of the Reclamation Bureau. President Truman sent the nominations to the Senate on June 10.

Manufacturers Seek Protection Against Cost Uncertainties

Protection against cost uncertainties is being increasingly sought by manufacturers by means of price-adjustment or escalator clauses in contracts and shorter firm-price periods, according to a survey of some four hundred business executives made by the National Industrial Conference Board, the report on which was issued by the Board on June 17.

The analysis points out that while risks and cost uncertainties are in integral part of all business operations, because commitments must be made for future periods containing many unknowns, the present situation is abnormal in ways never experienced before. Manufacturers have less control over wage rates, labor costs and material prices than in prewar days, while the spread between demand and supply is unprecedented. The manufacture today fears that both abnormal and normal pressures will result in higher costs. Since most goods are still under price control, he cannot adjust his prices to reflect cost changes without OPA authorization, and he cannot pass on officially authorized increases in the prices of his materials without separate authorization.

For controlled commodities, the type of protection clause is largely determined by OPA rules and control, and OPA has generally permitted "adjustable pricing" up to time of delivery. Requests for retroactive adjustment, that is, after delivery, are strictly controlled and are decided case by case.

In some industries says the Board's announcement, the standard practice is to break up long-term supply contracts into short-term contracts for pricing purposes, with review toward the close of each quarter. Still other clauses provide for increased prices to cover advances in material costs and wage rates over those in effect on the date of quotation, advances in total manufacturing costs, increased cost of an important raw material, and, in a few instances, increased taxes or freight rates.

A "formula" type of clause, relating prices to certain recognized indexes of material and labor costs, avoids many potential administrative problems but is difficult to draft and is not very widely employed. Adjustment to material costs has been relatively simple, but a broad index of average earnings holds the possibility of considerable error in determining labor costs of a specific plant.

As to protection of the buyer, the Conference Board's survey finds that suppliers generally are agreeing to cancellation clauses, although the buyer may be liable for actual material and labor costs or certain unstipulated cancellation charges. While some executives believe that the need for supplies and equipment is so urgent at the present time that cancellation rights are of doubtful value, there was agreement that such rights should be obtained where possible, since market conditions might result in new sources of supply.

To Head California Bankers

Oscar R. Mennenger, on June 7, was named Executive Manager of the California Bankers Association succeeding to the post, Lauder W. Hodges who resigned on June 1.

Mr. Mennenger, according to the Los Angeles "Times" from which this information is learned, has been Assistant Manager of the Association since 1941, when he left the Federal Reserve Bank of San Francisco after having served 15 years.

Supreme Court Ends Term

The Supreme Court, on the final day of its spring term, handed down 14 decisions in a five-hour session on June 10, Associated Press Washington advices stated. In one 4 to 3 ruling, the Court told citizens complaining of unfair representation in Congress to resort to the ballot box, stating its refusal to enter the "political thicket" of Illinois' Congressional district set-up which has remained unchanged for forty-five years in spite of large population shifts.

In a pair of 5 to 2 decisions, the Court also ruled, according to the Associated Press:

1. That an alien who takes a naturalization oath "with reservations" is guilty of "deceit" and his citizenship can be canceled. The ruling was in the case of Paul Knauer, Milwaukee insurance man who came here from Germany in 1925 at the age of thirty, obtained citizenship in 1937 and allegedly engaged in Nazi activities here. Associate Justices Wiley B. Ledge and Frank Murphy dissented, holding that the naturalized citizen should be treated like a native citizen and that there are methods besides deportation "for dealing with those who are disloyal."

2. That the statutory work-week under the wage-hour act includes not merely the time an employee spends at productive work, but "all time during which an employee is necessarily required to be on the employer's premises," or on duty, and that such time must be paid for. The ruling involved the Mt. Clemens (Mich.) Pottery Company, whose plant covers eight acres and is about a quarter of a mile long, with the employees entrance in one corner. The employees punched the clock there fourteen minutes before the time for their shift, in which interval they changed clothes and walked to their places. Associate Justices Harold H. Burton and Felix Frankfurter, dissenting, wrote that unusual working conditions should be taken into account in arranging pay rates through bargaining, but that Congress meant the work-week to cover only the working hours between "starting" and "quitting" time — or from "whistle to whistle."

In the Illinois redistricting case, three Illinois residents sought to force remapping of that state's Congressional districts. They asked the Supreme Court to invalidate the Illinois Apportionment Act of 1901, saying the present set-up gives downstate residents greater voting power than those in Chicago and Cook County.

The majority Supreme Court opinion, delivered by Justice Frankfurter, said the action asked of the court "is beyond its competence to grant." It held that "the effective working of our Government revealed this issue to be of a peculiarly political nature and therefore, not meant for judicial determination."

If the court should rule out the 1901 apportionment of Illinois, it said, the state's twenty-six Congressmen then would all be elected from the state at large and this would "defeat the vital political principle which led Congress more than 100 years ago to require districting."

"The Constitution has conferred upon Congress exclusive authority to secure fair representation by the states in the popular House and left to that House determination whether states have fulfilled their responsibility," the opinion continued. "If Congress failed in exercising its powers, whereby standards of fairness are offended, the remedy ultimately lies with the people."

Associate Justices Hugo Black, William O. Douglas and Frank Murphy dissented. Their opinion, written by Justice Black, was that the old districting law is now unfair and thus violates rights of citizens which courts should uphold.

The same day the Court refused, the Associated Press reported, to issue an order making effective immediately an Interstate Commerce Commission order

changing Class I railroad freight rates. The ICC directed a 10% increase in the North and East and a 10% reduction in the South. Nine states and thirty-three railroads opposed the ICC order in suits which were dismissed May 27 by a special three-judged Federal court in Utica, N. Y. The court at the same time granted a sixty-day stay for the filing of appeals in the Supreme Court.

The Government appealed from this stay order, asking the Supreme Court to vacate it. The high tribunal rejected that request today with a simple announcement of denial. Hence the stay order continues in effect.

States opposing the ICC order were New York, New Jersey, Delaware, Pennsylvania, Maryland, Ohio, Indiana, Michigan and Wisconsin.

In another action, the Supreme Court refused to review a \$500,000 debt-adjustment plan prepared for Baltimore & Ohio Railroad.

The review was asked by Randolph Phillips, a New York financial consultant, and a B. & O. bondholder. During the concluding session individual dissents of the Supreme Court are reported to have reached a new high of 28 for the term, Justice Felix Frankfurter leading with eight. In majority opinions, dissents and concurrences, 31 documents were submitted with an aggregate of 132,500 words.

No Supreme Court Study Held Likely

Although individual senators and congressmen expressed opinions that the matter called for investigation, the personal differences appearing to exist between Associate Justices Jackson and Black, according to a statement made by the former to the Senate and House Judiciary Committees by cable from Nuremberg, Germany, were not likely to receive formal inquiry after members of the committees met for discussion. There was no indication that the Senate committee would consider the subject at least until Justice Jackson returns to the United States which may not be until October.

On June 13, the House Judiciary Committee, meeting in executive session, decided, according to Associated Press Washington advices, that it did not have sufficient evidence to take any action in the controversy. Chairman Hatton W. Summers (D-Tex.) stated that there was "no determination at the moment to conduct an investigation." Adding that although something might be shaping up, nothing received thus far indicated committee jurisdiction.

Swiss Pact Completed; Paul Resigns

Randolph Paul, former Treasury tax expert, resigned on June 12 as special assistant to President Truman in negotiating an agreement between the Swiss and Allied Governments in the matter of disposing of German external assets in Switzerland. Mr. Paul represented the United States in the completion of the transaction, which is subject to approval by the Swiss parliament.

The President in accepting Mr. Paul's resignation with reluctance, recognized, according to Associated Press Washington advices, the latter's desire to return to private law practice.

The State of Trade

The trend of industrial production last week was slow but again pursued its upward course. Unbalance of inventories was a factor in many industries as shortages of supplies and work stoppages held up the completion of items. The picture in the future in this respect still remains shrouded in uncertainty, since no satisfactory approach has as yet been made in the settlement of labor problems.

For the week ending June 1, total unemployment compensation claims declined by 14% from the previous week, while initial claims fell 42%. Steel production rose for the second consecutive week, reaching a level last week equivalent to that immediately before the coal strike and 18% under the like period one year ago. Most mills, many weeks behind on deliveries, were not accepting orders for 1947. There was, however, some slight increase in total orders for the week.

Shortages of copper continue to impede the manufacture of wires, cables, motors and transformers and thus interfered with production of electrical appliances.

A slight increase of 1.4% was noted in output of cars and trucks in the week ending June 8. Several plants closed and others shortened the work week because of material shortages. For the year to date total motor vehicle production approximated $\frac{1}{2}$ that for the like period in 1941.

Lumber shipments and new orders for the week ending June 1 were 1.7 and 8.6% respectively below production, while paper output continued to slowly decrease and for the week ending June 1 the mills were operating at 96.3% of capacity. In the week ending June 8 there was an increase of 15% with new orders up 31% and unfilled orders by 4.3%.

Meat production under Federal inspection rose to 209,000,000 lbs for the week ending June 8. This was 10% above the figure in the previous week and 27% under that of the like week one year ago.

In the shoe industry output was somewhat restricted the past week as some plants closed down because of a shortage of cutting rooms, while total production in the textile field remained high and orders covered periods well in the future.

On Monday of the present week the OPA put into effect retail price increases of 11 cents a pound for butter and 6 cents a pound for cheddar cheese. Ten days ago the agency granted an increase of one cent a quart in the cost of milk.

In an effort to stimulate increased production of butter the OPA put into immediate effect the establishment for the first time of price ceilings on milk bought from milk producers by dairy products manufacturers and by industrial and commercial users; brought under price control for the first time all bulk sales of commercially-separated cream and sales of farm-separated cream so sold by any seller other than a farmer. Sales by a cream station to a butter manufacturer are exempt.

Retail volume the past week slightly exceeded that of the week previous and continued to be well above that of the corresponding week a year ago. Larger quantities of durable goods were arriving in many stores and helped maintain retail volume at high levels. Purchases of Father's Day gifts were numerous. In the case of food sales, this week was only slightly above that of the preceding week, but was moderately above that of the corresponding week a year ago.

Wholesale dollar volume remained high last week and was well above that of a week ago and a year ago. Many more buyers were seen in the apparel markets last week and a large number of orders were placed for Fall clothing with greater emphasis on quality. Re-

ports from wholesale grocery houses reflected an appreciable increase in food volume above that of the same week a year ago.

Steel Industry—Surpassing even the most optimistic predictions made for steel recovery, the industry last week raised its ingot rate 20.5 points to 77.5% of rated capacity. Thus from a low of 44.5% during the last week of the coal strike, the raw steel rate has climbed 33 points in two weeks. Indications are that unless scrap shortages interfere, the rate this week may bound beyond 85% of capacity, according to the "Iron Age," national metalworking paper.

The critical scrap shortage at the larger midwestern and eastern steel producing centers has already held the brakes on higher production during the recovery period. Had ample scrap supplies been available, steel producers would not have been forced to place such complete dependency on the resumption of blast furnace operation and could have raised their ingot output to a point the past week which might have seen the industry back to pre-coal-strike activity.

Major attention in the industry is now being focused on the scrap supply situation. Only limited amounts of production scrap from manufacturing plants have reached steel mills, the magazine states, and efforts to bring in so-called country scrap from remote points are meeting with little success.

The question of increasing scrap price ceilings is coming to a head, but the scrap trade and industry consumers are divided as to whether an increased price would bring in more material. Some steel producers are not opposing the plea for a moderate scrap price rise and others would be willing to pay more for scrap without recourse to an increase in steel prices, provided additional scrap supplies could be obtained, states the magazine.

Intensive scouting efforts thus far have revealed little scrap to be purchased at any price. Past scrap drives leaves doubt in some minds as to the ultimate gain in the total supply of material to be obtained.

The OPA last week took the long-delayed price action on alloy steels, nails and bale ties. Alloy steels were advanced 4% on Mar. 1, but the latest order wipes out this increase and replaces it with 8.2% advance. Customers who have received shipments of alloy steels at the old prices will be billed for the difference retroactive to Feb. 15.

The increase in nails, the Government hopes, will spur production of houses. Although it amounted to \$10 a ton it was at least \$5 less than the industry had insisted would be required to bring enough nail capacity back into production in order to relieve the current nail shortage. Bale ties were boosted \$4 a ton, and this action is expected to step up production and to some extent relieve a serious shortage in the agricultural regions.

The action of the Civilian Production Administration in instituting a self-certification system which will give preference to housing, agricultural and warehouse needs; the "Iron Age" points out, is expected to alleviate the tight situations in these fields. Whether or not the farm machinery field will benefit rests up-

(Continued on page 3407)

New Bank Analysis Manual Issued by ABA

To aid the thousands of banks which intend to enter the field of consumer instalment lending, the Consumer Credit Committee of the American Bankers Association has published a manual entitled, "Analyzing the Cost Factors of Instalment Lending." The new manual will be made available to member banks upon request.

The announcement on June 13 of the issuance of the new manual by the ABA continued:

"In the preparation of this study," the manual says, "the Committee on Consumer Credit of the American Bankers Association has developed a practical procedure which may be used by a bank interest in making a cost study of its consumer credit department operations. One objective was to set forth the cost factors involved, with figures and conclusions that would give banks a picture of the costs and the profit factors of the instalment loan business. This study should be informative even though a bank does not complete its own department's cost analyses.

"An attempt has been made to allocate all expenses as logically as possible, while keeping the procedure simple. The formulas used in the illustrations have been reduced to simple mathematics so that any bank may substitute its own figures and may obtain the answers without making elaborate computations.

"The opportunity for profits in the consumer credit field has received wide publicity (as a matter of fact, has been overemphasized in many instances), but the costs have at times been overlooked and understated.

"In order to determine proper charges and rates, it is necessary to know the contributory factors influencing the charges. It is the purpose of this manual to furnish data that will give bankers some idea of these elements and to outline a practical procedure for making a cost survey.

"Four cost factors are common to each instalment loan: (1) the basic acquisition cost per loan; (2) the liquidation cost per instalment; (3) the basic liquidation cost per loan, and (4) the per-dollar cost."

The manual presents in detail methods by which each bank can determine its correct cost in each of the four elements quoted above.

Steel Wages and Hours Off Slightly in April

Average hours per week and average hourly earnings for wage earners in the iron and steel industry dropped slightly during April, as a result of temporary layoffs necessitated at some plants during the first month of the coal miners' strike, and because of the trend toward the elimination of overtime, according to the American Iron and Steel Institute, which further reports:

In April, wage earners worked an average of 37.2 hours per week, compared with 37.9 in March. Average hourly earnings of wage earners during April was 134.1 cents per hour. In March, the average wage was 135.1 cents per hour.

Average number of employees during April was 581,800, compared with 570,500 during March. The fact that temporary layoffs were necessary at some plants had no effect upon the April employment figure, for the laid-off workers were still kept on the payrolls.

The industry's total payroll for April was \$134,347,800. In March, a longer month than April, the total payroll was \$138,756,100.

Senate Committee Approves Seaway Agreement

The agreement between the United States and Canada for the completion of the St. Lawrence Waterway and Power Project received approval of the Senate Foreign Relations Committee on June 5, special advices from Washington to the New York "Times" stated, adding, however, that there was little likelihood that the resolution embodying domestic as well as treaty-making aspects of the water-

way, on which the vote was taken, would come up for final action by Congress this session. Those in the minority of the 14 to 7 vote included the three Republican Senators from New England, Minority Leader Wallace H. White of Maine, Warren R. Austin of Vermont and Styles Bridges of New Hampshire.

In a minority report filed by Senator White and released on May 28, the Senator, among other things, took strong exception to the action of the sub-committee in approving the method intended to be used in ratifying the agreement. The Senator contended that the Constitution requires ratification in the form of a treaty subject to approval by two-thirds of the Senate.

The committee approved, the "Times" dispatch stated, an amendment by Senator Lucas (D-Ill.), which would leave to the sole discretion of the United States the volume of water which would be diverted from Lake Michigan into the Illinois canal.

The significance of this amendment is that it enables the United States to control the water level of the canal in emergencies without losing time in negotiations with Canada. An example of such an emergency came in the recent coal strike when the volume of water was increased to produce substitute power.

Among many features of the resolution is authorization of the transfer to New York State of waterway power facilities.

Senator White, in his minority report, criticizes the statement made by the Majority Committee in its report, in which it asserted that the waterway is now 90% completed, whereas, based upon the figures submitted by the United States Army Engineers it is disclosed that while \$310,000,000 will be required of the United States to complete the project, only \$31,000,000 has been spent by this country for improvements which are considered integral parts of the waterway; in other words, says the Senator in terms of cost the waterway is only 10% completed.

The Senator pointed out that less than 10% of the American merchant marine ships could use the waterway when loaded. Of the world fleet of vessels which might conceivably use the waterway, 72% are under foreign flag and 28% are American ships.

(Previous reference to the St. Lawrence project appeared in the "Chronicle", May 30, p. 2978.)

Bank Computation Moved to Thursday

Due to the closing of many banks on Saturday, during the summer months, Allan Sproul, President of the Federal Reserve Bank of New York announced on June 17, that beginning June 27, the last day of the weekly computation period will be moved ahead from Friday to Thursday. This ruling, Mr. Sproul said, which has already been approved by the Board of Governors, will affect those banks in New York City proper, as well as those in Buffalo and others who are required to make this weekly report covering demand and time deposits.

Mr. Sproul stated that this new revised form is being sent to the banks. The alternation of these procedures, the reserve's announcement continued, will give banks a chance to adjust their reserve positions on Friday, especially when the end of the Thursday period is reported as a deficit.

Senate Passes Bill Reorganizing Congress

A bill to reorganize Congressional machinery and at the same time raise the legislators' salaries by 50%, plus pension privileges, was approved by the Senate, 49 to 16, on June 11, after four days of such acrimonious debate that the quick passage which came when the measure was submitted to a vote was almost a complete surprise even to the bill's sponsors. The legislation was sent to the House, and although no plans have yet been made for its consideration there, the hope was expressed by Representative Monroney (D-Okla.), one of the drafters of the bill, Washington Associated Press advices stated, that quick and final Congressional approval would be achieved in view of the satisfying results in the Senate.

Following are the major provisions of the bill as passed by the upper chamber, according to the Associated Press:

1. Reduction of the number of Senate standing committees from thirty-three to fifteen to lighten the work load of lawmakers.

2. Increase in Congressional salaries from \$10,000 to \$15,000 a year.

3. Expansion of the lawmakers' technical and administrative assistance. Each committee would get four "experts" and each lawmaker an \$8,000-a-year administrative assistant.

4. Creation of a pension system which would allow a member of Congress to contribute voluntarily to the Government's retirement fund. He would have to pay in 5% of his salary for at least five years, serve six years in Congress, and be 62 years old before becoming eligible.

5. Elimination of many of Congress's routine tasks, such as the necessity of acting on each damage claim against the Government and on each proposal to build a bridge across a navigable stream.

6. Tightening of fiscal controls by requiring Congress to go on record in favor of an increase in the national debt each time estimated appropriations are above anticipated income for the next fiscal year.

Italy Becomes Republic

As a result of the general election, Italy was declared a republic on June 10 and the monarchy dissolved, United Press Rome dispatches stated, adding that the declaration was subject to final ruling on the results of the plebiscite on June 18 by the Supreme Court. King Humbert at first refused to relinquish his throne until the Court had made formal proclamation, but on June 13 Associated Press advices from Rome stated that he had left Italy for exile in Portugal according to a Royal Palace announcement. The Queen and their children had preceded him into exile as soon as the results of the election were known.

Rome advices from the Associated Press also reported on June 13 that the Italian Council of Ministers, in an order of the day, had authorized Premier Alcide de Gasperi to assume the power of provisional chief of state. According to the order, the cabinet position is that Signor de Gasperi automatically becomes chief of state upon the Supreme Court's announcement of a Republican majority in the referendum. Monarchist charges of irregularity in the voting have still to be passed on, however, by the Court.

The Financial Situation

(Continued from first page)

At any rate a better orientation of our concepts of world affairs, and a more down-to-earth type of thinking about the problems by which the world is faced today are essential to real progress. First of all, let us come to a full realization that our war emotions, and our war propaganda, led us into patent absurdity in our conception of the Russian regime. The record has always been there for us to read, and reference to it can scarcely leave us under misconception as to the true state of affairs. No reason exists why we should either close our eyes to the facts or become hysterical about them. The Russian Government has all along been the epitome of statism, ruthlessness, disregard of and even contempt for individual liberty, vile in international dealings (to express it mildly), and in its own way imperialism. In all of these things it was never outdone by Hitler or any of his satellites. Indeed, as regards some of them, the German Fuehrer may well have learned from Lenin or Stalin. If there was any "ideological" issue between Germany and Russia, it had nothing to do with such concepts or practices as these.

Nothing New

But this has always been true. There is no reason why the rest of us should act or feel as if it were something new or newly discovered. Nor is there any basis for panic. It is true of course that the success of Russia and her allies, and doubtless the really remarkable record of that country in the war now happily over appear to have given a decided fillip to the plain, old-fashioned imperialism, and to blunt, crass power politics by that country. Historically, however, there usually has been at least one country, and often more than one, on the scene with imperialistic ambitions, and not infrequently at least one which took as little pains to conceal it. The identity of the actors changes but the play remains much the same as the centuries roll on.

Fate has intervened to make it possible for Russia, the imperialist, to summon allies in a successful battle against the other aggressively imperialistic nations of the earth, all of whom are now in the dust. Great Britain, despite all protestations, is still imperialistic at heart. She intends to "hold her own," as the eloquent Mr. Churchill once expressed it. But, by and large, she has reached that stage where she is satisfied to "hold her own," and to protect herself and her

own. We think we have no imperialistic leanings—which may be true, although we certainly do not hesitate to inject ourselves into the internal or domestic affairs of a number of other countries. At any rate, we appear to have none of the ambitions which characterized the so-called nineteenth century imperialism. In such respects as these, then, Russia is today more or less alone in the world—surrounded by peoples and governments naturally out of sympathy with much of the "grabbing" that appears to be on the Russian agenda. This is a fact which to us stands out in much clearer and bolder relief than the picture that nation itself is so fond of painting for the world to study—namely a communistic country wholly surrounded by a world of capitalistic countries—although to the Russian mind the two may not be altogether unrelated.

