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Agreement on Peace Conference Greatest Achievement: Connally

Chairman of Senate Foreign Relations Committee sees world wanting peace. Lauds U. S. political unity in foreign affairs, and urges that we back up United Nations with strong military power. Upholds Trieste Settlement.

Senator Tom Connally (D., Tex.), Chairman of the Senate Foreign Relations Committee, and a delegate along with Senator Vandenberg at the recent Paris Conference of the Big Four foreign ministers, delivered an address in the Senate on July 19, in which he analyzed the progress and the problems relating to European peace. Senator Connally expressed satisfaction with the agreement for a peace conference of twenty-one nations in Paris on July 29, and pointed out that although the foreign ministers could reach no agreement with regard to the German and Austrian questions, the outlining of the Italian peace treaty and the proposal for the disposition of Trieste indicated progress toward a general peace settlement. As on former occasions, the Senator urged strong backing of the United Nations Organization by U. S. military might as the best means for assuring universal peace and preventing future aggression.



Sen. Tom Connally

The text of Senator Connally's address follows:

On June 15, there met in Paris the Council of Foreign Ministers to consider and undertake the drafting of peace treaties for Italy, Bulgaria, Rumania, Hungary and Finland. At the request of the President of the United States and the Secretary of State, the senior Senator from Michigan, Mr. Vandenberg, and I attended the conference as advisers to the Honorable James F. Byrnes, the Secretary of State.

After a session of four weeks, the Council recessed to await the meeting of a peace conference of the 21 nations who participated in military operations against the Axis Powers affected and who are therefore proper parties to the treaties.

In the month's deliberations, Secretary of State Byrnes ably and aggressively represented the views and the interests of the United States. The Senator from Michigan, Mr. Vandenberg, performed his duties with great ability, zeal and energy. The Secretary of State and the Senator from Michigan have already made eloquent and comprehensive reports on the actions of the Council. On (Continued from page 539)

Deficit Spending Causes Inflation

By HON. H. C. DWORSHAK* U. S. Congressman from Idaho

Mr. Dworshak lays the inflationary pressure to huge government deficit spending over last 15 years which has increased the currency in circulation over 500% and increased national debt by quarter of billion dollars. Despite promise of President after V-J Day to balance budget notes a deficit in 1946 fiscal year of \$22 billions.

Full production and prevention of runaway inflation present a vital economic problem today. Many persons believe that continuance of OPA will check price advances while they completely ignore the basic factors which influence such trends.

For the past 15 years there have been huge annual deficits incurred by the Federal Government, thus increasing the currency in circulation by about 500%. Deficit spending was used extensively prior to the war, but increased materially during the past five years, despite peak tax collections. From June 30, 1932 to June (Continued on page 541)



Henry Dworshak

N. Y. Reserve Bank Issues New Rules on Advances and Discounts

Its President, Allan Sproul, sets forth in circular general information regarding credit facilities available to member banks. Regulations apply equally to Buffalo Branch.

On July 12, the Federal Reserve Bank of New York issued Circular No. 3109,



Allan Sproul

signed by Allan Sproul, President of the institution in which general information was furnished member banks for the use of Federal Reserve credit facilities under Sections 13, 13a and 10(b) of the Federal Reserve Act.

The full text of the circular follows:
ADVANCES AND DISCOUNTS Under Sections 13, 13a and 10 (b) of the Federal Reserve Act

To All Member Banks in the Second Federal Reserve District:

This circular contains general information regarding our credit facilities available to member banks under sections 13, 13a and 10(b) of the Federal Reserve Act, with particular emphasis upon the procedure involved in obtaining

such credit accommodation and upon the use of financial statements in connection therewith. All references to us apply equally to our Buffalo Branch, and banks in the territory assigned to the Buffalo Branch are requested to seek credit accommodation directly from the Branch as in the past.

Regulation A

1. Advances to and discounts for member banks by Federal Reserve Banks are made in accordance with the provisions of Regulation A of the Board of Governors of the Federal Reserve System to which reference is made for complete details respecting such credit facilities.

Rates

2. The rates of interest and discount are fixed by the Federal Reserve Banks subject to review and determination of the Board of Governors of the Federal Reserve System. These rates are subject to change from time to time and, therefore, our rates are set forth in a separate circular pertaining only to rates.

(Continued on page 536)

*Extension of remarks of Congressman Dworshak in House of Representatives July 16, 1946.

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*These items appeared in our issue of Monday, July 22, on pages indicated.

The Financial Situation

While the country debates the question whether or not we shall control prices which have quite conclusively demonstrated their uncontrollability, the Administration—and, it must be said, a good many others—as stubbornly refuses to face the facts in international relations. "Progress" is supposed to have been made in Paris by the Foreign Ministers of the "Big Four" powers. At any rate, there are many who have found encouragement in what took place at that conference. It is, indeed, possible that some headway of a minor sort was made. Far more certain is it, however, that fundamentals remain precisely where they were before this gathering convened. Unfortunately, it must be added that the "report" of our Secretary of State to the American people over the radio early last week can leave no doubt that he, and we must suppose the Washington Administration of which he is part, are still suffering from some strange form of international hallucinations.