No Reason for Panic

But all this constitutes no valid basis for panic—even in the face of the atomic bomb. Apart from the implications of this latter device, which as yet are far from clear and certain, all that has happened is that the most terrible war in history has been fought and won by us and our allies (some of them doubtless only temporary allies), only to find at the end not some "brave, new world" about which we have been told so many fairy stories, but much the same old universe, beset by much the same old problems. As we Americans have so often said to the rest of the world, war seldom settles anything. It has not done so this time. We should not have expected it to do any such thing. We shall have now to go about living in the same old world, doing the best we know how in the circumstances as they arise. And we shall save ourselves a good deal if we refrain steadily from expecting or even hoping that by some sort of "formula," or international organization, we shall overnight change this old world and its inhabitants into something they have never been in the past.

Meanwhile it would be helpful if we should acquire the habit, so far as that is possible, of seeing ourselves as others see us. We protest that we have no imperialistic ambitions, and doubtless we mean every word of it. In the ordinary sense of the term we probably have relatively few such ambitions. But what nation does not make a habit of saying somewhat the same thing to the world on all occa-

sions. The baldest imperialists of recent decades have regularly been at pains to have their activities labeled something else. Even Russia today has absolutely no imperialistic ambitions, if we let her tell it, to drop into the vernacular. So it is that we must not expect the remainder of the world to take our own unsecured word about our world ambitions, or lack of them—or, at least, take it without reasonable scrutiny of the record, and that record, of course, consists not of what we are constantly saying but of what we have been doing and what we today are doing or apparently doing.

It is naturally not easy for foreign statesmen to disassociate our insistence upon having a say in many distant parts of the world from what is commonly known as imperialism. Such outward forms have been characteristic of imperialism since the modern world began. That we should not for a moment forget. As we reach out for more and more "bases" in distant regions—whether or not our motives are really only defensive in character—further questions must inevitably arise in foreign minds. Such things are important not only for what they are but for what other nations see in them. We live not in some new or different world, but on the same old planet.

U. S. Seizures of Enemy Property

James E. Markham, Alien Property Custodian, on June 17 reported to President Harry S. Truman that as of June 30, 1945, the net value of property seized by his Office was estimated at \$242,000,000.

Of this total, Mr. Markham explained, \$165,251,000 was formerly German owned while \$54,144,000 was formerly Japanese owned. The remainder was formerly owned by residents of Italy and other countries.

The total estimate, the Custodian pointed out, excluded any valuation for approximately 46,000 patents, 200,000 copyrights and more than 400 trademarks that have been vested.

Although the seized property has a net value of \$242,000,000, Mr. Markham said, the Office has direct or indirect control over assets valued at nearly a half a billion dollars. He added that the value of seized property has increased through income and appreciation by \$33,000,000.

These figures are contained in the Annual Report of the Office of Alien Property Custodian for the Fiscal Year Ending June 30, 1945, which was transmitted to Congress by President Truman on June 17.

In the Report—the third issued by the Office of Alien Property Custodian—Mr. Markham said that 408 business enterprises have been seized by his Office. The Custodian pointed out that the primary objective of the agency's vesting program was to free the enterprises from enemy control, to enter them in war production when possible, and to sell them to U. S. citizens as a useful part of the American economy.

Mr. Markham stated in the Report that the vesting program will

be greatly increased. Some German and Japanese property which was not vested because it was under the jurisdiction of the Treasury Department is now subject to the APC's authority. It is estimated that vesting of this category of property will bring an additional \$200,000,000 under the Custodian's control. Many investigations are still in progress to discover German ownership of property which has been cloaked.

As of June 30, 1945, Mr. Markham said, vested interests in 19 business enterprises have been sold, while 291 enterprises are being liquidated.

"As of June 30, 1945, the Office has sold or liquidated approximately \$39,000,000 of vested property and has collected \$13,000,000 in cash as income from vested property. There remains as of this date \$190,000,000 of vested property in non-liquid form," Mr. Markham's report stated.

"The present status of this property with respect to sales and liquidations is as follows: \$100,000,000 of property to be sold, including interests in 59 business enterprises; \$52,000,000 of property to be liquidated, including interests in 299 business enterprises; \$34,000,000 of interests in estates and trusts from which cash and other properties will be distributed to the Office, and \$4,000,000 of Italian and Austrian property to be retained in its present form, including interest in 15 business enterprises."

Patents seized from enemy nationals by the Custodian are available to American citizens on a royalty-free, non-exclusive basis, Mr. Markham said. As of June 30, 1945, the Office has issued licenses covering 7,343 different patents and patent applications. Exhibits were held throughout the United States to interest businessmen in the patents and a series of abstracts of the patents were published and made available to the public.

During the fiscal year ending June 30, 1945, Mr. Markham said, the Office of Alien Property Custodian continued to work for the elimination of agreements which fixed selling prices or restricted production, use, sale, or market areas, from some of the vested patent contracts with foreign nationals. The Office held, on June 30, 1945, 1,054 foreign interests in 759 patent contracts.

Scanlan to Cotton Exchange Post

Frank J. Knell, President of the New York Cotton Exchange, on June 13 announced the election of John J. Scanlan to the office of Exchange Secretary for the 1946-47 term. His nomination was confirmed during a meeting of the Board of Managers held Thursday, June 13.

Mr. Scanlan was appointed to the post of Assistant Secretary on June 18, 1945, after serving several months as a member of the Secretary's staff. He succeeds Tinoney C. Figgatt, a trading member of the Exchange, and a long-time member of the Board of Managers, who held the position of Secretary for the past six years. Mr. Figgatt waived re-nomination this year and asked to be relieved of his official status.

Mr. Scanlan, the Cotton Exchange's announcement continued, is a comparative newcomer to the Exchange. Before entering its employ on March 5, 1945 he was affiliated with the City Bank Farmers Trust Company for approximately twenty years. His last assignment with the bank was in the investment division. In 1934 he was elected Vice-President of the City Bank Club—an employee organization of the National City Bank and the City Bank Farmers Trust Co.—and was elected to the presidency of that association in 1942.

War Dept. Commends Banks on War Role

The federally and state chartered banks of the United States which provided billions of dollars in credit to finance the production of vast supplies of war materials and equipment have been commended by the U. S. War Department for their patriotic service, announced the American Bankers Association on June 17.

Frank C. Rathje, President of the ABA, the report further said, has received from Kenneth C. Royall, Acting Secretary of War, a letter of appreciation and commendation, which is as follows:

In mobilizing the resources of the nation for prosecuting successfully the war against the Axis, much credit is due those members of the American banking system which participated in the financing of war contractors. This financing, which made possible the production of vast supplies of war materials, included credit accommodation to contractors of every type and size through both ordinary and Government guaranteed loans. The banks offered their facilities freely and made available a vast and essential supply of credit which could best be put at the command of contractors through private banking sources.

By the prompt and wholehearted cooperation of the banking system producers of war goods were enabled to realize their maximum potential production and thus to put into the hands of our gallant fighting men the means of waging a successful war against the foes of democracy. The extension of bank credit to contractors was not only handled expeditiously and efficiently but in a manner which resulted in minimum loss both to the banks themselves and to the Government. The War Department is appreciative of the services rendered by the participating banks and their personnel and wishes to recognize them through the American Bankers Association.

From the beginning of the V loan program in April, 1942, to December 31, 1945, applications for 9,605 guaranteed loans were received for an aggregate amount of \$10,674,433,000; and of this amount 7,999 loans were actually effected, covering credits aggregating \$9,891,284,00. The total credit available from the banks was always considerably in excess of the amounts borrowed.

These loans financed the building of plants and other construction related to the war program as well as working capital loans to manufacturers and other loans to industries contributing to the war effort.

To illustrate the magnitude of bank financing of war production, the total volume of commitments for all classifications of war production loans made by the 500 largest banks of the United States as of June 30, 1945, was \$12,758,312,141. Of this amount \$4,635,559,120 were guaranteed V, VT, and T loans authorized, and of these loans the outstandings on that date reached \$2,335,411,117.

Treasury to Issue \$1 Million Bond

Secretary of the Treasury Vinson on June 12 announced that on and after July 1, 1946, Treasury bonds of the \$1,000,000 denomination, in coupon and registered form, will be available for authorized transactions in all outstanding unmatured issues.

The Treasury bonds offered in the Second War Loan Drive, in April, 1943, and all subsequent Treasury bond issues offered for subscription, have carried the \$1,000,000 denomination. There has been a continued demand from the market for this denomination in the earlier issues of Treasury bonds still outstanding, which it is now possible to meet.

Items About Banks, Trust Companies

At a meeting of the Board of Directors of the First National Bank of New York, N. Y., Charles C. Hubbell, Jr., formerly Assistant Cashier, was elected Cashier.

S. Sloan Colt, President of Bankers Trust Company of New York, on June 14 announced the following official changes which have been approved by the Board of Directors:

H. C. Strait, formerly Assistant Treasurer, was elected Assistant Vice-President and will continue his association with the Rockefeller Center office.

H. D. Shea, formerly Assistant Treasurer, was elected Assistant Vice-President and will be in the Banking Department, at the main office.

C. H. Graves was elected Assistant Treasurer and will be in the Banking Department at the Fifth Avenue office.

Henry G. Sharpe was elected Assistant Treasurer and will continue at the Rockefeller Center office.

Charles Garrett, at present in military service, was elected Assistant Treasurer, and will be assigned to the Banking Department on his return to the bank.

It was announced on June 13 by F. Abbot Goodhue, President of the Bank of the Manhattan Company, New York, that John E. Carroll and Henry W. Pfister have been appointed Assistant Trust Officers.

Mr. Carroll is a graduate of Fordham University Law School, a member of the New York State Bar Association, and has been associated with the bank in its Trust Department since 1928.

Mr. Pfister, who attended New York University, joined the Trust Department of the bank in 1929.

Manufacturers Trust Company, New York, recently announced the following promotions from Assistant Secretary to Assistant Vice-President: Mr. Edward C. Maher of the bank's Foreign Department, and Messrs. George M. Bragalin, A. Herbert Sandler and George C. Wolf, all of whom are located at branch offices of the bank.

The New York State Banking Department announced on June 14 that the Manufacturers Trust Company of New York has been authorized to open a branch office on or after June 13, at 689 Morris Park Ave. in the Bronx, N. Y.

Robert M. Catharine, President of the Dollar Savings Bank of the City of New York, announced on June 13 that at a recent meeting of the Board of Trustees, Fred W. Bennigsen and Lloyd F. Dempsey were elected Vice-Presidents, and Urbain C. LeGost and George M. Root, Assistant Vice-Presidents.

Boies Chittenden Hart, Vice-President and Manager overseas division National City Bank of New York, died June 15 at the age of 61.

In 1912 Mr. Hart first entered the banking business when he organized the Pioneer Trust & Savings Bank of Basin, Wyoming, and became its President. Mr. Hart was Treasurer of the Wyoming Bankers Association for two years.

After joining the National City Bank in 1916, and traveling as an agent in Europe, Mr. Hart was appointed Sub-Manager of the Sao Paulo, Brazil branch, and remained there until 1921, when he transferred to Pernambuco as Manager. Later he returned to Sao Paulo as Manager and then

to Rio de Janeiro as Manager and Supervisor of the Brazilian branches.

On Dec. 20, 1927, Mr. Hart was elected resident Vice-President, South American District.

He returned to Head Office in New York in 1930 in charge of South American District. In 1931, Mr. Hart was placed in charge of the Far Eastern District, and in 1943 his title was changed to Vice-President and Manager Overseas Division.

At the regular meeting of the Board of Directors of The National City Bank of New York held June 18, Lewis B. Cuyler, George A. Guerdan and Walter G. Speer were appointed Vice-Presidents. E. Newton Cutler, Jr. and Robert P. MacFadden were appointed Assistant Vice-Presidents. Lorenzo D. Blakeley, W. Leland Foster and Roderic B. Swenson were appointed Assistant Cashiers.

Sherwin J. Thorne has been elected Secretary and Treasurer of the Buffalo Industrial Bank, Buffalo, N. Y., President Victor Holden announced on June 13. Mr. Thorne, according to advices from the Buffalo "Evening News," returned recently from the Army. He was with the bank since 1929 and had been Assistant Treasurer.

Mr. Holden, the "News" of June 13 continued, had been President and Secretary and Ralph W. Stoddard had been Vice-President and Treasurer. These officers are turning over the duties of Secretary and Treasurer to Mr. Thorne.

The appointment of Frank N. Farrar as a Trustee of the Erie County Savings Bank, Buffalo, N. Y., on June 13, was announced by the Buffalo "Evening News," which added that Mr. Farrar is Vice-President and Treasurer of Denton, Cottier & Daniels, Buffalo.

The directors of the Union Center National Bank, Union, N. J., have approved a proposal to increase the capital stock of the bank from \$100,000 to \$250,000 and to decrease the par value from \$100 to \$25 a share, announced John R. Buchanan, bank President, according to the Newark "News" of June 13. Stockholders of the bank, the "News" continued, will act on the measure at a meeting on July 9.

The \$150,000 capital increase would be obtained by declaration of a 100% stock dividend and sale of additional shares. After giving effect to the proposed capital increase, the bank would have a surplus of \$225,000 and undivided profits of approximately \$25,000. Mr. Buchanan said. The bank was founded in 1923.

Robert A. Zachary, a Vice-President of Public Service Corp., and Milford A. Vieser, Asst. Treas. of Mutual Benefit Life Insurance Co., both of Newark, N. J., have been elected to the Board of Managers of Dime Savings Institution of Newark, we are advised by the Newark "News" of June 17, which continued:

Alvah S. Amerman, bank President, said they bring the Board membership to 13.

The Montclair Savings Bank, Montclair, N. J., on June 13 announced a July 1 increase of its dividend rate from 1 to 1½%, the maximum permitted under a recent ruling of New Jersey Banking and Insurance Commissioner Carey, it was announced by the Newark "News" of June 13, which

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Sav's & Loan School Resumes After War

The Graduate School of Savings and Loan which was suspended during the war years will be resumed August 19-31 at Indiana University, Bloomington, Indiana, it was announced on June 16 by Robert W. Almone, President of the sponsoring organization, the American Savings and Loan Institute. An attendance of one hundred savings and loan executives and junior executives from all over the nation is anticipated for this renewed concentration, for two summer weeks, on the factors which the home financing executive of the future must know.

Faculty members will include Professor Edward Edwards of Indiana University School of Business; Fred T. Greene, President of the Federal Home Loan Bank of Indianapolis; Horace Russell, Chicago, general counsel, United States Savings and Loan League; M. K. M. Murphy, Rutherford, New Jersey savings and loan executive; Howard M. Nichols, Pittsburgh savings and loan executive; A. D. Theobald, Vice President-Assistant manager of the League; and Carl F. Distelhorst, manager of the American Savings and Loan Institute.

The curriculum will include: Home construction and finance; savings and loan law; financial systems; investments; and savings and loan management.

Riefler to Head Survey

Appointment of Winfield W. Riefler, formerly Minister in Charge of Economic Warfare at the American Embassy in London, as chairman of a committee to take part in an extensive survey of the foreign economic relations of the United States was announced on June 16 by the Twentieth Century Fund.

The fund's report continued:

Mr. Riefler is now a member of the faculty of the School of Economics and Politics at the Institute for Advanced Study, Princeton, New Jersey.

The Fund's Committee will review a factual survey of America's world trade and financial position during the years of postwar reconstruction and will make recommendations for public policy.

Other members of the committee are according to the announcement: Percy W. Bidwell, Director of Studies, Council on Foreign Relations, Inc.; Kermit Eby, Director of Education and Research, Congress of Industrial Organizations; Paul G. Hoffman, President, The Studobaker Corporation; Joseph C. Rovinsky, formerly Vice President, Chase National Bank; Theodore W. Schultz, Professor of Agricultural Economics, University of Chicago; and Robert Watt, International Representative of the American Federation of Labor.

Unfreeze Danish Assets in U. S.

The Treasury Department announced on June 14 that Denmark has been added to the list of countries whose blocked accounts may be released under the certification procedure of General License No. 95. This action was taken after an exchange of letters between the Danish Minister of Commerce, Trade and Shipping and the Treasury Department similar to those written in connection with the defrosting of the countries previously named in the license. Copies of the letters are available at the Federal Reserve Banks of New York, Chicago and San Francisco.

The Danish Government has designated the Denmark National Bank as its certifying agent.

House Committee Approves British Loan

Legislation to ratify the \$3,750,000,000 Senate-approved loan to Great Britain received the favorable vote of 20 to 5 of the House Banking and Currency Committee on June 13, according to Washington advices from the Associated Press, which added that a bitter battle was expected when the bill finally reached the House floor. The transaction embodied in the proposed legislation, which would cover a period of 50 years, provides:

1. Authorization for the Treasury to advance Britain up to the \$3,750,000,000 during the next five years, with no interest during that time. Interest at 2% would begin in 1951.

2. The British could obtain waiver of interest payments whenever their exports failed to exceed by 60% those of the period immediately preceding the war.

3. Britain in return proposes to attempt within a year to begin dissolving the wartime currency restrictions under which countries in the so-called "sterling bloc" sold goods to England and received credit which they could spend only for British goods and services.

During the lengthy hearings proponents of the huge credit have repeatedly told the Committee that it was essential to the freeing of world trade, to international economic recovery and world peace, and that without the loan Britain would be unable to participate in the Bretton Woods World Bank and Currency Stabilization plan. Endorsement of the loan was expressed by the American Bankers Association, the United States Chamber of Commerce and numbers of other organizations as well as individuals. One of the most vehement opponents of the loan to testify to the Committee was former Secretary of Commerce Jesse Jones who, according to the Associated Press, wrote Chairman Spence that the plan was "unbusiness-like," and, putting this country in an exclusive alliance with Great Britain, would start the United States on a road toward financial ruin. In a second communication to the Committee, which arrived shortly after the vote had been taken, Mr. Jones reiterated his opinion that the United States should receive real collateral for a loan to Britain.

Asserting that "they are in a position to secure a very substantial part of the loan by pledging some of their profitable investments in this country," Jones said, according to the Associated Press: "For that part of the loan which is not so secured, I think the money should be spent in this country, principally for our surplus farm products, so that at least our farmers and workers will benefit by the loss our Government is certain to sustain. "Otherwise the money will be used against us in trading with other countries."

Senator Bankhead Dies

Death came on June 12 to Senator John Hollis Bankhead of Alabama, at the age of 73, as the result of a stroke suffered on May 24 during a night meeting of the Banking and Currency Committee. Champion of legislation to improve conditions for the cotton farmer, Senator Bankhead was the third member of his family to die while in Congress. His third consecutive term in the Senate would have expired in 1949.

The Senate immediately recessed to honor Senator Bankhead's memory. Accompanying his body to Jasper, Ala., for burial on June 14 were several legislative associates of many years' standing. Associated Press Washington advices stated, adding that President Truman visited the funeral train shortly before it left Washington to pay his respects.

One of Senator Bankhead's last legislative acts was to initiate an amendment to the Price Control Act, requiring cotton products to reflect the parity price of cotton.

Hancock and Dodd To Head AMA

(Continued from first page)
pany, Chicago, Ill.; L. M. Boulware, Vice President, General Electric Company, Schenectady, New York.

"In a statement of acceptance given at the annual meeting at which the officers were elected, Mr. Hancock called upon all industry to use scientific management methods and procedures to create satisfactory relations in commerce and business and to "set an example for the rest of the nation, just as the United States must be an example to the rest of the world."

"Citing labor-management relations as the most important issue before management, Mr. Dodd said, "Labor unrest often betokens management failure. If we are prepared to defend our right to use the labor of other men to achieve our industry, we must be prepared equally to admit the failure is chiefly ours if labor will not work in harmony that is presumably mutually advantageous."

"He stated the belief that "industry's managers, great and small, who through their organizational genius and incessant exchange of vital thought and information brought industry to technological grandeur can best foster the industrial understanding that is indispensable to preservation of our economic and social scheme."

The American Management Association is a group of more than 9,000 industrial and commercial companies and executives concerned with scientific management of personnel, production, finance, insurance, packaging, marketing and office administration.

Finns Pay U. S.

On June 14th the Treasury received the sum of \$166,479 from the Government of Finland, representing the semi-annual payment of interest in the amount of \$131,652 under the Funding Agreement of May 1, 1923, announced the U. S. Treasury Dept. on June 17; \$13,695.06 on the account of the semi-annual payment on the annuity due under the postponement agreement of May 1, 1941, the report continued, and \$21,132 on account of the semi-annual payment on the annuity due under the postponement agreement of October 14, 1943.

These payments represent the entire amount due from the government of Finland on June 15, 1946, under these agreements.

Lend-Lease to Colombia

Without referring directly to anonymous charges that the United States had lent Colombia \$16,000,000 under a lend-lease contract in 1942 and had only billed her for \$6,500,000, the State Department on June 13, according to a special dispatch from Washington to the New York "Times," made an announcement stating that the contract had authorized Colombia to obtain equipment from us totaling \$16,200,000, but that she had actually utilized only \$6,566,951 of that amount. The announcement also described this country's deliveries to Colombia as along the same lines as to other Latin American countries during the war, major items being airplanes, ordnance and signal equipment.

President Proposes Compromise Merger Plan

On June 15 President Truman presented to Congress a compromise plan for unification of the armed forces in a single Department of National Defense, by means of a letter addressed to the Chairmen of the Senate and House Military and Naval Committees. Following is the text of the President's letter, as reported from Washington by the Associated Press, together with the text of the joint letter of Secretary of War Patterson and Secretary of the Navy Forrestal advising Mr. Truman of the attitude of the two departments regarding merger plans, and the President's reply to his two Cabinet members:

One of the most important problems confronting our country today is the establishment of a definite military policy.

In the solution of this problem I consider it vital that we have a unified force for our national defense.

At my request the Secretary of War and the Secretary of the Navy have made a sincere effort to settle the differences existing between the services on this question. They have made splendid progress.

They have reached an agreement on eight important elements of unification, and with reference to the four upon which there was not full agreement their differences are not irreconcilable.

On May 31, 1946, the Secretary of War and the Secretary of the Navy delivered a report to me of the results of their efforts. I have replied to them today stating my position on those points submitted to me for decision.

I enclose herewith a copy of the report of the Secretary of War and the Secretary of the Navy, together with a copy of my reply to them.

You will note that there are now presented twelve basic principles upon which the unification of the services can be based. They are as follows:

1. Single Military Department

There should be one Department of National Defense. It would be under the control of a civilian who would be a member of the Cabinet. Each of the services would be headed by a civilian with the title of "Secretary." These Secretaries would be charged with the internal administration within their own services. They would not be members of the Cabinet. Each service would retain its autonomy, subject of course to the authority and overall control by the Secretary of National Defense. It is recognized that the services have different functions and different organizations and for these reasons the integrity of each service should be retained. The civilian secretaries of the services would be members of the Council of Common Defense and in this capacity they would have the further opportunity to represent their respective services to the fullest extent.

2. Three Coordinated Services

There should be three coordinate services—the Army, Navy and Air Force. The three services should be on a parity and should operate in a common purpose toward overall efficiency of the national defense under the control and supervision of the Secretary of National Defense. The secretaries of the three services should be known as Secretary for the Army, Secretary for the Navy, and Secretary for the Air Force.

3. Aviation

The Air Force shall have the responsibility for the development, procurement, maintenance and operation of the military air resources of the United States with the following exceptions, in which responsibility must be vested in the Navy:

(1) Ship, carrier and water-based aircraft essential to naval operations, and aircraft of the United States Marine Corps.

(2) Land-type aircraft necessary for essential internal administration and for air transport over

routes of sole interest to naval forces and where the requirements cannot be met by normal air transport facilities.

(3) Land-type aircraft necessary for the training of personnel for the afore-mentioned purposes. Land-based planes for naval reconnaissance, anti-submarine warfare and protection of shipping can and should be manned by Air Force personnel. If the three services are to work as a team there must be close cooperation, with interchange of personnel and special training for specific duties.

Within its proper sphere of operation, naval aviation must not be restricted but must be given every opportunity to develop its maximum usefulness.

4. United States Marine Corps

There shall be maintained as a constituent part of the naval service a balanced fleet Marine Force including its supporting air component to perform the following functions:

(1) Service with the fleet in the seizure or defense of advanced naval bases or for the conduct of such limited land operations as are essential to the prosecution of a naval campaign.

(2) To continue the development of those aspects of amphibious operations which pertain to the tactics, technique, and equipment employed by the landing forces.

(3) To provide detachments and organizations for service on armed vessels of the Navy.

(4) To provide security detachment, for protection of naval property at naval stations and bases.

5. Council of National Defense

To integrate our foreign and military policies and to enable the military services and other agencies of Government to cooperate more effectively in matters involving our national security. The membership of this council should consist of the Secretary of State, the civilian head of the military establishment, the civilian heads of the military services, and the Chairman of the National Security Resources Board, referred to below.

6. National Security Resources Board

To establish, and keep up to date, policies and programs for the maximum use of the nation's resources in support of our national security. It should operate under the council and be composed of representatives of the military services and of other appropriate agencies.

7. The Joint Chiefs of Staff

To formulate strategic plans, to assign logistic responsibilities to the services in support thereof, to integrate the military programs, and to provide for the strategic direction of the United States military forces.

8. No Single Military Chief of Staff

In the opinion of the War Department, the military establishment should contain a single military Chief of Staff, who would serve as principal military adviser, available to offer advice when differences of opinion arise among the military heads of the several services. The Navy feels that the Joint Chiefs of Staff should be the highest source of military advice. The War Department is willing to omit the feature of a single Chief of Staff.

9. Central Intelligence Agency

To compile, analyze and evaluate information gathered by vari-

ous Government agencies, including the military, and to furnish such information to the National Defense Council and to other Government agencies entitled thereto. It should operate under the council. An organization along these lines, established by executive order, already exists.

10. Procurement and Supply

There should be an agency to prevent wasteful competition in the field of military supply and procurement through joint planning and coordination of procurement, production and distribution.

11. Research Agencies

There should be an agency to coordinate the scientific research and development of the military services.

12. Military Education and Training

There should be an agency to review periodically the several systems of education and training of personnel of the military services and to adjust them into an integrated program.

A plan of unification containing these twelve elements has my unqualified endorsement. The Secretary of War, the Secretary of the Navy, the Chief of Staff of the Army and the Chief of Naval Operations have assured me that they will support such a plan.

It is my hope that the Congress will pass legislation as soon as possible effecting a unification based upon these twelve principles.

THE JOINT LETTER

Pursuant to your instructions, we have reviewed the major elements involved in establishing a greater measure of unification among our national security organizations, with a view to defining those matters upon which we agree and those upon which we differ. While we regret our inability to bridge completely the gap between us, we are pleased to be able to report a considerable area of agreement. Sincere efforts to expand it were made by both of us.

For your convenience, we outline below those matters upon which agreement exists and those upon which we are unable to agree. The order of presentation is not intended to indicate the relative importance of the various items.

I. Agreement exists on the following matters:

1. Council of Common Defense

To integrate our foreign and military policies and to enable the military services and other agencies of Government to cooperate more effectively in matters involving our national security. The membership of this Council should consist of the Secretary of State, the civilian head of the military establishment (if there be a single military department), the civilian heads of the military services, and the Chairman of the National Security Resources Board, referred to below.

2. National Security Resources Board

To establish, and keep up to date, policies and programs for the maximum use of the nation's resources in support of our national security. It should operate under the Council and be composed of representatives of the military services and of other appropriate agencies.

3. The Joint Chiefs of Staff

To formulate strategic plans, to assign logistic responsibilities to the services in support thereof, to integrate the military programs, to make recommendations for integration of the military budget, and to provide for the strategic direction of the United States military forces.

4. No single Military Chief of Staff

In the opinion of the War Department, the military establish-

ment should contain a single military Chief of Staff, who would serve as principal military adviser, available to offer advice when differences of opinion arise among the military heads of the several services. The Navy feels that the joint Chiefs of Staff should be the highest source of military advice. The War Department is willing to omit the feature of a single Chief of Staff.

5. Central Intelligence Agency

To compile, analyze, and evaluate information gathered by various Government agencies, including the military, and to furnish such information to the National Security Council and to other Government agencies entitled thereto. It should operate under the Council. An organization along these lines, established by executive order, already exists.

6. Procurement and Supply

There should be an agency to prevent wasteful competition in the field of military supply and procurement through joint planning and coordination of procurement, production and distribution. If there should be a single military department, this agency should be within the department.

7. Research Agencies

There should be an agency to coordinate the scientific research and development of the military services. If there should be a single military department, this agency should be within the department. The existence of such an agency would not remove the need for an over-all central research agency.

8. Military Education and Training

There should be an agency to review periodically the several systems of education and training of personnel of the military services and to adjust them into an integrated program. If there should be a single military department, this agency should be within the department.

As to the agencies mentioned in 6, 7 and 8 above, the War Department believes that these agencies will not be fully effective except as agencies within a single department. The Navy, on the other hand, believes that they will be more fully effective under a coordinated organization than under a single military department.

II. We are unable to agree on the following matters:

1. Single Military Department

The military establishment should be set up as a single entity, headed by a civilian of Cabinet rank with authority and responsibility for the several services. The administration and supervision of the services should, however, so far as possible be delegated to their respective heads, in order that each service may have as much freedom of development as possible and in order that the traditions and prestige of each be not impaired.

(Only if there is this unity of structure, headed by an individual with power of decision, can we achieve action where there is now inaction, concerted policy where there is now disjointed policy, and economy of manpower, resources and money where there is now waste of them all. Any organization which does not facilitate prompt decision and prompt action thereon, totally ignores scientific development and the nature of modern war.)

WAR DEPARTMENT VIEW

The military establishment should be set up as a single entity, headed by a civilian of Cabinet rank with authority and responsibility for the several services. The administration and supervision of the services should, however, so far as possible be delegated to their respective heads, in order that each service may have as much freedom of development as possible and in order that the traditions and prestige of each be not impaired.

NAVY DEPARTMENT VIEW

The Navy favors unification but in a less drastic and extreme form. It believes that serious disadvantages will result from combining the military services into one department. It would involve sacrifices of sound administrative autonomy and essential service morale.

3. Aviation

The Navy favors unification but in a less drastic and extreme form. It believes that serious dis-

advantages will result from combining the military services into one department. It would involve sacrifices of sound administrative autonomy and essential service morale.

The Navy recognizes the need for a greater measure of integration than now exists, not only between the military departments but among all agencies of Government responsible for our national security. A single military department falls short of meeting these objectives.

While the Navy feels that the measures upon which agreement exists, as set forth above, would fully meet the needs of present conditions, it sees certain advantages in placing a Presidential deputy with clearly defined powers of decision over specified matters at the head of the Council of Common Defense. From this as a starting point, it should be possible to move forward such further measures of unification as become advisable, based on further experience.

The Secretary of the Navy recommends to the President, in view of the wide area of agreement which presently exists, that legislation be enacted at once giving statutory effect to those matters on which there is agreement. These steps will of themselves constitute a very substantial advance over our pre-war, and even our present, organization for national security.

If they are put into effect it will be possible, in the opinion of the Secretary of the Navy, to meet the nine specific objectives set forth in the President's message to the Congress on Dec. 19, 1945. Further consideration and study can then be given to the remaining questions on which there is wide and general divergence of view between, and outside of, the military departments.

2. Three Coordinate Branches

WAR DEPARTMENT VIEW

The military establishment should contain three coordinate branches—naval, ground and air. Each should have a civilian head and a military commander. These officials should have access to the President, but not Cabinet rank, since this would be in derogation of the position of the civilian head of the military establishment. As was stated above, the three branches should be given as much autonomy as possible. (Our experience in the last war clearly indicates that parity for the Air Force and the operation of all three services as a team are essential to our national security. Everything that we know of the future points to an increase rather than a decrease in the decisive role of air power.)

NAVY DEPARTMENT VIEW

The Navy feels that our national security requires maintenance of the integrity of the Navy Department, headed by a civilian Secretary of Cabinet rank. Naval aviation, together with surface and subsurface components, have been soundly integrated within the Navy. The Navy feels that similar integration by the Army of its air and ground forces would be in the best interest of our national security.

However, if the alternatives were three military departments or one, the Navy would prefer three departments.

3. Aviation

WAR DEPARTMENT VIEW

Responsibility for the development, procurement, maintenance and operations of the military air resources of the United States should be a function of the Air Forces with the following exceptions, in which cases these responsibilities should be vested in the United States Navy:

(A) Ship, carrier and water-based aircraft essential to naval

operations, including those of the United States Marine Corps.

(B) Land-type aircraft necessary for essential internal administration and for air transport over routes of sole interest to naval forces and where the requirements cannot be met by normal air transport facilities.

(C) Land-type aircraft necessary for the training of personnel for (A) and (B) above.

(The nation cannot afford the luxury of several completely self-sufficient services. The war demonstrated that they must be complementary—mutually supporting. With respect to land planes, there are no purely naval functions which justify uneconomical duplication of equipment and installations. For example, the Air Force already performs long-range reconnaissance for the ground forces and itself. The Navy's recognized requirement for the products of long-range reconnaissance can be effectively filled by the Air Force. As regards anti-submarine warfare, it is the view of the War Department that the experience of the Army Air Forces in the last war adequately justifies the belief that land-based planes operated by the Air Forces can meet this requirement.)

NAVY DEPARTMENT VIEW

The Navy has no desire either to compete with, or to dictate to, the Army Air Forces. On the other hand, the Navy feels that its experience qualifies it to judge its own aviation needs.

One reason for the Navy's strong conviction against a single department is the continued efforts of the Army Air Forces to restrict and limit naval aviation. The Navy knows that these efforts, if successful, would seriously impair our sea power and jeopardize our national security.

To accomplish its fundamental purpose, the Navy needs a certain number of land planes for naval reconnaissance, anti-submarine warfare and protection of shipping. Experience indicates that such land planes, to be effective, must be manned by naval personnel trained in naval warfare. Lack of such aircraft under complete naval control as to design, procurement, operations, personnel, training and administration might be disastrous to our national security. Similarly the Navy must have air transport essential to its needs.

4. United States Marine Corps

The Navy and the Army differ on the functions of the United States Marine Corps as follows:

WAR DEPARTMENT VIEW

There shall be maintained as a constituent part of the naval service a balanced fleet Marine force including its supporting air component for

(1) Service with the fleet in the seizure of enemy positions not involving sustained land fighting, and

(2) To continue the development of tactics, techniques and equipment relating to those phases of amphibious warfare which pertain to waterborne aspects of landing operations.

NAVY DEPARTMENT VIEW

There shall be maintained as a constituent part of the naval service a balanced fleet marine force including its supporting air component for

(1) Service with the fleet in the seizure or defense of advanced naval bases or for the conduct of such limited land operations as are essential to the prosecution of a naval campaign and

(2) To continue the development of those aspects of amphibious operations which pertain to the tactics, techniques and equipment employed by landing forces.

There is agreement upon the other primary duties of the Marine Corps, viz:

(1) To provide detachments and organizations for service on armed vessels of the Navy, and

(2) To provide security detachments for protection of naval property at naval stations and bases.

These matters have been explored by us with a sincere desire to comply with your wishes that the military services reach complete mutual agreement. Our failure to achieve complete unanimity is due to no reason other than that our respective views on the points of difference are as sincere as they are divergent.

Faithfully yours,

ROBERT P. PATTERSON,

Secretary of War.

JAMES FORRESTAL,

Secretary of the Navy.

THE PRESIDENT'S REPLY

I have read with care your joint report of May 31, 1946. It was also helpful to me to have the full oral presentation of the points involved, which you and the members of your departments made to me on June 4.

I am pleased and gratified at the progress you have made. I feel that we have come a long way in narrowing the zone of disagreement which had previously existed between the services. The full understanding reached on eight vital aspects of unification is a significant accomplishment.

These eight elements are Council of Common Defense, National Security Resources Board, Joint Chiefs of Staff, omission of single military Chief of Staff, central intelligence agency, procurement and supply, research agencies and military education and training.

In addition to these eight points of agreement, I am advised also by representatives of both services that they are in accord in their attitude toward the provision in the Thomas Bill, S. 2044, which provides for four assistant secretaries in charge of research, intelligence, procurement, and training, respectively. They believe that such assistant secretaries are unnecessary.

I agree with their position that the presence of these four assistant secretaries is undesirable because they would greatly complicate the internal administration of the services and that such a plan would deprive the secretaries of the respective services of functions which are properly theirs.

Your report of May 31 listed four items upon which you were unable to agree. An analysis of your comments contained in your report, and in the lengthy discussion which we had, disclosed that the services are not nearly so far apart in their attitude toward these points as had been reported. It is my firm conviction that the determination of these questions in the manner which I present herein will result in a plan which incorporates the best features offered by the respective services.

With reference to the points upon which full agreement was not reached my position is as follows:

1. Single Military Department

There should be one Department of National Defense. It would be under the control of a civilian who would be a member of the Cabinet. Each of the services would be headed by a civilian with the title of "secretary." These secretaries would be charged with the internal administration within their own services. They would not be members of the Cabinet. Each service would retain its autonomy, subject of course to the authority and overall control by the Secretary of National Defense.

It is recognized that the services have different functions and different organizations and for these reasons the integrity of each service should be retained. The civilian secretaries of the services would be members of the council of common defense and in this capacity they would have the further opportunity to represent their respective services to the fullest extent.

2. Three Coordinated Services

There should be three coordinate services—the Army, Navy and Air Force. The three services should be on a parity and should operate in a common purpose toward overall efficiency of the national defense under the control and supervision of the Secretary of National Defense. The secretaries of the three should be known as Secretary for the Army, Secretary for the Navy, and Secretary for the Air Force.

3. Aviation

The Air Force shall have the responsibility for the development, procurement, maintenance and operation of the military air resources of the United States with the following exceptions, in which responsibility must be vested in the Navy:

(1) Ship, carrier and water-based aircraft essential to naval operations, and aircraft of the United States Marine Corps.

(2) Land-type aircraft necessary for essential internal administration and for air transport over routes of sole interest to naval forces and where the requirements cannot be met by normal air transport facilities.

(3) Land-type aircraft necessary for the training of personnel for the aforementioned purposes.

Land-based planes for naval reconnaissance, anti-submarine warfare and protection of shipping can and should be manned by Air Force personnel. If the three services are to work as a team there must be close cooperation, with interchange of personnel and special training for specific duties.

Within its proper sphere of operation, naval aviation must not be restricted but must be given every opportunity to develop its maximum usefulness.

4. United States Marine Corps

There shall be maintained as a constituent part of the naval service a balanced fleet marine force including its supporting air component to perform the following functions:

(1) Service with the fleet in the seizure or defense of advanced naval bases or for the conduct of such limited land operations as are essential to the prosecution of a naval campaign.

(2) To continue the development of those aspects of amphibious operations which pertain to the tactics, technique, and equipment employed by the landing forces.

(3) To provide detachments and organizations for service on armed vessels of the Navy.

(4) To provide security detachments for protection of naval property at naval stations and bases.

It is important that the basic elements of the plan of unification be stated clearly. The eight fundamental points agreed upon and the four points which are herewith decided, constitute a total of twelve basic principles that should form the framework of the program for integration.

There is no desire or intention to affect adversely the integrity of any of the services. They should perform their separate functions under the unifying direction, authority and control of the Secretary of National Defense. The internal administration of the three services should be preserved in order that the high morale and esprit de corps of each service can be retained.

It was gratifying to have both of you and General Eisenhower and Admiral Nimitz assure me that you would all give your wholehearted support to a plan of unification no matter what the decision would be on those points upon which you did not fully agree. I know that I can count upon all of you for full assistance in obtaining passage in the Congress of a bill containing the twelve basic elements set forth above.

From Washington Ahead of the News

(Continued from first page)

aster provided for in the House bill, and the additional disaster heaped on by the Senate, that we disaster lovers would be sure of some disaster.

This writer is a little reluctant to accept the general opinion of Washington tonight that this is not to be the case. We are a little afraid that it may be some of Chester's propaganda. We remember that several weeks ago when Chester was in a bitter fight with John W. Snyder over the price to be granted steel, practically every newspaper in the country was carrying stories over a period of more than a week, that Chester had Mr. Truman's confidence and the result of his tilt with Snyder would be that Snyder had to go and he, Chester, was to take his place. It turned out later that the stories were coming from Chester, the advertising man, and his advertising aides, and that instead of Snyder being in jeopardy, Bowles was finally called to the White House by Truman and told forthwith to cut out the monkeyshines and produce the steel price formula which Snyder had first called for. Since then we have doubted all stories that have dealt with Chester's well-being.

We put some credence in the consensus about OPA now, because it is to the effect that one thing that is very definite is that Chester as a meteor in the Washington sky, is coming to rest. Chester and his very efficient propagandizing aides would hardly add that note.

The reasoning about the outcome of the OPA bill is this, the reasoning as to why we disaster lovers are not going to get a weeny bit of disaster out of the bill is this:

It is now in the hands of 14 Senate and House conferees, the great majority of them friendly to OPA, and those who are not, are what are known as skilful, far-seeing Republican politicians. Running overall through the minds of these conferees is said to be the belief that there must be a bill which Truman will sign: on the part of the Democrats, the conviction that price ceilings are popular and essential to Truman's reconversion program; on the part of the Republicans, the feeling that they are foolish to remove a cause of complaint against the Administration, that if they are wrong on this, they must have his signature to a bill, so if the popular revulsion is still in evidence in November, or whatever the situation is, they can name him as a particeps criminis. If there is still agitation against the OPA, the individual Republicans can say, well, they certainly did everything they could against it. If, on the other hand, prices are still going up under some relaxations, they can still hold Truman to be as much responsible as they.

Where the public, particularly the business men, get caught in this muddled thinking is the belief that the Senate conferees will stand opposed to the House provision abolishing controls when supply equals the demand of 1940, and the House conferees will oppose the Senate provision for the immediate removal of controls on meat and dairy products. This leaves the celebrated MAP provision which the OPA hot-shots think they will be able to stall off applying indefinitely, as they have done about Congressional edicts in the past, on the ground that it takes time for them to make a study. This applies to other reliefs from controls which may remain in the bill.

The only worthwhile thing the OPA propagandists are liable to lose, we are told, is the provision which it is believed will remain,

giving Secretary of Agriculture Anderson authority to say when agricultural products should be decontrolled, and a committee to be appointed by Truman to say when industrial products should be decontrolled. This would leave Chester as only an administrator and the prediction is that, in that event, he really would quit. This is an admitted accomplishment but hardly worth all the hullabaloo we've been through, and the intensified shortages in recent weeks. As Senator George said recently, Chester is the most inflated commodity in town.

State Chamber Urges No Change in Basis of Gov't Statistics

Attempts to have Federal Government agencies change the basis of compilation of their statistics in order "to justify the selfish interests of certain minority pressure groups," were criticized on June 3 in a report made public by the Chamber of Commerce of the State of New York. The report warned that political manipulation of the statistics of any Government agency would tend to undermine faith in all Government figures. The report says:

"Certain agencies of the Federal Government have done a commendable job of obtaining, assembling and compiling industry-wide and nation-wide business and industrial statistics, and these statistics have been distributed generally, have been viewed as impartial and reliable, and have gained widespread general acceptance.

"During the past few years, and especially during the last year, however, strong pressures have been brought to bear on these agencies to change the basis of compilation of their statistics, developed as a result of many years' practical experience, so that their statistics can be used more readily to justify the selfish interests of certain minority 'pressure groups.'"

The report, which was presented by Bethune M. Grant, Chairman, for the Committee on Internal Trade and Improvements, at the meeting of the Chamber on June 6, and adopted, commends the U. S. Bureau of Labor Statistics for the reliability of its reports and refers to the reported pressure of labor groups to prevent the nomination of Dr. A. Ford Hinrichs as Commissioner of Labor Statistics because of his refusal to change official figures of the Bureau so as to support claims for wage increases.