Take this rather widely quoted fragment of the Secretary's address:

While the Council made real progress toward peace with Italy and the ex-satellite states, it made no progress at all on the German and Austrian questions. Perhaps the time taken in discussion was not wholly lost, because our experience suggests that understandings, particularly with our Soviet friends, cannot be reached until we have gone through rounds of verbal combat, in which old complaints are repeated, past positions reaffirmed, differences accentuated and crises provoked.

I am ready to believe it is difficult for them to understand us, just as it is difficult for us to understand them. But I sometimes think our Soviet friends fear we would think them weak and soft if they agreed without a struggle on anything we wanted, even though they wanted it too. Constant struggle, however, is not always helpful in a world longing for peace.

The Soviets started the German discussion with a prepared statement on the draft treaty we had proposed to guarantee the continued demilitarization and disarmament of Germany for at (Continued on page 536)

From Washington Ahead of the News

By CARLISLE BARGERON

If you have ever sat around and listened to the blow-off tell about the Big People he knew and how he could call them on the telephone and have them do things, you would appreciate just what Phil Murray and the CIO crowd generally, along with those frustrated artists and writers, are trying to accomplish now in asking for another conference between Labor and Management under White House auspices. We think that we can state with a degree of positiveness that Mr. Truman is not the slightest concerned.



Carlisle Bargeron

Aren't these the boys who have been saying oh, how they wish Roosevelt the Great were back; aren't they the boys who have been saying that he was a small man, not big enough to carry on the great traditions of the Leader? Well, they will learn something that some of us oldsters have learned long ago and that is, that it doesn't do any good to blow off your mouth. With Truman, the age of Brilliance and Smart Cracks is over.

The facts are these: The CIO socio-political movement is on the wane. Phil Murray knows this. Walter Reuther knows this. The boys are getting frantic. They have thrived for years on their closeness with the White House, not as genuine labor leaders. In the past few weeks we have seen Mr. Murray, the poor old fellow, having words put into his mouth by Lee Pressman, a Brilliant; and Walter Reuther expressing themselves on everything under the sun. They have been vocal on such unrelated matters to labor, as whether we should have a "civilian" or a "military" control of the atomic bomb. They have been articulate about what they would do if the OPA were not extended. They have spoken freely on appointees to office which Mr. Truman made. They have been loud mouthed about candidates for public office. It is difficult, in fact, to look back upon any (Continued on page 542)

Wanted: A Degree of Sanity

"Never before has the mortgage lending officer been challenged as he is today to adapt policy to major forces affecting it. The pressures are nearly all in the direction of further inflation of real estate prices, rising costs of construction and more liberal extension of credit. The volume of mortgage debt on homes in this country may increase in the next two years to staggering proportions.

"Whether this volume of indebtedness, built up in a period of rising prices, high costs of construction and shortages of both materials and labor, can be sustained when the liquid assets of the public have been depleted by expenditures for goods of which they were deprived during the war, is a grave question of major fiscal importance.

"It would seem the better part of wisdom to discourage, rather than encourage, the expansion of this mortgage debt on homes in a period such as the one through which we are now passing; to urge the payment of debt and the conservative use of credit, reserving liquid resources to tide over any period that may lie ahead in which readjustments become necessary, rather than further extend debt and multiply purchasing power in a market starved for goods and glutted with funds.

"The popular theme today is one which emphasizes the high tenor of impending crisis and extravagant expenditure stimulated by further doses of credit as the cure. The warning counterstrains of caution, of buying within the limits of probable income, of borrowing within the reasonable capacity to repay, are drowned out or subdued. They must be emphasized by some one."—Ernest M. Fisher.

They must be, indeed, or the course of ruthless events will take care of the matter—with results no one could wish.

Wants a New Labor-Management Conference

Group of engineers, economists, and others, some of whom were members of Collective Bargaining Associates, issue letter to President Truman presenting reasons for a new labor-management conference and outlining basis on which it should be convened.

On July 22, Morris L. Cooke, an engineer formerly of Philadelphia, released a letter addressed to President Harry S. Truman, urging that he call a new labor-management conference. The letter was signed by 37 persons, comprising mainly engineers, economists and writers, some of whom were formerly members of the Collective Bargaining Associates.

The text of the letter follows:

Morris L. Cooke
Hay-Adams House
Washington, D. C.

TO THE PRESIDENT OF THE
UNITED STATES

Dear Mr. President:

The first phase of postwar adjustment between labor and management has been reached, and terminated. Observers agree that a new stage will probably be reached early in 1947. In the present interim, we hope to see a return to the "rule of reason," and to the traditional processes of union-management cooperation. We have time to make this return before a new period of adjustment be reached, if we do something about it—now.

Some way must be discovered to interrupt the "slugging-it-out" method of making adjustments. The task, of course, is to reach back into the springs of action in all men. The worker must see himself in a new relation to the job; and the manager must see himself in a new relation to the worker. Both must see themselves in new relation to the nation.