Security Tax Rise Voted By House Committee

If the House and Senate follow the recommendation of the House Ways and Means Committee Social Security taxes will be increased on Jan. 1, 1947, from the present 1 per cent to a 1.5 per cent rate against employees' pay and employers' payrolls. The committee voted for the increase on June 12, Associated Press Washington advices stated, stipulating the new amount for a period of five years beginning next January. Under the original Social Security Act, the tax would automatically advance to 2.5 against employer and employee the first of the year unless Congress should take action before that date. In the past Congress has voted each year to freeze the security tax at 1 per cent each against employee and employer, thus preventing the automatic increases.

Steel Operating Rate Near Precoal Strike Level—Price Revisions Help Clear Picture

The steel industry this week pushed its operating rate within three points of the precoal strike level and showed a gain of over eight points over last week's figure. "Whether or not activity will gain three or four points next week is problematical in view of present coal supplies," states "The Iron Age," national metalworking paper in its issue of today (June 20), which further adds:

"Coal output has gained rapidly in the past week and may soon reach record levels, but the 4-day shutdown in July may cause a temporary stringency in supplies for steel company use. Nevertheless and despite some opinion held to the contrary, the steel industry may get by the coal miners' vacation period without seriously interrupting output.

"While the steel operating rate continues to exhibit a strong upward trend, it is not a criterion for the supply of steel in consumers' hands. For the first time since the steel strike, sheet and strip customers of some firms are in a position to expect shipments to the full extent of their quotas, although these may fall far short of what they would like to receive.

"In some cases these assurances from steel companies may come too late. The full effects of the complete shutdown in the steel industry earlier this year are now being felt. During the strike manufacturers were forced to use up practically all inventory on hand. The result this week is that some midwestern plants have been forced to restrict manufacturing operations by as much as 50% until fresh steel shipments of a balanced nature are received.

"During the second half of this year, the steel industry is expected to get into full stride of uninterrupted output with the result that customers will receive a steadier flow of material. It may be September, however, before the unbalance in steel products is eliminated, thus allowing manufacturing concerns to reach the highest point of efficiency in their production cycles.

"With the steel industry going into a period of sustained operations, some steel observers are fearful that the unusually large backlogs will be whittled down rapidly because of duplicate ordering. Many customers have placed identical orders with more than one firm in the hope that earlier delivery could be obtained and the excess orders promptly canceled. Steel companies have no way of knowing the magnitude of duplications in steel ordering because they have no access to competitors' books. However, the total of such duplication is probably heavy.

"In today's sellers' market, however, customers who would be fortunate enough to obtain delivery on orders which they had duplicated with other firms, would be hardly likely to cancel any such orders. As production continues, however, backlogs in the steel industry are bound to be cut down to conform more realistically with current conditions. On the other hand with the possibility that steel price control will be out in 1947, the old-time steel consumer, fearful of rising prices, would keep all orders on steel mill books as a hedge.

"The scrap situation this week remains tighter than ever and was rapidly reaching the point where some extra effort would have to be made to increase the supply. While some scrap sources may have held back supplies hoping for an increase in ceiling prices, such tonnage was a small per cent of the total. The shortage of scrap is due more to demand and lack of scrap reserves than to the price angle."

The American Iron and Steel Institute on June 17 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 84.2% of

capacity for the week beginning June 17, compared with 76.1% one week ago, 49.2% one month ago and 83.8% one year ago. This represents an increase of 8.1 points or 10.6% over the preceding week. The operating rate for the week beginning June 17 is equivalent to 1,483,900 tons of steel ingots and castings, compared to 1,341,200 tons one week ago, 867,100 tons one month ago, and 1,626,500 tons one year ago.

"Steel" of Cleveland, in its summary of latest news developments in the metalworking industry, on June 17 stated in part as follows:

"New steel mills are being rushed to completion in order to meet the growing shortage in flat-rolled steel products.

"This class of steel products, which includes material used in automobile bodies, tin cans, refrigerator and range cabinets, as well as a host of other everyday necessities, is the most seriously short of all steel today.

"By the end of this year, 1,118,000 tons of new capacity will have been installed. The race is on to match production with the already booming demand. Automobile companies have been forced to reduce their production estimates, largely because of the pinch in flat rolled steel products. This shortage has been the cause of such developments as the formation of the Portsmouth Steel Corp., Portsmouth, O., to supply steel for Frazer and Kaiser automobiles.

"New expansion is taking place in Pittsburgh, Chicago, Cleveland, Detroit and the east, with miscellaneous equipment going into mills in other parts of the country. There is sufficient ingot capacity already available, as a result of war expansion, to take care of the added rolling capacity.

"Price revisions highlight the steel and raw materials markets. Price changes are resulting from suspensions of Office of Price Administration controls on various ferroalloys, alloy ores and re-factories, while final clarification of the alloy steel price situation is reflected in spreading of the full 8.2% increase, in effect for some time on tool steels and stainless, to all alloy products.

"Increases of \$10 per ton have been made in ceiling prices on nails, staples and related products, apparently with the basic idea of stimulating supply for the housing program, and adjustments have also been made in wire cloth, tubular goods and some other products.

"With these changes, upward adjustments based on the \$5 per ton overall steel price increase granted last March by OPA are believed completed.

"Meanwhile word is being awaited on new prices for pig iron and coke, both products having been on adjustable pricing basis for some time, pending analysis by Washington of effects of the recent increase in cost of coal.

"Request by the iron and steel scrap industry for a \$2.50 increase in ceiling prices has been refused by Office of Price Administration. This action is expected to release some material which was being held in anticipation of higher prices following readjustment in lead, copper and brass scrap. Steel scrap shortage now is the chief obstacle to mills regaining a high level of operation and improvement in supply must await resumption of normal activity by metal-working plants generating scrap.

"Steel ingot production in May was 4,073,465 net tons, compared with 5,860,258 tons in April and with 7,449,667 tons in May, 1945. This was a loss of 1,787,000 tons from April and of 3,376,000 tons from May last year. For ten months from August, 1945, the end of the war, to the end of May total ingot output was 51,276,314 tons, compared with 73,312,253 tons for the corresponding period a year earlier. This is a deficit of more than 22 million tons, which would account for the scarcity of steel for manufacturing purposes this year."

American People Emerged From War With Record Cash and Securities

The American public, including businesses as well as individuals, emerged from the war with a record accumulation of cash and securities, including about \$25,000,000,000 in currency, \$75,000,000,000 in demand deposits, \$50,000,000,000 in time deposits and almost \$100,000,000,000 in Government securities, the Department of Commerce said on May 27. Once the transition period is past, this reserve should be beneficial in tending to exert downward pressure on long-term interest rates and otherwise aiding in the establishment of a full-production, full-employment economy, it was said.

In an article by Haskell P. Wald, Commerce Department economist, appearing in the May issue of Survey of Current Business, the nation's war-expanded money supply is analyzed in terms of its effects on future prices, production, and interest rates. In part the Department's advice also said:

"The article emphasizes that price controls are needed to protect the economy from disruptive price increases during the transition period. Once our huge production plant is properly functioning and goods are available in large quantity, the public can become accustomed to have large cash reserves on hand and the money will no longer burn holes in the public's pocket.

"The current money supply far exceeds any "normal" requirements suggested by past experience, the Department of Commerce said. This situation, coupled with the swollen demand of consumers and businesses for consumer durable goods, inventory, plant and equipment underscores the need for the continuance of a firm price control policy."

Railway Employees in May Totaled 1,307,251

Employees of Class I railroads of the United States, as of the middle of May, 1946, totaled 1,307,251, a decrease of 8.38% compared with the corresponding month in 1945 and 2.98% under April, 1946, according to a report recently issued by the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission.

A decline under May, 1945, is shown in the number of employees for every reporting group with the exception of executives, officials, and staff assistants and transportation (other than train, engine, and yard), which show increases of 0.37% and 1.47%, respectively. The percentages of decrease are:

Professional, clerical, and general, 3.34; maintenance of way and structures, 14.30; maintenance of equipment and stores, 8.62; transportation (yard masters, switchtenders, and hostlers), 9.87, and transportation (train and engine service), 11.60.

Economic Prospects and Problems For Post-war Reconversion Period

(Continued from first page)

orders will be cancelled, plans for expansion will be deferred, and people will fear to spend either current incomes or their accumulated savings. But, if one is prepared to assume, as I do, that in time America is going to get over its economic jitters, then it is possible to take the optimistic view that a great era of productive prosperity eventually lies ahead.

My confidence that the present phase of frustration will soon pass is based, among other factors, on the belief that the tolerance of the American people with labor policies which incite disturbance and offend their sense of justice is running out. I believe the American people are coming to recognize that some of the powers granted to labor leaders have been abused and that we shall before long find ways of restricting the activities of the misguided elements in labor who have used their powers to subject the nation to so many unnecessary strikes. And I do not for one moment believe that our people are economically so illiterate as to believe that industry will or should arbitrarily be forced to sell its products at prices which will not compensate for the cost of production. Nor do I believe that the American people will want indefinitely to continue OPA controls. They know that their political freedoms are meaningless without economic freedom. They are pretty good at arithmetic, and they know that they have lost many dollars more in income during the strikes than they will regain in a long while. When a worker is thrown out of work because of strikes in other industries he knows only too well that he hasn't gained anything. Finally, the continuance of deficit financing is, I believe, out of character with the natural disposition of our people toward integrity in their own financial housekeeping. It simply does not make sense that a people who during the war salted away many tens of billions of dollars in war bonds and in bank deposits really believe all that nonsense about saving being bad, debt being good, and soft money being a blessing for the nation. Our people know that the American enterprise system produced the goods which enabled us to win two World Wars and to lift the American standard of living to a point where it is the envy of the whole world. I believe that the instinct toward productiveness is so great in this country that our people will not for long tolerate policies which keep the nation's economic organization in low gear, and hold back its economic progress and keep millions of people out of work.

If my faith in the American people is justified, then the chances are that they will soon throw off the shackles on production so that business can produce the goods, the jobs, and the incomes of which it clearly is capable. But of one thing I am certain, namely, that the economic potentialities are enormous, for now we have several great new markets for the products of American industry.

Deferred demand which has accumulated in recent years in our durable consumers' goods industries which was shut off when the nation's productive organization was mobilized for war. This backlog of demand is alone sizable enough to require the maintenance of capacity production for one year in some industries and as much as four or five years in others. A related factor is the deferred maintenance and accelerated obsolescence which has occurred in our industrial, transportation and distribution establishments during the war years and which now must be made up.

Still another market is to be found in the foreign demand for American productive machinery. Aside from needs for relief and rehabilitation, which are enormous, there is a real opportunity for rapid industrialization of the so-called backward areas. Foreign industry needs to catch up with American productive progress and we know it will make better markets for us if our foreign customers are prosperous.

Another new market for the post-war period has its origin in the fact that close to ten millions of our people, who were completely or partially unemployed during the great depression, were raised abruptly from the pauper class to the middle income class during the war years. This is a fact of massive significance, for these people, who were living much too close to the subsistence level after they lost their jobs, homes, insurance, bank deposits and self-respect in the great depression of the early 30s, got well-paying jobs during the war and now have a sizable stake in cash, deposits and War Bonds, in addition to the prospect for continued employment at least during the next few years. They now reorient a vast new market for all of the goods and services which go to make up the American standard of living.

Another market of importance has its origin in the migration of people from the farm to the city and from smaller to larger communities, which came about because of wartime changes in the location of our productive establishments. A smaller migration during and following World War I was in part responsible for the building boom of the 20s and there is good reason for believing that this migration factor will provide a market for a substantial number of new homes and will require communities to open up new developments, expand public utilities and build schools in the years ahead.

The Need for Sustained Business Activity After Deferred Demands Have Been Met

These markets are large enough to keep our industries busy for a considerable period once the reconversion problem has been dealt with, but most of the new markets are of a temporary character, and one is entitled to some misgivings as to what lies ahead when they have been exhausted. We all share a feeling of apprehension as to what will happen in our economic system if we experience another great depression. There is a fearsome world trend toward State Socialism which takes the form in some nations of outright dictatorship, in others of rigid controls by the Government over industry, in still others of State ownership of industry.

Many observers doubt that we shall be able to escape some violent changes in our political and economic structure if the nation is subjected to another deflation as severe and as long as that we

During the war years, as we all know, several million new families were formed and these family units now have to be housed and supplied with the automobiles, electric gadgets, community facilities and the other goods and services which are part of the American standard of living.

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New Markets for American Industry

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experienced in the period 1929-1934.

How Severe the Next Depression

I personally do not expect that we shall have so severe a depression as we experienced in the early 30s. We are sure to have fluctuations in production and we shall be lucky to escape declines severe enough to be described as depressions, but the stage does not appear to be set for another great monetary and credit deflation. Our banking structure is much sounder, our monetary supply is much less subject to violent contraction, and we know better now than we did in the early 30s how to use our central banking system to prevent disruptive deflations in bank credit. But there is still another reason for believing that when the temporary demands have been filled, there will still be business for American industry.

The Opportunity Technology Offers for A Great Upsurge in Production

We are in the midst of what, for lack of a better term, I have called the technological revolution. The rate of technological change in industry has increased until it is, in my view, the most important economic fact of life for us today.

We are all vaguely aware that something revolutionary has emerged from the industrial laboratories in the past decade, but while it is easy for each of us to see that in our own business there are new processes to be integrated into the industrial pattern, or here and there a new product to be developed, few of us realize the opportunity for expansion which these amazing developments offer to the economy as a whole. It is, in my opinion, not too much to say that we stand on the edge of one of the most glorious periods of man's struggle to increase his economic well-being. The scientific laboratories of our universities and of our industries have supplied us with a wealth of new methods, materials and machines capable of providing a solid basis for a new period of economic progress. What I want to convey to you is an idea of the sheer weight and compelling force involved, for science has prepared the way for a new adventure in conquering want and raising the standard of living to levels undreamed of even in this land of productive achievement.

New Methods, Materials and Machines

In the area of electronics we have new automatic counters, new controls over quality, new methods of color analysis and new means for making industrial processes automatic, cheaper and safer. We now have cheaper means for tempering, bonding and sewing metals, wood and other materials and new means for increasing the safety factor in air, land and sea transportation.

In the lighting field, we have in fluorescence cheaper lighting for the home and better light for industry so that work performance can be increased, new means for determining the freshness of foods and of preventing spoilage, new methods for detecting plant disease and infections—all of these capable of lowering costs and increasing output somewhere along the line.

In super-octane gasoline, in the diesel engine, in the turbosupercharger and in the gas turbine there are potentialities for bringing about changes of profound significance in the efficiency and cost of power for industry and transportation.

In air transport—domestic and international—we have not only the means of speeding the movement of men and materials but of reducing costs in many instances.

New discoveries in powder metallurgy are creating an unadvertised revolution in the metal working industry with porous

self-lubricating bearings and machine tools of incredible hardness and durability; and also we have new drillings techniques, faster feeds for automatic machines, centrifugal forging and electronic controls for whole batteries of machines—all of which mean considerable savings in materials and man-hours of labor used in producing the goods we need. New light metals at new low prices, we may be sure, ultimately will reduce significantly the initial and maintenance costs of the automobile, of trucks and buses, household gadgets and railroad equipment.

In medicine we have in the vitamin techniques, in sulfa, penicillin and streptomycin, in new hearing aids, in germicidal lamps, in the new optical devices and in the electron microscope the new materials and techniques which open up a vista of a longer and more healthful life, more productive hours and higher efficiency for our people.

In housing we have partial and complete prefabrication, packaged kitchens and bathrooms, more efficient and compact heating devices, new insulating materials and a host of materials and processes which will extend the life of housing, lower its initial as well as maintenance cost and increase the comfort it supplies.

We have a host of synthetic materials, such as rubber, plastics, unbreakable glass, new coatings for old as well as new materials, and new fibres of amazing versatility, utility and cheapness. The scientific wizards of our great chemical industry have provided synthetic longer-lasting paints, new and more effective glues, new uses for waste materials too numerous to mention and new detergents. They have also developed new methods of treating, proofing, testing and strengthening fabrics which offer a wealth of new uses. The chemical industry is in fact a veritable storehouse of near miracles with vast potentialities for creating new products as well as new markets for old ones if enterprise is permitted to develop them.

In addition to all these new products and processes with their vast implications as to material progress, quality improvement and cost reduction, there are certain areas in which clearly defined new industries are forming.

New Industries of the Future

Some new industries of the future—and not so distant future at that—are to be expected in the field of radio, in frequency modulation, facsimile reproduction, television in black and in color. In frozen foods there is a vast new industry with the need for thousands of additional locker plants and a fantastic market for new home freezers and new equipment for refrigeration in trucks, railroad transportation, etc.

In air conditioning we have barely scratched the surface of a new industry which provides the mechanism not only for making life more comfortable, but also for creating conditions where working efficiency is increased, new standards of precision are feasible, and new materials can be worked more economically.

In the mass production of small airplanes we may look forward not only to a new industry but to new aids in spraying crops, detecting and preventing forest fires, patrolling pipe lines, directing traffic, laying wire and a host of other uses.

Finally, we face a fantastic transformation in the ancient industry of agriculture. We have a wealth of new farm machines—new machines for planting pelleted seeds with built in insecticides, fungicides and fertilizers, variable depth planters, pick-up balers, transplanting machines, mechanical pickers, and flame weeders. In combination with

other products and processes, such as insecticide bombs, new bug killers, chemical weed killers, new strains of seeds resistant to various types of damage which in the past have kept costs high, precision planting, and new crops such as soy beans, which constitute a vast new industry in themselves, these developments are the fore-runners of far-reaching changes. They open up new possibilities for improving the quality and reducing the cost of a wide range of food products, which in turn means larger markets for more production and better-fed and, therefore, more productive people. Science has brought all these from the stage of idle dreams to present or near realities.

This is all quite involved, but let me spell it out for one commodity—cotton. With precision planting, flame weeding, and the mechanical picker, one man may be able to produce as much cotton as 70 did before. With the new insecticides, we may in time eradicate the boll weevil which has levied such a toll at times that the cost of cotton has been materially higher than it would have been otherwise. Add this up and we have cotton at a cost so low that we would be able to use much more of it, to compete with our South American friends on a little better basis and to release men from back-breaking work in the fields for other industrial pursuits.

This is but a partial list of the new methods, machines and materials which applied science is making available to American industry, yet it is long enough to show that we are on the edge of a period when new industries and new possibilities of expanding old industries by reduction in cost to the consumer will provide a basis for keeping our industries operating at a high level long after the temporary post-war demands have been forgotten.

Science Eliminates the Threat of Economic Maturity

We have in this new technological revolution the ultimate answer to those who would sell this nation short. The facts of technology make a shambles of all the silly talk of economic maturity we have heard from the die-hard pessimists. With those new industries and new markets for old goods as a result of the lower costs of production, we have many years of intensive development ahead and our new scientific frontier pales into relative insignificance the geographical frontier of the past. How ridiculous it is to talk of over-saving and under-investment when industry is faced with the potentialities of expansion inherent in the technology of the present, not to mention the promise of science unleashed in the years ahead. The chronic unemployment in the thirties, which many sincere but misguided students assumed to be our permanent lot, was but a reflection of the deadening effect on enterprise of a deflation as serious as that we experienced following 1930, together with the anti-business policies so popular at that time. There is a risk now that we shall have a shortage of labor, of capital and of savings, and it clearly is time for us to reappraise the policies of the past in terms of the new potentialities of the future.

This nation is faced with a glorious opportunity for a long period of prosperity, and it will be the shame of our time if that opportunity is muffed. And that is why it is so urgently necessary that a sound, realistic and practical program for productive prosperity be developed and applied immediately. We cannot afford to permit misguided labor leadership to featherbed the economy to a point where industry will be unable to use for the nation's advancement the technological improvements which science has

made available. We cannot afford to subject the nation's financial and monetary organization to the strains and stresses of inflation and to have an inflationary expropriation of the people's savings. We cannot afford to waste our time in fruitless industrial strife. We cannot afford to delay beyond the time when they are clearly useful the demobilization of the Government controls over prices, production and profits. What I am saying is that we must stop fooling around with the problem of reconversion, for the one national objective today should be full production.

Full Production is Necessary If We Are to Validate the National Debt

The first reason why full production is essential is that our national debt is now so high relative to the national wealth that we are under the necessity of building up the economic productivity and the wealth of the nation as quickly and as efficiently as possible. In a larger sense, there are only two ways of lifting the burden of a debt, which has increased in the past few years by nearly one-quarter of a trillion dollars and now is nearly twice the national income and approximately equal to the national wealth. One method is through inflation but this is clearly intolerable, for it would subject the whole economic organization to stresses and strains which would leave it prostrate. The alternate and the only sound way to deal with a debt of the size of that we have inherited from the war is to adopt a fiscal policy which will enable us to pay part of it off and to validate the rest of it through increased production.

Full Production is Essential If We Are to Avoid Inflation

Another reason why a program for increasing production has become imperative is that an increasing supply of goods is an essential part of any program for preventing inflation. Of course, we shall need also to take action to reduce the over-supply of money inherited from the war but it is unlikely that we will be able through monetary contraction alone to remove the inflationary danger. It is essential that the markets be flooded with goods so that the people will be able to buy their money's worth instead of having the value of their funds dissipated in a spiral of rising prices.

Full Production is Essential If the Nation is to Be Strong

Still another reason for increasing production is that we must fortify the nation against the economic, political and military emergencies of the future. We live in a turbulent, uncertain, dangerous and, in a sense, an unfriendly world, and it would be foolhardy to expect that we shall not have some troublous times in the years ahead. In any event, those difficulties will be more easily met and our democratic way of life will be protected from both internal and external dangers if we bend our efforts to building the economic strength and health of the nation. Real progress in that direction is to be gained not by subservience to easy economic panaceas, but by clearly recognizing that the road to strength lies in hard work, in high productivity, and in policies which encourage saving and investment in new and improved productive capacity. We dare not be weak and there is no other road by which this nation can be made strong except through increasing production.

The Times Call for Revitalization of the Profit Motive and Restoration of Confidence

In this environment we need to insist that our Government officials resurvey the whole problem of what makes our economic

system tick. We ought to know after the sad experience of the 30s that the policies of that dismal decade will not solve the problem of unemployment or make for prosperity. We ought to know that the policies which were necessary in wartime will not work in peacetime. We simply must restore the basic incentives which drive industry to greater and greater productive achievement, and that means a revitalization of the profit motive in an environment of free competition. If capital is to come out of the storm cellar, we need an atmosphere of confidence and that means sound money, a balanced budget, careful administration of the central banking system, and a stoppage of anti-business policies by Government. And it means lower taxes on enterprise. That is why it is so essential that we balance the budget at a low level of expenditure, for it is only with reduced expenditure that we will be able to reduce taxes on business a little each year and keep on doing it until it is obvious for all to see that we have reached a level where the enterprise incentive is active and vigorous again.

The Outlook

Thus, we find ourselves in a situation where the opportunities and the risks are both great. I believe that if we can induce our Government to put into effect a realistic program for economic expansion we are destined to enter the greatest period of prosperity we have ever experienced. But if we fail to remove the blocks to full production by our private enterprise system, then we are likely to suffer a series of shocks through inflation, labor strife and chronic unemployment, which would weaken the nation's productive strength at a time when it is dangerous to be weak.

But, as I said at the beginning, I take the optimistic view of our longer range outlook. Time after time in our history the forces of radicalism have for a period held our progress in check and threatened our institutions of enterprise. Always before the natural inclination of our people toward conservatism has in time prevailed and we have gone forward to new heights of industrial achievement and, ladies and gentlemen, I believe that we are going to do it again.

ABA Graduate School of Banking Opens

The twelfth session of the Graduate School of Banking conducted by the American Bankers Association, opened on June 17 at Rutgers University. Seven hundred bank officers from forty states, the District of Columbia, and Puerto Rico were included in the student body at the Graduate School this year, making it the largest enrollment in the history of the school.

The Graduate School of Banking was founded by the American Bankers Association in 1935 to offer to experienced bankers of officer rank advanced study in banking, economics, law, government, and philosophy. The faculty of fifty is drawn from leaders in the field of education, banking, and law, and includes a number of government officials.

The 1946 summer resident session will be held from June 17 to 29 inclusive. The Class of 1946, which will be graduated on June 29, will be the tenth class graduated since the Graduate School started.

The Graduate School of Banking is a complete college experience for the bankers, most of whom hold degrees from other universities and colleges. On the program are a variety of class competitions and activities in which the "students" participate.

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite in the week ended June 8, 1946, was 12,650,000 net tons, an increase of about 6% over the 11,973,000 tons produced in the corresponding week of 1945. Output in the week ended June 1, 1946, the first full week of Government possession of the soft coal mines, although affected by the observance of the Memorial Day holiday, amounted to 3,700,000 tons. From Jan. 1 to June 8, 1946, production was estimated at 198,140,000 net tons, a decrease of 24.5% when compared with the 262,303,000 tons produced during the period from Jan. 1 to June 9, 1945.

To assure greater coal production for essential needs, Admiral Ben Moreell, Federal Coal Administrator, and John L. Lewis, President of the United Mine Workers of America, on June 12 agreed to limit the 1946 vacation period for bituminous coal miners to four days, from July 4 to July 7, inclusive.

Oscar L. Chapman, Acting Solid Fuels Administrator, on June 16 announced that domestic consumers of bituminous coal, who ordinarily make use of storage facilities are now permitted to receive up to 60% of the supply they obtained during the past fuel year, April 1, 1945 to March 31, 1946. Those domestic users who do not ordinarily store soft coal are still limited to ten days' supply, or one truck load, carload or barge lot if they ordinarily obtain coal in that way.

Due to the work stoppage among the hard coal miners, production of Pennsylvania anthracite during the week ended June 8 dropped to 46,000 tons, a decline of 703,000 tons, or 93.9%, when compared with the preceding week, and a decrease of 1,219,000 tons, or 96.4%, when compared with the corresponding week of 1945. The calendar year to date shows an increase of 13.9% over the corresponding period of last year.

The estimated production of beehive coke in the United States for the week ended June 8, 1946, showed an increase of 38,100 tons when compared with the output for the week ended June 1; but was 86,200 tons less than for the corresponding week of 1945.

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

	Week Ended			Jan. 1 to Date	
	June 8, 1946	June 1, 1946	June 9, 1945	*June 8, 1946	June 9, 1945
Bituminous coal & lignite—					
Total, including mine fuel—	12,650,000	3,700,000	11,973,000	198,140,000	262,303,000
Daily average—	2,108,000	740,000	1,996,000	1,478,000	1,924,000

*Subject to current adjustment. †Average based on five working days.

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

	Week Ended			Calendar Year to Date		
	June 8, 1946	June 1, 1946	June 9, 1945	June 8, 1946	June 9, 1945	1937
Penn. Anthracite—						
Total incl. coll. fuel	46,000	749,000	1,265,000	25,873,000	22,716,000	25,946,000
Commercial produe.	44,000	719,000	1,214,000	24,837,000	21,807,000	24,649,000
Beehive coke—						
United States total—	47,000	8,900	133,200	1,305,000	2,641,800	1,670,600

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

"No Need for a Third Party"

(Continued from first page)
is concerned, a third party effort would insure beyond all doubt the election of a reactionary Republican—give him the name of Bricker or whatever name you want.

Third Party Will Serve No Useful Function

Secondly, and basically, a third party can serve no useful function now or in the immediate future in our national political life. The underlying spirit of the independent voter—whether he be a worker, a farmer, a professional man or merchant—is the progressive spirit. And the Democratic party has served well the progressive cause.

The measure of good that the people get out of their government, on a lasting basis, is just about the measure of what the people put into their government. It is the measure of their political alertness—and their political action.

I say, in all sincerity, that the progressive forces of this country have no basis today for disillusionment in the Democratic party as an instrument of national progress.

The independent progressive voter who turned to the Democratic party for national leadership—after full disillusionment elsewhere—well knows the facts of political life. He knows all about the obstructionists to progress in high Democratic councils. He knows all about the shameful, yet brazen, coalition of reactionaries in both parties. And he knows, too, that this coalition is no newfound symptom of bi-partisan reaction—for this coalition was at work against Franklin Roosevelt and against the people's progress even before we were forced into World War II.

New Deal Has Given Real Progress

Yet, despite all these unhappy political facts, the independent progressive voter knows that the Democratic New Deal has given the nation more real progress than it ever knew before. And I say to you that this is an unchallengeable fact in our history.

But this progress is not attributable to the greatness of Franklin Roosevelt alone. No one man, in our free way of life, can achieve such ends without a popular will behind him. And it was the independent progressive voters of this country—those who hold the reins of our national political power—who gave to Roosevelt not only the mandate to do a job that had to be done in the interests of national security and national progress, but who also gave to him the legislative tools with which to do the job.

This fact alone is sufficient evidence of what I mean by the people receiving a full return on their investment in political alertness and political action.

So to you here tonight—knowing full well that you are representative of the progressive spirit throughout the nation—I say that the course of progress still lies in the Democratic party. And that course is open as long as free men and free women continue to be conscious of the power and the progress inherent in political alertness and political action.

This, then, is the course that I urge upon all of you. For this is the course that I am following myself—as a New Deal Democrat who believes that this is no time to surrender to any force of defeatism—whether in Washington or anywhere else.

The course of honest men must be broad enough for honest dif-

ferences. There always have been and there always will be honest differences in the councils of government. That is part of the give and take of our free life.

I have sat in the Cabinet of the President of the United States ever since that historic day of March 4, 1933—that day when Franklin Roosevelt stripped away the people's fear of national disaster, and put them back once more on the road of national progress. In the years since then, I have had many honest differences and have participated in many honest controversies. I have done this because the Cabinet of the President was never meant to be—and can never be—a meeting of closed minds. No President has ever found strength in the blind acquiescence of members of his Cabinet. And no President—worth his salt or the people's salt—wants blind acquiescence. Franklin Roosevelt never asked for it and Harry Truman has never asked for it.

And as long as blind acquiescence is not a condition for service in the Cabinet of the President—and, of more importance, as long as there is an opportunity in that Cabinet to serve the cause of the people's progress without sacrifice of personal integrity and without compromise of personal principles—I shall continue to do my part in the fight for progressivism in the Democratic party inside the councils of government in Washington.

You know the nature of the fight as well as I do. You know the issues involved—both the immediate and the long-term issues. And you know that they are inseparable.

The Labor-Management Crisis

First, then, let us look into the cause for national concern immediately upon us.

The recent labor-management crises have brought into bold relief the question as to whether a basic conflict exists between the rights of management, of labor and of the public.

You well know that each part of our economic system has become more and more dependent on every other part—just as you know that our present laws and our present practices have not quite caught up with the level of our complex economic organization.

This kind of a situation, however, is not new to us. We are still a young and virile country—a country whose economy is still far from being mature. And many times in our history, we have found it necessary to recognize that our laws and our practices required revision if we were to continue our national progress.

We now have learned the hard way that in some areas of our economy it is necessary to find some form of restraint upon both management and labor in the interest of the general welfare. But this restraint must not have any of the trappings of totalitarianism. We have the best labor force of any nation in the world. But we won't have it long if we start down the road of forced labor.

Surely, we as a people—we who possess that great intangible substance known over all the world as the American Know-How—can solve this problem without reverting to the law of the jungle, and without recourse to the methods of absolute statism.

A Cooling Off Spell

If we need a spell of cooling off—then let's take one. Let's frankly say that it is the last half of the seventh inning. Let's stand up and stretch. Let's quit throwing pop bottles at the umpire because we didn't like his decision—and let's not forget that, as the umpire, he called it the way he saw it. Then let's get back to the game. Let's get back to finding a sound and democratic pro-

cedure for settling our honest differences.

We must find, and find it soon, some effective means of protecting the general welfare—and doing this even as we strengthen, instead of weaken, the rights and interests of both management and labor.

To find this means is the joint responsibility of management and labor, and of government representing all of us.

We must do this without weakening the process of free collective bargaining as the basis for finding a common ground between labor and management. For not only is this process as much a part of our free enterprise system as the right to do business without monopolistic interference—but it also has been the free collective bargaining process that has given us the solution to the great bulk of our postwar labor-management difficulties.

And as we search for this effective and democratic means, we also must realize certain facts. We must realize that if there has been stubbornness on the part of some leaders of labor, there also has been a stubbornness on the part of some leaders of management. If your government is going to be impartial in dealing with labor-management relations—impartial in the interests of all the people—then your government must assess blame where it belongs. It must not overlook the fact that some of those in management have maintained an attitude of wilful disregard for not only the rights of labor, but also a wilful disregard for the rights of the general welfare.

Let the chips of responsibility fall where they may—but let's not forget that workers do not strike just for fun. They and their families know only too well the costs in physical hardship and mental anguish that are incurred when they invoke their last and final weapon—their lawful right to strike.

Since every man, woman and child in the United States can be affected by these major work stoppages, the government should lend all possible assistance to the settlement of major labor disputes within a clearly-defined, stabilized and legal framework of democratic negotiation.

But we must go further than that. We must work continuously for full production and full employment. We must have job security at an adequate annual wage—a job security that will provide an ever-increasing standard of living for all our people. This is the road to lasting industrial peace.

The Case Bill Veto

President Truman has vetoed the Case Bill. He vetoed this bill because it was a completely unwarranted and unjustifiable attack on the rights of labor. And in the unconscionable maneuvering in the Congress that passed the Case Bill, there is still a lesson from which we can all profit. This lesson, stated in simple terms, points to an inescapable fact: namely, that no problem should be, or can be, settled on the basis of day-to-day emergency. Such problems must be settled on the basis of long-term interest for the general welfare.

Even before his death, Franklin Roosevelt had outlined the path of our postwar progress here at home—the program of action still necessary to remove the causes of insecurity in our national life.

This program was the continuation of the Democratic New Deal—and the people, again, gave their overwhelming approval. And when the burden of the Presidency fell upon Harry Truman, he reaffirmed this New Deal program fully and completely.

This New Deal program provides the only basis for eliminating the immediate and long-term uncertainties in our economic life

—and these uncertainties are basic contributions to our industrial strife.

The enactment of this program—now long overdue—would contribute immeasurably to economic stability and thus to the elimination of the causes of industrial strife.

Butchering of OPA

The butchering of OPA will be as responsible as anything else for the industrial strife which we may experience in the coming year. Holding tight to price controls during the transition period would have contributed more to industrial peace than any number of restrictive and oppressive labor bills.

We need—and we must have—a full implementation by Congress of the Employment Act of 1946. We need—and must have—such measures as the extension of social security provisions to all American workers; health and medical insurance for all; and a minimum wage provision. We need—and must have—a real national housing program; and a provision for useful public works, including river valley developments and flood control projects. And right here in St. Louis, I say that we need a Missouri Valley Authority—and we need it now.

But what happened to these things that we need and must have? You know, as I know, that the reactionary elements in the Congress of the United States have done their best to block the people's progress—right straight down the line. And even as the progressive forces in Congress fought tirelessly to give us the tools to do the job, the same old reactionary coalition continued to stand in the way of this progress.

The Southern Democrats

On the Democratic side, some of the participants in this coalition come from the South. But the South is in a ferment of change. Since the victory of "Big Jim" Folsom for the governorship of Alabama—a victory for those who seek to outlaw the poll tax everywhere in the South—there is fear and consternation in the camps of political reaction everywhere. And this fear and consternation is all to the good of the people's progress.

Progress is something that belongs to the people themselves. The people get progress—or they don't. The answer is up to them. The people have a definite challenge—the same old challenge of political alertness and political action. They will get out of government only what they put into it.

Here in St. Louis, you know well what I mean by this. Eleven times in succession you have sent John J. Cochran to the House of Representatives—and he has never wavered in his support of the Democratic New Deal.

You have another friend of progress in Congress from St. Louis—John B. Sullivan. But too many of you slumbered at the polls on the off-year election day of 1942—and John Sullivan lost out that year by only 565 votes.

This year—another off-year—you can not afford such slumbering on election day. For the nation's progress needs every Cochran and Sullivan it can get.

Of such is the challenge to the people. And the Democratic party, in its appeal for the people's support, also faces a challenge. It is the challenge of living up to its heritage of progressive leadership—a heritage that is as old as the birthright given to it by Thomas Jefferson and Andrew Jackson—a heritage that is as new as the New Freedom of Woodrow Wilson and the New Deal of Franklin Roosevelt.

If we keep the faith with these men, we cannot fail. For the people of this country believe in the progressive cause. They are still on the march.

Electric Output for Week Ended June 15, 1946

7.3% Below That for Same Week a Year Ago

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended June 15, 1946, was 4,030,058,000 kwh., which compares with 4,348,413,000 kwh. in the corresponding week a year ago, and 3,920,444,000 kwh. in the week ended June 8, 1946. The output for the week ended June 15, 1946, was 7.3% below that of the same week in 1945.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR

Major Geographical Divisions—	Week Ended			
	June 10	June 8	June 1	May 25
New England.....	80.1	0.3	3.3	1.5
Middle Atlantic.....	3.7	4.4	5.0	5.2
Central Industrial.....	9.2	12.5	15.1	12.0
West Central.....	1.0	4.0	9.4	2.0
Southern States.....	12.1	14.1	15.1	12.1
Rocky Mountain.....	87.2	0.5	\$12.9	\$7.3
Pacific Coast.....	7.1	7.5	10.4	9.8
Total Un.ted States.....	7.3	9.4	11.0	9.0
\$Increase.....				

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	% Change under 1945				
	1946	1945	1944	1932	1929
March 2.....	4,000,119	4,472,110	-10.6	4,464,686	1,538,452
March 9.....	3,952,539	4,446,136	-11.1	4,425,630	1,537,747
March 16.....	3,987,877	4,397,529	-9.3	4,400,246	1,514,553
March 23.....	4,017,310	4,401,716	-8.7	4,409,159	1,480,208
March 30.....	3,992,283	4,329,478	-7.8	4,408,703	1,465,076
April 6.....	3,987,673	4,321,794	-7.7	4,361,094	1,480,738
April 13.....	4,014,652	4,332,400	-7.3	4,307,498	1,469,810
April 20.....	3,987,145	4,411,325	-9.6	4,344,188	1,454,505
April 27.....	3,976,750	4,415,889	-9.9	4,336,247	1,429,032
May 4.....	4,011,670	4,397,330	-8.8	4,233,756	1,436,928
May 11.....	3,910,760	4,302,381	-9.1	4,238,375	1,435,731
May 18.....	3,939,281	4,377,221	-10.0	4,245,678	1,425,151
May 25.....	3,941,865	4,329,605	-9.0	4,291,750	1,381,452
June 1.....	3,741,256	4,202,502	-11.0	4,144,490	1,435,471
June 8.....	3,920,444	4,327,028	-9.4	4,284,600	1,441,532
June 15.....	4,030,058	4,348,413	-7.3	4,287,251	1,440,541
June 22.....		4,358,277		4,325,417	1,456,961
June 29.....		4,353,351		4,327,359	1,341,730
					1,592,075

The State of Trade

(Continued from page 3399)

on the duration of strikes at two major farm equipment producers plants. The principal problem of other farm equipment plants is the securing of components from suppliers rather than steel.

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 84.2% of capacity for the week beginning June 17, compared with 76.1% one week ago, 49.2% one month ago and 88.8% one year ago. This represents an increase of 8.1 points or 10.6% from the previous week.

This week's operating rate is equivalent to 1,483,900 tons of steel ingots and castings and compares with 1,341,200 tons one week ago, 867,100 tons one month ago and 1,626,500 tons one year ago.

Electrical Production—The Edison Electric Institute reports that the output of electricity increased to 3,920,444,000 kwh. in the week ended June 8, 1946, from 3,741,256,000 kwh. in the preceding week. Output for the week ending June 8, 1946, was 9.4% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 173,100,000 kwh. in the week ended June 9, 1946, compared with 165,300,000 kwh. for the corresponding week of 1945, or an increase of 4.7%. Local distribution of electricity amounted to 169,700,000 kwh. compared with 164,300,000 kwh. for the corresponding week of last year, an increase of 3.3%.

Railroad Freight Loading—Car loadings of revenue freight for the week ended June 8, 1946, totaled 830,126 cars, the Association of American Railroads announced. This was an increase of 203,241 cars (or 32.4%) above the preceding week and 54,532 cars, or 6.2% below the corresponding week for 1945. Compared with the similar period of 1944, a decrease of 43,048 cars, or 4.9%, is shown.

Paper and Paperboard Production—Paper production in the United States for the week ending June 8, was 104% of mill capacity, against 96.3% in the preceding week and 92.8% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current

week as 96% against 85% in the preceding week, and 97% in the corresponding week a year ago.

Business Failures at Low Level—Commercial and industrial failures in the week ending June 13 remained at a low level, reports Dun & Bradstreet, Inc. Twelve concerns failed, 1 short of the 13 occurring both in the previous week and in the corresponding week of 1945. This marked the first time in six weeks that failures have dipped below last year's record.

Two out of three of the concerns failing this week suffered losses of \$5,000 or more. These large failures, at 8, showed a slight decline from the 10 reported last week and the 11 reported in the same week a year ago. Small failures involving liabilities under \$5,000 numbered 4, exceeding by 1 the number a week ago. Last year there were only half as many small failures.

Failures were most numerous in manufacturing and retailing, with these two lines accounting for three-fourth of the week's total failures. No other line of industry or trade had more than 2 concerns failing; wholesale trade, in fact, did not have any failures. Although 1 below last week, manufacturers failing, at 5, were higher than in the comparable week of 1945. Commercial service, up from none to 2, was the only other group in which concerns failing outnumbered those a year ago. Four retailers failed in the week just ended, two-thirds as many as in last week and in the previous year.

One Canadian failure was reported, as compared with none in the previous week and 1 in the corresponding week of 1945.

May Building Permit Volume Shows Sharp Expansion—May witnessed a further mild drop in the total valuation of building permits issued in the country as a whole. Last month's aggregate for 215 cities reporting to Dun & Bradstreet, Inc., however, came to \$224,259,274, far above the average monthly volume for recent years. It was 6.8% smaller than the April figure of \$240,543,790, but rose to about three times the sum of \$75,397,122 recorded in May 1945.

New York City permits for May were valued at \$42,376,957, comparing with \$37,499,107 in April, and \$11,104,645 in May last year.

Wholesale Food Price Index Unchanged—The wholesale food price index, compiled by Dun & Bradstreet, Inc., for June 11 held unchanged at the peak level of \$4.21 recorded a week earlier. This compared with \$4.10 on the corresponding date last year, a rise of 2.7%. Eggs and steers advanced slightly during the week. There were no declines.

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

Wholesale Commodity Price Index—The continued rise in cotton during the past week was instrumental in lifting the general price level to a new post-war peak. The Dun & Bradstreet daily wholesale commodity price index advanced to 195.79 on June 11, from 195.19 a week earlier, and 177.50 on the corresponding date a year ago.

There was very little activity in cash grain markets in the week with all prices holding nominally at ceilings. With the exception of oats, trading in grain futures on the Chicago Board of Trade dropped to extremely low levels, as the market awaited the outcome of price control development in Washington. Sales volume in oats was more than double that of the previous week with prices strong at the new and higher ceilings. Weather conditions generally were favorable for winter wheat harvesting in the Southwest.

The bulk of the corn crop was said to be planted, with acreage larger than anticipated and moisture conditions ideal. The Department of Agriculture in its June 1 report forecast a wheat yield for 1946 of 1,025,509,000 bushels. Although marking the third consecutive billion-bushel harvest, it is felt by many observers to be insufficient to meet both foreign and domestic demands. Butter and cheese markets were at a virtual standstill pending announcement of new OPA price schedules for dairy products, due this week.

Proposed price-control legislation now pending in Congress, which would greatly curtail the powers of the Office of Price Administration, was the underlying factor in the further enhancement of cotton values in the past week. Rising to new high ground for the season, current prices are at the best level since the 1923-1924 crop season. Activity in spot markets increased, with mills showing greater interest in making forward commitments. The probability of an increase in domestic mill consumption of cotton was a contributing factor in the market improvement, as was the continuance of unfavorable weather conditions with its adverse effects of this year's crop prospects. Considerable replanting was reported necessary in Arkansas, northeastern Texas, and eastern Oklahoma. Reported sales under the Cotton Export Program for the week ended June 1 fell to 22,100 bales, from 36,400 in the week preceding. Total registered sales for the season through June 1 were placed at 1,563,000 bales.

Conditions in the Boston wool market were quiet during the week, although handlers of domestic wools reported some trading in fine and half-blood territory types, owing to the difficulty in securing desirable wools of foreign origin. Spot foreign wools were slow with prices very firm. South American primary markets held strong at the recently advanced levels. Domestic wools appraised for purchase by the CCC during the week ended May 31 totaled 11,836,680 pounds. This brought aggregate appraisals of 1946 wools to that date to 56,117,397 pounds, against 66,954,005 pounds appraised to the same date last year.

Wholesale and Retail Trade—Despite unsettled weather conditions throughout the country, retail volume rose slightly this

week, according to Dun & Bradstreet, Inc., in its weekly survey of trade. Total volume was considerably above that of the corresponding week last year with the largest dollar gains in seasonal wearing apparel, foodstuffs, and household furnishings. Father's Day shopping resulted in a high dollar volume in gift and men's wear lines. An increasing tendency for consumers to demand quality in high and low-priced goods was noted.

Over-all food volume this week held about even with last week's and was estimated about 17% above that of the corresponding week a year ago. There was no easing noted in the availability of meat or bread. Canned foods became increasingly scarce in many sections of the country. The supply of fresh fruits and vegetables and poultry was adequate and the volume of sales remained large.

Women's millinery, footwear, and accessories led in dollar volume of women's apparel items. Inventories of summer clothes were adequate as heavy buying has been delayed by cool or rainy weather. Women's ready-to-wear dresses were plentiful with the more decorative styles in greatest demand. In the men's lines, suits and shirts continued the most sought for items. A slight easing of the supply of men's suits was reported. Straw hats, especially the better grades, continued to sell well. Stocks of shoes remained low but the volume of selling was maintained at high levels.

More soft goods such as towels were appearing in the stores. Curtains and draperies attracted a large amount of consumer buying. A contra-seasonal gain in the sales volume of housewares occurred and supplies increased slightly. Silverware, when available, sold well as gifts for June brides. Interest in sporting goods grew as preparations for summer vacations got underway. Building and redecorating supplies were extremely limited and the pressure of demand great. Gains were noted in the sales volume of drugs.

Retail volume for the country was estimated to be from 22 to 26% above that of the corresponding week a year ago. Regional percentage increases were: New England 16 to 20, East 27 to 31, Middle West 24 to 28, Northwest 25 to 29, South 21 to 26, Southwest 17 to 21, and Pacific Coast 20 to 24.

Wholesale volume this week rose above that of the previous week and continued to be well above that of the corresponding week a year ago. Steady but slow gains in supplies have been noted in many lines although acute shortages exist in some.

Department store sales on a country wide basis, as taken from the Federal Reserve Board's index for the week ended June 8, 1946, increased by 39% above the same period of last year. This compared with an increase of 32% (revised figure) in the preceding week. For the four weeks ended June 8, 1946, sales increased by 36% and for the year to date by 27%.

Retail trade for the past week was stimulated by heavy buying for Father's Day. Store advertising lineage in the week advanced 48.3% over the like period of last year. A moderate gain was noted in book clearings and new automobile registrations continued to rise.

Due in large part to the scarcity of meat, food sales reflected a decline for the week. There was a lagging tendency in primary cotton markets as Congress entered upon the final phase of action on the new price control act. Activity was confined to little more than spot business.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to June 8, 1946,

increased 47% above the same period last year. This compared with an increase of 33% in the preceding week. For the four weeks ended June 8, 1946, sales rose by 42% and for the year to date by 33%.

Business Failures in May

Business failures in May were higher in number but lower in amount of liabilities involved than in April. When compared with May a year ago, business failures in May were higher in number and amount of liabilities involved. Business failures in May, according to Dun & Bradstreet, Inc., totaled 92 and involved \$36,656,000 liabilities as compared with 81 in April, involving \$3,785,000 liabilities and 72 involving \$2,208,000 in May a year ago.

All groups into which the report is divided, with the exception of the Wholesale group, had more failures in May than in April. When the amount of liabilities is considered only the manufacturing and the wholesale groups had less liabilities involved in May than in April.

Manufacturing failures in May rose to 41 from 34 in April but liabilities were down to \$2,066,000 in May from \$2,734,000 in April. Wholesale failures in May were down to 4 from 10 in April and liabilities were lowered to \$16,000 from \$629,000. Retail failures in May numbered 26 with \$1,323,000 liabilities as against 25 with \$249,000 liabilities in April. Construction involvements in May numbered 8 with liabilities of \$191,000 compared with 7 in April with liabilities of \$133,000. Commercial Service failures in May were up to 13 from 5 in April and liabilities were up to \$60,000 in May from \$40,000 in April.

When the country is divided into Federal Reserve Districts, it is found that the Boston, Minneapolis and Dallas Reserve Districts had fewer failures in May than in April, the Richmond and Kansas City Reserve Districts had the same number, while the remaining districts had more insolvencies in May than in April. When the amount of liabilities involved is considered it is seen that the Philadelphia, Cleveland, Atlanta, St. Louis and the San Francisco Reserve Districts had more liabilities involved in May than in April, while all of the remaining Districts had less. The Minneapolis and Dallas Reserve Districts were distinguished by not having any failures in May.

Communist Movement Feared by House Group

A report by the House Committee on un-American Activities, made public on June 7, declares that a Communist movement in the United States is supported by Russia and that its leaders "openly have proclaimed that it advocates revolution and the overthrow of the present Government of the United States". Associated Press advices from Washington state, Urging individuals, organizations and the Government to be on guard against Communists and "Communist front" organizations, and advising labor unions to eliminate Communist elements, the committee called Communism "a foreign-controlled movement" publicly committed to "renew class warfare, agitation between the races and in other ways promote revolution in this country."

The report stated that certain radio commentators, whose names were not mentioned, were under scrutiny by the committee for their propaganda activities. The War Department was subjected to criticism for publishing a pamphlet in 1945—identified only as "Orientation Fact Sheet No. 64"—which the committee contended supported Communism and was still being circulated by some organizations.

Moody's Bond Prices and Bond Yield Averages

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

MOODY'S BOND PRICES (Based on Average Yields)									
1946— Daily Averages	U.S. Govt. Bonds	Avg. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R.R.	P.U.	Indus.
June 18	124.20	118.80	123.56	121.46	118.40	112.56	116.02	119.20	121.46
17	124.17	118.80	123.56	121.46	118.40	112.56	116.02	119.20	121.46
15	124.17	118.80	123.56	121.46	118.40	112.56	116.02	119.20	121.46
14	124.17	118.80	123.56	121.46	118.40	112.56	116.02	119.20	121.46
13	124.11	118.80	123.34	121.25	118.40	112.56	116.02	119.00	121.25
12	124.02	118.80	123.34	121.46	118.40	112.56	116.02	119.20	121.25
11	124.02	118.80	123.34	121.46	118.40	112.56	116.02	119.00	121.25
10	124.02	118.80	123.34	121.46	118.40	112.56	116.02	119.00	121.25
9	124.02	118.80	123.34	121.25	118.40	112.56	116.02	119.00	121.25
8	124.02	118.80	123.34	121.25	118.40	112.56	116.02	119.00	121.04
7	124.02	118.80	123.34	121.25	118.40	112.56	116.02	119.00	121.04
6	124.02	118.80	123.34	121.25	118.40	112.56	116.02	119.00	121.04
5	124.02	118.80	123.34	121.25	118.40	112.56	116.02	119.00	121.04
4	124.02	118.80	123.34	121.46	118.20	112.56	116.22	119.00	121.04
3	124.02	118.80	123.34	121.46	118.40	112.56	116.22	119.00	121.04
2	124.02	118.80	123.34	121.46	118.40	112.56	116.22	119.00	121.04
1	124.02	118.80	123.34	121.46	118.40	112.56	116.22	119.00	121.04
May 31	123.99	118.80	122.92	121.46	118.40	112.56	116.22	119.00	121.04
30	123.99	118.80	123.13	121.46	118.40	112.56	116.22	119.00	121.04
29	123.99	118.80	123.13	121.46	118.40	112.56	116.22	119.00	121.04
28	124.14	118.80	122.71	121.46	118.20	112.56	116.20	119.00	121.04
27	123.83	118.80	122.92	121.46	118.60	112.75	116.41	119.20	121.04
26	123.49	119.00	122.92	121.67	118.60	113.12	116.61	119.41	121.04
25	124.33	119.00	123.34	121.25	118.40	113.12	116.41	119.41	121.04
24	125.30	119.61	123.99	121.88	119.20	113.89	117.20	120.22	121.67
23	125.77	120.02	123.99	122.29	119.61	114.27	117.60	120.22	121.88
22	125.92	120.02	123.99	122.29	119.61	114.46	117.60	120.22	122.09
21	125.61	119.82	123.99	122.29	119.41	114.27	117.40	120.22	122.09
20	125.74	119.82	123.77	122.29	119.41	114.08	117.20	120.22	122.09
19	125.80	119.82	123.77	122.29	119.20	114.27	117.00	120.22	122.09
18	125.86	119.82	123.56	122.50	119.20	114.46	116.80	120.43	122.29
17	125.84	119.61	123.56	121.88	119.20	114.27	116.61	120.22	122.09
16	126.02	120.22	123.34	121.88	119.00	114.27	116.41	120.22	122.09
15	126.28	119.00	123.12	121.25	119.00	113.31	115.63	119.41	122.09
14	126.28	120.02	124.20	122.50	119.61	114.46	117.60	120.43	122.50
13	123.45	117.60	121.46	119.82	117.40	112.19	114.46	117.80	120.63
1 Year Ago	123.05	115.82	120.84	119.41	115.82	107.80	112.75	115.24	119.61
2 Years Ago	120.01	112.19	118.40	116.61	112.00	102.63	105.86	113.70	117.20

MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices)									
1946— Daily Averages	U.S. Govt. Bonds	Avg. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R.R.	P.U.	Indus.
June 18	1.47	2.71	2.48	2.58	2.73	3.03	2.85	2.69	2.58
17	1.46	2.71	2.48	2.58	2.73	3.03	2.85	2.69	2.58
15	1.46	2.71	2.49	2.59	2.73	3.03	2.85	2.70	2.59
14	1.46	2.71	2.49	2.59	2.73	3.03	2.85	2.70	2.59
13	1.47	2.71	2.49	2.59	2.73	3.03	2.85	2.70	2.59
12	1.47	2.71	2.50	2.58	2.73	3.03	2.85	2.69	2.59
11	1.47	2.71	2.50	2.58	2.73	3.03	2.85	2.70	2.59
10	1.47	2.71	2.50	2.58	2.73	3.03	2.85	2.70	2.59
9	1.47	2.71	2.50	2.59	2.73	3.03	2.85	2.70	2.59
8	1.47	2.71	2.50	2.59	2.73	3.03	2.85	2.70	2.60
7	1.47	2.71	2.50	2.59	2.73	3.03	2.85	2.70	2.60
6	1.47	2.72	2.50	2.59	2.74	3.03	2.85	2.70	2.60
5	1.47	2.72	2.51	2.58	2.74	3.03	2.84	2.70	2.60
4	1.47	2.71	2.50	2.58	2.73	3.03	2.84	2.70	2.60
3	1.47	2.71	2.50	2.58	2.73	3.03	2.84	2.70	2.60
2	1.47	2.71	2.50	2.58	2.73	3.03	2.84	2.70	2.60
1	1.48	2.71	2.51	2.58	2.73	3.03	2.84	2.70	2.60
May 31	1.49	2.71	2.50	2.58	2.73	3.03	2.84	2.70	2.60
30	1.47	2.72	2.52	2.58	2.74	3.03	2.84	2.70	2.60
29	1.49	2.71	2.51	2.58	2.72	3.02	2.83	2.69	2.60
28	1.44	2.70	2.51	2.57	2.72	3.00	2.82	2.68	2.60
27	1.45	2.70	2.49	2.59	2.73	3.00	2.83	2.68	2.60
26	1.38	2.67	2.46	2.56	2.69	2.96	2.79	2.64	2.57
25	1.35	2.65	2.46	2.54	2.67	2.94	2.77	2.64	2.56
24	1.34	2.65	2.46	2.54	2.67	2.93	2.77	2.64	2.55
23	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
21	1.34	2.66	2.47	2.54	2.69	2.94	2.80	2.64	2.54
20	1.34	2.66	2.48	2.53	2.69	2.93	2.81	2.63	2.54
19	1.34	2.67	2.48	2.56	2.69	2.94	2.82	2.64	2.55
18	1.33	2.67	2.49	2.56	2.70	2.94	2.83	2.64	2.55
17	1.31	2.60	2.50	2.59	2.70	2.99	2.87	2.68	2.55
16	1.51	2.77	2.58	2.66	2.78	3.05	2.93	2.76	2.62
15	1.31	2.65	2.45	2.53	2.67	2.93	2.77	2.63	2.53
1 Year Ago	1.59	2.86	2.61	2.68	2.86	3.29	3.02	2.89	2.67
2 Years Ago	1.80	3.05	2.73	2.82	3.06	3.59	3.40	2.97	2.79

*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.

Civil Engineering Construction Totals, \$138,911,000 for Week

Civil engineering construction volume in continental United States totals \$138,911,000 for the week ending June 13, 1946 as reported to "Engineering News-Record." This volume is 24% below the previous week, 135% above the corresponding week of last year and 12% above the previous four-week moving average. The report issued on June 13, added:

Private construction this week, \$86,367,000, is 28% below last week and 340% above the week last year. Public construction, \$52,544,000, is 16% below last week and 33% greater than the week last year. State and municipal construction, \$29,842,000, 44% below last week, is 475% above the 1945 week. Federal construction, \$22,702,000, is 160% above last week and 34% below the week last year.

Total engineering construction for the 24-week period of 1946 records a cumulative total of \$2,397,796,000, which is 204% above the total for a like period of 1945. On a cumulative basis, private construction in 1946 totals \$1,535,755,000, which is 585% above that for 1945. Public construction, \$862,041,000, is 53% greater than the cumulative total for the corresponding period of 1945, whereas state and municipal construction, \$581,829,000, to date, is 430% above 1945. Federal construction, \$280,212,000, dropped 38% below the 24-week total of 1945.

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

	June 13, 1946	June 6, 1946	June 14, 1945
Total U. S. Construction	\$138,911,000	\$182,160,000	\$59,216,000
Private Construction	86,367,000	119,838,000	19,644,000
Public Construction	52,544,000	62,330,000	39,572,000
State and Municipal	29,842,000	53,590,000	5,186,000
Federal	22,702,000	8,740,000	34,386,000

In the classified construction groups, waterworks, bridges, earthwork and drainage, commercial buildings and unclassified construction 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, public buildings and commercial buildings.

New Capital
New capital for construction purposes this week totals \$24,105,000, and is made up of \$22,027,000 in state and municipal bond sales and \$2,078,000 in corporate security issues. New capital for the 24-week period of 1946 totals \$637,164,000, 22% greater than the \$522,889,000, reported for the corresponding period of 1945.

National Fertilizer Association Commodity Price Index Continues Upward Trend

For the fifth consecutive week the weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on June 17 reached a new high level when it advanced to 149.0 in the week of June 15, 1946 from 148.5 in the preceding week. A month ago the index stood at 146.9, and a year ago at 141.7 all based on the 1935-1939 average as 100. The Association's report went on to say:

The rise in the farm products group, which reached a new peak, was largely responsible for the rise in the general index. The cotton subgroup reached a further new peak. The livestock subgroup advanced reflecting higher prices for cattle, sheep and eggs. Quotations for lambs were down. There were no changes in the grains subgroup. The foods group also advanced during the week and reached a new peak. The textiles index advanced for the fourth consecutive week and reached a new high level. The building materials index reached a new high level because of higher prices for white lead. The remaining groups of the index were unchanged.

During the week 7 price series in the index advanced and 1 declined; in the preceding week 8 advanced and 3 declined; in the second preceding week 10 advanced and 2 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		Month Year Ago	
		Week June 15, 1946	Week June 8, 1946	May 18, 1946	June 16, 1945
25.3	Foods	147.6	147.4	144.6	144.0
	Fats and Oils	147.4	147.4	147.4	145.2
	Cottonseed Oil	163.1	163.1	163.1	163.1
23.0	Farm Products	181.1	179.3	178.4	168.1
	Cotton	276.2	267.8	258.0	216.2
	Grains	190.3	190.3	192.2	166.0
	Livestock	163.5	162.4	162.7	161.5
17.3	Fuels	131.4	131.4	130.3	132.0
	Miscellaneous commodities	138.6	138.6	138.4	137.7
8.2	Textiles	169.6	168.4	166.1	157.3
7.1	Metals	122.2	122.2	117.9	108.9
6.1	Building materials	168.1	167.8	167.8	155.4
1.3	Chemicals and drugs	127.5	127.5	127.5	125.9
1.3	Fertilizer materials	118.2	118.2	118.2	118.3
1.3	Fertilizers	119.8	119.8	119.8	119.9
1.					

Daily Average Crude Oil Production for Week Ended June 8, 1946, Increased 139,750 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended June 8, 1946, was 4,895,650 barrels, an increase of 139,750 barrels per day over the preceding week and a gain of 42,236 barrels per day over the corresponding week of 1945. The current figure was also 225,650 barrels in excess of the daily average figure of 4,670,000 barrels estimated by the United States Bureau of Mines as the requirement for the month of June, 1946. Daily production for the four weeks ended June 8, 1946, averaged 4,790,500 barrels. The Institute further reports as follows:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,827,000 barrels of crude oil daily and produced 13,864,000 barrels of gasoline; 1,827,000 barrels of kerosine; 5,441,000 barrels of distillate fuel, and 9,015,000 barrels of residual fuel oil during the week ended June 8, 1946; and had in storage at the end of that week 94,146,000 barrels of finished and unfinished gasoline; 13,013,000 barrels of kerosine; 33,958,000 barrels of distillate fuel, and 45,938,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements June	State Allowables Begin June 1	Actual Production Week Ended June 8, 1946	Change from Previous Week	4 Weeks Ended June 8, 1946	Week Ended June 9, 1946
**New York-Penna.	48,200		48,300	+ 3,350	50,200	47,050
Florida			250	-----	250	14
**West Virginia	8,400		8,150	+ 300	7,950	7,400
Ohio—Southeast	7,600		14,059	+ 1,000	5,550	5,100
Ohio—Other			2,300	+ 450	2,550	2,700
Indiana	18,000		20,850	+ 1,050	20,000	11,600
Illinois	210,000		208,400	+ 2,600	209,100	201,000
Kentucky	31,000		31,000	+ 500	30,600	29,200
Michigan	46,000		47,400	+ 1,850	46,750	48,200
Nebraska	800		750	-----	750	900
Kansas	255,000	260,000	239,450	- 15,050	256,350	250,050
Oklahoma	380,000	380,000	385,000	+ 6,250	377,450	387,400
Texas—						
District I			19,650	+ 350	19,400	-----
District II			155,650	+ 24,250	137,450	-----
District III			515,400	+ 69,100	463,600	-----
District IV			229,600	+ 11,600	220,900	-----
District V			43,950	+ 5,650	39,700	-----
East Texas			326,000	+ 64,000	374,000	-----
Other Dist. VI			107,350	+ 4,350	104,100	-----
District VII-B			32,400	+ 900	31,700	-----
District VII-C			28,450	+ 1,450	27,350	-----
District VIII			584,200	+ 90,100	516,600	-----
District IX			132,400	+ 2,800	130,300	-----
District X			86,450	+ 150	86,350	-----
Total Texas	2,050,000	2,293,092	2,261,500	+ 146,700	2,151,450	2,180,450
North Louisiana			81,050	+ 950	79,900	69,150
Coastal Louisiana			290,100	- 1,350	291,100	298,950
Total Louisiana	380,000	417,000	371,150	- 400	371,000	368,100
Arkansas	79,000	78,268	74,200	+ 800	73,200	79,150
Mississippi	57,000		64,150	+ 600	63,450	51,750
Alabama	1,000		1,150	+ 50	1,150	700
New Mexico—So. East	98,000	106,000	97,600	+ 2,300	95,900	103,350
New Mexico—Other			350	+ 50	450	400
Wyoming	104,000		111,400	+ 3,000	113,600	107,350
Montana	22,000		19,350	- 2,650	19,350	20,300
Colorado	25,000		32,800	+ 2,050	30,550	10,950
California	848,000	831,000	865,200	+ 4,500	862,900	940,500
Total United States	4,670,000		4,895,650	+ 139,750	4,790,500	4,853,414

**Pennsylvania Grade included above. 61,400 — 4,050 63,700 59,550
 *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 June. 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. June 5, 1946.
 ‡This is the net basic allowable as of June 1 calculated on a 30-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 four days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 4 days shutdown time during the calendar month.
 §Recommendation of Conservation Committee of California Oil Producers.
 ¶Texas production is now reported according to Texas Railroad Commission districts.

CRUDE RUNS TO STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSENE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JUNE 8, 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 Report	Daily % Op.	Crude Runs to Still	Gasoline		Kerosine		Gas Oil		Residual Fuel Oil	
				Produced	Unfin.	Produced	Unfin.	Produced	Unfin.	Produced	Unfin.
East Coast	99.5	750	89.4	1,569	22,982	5,430	10,499	8,601			
Appalachian											
District No. 1	76.3	98	68.5	317	2,503	262	459	186			
District No. 2	84.7	56	90.3	212	979	63	139	178			
Ind., Ill., Ky.	87.4	787	90.5	2,665	19,565	1,828	4,676	3,507			
Okl., Kan., Mo.	78.3	397	82.5	1,331	8,253	757	1,958	1,255			
Inland Texas	89.2	1,210	89.4	944	3,075	361	320	697			
Texas Gulf Coast	97.4	316	98.7	3,235	13,851	2,181	5,311	5,683			
Louisiana Gulf Coast	97.4	316	98.4	907	4,070	1,211	1,825	1,192			
No. La. & Arkansas	55.9	48	38.1	135	1,708	195	417	182			
Rocky Mountain											
District No. 3	19.0	10	76.9	37	87	15	40	32			
District No. 4	70.9	135	81.8	408	2,220	128	408	778			
California	85.5	801	80.6	2,106	14,853	582	7,906	23,647			
Total U. S. B. of M.											
basis June 8, 1946	85.8	4,827	86.8	13,864	*94,146	13,013	33,958	45,938			
Total U. S. B. of M.											
basis June 1, 1946	85.8	4,843	87.1	14,293	95,247	12,509	33,172	44,408			
U. S. B. of M. basis June 9, 1945		4,892		15,132	†87,486	8,703	30,176	39,376			

*Includes unfinished gasoline stocks of 8,454,000 barrels. †Includes unfinished gasoline stocks of 11,558,000 barrels. ‡Stocks at refineries at bulk terminals, in transit and in pipe lines. §Not including 1,827,000 barrels of kerosine, 5,441,000 barrels of gas oil and distillate fuel oil and 9,015,000 barrels of residual fuel oil produced during the week ended June 8, 1946, which compares with 2,111,000 barrels, 5,070,000 barrels and 8,881,000 barrels, respectively, in the preceding week and 1,440,000 barrels, 4,937,000 barrels and 9,419,000 barrels, respectively, in the week ended June 9, 1945. †On new basis due to transfer in East Coast.

Labor Dep't Reports Wholesale Prices Up For Week Ended June 8

"Price advances for most commodity groups caused an increase of 0.4% in average primary market prices during the week ended June 8, 1946," it was announced by the Bureau of Labor Statistics of the U. S. Department of Labor on June 13, which went on to say: "At 111.5% of the 1926 average, the index of commodity prices in primary markets prepared by the Bureau was 5.7% higher than at the end of the war and 5.2% above a year ago.

"Farm Products and Foods—Higher quotations for livestock, reflecting continued heavy demand and short supplies due in part to reported withholding of animals from the market pending final action on OPA legislation, were primarily responsible for an advance of 0.4% in market prices of farm products. Sheep quotations were up more than 5% and there were smaller advances for cows, steers and calves. Prices of live poultry declined in the Chicago market with a reduced ceiling. Raw cotton prices advanced to new 22-year peaks, reflecting unfavorable weather reports and pending OPA legislation. Egg prices rose seasonally. There were sharp declines in prices of white potatoes with abundant supplies of the new crop in most markets and onion prices decreased with good supplies. Sweet potatoes rose seasonally and lemon prices were higher, reflecting adjustments to higher ceilings previously granted. On the average prices of farm products were 2.7% higher than a month ago and 6.7% higher than the corresponding week of last year.

Increased prices for dairy products and cereal products more than offset the declines for fresh fruits and vegetables to cause a slight advance (0.1%) in the group index for foods. Fluid milk quotations in New York advanced sharply with higher ceiling prices following removal of subsidies and elimination of the usual seasonal decrease under the milk marketing agreement. Prices of hominy grits and corn meal rose nearly 15% with increased ceilings. On the average, food was 0.9% higher than 4 weeks earlier and 4.3% above a year ago.

Other Commodities—Prices of all other commodities rose 0.3% on the average during the week to a level 0.9% above a month ago and 4.9% above a year ago. There were sharp price advances for copper and lead and lead pipe following upward adjustment of OPA ceilings to cover higher costs including wage increases since February 1946. Lumber prices were higher with increases in mill realizations for western pine and ceiling increases for northern hemlock. Prices of pine shipping cases advanced 20%. There were small increases for box board as individual manufacturers were allowed higher ceilings. Prices of coated fabrics rose more than 13% with ceiling adjustments to restore profit margins. Higher OPA ceilings also were reflected in increased prices for damask, men's underwear, and office furniture. Gasoline prices continued to advance.

CHANGES IN WHOLESALE PRICES BY COMMODITY GROUPS FOR WEEK ENDED JUNE 8, 1946 (1926=100)

Commodity group—	Percentage changes to June 8, 1946, from—				Percentage changes to June 8, 1946, from—		
	6-8 1946	6-1 1946	5-25 1946	5-11 1946	6-1 1946	5-11 1946	6-9 1946
All commodities	111.5	111.1	110.7	110.1	106.0	+0.4	+1.3
Farm products	139.4	138.8	137.2	135.8	130.7	+0.4	+2.7
Foods	111.9	111.8	111.0	110.9	107.3	+0.1	+0.9
Hides and leather products	120.9	120.9	120.9	120.3	118.3	0	+0.5
Textile products	108.3	108.2	108.2	106.7	104.5	+0.1	+1.5
Fuel and lighting materials	86.9	86.7	87.1	87.0	89.1	+0.1	+1.5
Metal and metal products	110.5	109.5	109.4	109.3	104.5	+0.2	+0.1
Building materials	128.2	127.8	127.2	126.8	117.3	+0.3	+1.1
Chemicals and allied products	96.8	96.6	96.6	96.2	95.3	+0.2	+1.1
Household furnishings goods	110.2	110.0	109.4	108.9	106.2	+0.2	+1.2
Miscellaneous commodities	97.9	97.8	96.6	96.2	94.6	+0.1	+1.8
Raw materials	125.5	125.1	124.2	123.2	118.8	+0.3	+1.9
Semi-manufactured articles	103.4	101.7	101.7	101.6	95.3	+1.7	+1.8
Finished products	106.6	106.5	106.2	105.6	102.0	+0.1	+0.9
All commodities other than farm products	105.4	105.1	104.9	104.4	100.6	+0.3	+1.0
All commodities other than farm products and foods	104.6	104.3	104.1	103.7	99.7	+0.3	+0.9

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JUNE 1, 1946 TO JUNE 8, 1946

Increases		Decreases	
Nonferrous Metals	7.6	Cereal Products	0.3
Dairy Products	3.4	Other Farm Products	0.3
Fertilizer Materials	2.3	Other Foods	0.2
Livestock and Poultry	1.0	Groceries	0.1
Other Textile Products	0.9	Hosiery and Underwear	0.1
Lumber	0.6	Other Building Materials	0.1
Petroleum and Products	0.5	Other Miscellaneous	0.1
Furnishings	0.4	Paper and Pulp	0.1

Fruits and Vegetables 3.6

The Labor Department included the following notation in its report:

NOTE—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.

Bank Debits for Month of May

The Board of Governors of the Federal Reserve System issued on June 11 its usual monthly summary of "bank debits" which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS (In millions of dollars)

Federal Reserve District—	May		—3 Months Ended—	
	1946	1945	1946	1945
Boston	3,948	3,698	11,470	10,895
New York	37,894	36,317	116,255	102,669
Philadelphia	3,756	3,556	11,535	10,348
Cleveland	5,069	5,130	15,172	14,901
Richmond	3,094	2,838	9,310	8,196
Atlanta	11,868	11,728	36,321	7,867
Chicago	2,402	2,363	7,203	35,741
St. Louis	1,598	1,456	4,730	6,673
Minneapolis	2,656	2,644	8,076	4,107
Kansas City	2,597	2,273	7,736	7,787
Dallas	7,984	7,116	24,060	6,716
San Francisco				21,042
Total, 334 centers	85,898	81,724	261,009	236,939
*New York City	35,085	33,678	107,964	94,975
*140 other centers	42,433	40,643	128,044	120,211
193 other centers	8,380	7,403	25,041	21,754

*Included in the national series covering 141 centers, available beginning in 1919.

New Commerce Comm.

An Incentive Advisory Committee has been appointed by Secretary of Commerce, Henry A. Wallace to assist the Incentive Division of the Department of Commerce in its studies of wage incentives, it was announced on June 13, by the department.

The members of the Committee are leaders in the field of management engineering. They have a wide knowledge of the use of wage incentives as rewards to workers for their contribution to increasing production and controlling costs, it was said.

Increased productivity and lower costs which can be reflected in lower sales prices to the consuming public is urgently needed to combat the forces of inflation.

Lower costs of production are essentially an increase in wages and earnings for the entire public as they increase the purchasing power of the dollar, according to the Commerce Department.

Members of the Incentive Advisory Committee are:

Alvin E. Dodd, President, American Management Association; J. Keith Loudon, Vice President, Society for the Advancement of Management, and Production Manager, Glass and Closure Production, Armstrong Cork Company; Phil Carroll, Jr., Vice President, Society for the Advancement of Management, and Professional Engineer.

John W. Nickerson of Bigelow, Kent, Willard and Company, Management Engineers; James H. Eddy, Industrial Engineer, Yale and Towne Manufacturing Co.

Treasury Redeems Notes, \$2 Billion in Cash

Secretary of the Treasury Vinton on June 14 announced that offering, through the Federal Reserve Banks, of 7% Treasury Certificates of Indebtedness of Series D-1946, open on an exchange basis par for par, to holders of Treasury Notes of Series D-1946, in an amount of \$4,909,727,000, which will mature on July 1, 1946. Since it is planned to retire about \$2,000,000,000 of the maturing notes on cash redemption, subscriptions will be received subject to allotment to all holders an equal percentage basis, except that subscriptions in amounts up to \$25,000 will be allotted in full. Cash subscriptions will not be received.

The subscription books for this offering opened on June 19, 1946, said the Treasury Department, announcement, which continued: The certificates now offered will be dated July 1, 1946, and will bear interest from that date at the rate of 7% per annum payable semiannually on Jan. 1 and July 1, 1947. They will mature July 1, 1947. They will be issued in bearer form only, in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000.

Trading on New York Exchanges

The Securities and Exchange Commission made public on June 12, 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 May 25, 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 May 25 (in round-lot transactions) totaled 2,356,933 shares, which amount was 15.52% of the total transactions on the Exchange of 7,593,460 shares. This compares with member trading during the week ended May 18 of 2,092,340 shares or 15.36% of the total trading of 6,811,400 shares.

On the New York Curb Exchange, member trading during the week ended May 25 amounted to 690,985 shares, or 14.16% of the total volume on that exchange of 2,440,380 shares. During the week ended May 18, trading for the account of Curb members of 715,340 shares was 15.28% of the total trading of 2,341,035 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares) WEEK ENDED MAY 25, 1946

		Total for Week	%
A. Total Round-Lot Sales:			
Short sales	198,070		
†Other sales	7,395,390		
Total sales	7,593,460		
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:			
1. Transactions of specialists in stocks in which they are registered—			
Total purchases	684,140		
Short sales	110,470		
‡Other sales	550,350		
Total sales	660,820	8.86	
2. Other transactions initiated on the floor—			
Total purchases	160,240		
Short sales	6,900		
‡Other sales	111,090		
Total sales	117,990	1.83	
3. Other transactions initiated off the floor—			
Total purchases	333,650		
Short sales	50,900		
‡Other sales	349,193		
Total sales	400,093	4.83	
4. Total—			
Total purchases	1,178,030		
Short sales	168,270		
‡Other sales	1,010,633		
Total sales	1,178,903	15.52	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares) WEEK ENDED MAY 25, 1946

		Total for Week	%
A. Total Round-Lot Sales:			
Short sales	35,120		
‡Other sales	2,405,260		
Total sales	2,440,380		
B. Round-Lot Transactions for Account of Members:			
1. Transactions of specialists in stocks in which they are registered—			
Total purchases	232,995		
Short sales	16,545		
‡Other sales	198,285		
Total sales	214,830	9.18	
2. Other transactions initiated on the floor—			
Total purchases	51,325		
Short sales	2,100		
‡Other sales	37,150		
Total sales	39,250	1.85	
3. Other transactions initiated off the floor—			
Total purchases	49,240		
Short sales	10,500		
‡Other sales	92,845		
Total sales	103,345	3.13	
4. Total—			
Total purchases	333,560		
Short sales	29,145		
‡Other sales	328,280		
Total sales	357,425	14.16	
C. Odd-Lot Transactions for Account of Specialists—			
Customers' short sales	0		
‡Customers' other sales	126,916		
Total purchases	126,916		
Total sales	126,916		

*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."

Hatters' Union Queries Hillman's Views

A convention of the United Hatters, Cap and Millinery Workers Union, American Federation of Labor affiliate, heard its international Vice President Samuel Hershkowitz direct an attack against Sidney Hillman, President of the Amalgamated Clothing Workers, of the Congress of Industrial Organizations, for using the labor movement to further his own reputation, according to advices to the "New York World-Telegram", on June 7. "Mr. Hillman does not represent the American labor movement no way, no how," Mr. Hersh-

kowitz is quoted as saying, adding, "I don't like any man who uses the labor movement so he may become powerful."

The denunciation of Mr. Hillman came as the result of opposition by Mr. Hershkowitz and other hatters' union officials to a series of three resolutions calling for affiliation by the AFL with the World Federation of Trade Unions, of which Mr. Hillman is CIO representative.

Max Zaritzky, President of the hatters' union, in opposing the resolutions, is reported to have stated: "If the World Federation of Trade Unions could call a strike of the marine workers in Russia, the AFL would file an application tomorrow for membership in the WFTU."

Non-Ferrous Metals—Settlement of Strikes Progressing—Zinc Stocks Declined in May

"E. & M. J. Metal and Mineral Markets," in its issue of June 13, stated: "Good news for consumers of copper and lead was contained in the announcement made in Washington on June 11 to the effect that an agreement was signed by CIO Mine, Mill and Smelter Workers and the American Smelting & Refining Co. ending a strike that closed 18 plants on Feb. 25. Wage agreements are expected soon at Kennecott and Phelps Dodge prop-

erties. The Office of Economic Stabilization acted last week to adjust subsidy payments on copper and lead to conform with the new price ceilings. RFC was directed to recapture from a mine operator eligible to receive premium payments at any time during the period from Jan. 1, 1946 to June 3, 1946, 2.375¢ a pound on copper, and 1.75¢ a pound on lead, for every pound of unsold recoverable metal in his inventory. Ceiling prices were removed from chrome ore, cobalt, ferrochromium, terrosilicon, molybdenum, tungsten, and vanadium, effective June 12." The publication further went on to say in part as follows:

Copper

The squeeze in copper for June has forced many consumers to accept five- and ten-ton lots in place of carloads or more. Sellers claim that a like situation has never before existed in the copper market, even under war conditions. Metals Reserve has released about 80,000 tons of copper for June, but no such tonnage will be available in the shapes requested by consumers.

Deliveries of copper in May totaled 93,647 tons, the Copper Institute reports. Of this tonnage 83,402 tons consisted of metal released by the Government. Production of refined copper in May amounted to 20,551 tons, against 18,989 tons in April.

The strike at Chile Copper and threatened labor difficulties at Northern Rhodesian properties further strengthened prices in the foreign market. Chilean sellers now quote 14.125¢ f.o.b. port of shipment.

Lead

With strikes ended at smelters and refineries, the supply situation in so far as July is concerned is expected to show some improvement. However, unless importations of lead can be increased in the next quarter the available supply will continue well below the needs of industry. The foreign market is strong, with prices showing a range of 8½¢ to 9¢ per pound. So far, funds have not been made available for the Office of Metals Reserve to extend its purchases.

Sales of lead in the domestic market for the week totaled 3,638 tons.

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

	—Electrolytic Copper—		Straits Tin,	—Lead—		Zinc
	Dom. Refy.	Exp. Refy.		New York	St. Louis	
June 6	14.150	14.500	52.000	8.25	8.10	8.25
June 7	14.150	14.425	52.000	8.25	8.10	8.25
June 8	14.150	14.375	52.000	8.25	8.10	8.25
June 9	14.150	14.375	52.000	8.25	8.10	8.25
June 10	14.150	14.425	52.000	8.25	8.10	8.25
June 11	14.150	14.425	52.000	8.25	8.10	8.25
June 12	14.150	14.375	52.000	8.25	8.10	8.25
Average	14.150	14.413	52.000	8.25	8.10	8.25

Average prices for calendar week ended June 8 are: Domestic copper f.o.b. refinery, 14.150¢; export copper f.o.b. refinery 14.367¢; Straits tin, 52.000¢; New York lead, 8.250¢; St. Louis lead, 8.100¢; 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 0.225¢ 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 0.075¢, 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 0.05¢ per pound is charged; for slabs 0.075¢ up, and for cakes 0.125¢ up, depending on weight and dimensions; for billets an extra 0.75¢ up, depending on dimensions and quality. Cathodes in standard sizes are sold at a discount of 0.125¢ 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 1¢ per pound over the current market for Prime Western but not less than 1¢ over the "E. & M. J." average for Prime Western for the previous month.

Quotations for lead reflect prices obtained for common lead only

a month previous and 2,240 tons in May last year. Total shipments came to 69,680 tons, of which 4,989 tons was zinc released from the Government's stocks. Export and drawback (bonded metal) accounted for 4,120 tons of the total shipped during May.

Platinum

Sellers of platinum interested in maintaining an orderly market for the metal were disturbed last week over advertisements appearing in the daily press sponsored by a Wall Street house, offering platinum in 50-oz. lots as a "brokerage service." This firm, through its metals department, offers to purchase refined platinum at \$72.50 an ounce and quotes the so-called outside market at \$77.50 to \$80. Platinum refiners continue to quote \$53 on wholesale quantities and \$56 on small parcels on sales to consumers.

Attempts to popularize platinum as a commodity that may be bought and sold freely on a speculative basis have failed in the past because of the narrow market that prevails in the metal, operators familiar with the history of the metal claim.

Tin

Funds for operating the tin smelter at Texas City have been provided for and the flow of metal from that source will be forthcoming even though subsidy payments on other metals may be on the doubtful list.

An agreement has not yet been reached in the matter of extending the Bolivian concentrate contracts. The price situation here remains unchanged. Straits quality tin for shipment was as follows:

	June	July	August
June 6	52.000	52.000	52.000
June 7	52.000	52.000	52.000
June 8	52.000	52.000	52.000
June 9	52.000	52.000	52.000
June 10	52.000	52.000	52.000
June 11	52.000	52.000	52.000
June 12	52.000	52.000	52.000

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

Silver

Trading in silver has virtually ceased, pending developments in Washington.

The New York Official price of foreign silver was unchanged at 70¾¢ an ounce troy. London was unchanged at \$44.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 12, a summary for the week ended June 1, 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 June 1, 1946		Total
Odd-Lot Sales by Dealers— (Customers' purchases)		
Number of orders	38,752	
Number of shares	1,162,835	
Dollar value	\$51,974,470	
Odd-Lot Purchases by Dealers— (Customers' sales)		
Number of Orders:		
Customers' short sales	68	
*Customers' other sales	29,153	
Customers' total sales	29,221	
Number of Shares:		
Customers' short sales	2,678	
*Customers' other sales	878,794	
Customers' total sales	881,472	
Dollar value	\$38,332,315	
Round-Lot Sales by Dealers—		
Number of Shares:		
Short sales	150	
†Other sales	132,990	
Total sales	133,140	
Round-Lot Purchases by Dealers—		
Number of shares	399,050	
*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."		

Revenue Freight Car Loadings During Week Ended June 8, 1946, Increased 203,241 Cars

Loading of revenue freight for the week ended June 8, 1946 totaled 830,126 cars, the Association of American Railroads announced on June 13. This was a decrease below the corresponding week of 1945 of 54,532 cars, or 6.2%, and a decrease below the same week in 1944 of 43,048 cars or 4.9%.

Loading of revenue freight for the week of June 8, increased 203,241 cars or 32.4% above the preceding week.

Miscellaneous freight loading totaled 357,223 cars, an increase of 36,572 cars above the preceding week, but a decrease of 42,430 cars below the corresponding week in 1945.

Loading of merchandise less than carload lot freight totaled 126,898 cars, an increase of 19,148 cars above the preceding week, and an increase of 18,604 cars above the corresponding week in 1945.

Coal loading amounted to 173,291 cars, an increase of 111,500 cars above the preceding week but a decrease of 2,065 cars below the corresponding week in 1945.

Grain and grain products loading totaled 43,506 cars, an increase of 4,203 cars above the preceding week but a decrease of 9,505 cars below the corresponding week in 1945. In the Western Districts alone, grain and grain products loading for the week of June 8 totaled 29,254 cars, an increase of 2,681 cars above the preceding week but a decrease of 7,865 cars below the corresponding week in 1945.

Livestock loading amounted to 15,178 cars, an increase of 1,747 cars above the preceding week and an increase of 711 cars above the corresponding week in 1945. In the Western Districts alone loading of livestock for the week of June 8 totaled 11,362 cars, an increase of 1,250 cars above the preceding week, and an increase of 781 cars above the corresponding week in 1945.

Forest products loading totaled 47,135 cars, an increase of 5,325 cars above the preceding week and an increase of 588 cars above the corresponding week in 1945.

Ore loading amounted to 58,493 cars, an increase of 21,093 cars above the preceding week but a decrease of 14,248 cars below the corresponding week in 1945.

Coke loading amounted to 8,401 cars, an increase of 3,653 cars above the preceding week, but a decrease of 6,187 cars below the corresponding week in 1945.

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

	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
4 weeks of May	2,616,067	3,456,465	3,441,616
Week of June 1	626,885	837,886	810,698
Week of June 8	830,126	894,658	873,174
Total	16,410,189	18,634,574	18,630,187

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 8, 1946. During this period only 52 roads reported gains over the week ended June 9, 1945.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JUNE 8

Railroads	Revenue Freight Loaded		Total Loads Received from Connections	
	1946	1945	1946	1945
Eastern District—				
Ann Arbor	408	262	1,310	1,595
Bangor & Aroostook	1,411	1,437	407	207
Boston & Maine	7,828	7,068	7,065	7,065
Chicago, Indianapolis & Louisville	1,304	1,013	1,305	1,305
Central Indiana	24	38	32	40
Central Vermont	1,087	1,080	1,155	2,068
Delaware & Hudson	2,847	4,982	4,875	9,377
Delaware, Lackawanna & Western	6,210	7,825	7,959	11,234
Detroit & Mackinac	371	261	198	116
Detroit, Toledo & Ironton	1,303	1,808	1,744	915
Detroit & Toledo Shore Line	366	418	320	2,634
Erie	9,677	12,490	13,513	16,872
Grand Trunk Western	4,306	4,093	3,884	6,815
Lehigh & Hudson River	222	195	215	2,794
Lehigh & New England	937	2,127	2,075	1,500
Lehigh Valley	5,865	8,707	9,445	7,993
Maine Central	2,729	2,597	2,403	2,531
Monongahela	7,070	6,423	6,613	260
Montour	2,974	3,069	2,868	18
New York Central Lines	50,379	51,002	50,390	42,856
N. Y., N. H. & Hartford	10,812	10,130	9,911	13,991
New York, Ontario & Western	604	1,024	1,391	2,172
New York, Chicago & St. Louis	6,381	6,538	6,691	11,765
N. Y., Susquehanna & Western	420	434	516	1,238
Pittsburgh & Lake Erie	5,128	7,791	7,772	8,774
Pere Marquette	5,970	5,249	4,757	6,028
Pittsburgh & Shawmut	1,143	869	943	43
Pittsburgh, Shawmut & North	458	331	359	70
Pittsburgh & West Virginia	1,081	1,159	1,487	1,509
Rutland	436	368	378	1,055
Wabash	6,171	6,092	5,594	10,119
Wheeling & Lake Erie	5,252	5,612	5,823	2,928
Total	151,174	162,532	162,631	173,358
Allegheny District—				
Akron, Canton & Youngstown	485	733	672	1,016
Baltimore & Ohio	43,842	47,681	47,557	21,821
Bessemer & Lake Erie	4,259	5,716	5,262	28,291
Cambria & Indiana	1,492	1,463	1,659	2,136
Central R. R. of New Jersey	5,175	7,062	7,470	6
Cornwall	403	497	551	19,805
Cumberland & Pennsylvania	380	169	239	37
Ligonier Valley	75	92	168	10
Long Island	1,496	1,801	1,539	4,754
Penn.-Reading Seashore Lines	1,673	1,652	1,741	1,750
Pennsylvania System	79,281	88,828	87,492	60,585
Reading Co.	9,646	15,966	15,321	67,136
Union (Pittsburgh)	6,562	19,085	20,315	28,040
Western Maryland	4,631	4,093	4,192	3,994
Total	159,400	194,838	195,188	145,493
Pocahontas District—				
Chesapeake & Ohio	33,644	29,187	29,787	13,933
Norfolk & Western	25,485	21,180	22,298	7,046
Virginian	5,236	4,638	4,914	1,389
Total	64,365	55,005	57,015	22,368

Railroads	Total Revenue Freight Loaded		Total Loads Received from Connections	
	1946	1945	1946	1945
Southern District—				
Alabama, Tennessee & Northern	480	520	295	158
Atl. & W. C.—W. R. R. of Ala.	828	731	718	2,608
Atlanta, Birmingham & Coast	1,718	1,710	1,634	2,994
Atlantic Coast Line	349	303	257	218
Central of Georgia	87	104	137	666
Charleston & Western Carolina	1,718	1,710	1,634	2,994
Clinchfield	349	303	257	218
Columbus & Greenville	1,718	1,710	1,634	2,994
Durham & Southern	87	104	137	666
Florida East Coast	1,208	1,032	954	1,116
Gainesville Midland	88	45	47	79
Georgia	1,034	1,085	1,235	2,160
Georgia & Florida	323	430	477	707
Gulf, Mobile & Ohio	4,928	5,492	4,037	3,611
Illinois Central System	27,853	28,513	28,339	14,761
Louisville & Nashville	27,881	26,378	25,261	9,528
Macon, Dublin & Savannah	272	195	166	1,069
Mississippi Central	433	424	297	370
Nashville, Chattanooga & St. L.	3,440	3,615	3,130	4,001
Norfolk Southern	2,115	2,001	1,179	1,287
Piedmont Northern	417	456	407	1,204
Richmond, Fred. & Potomac	472	506	384	11,657
Seaboard Air Line	12,113	10,398	10,363	6,681
Southern System	26,479	24,883	23,580	22,101
Tennessee Central	745	528	760	737
Winston-Salem Southbound	133	137	149	967
Total	133,519	126,157	121,335	101,782

Northwestern District—				
Chicago & North Western	20,322	18,729	19,753	14,907
Chicago Great Western	2,078	2,355	2,807	2,779
Chicago, Milw., St. P. & Pac.	20,660	22,052	21,723	9,950
Chicago, St. Paul, Minn. & Omaha	3,396	3,647	3,506	3,843
Duluth, Missabe & Iron Range	23,114	26,565	29,343	285
Duluth, South Shore & Atlantic	1,095	981	1,014	536
Elgin, Joliet & Eastern	6,509	9,287	8,600	8,509
Ft. Dodge, Des Moines & South	489	418	400	122
Great Northern	19,189	22,536	22,977	6,800
Green Bay & Western	489	460	439	804
Lake Superior & Ishpeming	2,113	2,403	2,373	50
Minneapolis & St. Louis	2,109	2,046	2,220	2,049
Minn., St. Paul & S. S. M.	7,595	7,192	6,569	3,379
Northern Pacific	10,159	11,506	10,502	5,069
Spokane International	130	247	128	557
Spokane, Portland & Seattle	2,468	2,815	2,597	2,245
Total	121,915	133,239	134,951	61,884

Central Western District—				
Atch., Top. & Santa Fe System	27,395	28,042	26,326	9,514
Alton	2,574	3,820	3,373	3,170
Bingham & Garfield	9	370	488	14
Chicago, Burlington & Quincy	20,596	19,026	18,851	9,722
Chicago & Illinois Midland	3,538	3,265	3,176	670
Chicago, Rock Island & Pacific	13,275	13,516	12,091	11,784
Chicago & Eastern Illinois	2,820	3,078	2,708	3,187
Colorado & Southern	554	566	583	1,859
Denver & Rio Grande Western	2,678	3,336	3,799	4,048
Denver & Salt Lake	518	545	717	61
Fort Worth & Denver City	1,583	1,636	967	1,411
Illinois Terminal	2,001	2,106	2,029	1,536
Missouri-Illinois	1,293	1,249	1,183	506
Nevada Northern	1,457	1,434	1,834	105
North Western Pacific	683	799	990	487
Peoria & Pekin Union	1	7	4	0
Southern Pacific (Pacific)	36,915	34,130	32,250	9,886
Toledo, Peoria & Western	0	407	304	0
Union Pacific System	12,572	14,536	13,862	14,041
Utah	674	618	509	2
Western Pacific	1,973	2,079	1,972	3,302
Total	133,109	134,565	128,016	75,305

Southwestern District—				
Burlington-Rock Island	397	553	561	357
Gulf Coast Lines	4,867	5,460	5,702	2,741
International-Great Northern	2,371	3,159	2,574	4,406
K. C. & G., M. V. & O. C.-A.-A.	1,175	1,531	935	1,719
Kansas City Southern	3,531	5,301	6,624	3,018
Louisiana & Arkansas	2,565	3,808	3,935	2,214
Litchfield & Madison	393	327	307	1,146
Missouri & Arkansas	181	236	162	310
Missouri-Kansas-Texas Lines	5,444	8,164	7,098	4,270
Missouri Pacific	17,004	17,972	16,770	13,732
Quannah Acme & Pacific	239	131	58	220
St. Louis-San Francisco	10,442	9,701	8,777	6,850
St. Louis-Southwestern	3,053	3,674	3,258	5,101
Texas & New Orleans	9,293	12,032	12,631	5,635
Texas & Pacific	5,523	6,188	4,511	7,117
Wichita Falls & Southern	132	157	127	77
Weatherford M. W. & N. W.	34	28	24	23
Total	66,644	78,422	74,054	58,936

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

Weekly Statistics of Paperboard Industry

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

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

Period	Orders		Unfilled Orders		Percent of Activity Current Cumulative
	Received Tons	Production Tons	Remaining Tons	Percent of Activity	
1946—Week Ended					
Mar. 2	198,985	161,122	533,794	98	93
Mar. 9	178,443	158,229	551,081	99	94
Mar. 16	157,237	167,243	538,572	100	99
Mar. 23	169,355	164,267	539,100	99	95
Mar. 30	183,509	167,541	549,928	100	95
April 6	225,192	164,562	607,799	99	95
April 13	154,235	169,627	591,661	101	96
April 20	143,946	167,627	566,152	101	96
Apr. 27	148,161	156,291	553,274	95	96
May 4	229,120	174,501	605,288	101	96
May 11	155,747	165			

Items About Banks and Trust Companies

(Continued from page 3401)

at the same time also reported similar action taken by the Bloomfield Savings Institute, Bloomfield, N. J.

Broad Street Trust Company, Philadelphia, reports total resources of \$34,027,291 as of the opening of business on June 17, after giving effect to the merger with Chestnut Hill Title and Trust Company, Philadelphia. The statement of condition shows capital stock of \$900,000; surplus, \$1,000,000; undivided profits, \$313,696, and reserves for taxes, interest, etc., \$133,254. Deposits totaled \$31,634,065.

Resources of the bank include cash and due from banks aggregating \$5,613,287 and U. S. Government securities amounting to \$14,984,153. In addition, the bank reports \$240,000 on deposit for the purchase of stock of Mid-City Bank and Trust Company, Philadelphia.

Russell H. Ferrier, formerly President of the Chestnut Hill Title and Trust Company, was elected a Vice-President of the Broad Street Trust Company and remains in charge of the Chestnut Hill office.

The Baltimore National Bank, Baltimore, Md., announced on June 14 the election of Stanley O. Kirk as an Assistant Vice-President, and of Tilton H. Dobbin and Phillips Lee Goldsborough, Jr., as Assistant Cashiers, said advices from the Baltimore "Sun," which added:

Mr. Kirk, who was promoted from Assistant Cashier, has been connected with the bank since its organization in 1933.

The directors of the National Central Bank, Baltimore, Md., on June 14 declared a regular semi-annual dividend of \$2 a share and an extra dividend of \$1 a share, reported the Baltimore "Sun," on June 15.

At a meeting on June 12 of the directors of the National Marine Bank, Baltimore, Md., a semi-annual dividend was declared, the Baltimore "Sun" announced on June 13, comprising 3½%, or \$1.05 per share on capital stock which is \$30 par. This dividend, the "Sun" points out, which is payable July 1 to shareholders on record June 26, is an increase from the 3%, or 90 cents previously paid.

Checks have been sent out for a second liquidating distribution of \$1.80 a share to stockholders of the Baltimore Commercial Bank, Baltimore, Md., who filed their shares in the liquidating proceedings, Robert C. Willis, Jr., and Enos S. Stockbridge, liquidating agents, announced on June 13, according to the Baltimore "Sun." An initial distribution of \$25 a share was made last March 15, the advices continued.

A third and final distribution will be made at the expiration of the period required by law for filing claims by stockholders, it was stated.

The stock was originally issued to depositors at \$19.50 a share in the reorganization of the Baltimore Commercial Bank on June 17, 1933, in lieu of a portion of deposits.

Owners of more than 80% of the capital stock of the Baltimore Commercial accepted an offer of the Union Trust Company of Maryland, Baltimore, to purchase their holdings last August, and on Sept. 1, 1945, operation of the bank was taken over by the Union Trust.

The Washington "Post" of June 13 reported the election of George E. Hamilton as a member of the Executive Committee of the Union

Trust Company, Washington, D. C. Mr. Hamilton, who succeeds his late father to the position, is Assistant Counsel of the bank.

Edwin C. Graham, Chairman of the Board of the Hamilton National Bank, Washington, D. C., has announced his intention to retire at the end of this month, according to S. Oliver Goodman, writing for the Washington "Post" of June 13. Following ten years of service as Hamilton President, the advices continue, he became the bank's Chairman in September, 1943. He was Hamilton's first President, being elected to the post when the 14th Street bank was organized in 1933.

Gustave M. Mosler, prominent Cincinnati banker during the 1920s and 30s, died on June 11 at the age of 67, announced advices from the Cincinnati "Enquirer" of June 12, which went on to say:

His apprenticeship in the banking field was served at the old Fifth National Bank, Cincinnati. Then he entered the Brighton Bank & Trust Co., Cincinnati, of which his father, Max Mosler, was founder and first President. He rose to Vice-President and Cashier of the banking house and was elected President of the institution in 1922. The bank was founded in 1898.

When, in 1930, the Central Trust Co., Cincinnati, acquired control of this bank, Mr. Mosler was made a Vice-President of the Central Trust. He retired in 1931.

Ralph A. Lucke, who has been President of the Lucas County Savings Bank, Toledo, Ohio, on June 11 was elected by the directors to the newly created position as Chairman of the Board. At the same time, according to the Toledo "Blade," the Board elected Clinton B. Ewell, President. Mr. Ewell, who was also made a director of the bank along with Jules D. Lippmann, recently left the Ohio Citizens Trust Company, Toledo.

The Lucas County Bank was organized originally in 1916 as the Morris Plan Bank, but acquired its present title in 1944.

Milton Knight, President of the Commerce Guardian Bank, Toledo, Ohio, announced the election of Richard Lennihan as a bank director, according to the Toledo "Blade" on June 12, which also reported the promotion of Forrest Jeffrey, Trust Officer, as Vice-President and Trust Officer.

John Quinn, active Sandusky, Ohio, banker for 63 years and Chairman of the Board of the Third National Exchange Bank, Sandusky, Ohio, of which he was President for many years, died on June 14 at the age of 79, reported Sandusky advices of the Cleveland "Plain Dealer."

Mr. J. L. McCaffrey, President of the International Harvester Company, and Mr. Fowler B. McConnell, President of Sears, Roebuck and Co., were elected directors of the Harris Trust and Savings Bank, Chicago, Ill., at a special meeting held June 12.

The new Belmont National Bank of Chicago will be opened for business July 1 at Belmont Avenue and Clark Street, Chicago, Ill., Warren H. Orr, former Illinois Supreme Court Justice and President of the bank, said on June 12. The opening had been scheduled for April 1, but was delayed because of difficulty in obtaining material, reported the Chicago "Tribune" of June 13.

The bank, which will occupy the former quarters of the Lake View State Bank, the "Tribune" advices went on, will have a capi-

talization of \$300,000, including \$200,000 capital stock, \$50,000 surplus and \$50,000 undivided profits.

Directors of Manufacturers National Bank of Detroit, Mich., recently voted to transfer \$1,000,000 from undivided profits to surplus. With the transfer, surplus totals \$8,000,000.

Manufacturers National began operations Aug. 10, 1933, with a surplus of \$1,500,000. Additions of \$500,000 to surplus were made in each of the three years of 1934, 1935 and 1936. An addition of \$1,500,000 was made in 1940. Further additions of \$500,000 came in 1942 and 1943. And in 1944 additions of \$1,000,000 and \$500,000 were made. The present addition is the ninth in the 13-year history of the bank. All additions have been made from undivided profits.

Shareholders of the bank on June 17 voted for the issue and sale of 20,000 new shares of \$50 par stock at a price of \$150 a share.

Shareholders will be given rights for purchase of the new stock on a basis of one new share for each four shares now held. Rights will expire July 18, 1946.

Of the \$3,000,000 to be derived from the sale of the new stock, \$1,000,000 will be added to capital and \$2,000,000 to surplus. The bank will then have capital accounts of approximately \$17,000,000.

Three Oklahoma City, Okla., businessmen have purchased the First National Bank of Ardmore, Okla., for \$9,000,000. They were C. R. Anthony, who operates 69 stores in Kansas, Oklahoma, Texas and New Mexico; Frank Sewell, President of the Liberty National Bank of Oklahoma City, and Lloyd W. Judd, former Vice-President of the National Life Insurance Co., Oklahoma City. Mr. Judd will become President of the 57-year-old Ardmore institution, said International News Service advices of June 8.

Directors of the Baltimore Bank, Kansas City, Mo., on June 13 declared the regular dividend of \$1 a share and an extra dividend of that amount, both payable June 29, announced the Kansas City "Star" on June 13, which added:

Stockholders at a recent meeting authorized an increase of the bank's capital from \$150,000 to \$200,000. At present the total capital, surplus undivided profits and reserves are approximately \$380,000.

H. Roe Bartle and Roland H. Record have recently been elected directors of the Mercantile Home Bank & Trust Company, Kansas City, Mo., increasing the number of directors to 14, reported the Kansas City "Star" of June 12. Mr. Bartle, the "Star" added, is a Boy Scout Executive and National War Dads Official, while Mr. Record is President of Jackson Motors, Inc.

Erle Cocke, President of the Fulton National Bank, Atlanta, Ga., has announced the election of William Matthews and Oscar G. Davis as Vice-Presidents and Trust Officers of that institution at the Board of Directors meeting on June 13, reported the Atlanta "Constitution" of June 14, which went on to say:

Mr. Matthews joined the Fulton Trust in 1929, while Mr. Davis, who will assume his duties on July 1, has been Vice-President and General Manager of the Coca-Cola Bottling Company of Boston.

It was announced on June 13 that the First National Bank in Palm Beach will pay an extra dividend of 5 cents a share, or \$5,000 on July 3, 1946 to stockholders of record as of June 28, 1946.

This is the second extra dividend declared by the bank this year in addition to its regular monthly dividend of 12 cents a share. With the payment on July 3rd, \$94,000 in dividends will have been paid to stockholders of the institution during the first seven months of 1946.

Announcement was made on June 10 by Mr. R. E. Harding, President of the Fort Worth National Bank, Fort Worth, Texas, of a new bank being established in the Riverside section of Fort Worth. The new bank, for which charter has been granted, will be known as the Riverside State Bank, and is expected to be open for business on or about Oct. 1.

The Riverside State Bank will have a capital structure of \$150,000, of which \$100,000 will be Capital, \$25,000 Surplus and \$25,000 Undivided Profits. Directors are: E. E. Bewley, R. E. Harding, J. E. McKinney, W. B. Duke, J. T. Yeagan, George W. Herd, E. L. Baker and John H. Maxwell. Officers are: R. E. Harding, President; J. T. Yeagan, Vice President and Lawrence Carlson, Cashier, all of whom are now members of the Fort Worth National staff.

A cash dividend of \$1.00 per share for the current semi-annual period, or at the annual rate of \$2.00 per share on all common stock outstanding was declared on June 11 by the directors of Bank of America National Trust & Savings Association, Los Angeles, Calif.

This represents an increase of 25% over the 80 cent dividend paid in the previous semi-annual period.

At the same time the directors declared the regular semi-annual dividend of \$1.00 on the convertible preferred stock at the regular annual rate of \$2.00 per share.

Dividends on both common and preferred are payable June 29 to stockholders of record June 15.

President L. M. Giannini reported to the board that after recent preferred stock conversions aggregating approximately 385,000 shares, the original 600,000 shares of preferred have been reduced to about 20,000, and as a consequence the board issued a call for the redemption of the remaining outstanding preferred shares, effective July 31, 1946. The right to convert each preferred share into approximately one and one-third shares of common stock will expire June 30.

The Chairman of the Board of the Chartered Bank of India, Australia & China of London England announced in the bank's annual statement of condition as of Dec. 31, 1945:

Total liabilities at the end of 1945 were £90,045,909. This list is comprised mainly of £73,186,199 of current and other accounts and £7,148,779, of fixed deposits. The capital stock and reserve fund show £3,000,000 each.

Profits for the year 1945, inclusive, of £387,372 brought forward from the previous year, showed a total of £713,635.

The interim dividend at the rate of 5% per annum for the first half of the year, paid in October last, absorbed £75,000. A second interim dividend at the rate of 5% per annum for the second half of the year, paid in April 1945, absorbed a further £75,000. The amount available is therefore £563,635. It was not the intention of the Directors to declare any further dividend for the year to 31st December, 1945, and the directors propose to deal with the amount available by adding £75,000 to the Officers' Pension Fund and £5,000 to the Widows' and Orphans' Fund; by writing off Premises Account £100,000 and by carrying forward the balance of £383,635.

George J. Greenwood Elected AIB President

George J. Greenwood, Jr., on June 13 was elected President of The American Institute of Banking at the final session of the Institute's conven-

tion in Cincinnati, Ohio. Mr. Greenwood, who advanced to this post from the Vice-Presidency, has been active in AIB affairs since the outset of his banking career. He joined the Portland, Oregon Chapter in 1922 and took study courses for 16 years said the AIB announcement of June 13.

He served as Portland Chapter Consul for 6 years the report continued, and as a member of the board of governors of the chapter for two terms. In 1933 he was elected Vice President of Portland Chapter and in 1934 President.

Mr. Greenwood has served as a member of three national committees of the Institute and was for five years Associate Councilman for the State of Oregon.

In 1942 he was elected a member of the Executive Council. At the same time he was elected a member of the National Educational Advisory Committee. He served as Chairman of that committee during the year 1944-1945. In June 1945 was elected Vice-President.

Banking Inst. Starts Bank Employee Letter

What is said to be an innovation in bank employee management relations has been initiated by Consumer Banking Institute, Washington, D. C. It is a BANK EMPLOYEE Monthly News Letter for the information and interest of employees of banks. It is available, without charge, to institutions affiliated with Consumer Bankers Association, the Morris Plan Bankers Association, and the Consumer Banking Institute, said the institute in a recent announcement.

As explained in Vol. 1, No. 1, the purpose of the Letter is "to keep the bank employee up-to-date on current events and new ideas involving the employee as an individual and as a component part of the human machinery of a financial institution." It will contain only factual news and views of interest to a bank employee. The first issue, containing about a dozen items, covers subjects on which any bank employee should be kept up-to-date as a part of his institution.

Finland Gets Credit

A credit arrangement for an additional \$5,000,000 to purchase U. S. surplus property in Europe has been signed with the Government of Finland, Foreign Liquidation Commissioner Thomas B. McCabe announced on June 13.

This sum, continues the report, makes a total of \$15,000,000 credit which has been granted Finland to enable it to buy American surplus for relief and rehabilitation, McCabe explained.

A \$10,000,000 credit arrangement was signed by the Finns early this year.

The additional credit, which represents a ceiling on credit purchases and does not necessarily mean the entire amount will be used, was negotiated for McCabe's office by John C. Virden, Central Field Commissioner for Europe with Headquarters at Paris.



Geo. H. Greenwood