When the United States elected to adopt technology as its particular field of activity, and to develop large-scale business with mass production, as its particular form, it also elected to submit to certain compulsions. These compulsions—or conditions for success—are:

(1) Wages must be increased

progressively with increase in production.

(2) The consumer must share in prosperity, with lower prices.

(3) There must be clear-cut "rules of the game" scrupulously obeyed.

(4) There must be well-ried team-play between labor, management and other economic groups.

If any one of these compulsions is ignored, trouble ensues. If more than one is ignored, the situation is continuously aggravated. If all are transgressed, a condition, quite acute and alarming, develops in the nation, bringing it close to collapse.

As a matter of fact, all of these conditions are now being transgressed:

(1) Increases in wages are being resisted with ardor.

(2) The consumer is confronted with rapidly increasing prices destined to dissipate all savings.

(3) New "rules of the game" are not being made in an orderly fashion.

(4) Class warfare is being substituted for team-play.

The fourth condition—team-play—is the most important prerequisite to prosperity, simply because nothing toward accomplishing the other ends can be done, without cooperation of all economic groups. The shortcomings of the President's labor-management conference, in the fall of 1945, presaged the present hour of trouble and confusion. It was evident there that traditional opponents were squaring off for a free-for-all.

Strikes are a crude and ineffective way of making economic adjustments. They are costly in

money, to labor and management. They poison relations between employer and employee for months after the dispute. They are predicated upon an irrational approach to labor-management problems, creating an atmosphere where men can neither think nor act intelligently. They create an environment in which the man-on-horseback and not the technician takes the spotlight. Following the principle, force begets force, they pyramid arsenal upon arsenal until the heavy superstructure tends to crack under its own weight, carrying all values to the scrap-heap. They force government into action, which is accomplished in heat, and often in resentment.

Strikes are symptoms of disease. They indicate a prevailing inability to adjust to swift technological changes. They are indicative of direct failure to analyze the principal industrial problem correctly.

Some unions and some employers have failed to see recent industrial conditions accurately, and to assess accurately their new position in the community and in the nation. When labor was only meagerly organized, and principally on a local basis, a strike was not a community, or a national calamity. But with 15,000,000 organized workers in every basic industry and also in raw materials industry, a strike can quickly become a national disaster. There is something morally repugnant when a handful of a few hundred thousand workmen or a few employers can threaten starvation to a great city, or paralysis to national industry. Only a momentous issue, and not a few cents difference in hourly pay, could justify the use of such a weapon.

On the other hand, to seek to regulate the conduct of a great segment of the nation, by legislation, when that legislation is distorted largely by hostile law-makers is a futile way to get performance. This is more evident when nothing is being done to curb the strikes of management—the refusal of makers of men's suits to put goods on the market, or the refusal of corporations to accept arbitration or impartial adjudication without an assurance of higher prices. It is not just to seek to regulate labor by law without in turn regulating management by law.

Labor's thoughtless use of strikes on a national scale, and management's irresponsible use of strikes against the consumer, and efforts of law-makers to regulate conduct by legislation, will assiduously undermine collective bargaining. To undermine collective bargaining is to undermine democracy. The principal process which differentiates democracy from fascism is collective bargaining.

Collective bargaining must become a genuine and vital instrument of preventing and of settling industrial disputes.

But mock collective bargaining is an abomination, and in turn damaging to the genuine process. Real collective bargaining has prominent characteristics:

- (1) Attitude.
- (2) Fact-finding.
- (3) Give-and-take.
- (4) Allegiance to industry, or shop.
- (5) Effect of award on national economy.

Too little discussed is number (1) on this list. Both labor and management must have faith in the bargaining process, and must not try to use it as a weapon of warfare. There must be above-the-board conferencing with faith in reasoning, as opposed to faith in power politics.

Please remember that such an early authority on scientific management as Frederick W. Taylor stressed the need of change of heart in men if such labor-management relations are to prevail. Taylor said:

"Now, in its essence, scientific

management involves as complete revolution on the part of the workingman engaged in any particular establishment or industry—a complete mental revolution on the part of these men as to their duties toward their work, toward their fellow men, and toward their employers. And it involves the equally complete mental revolution on the part of those on the management's side—the foreman, the superintendent, the owner of the business, the board of directors—a complete mental revolution on their part as to their duties toward their fellow workers in the management, toward their workmen, and toward all of their daily problems. And without this complete mental revolution on both sides scientific management does not exist.

"The substitution of this new outlook—this new viewpoint—is of the very essence of scientific management, and scientific management exists nowhere until after this has become the central idea of both sides; until this new idea of cooperation and peace has been substituted for the old idea of discord and war."

Facts are the substance of bargaining. Nothing must be kept back. To undertake to bargain in the dark is fatuous.

Collective bargaining must be based on give-and-take. If labor asks for concessions, it must be prepared to give in return for the concessions.

The informing principle, of course, is allegiance to the industry, or to the shop. What is good for the industry must in the last analysis determine the award. Neither labor nor management should seek to dominate the industry; the good of the industry must dominate each.

Finally, what is good for the industry will in the last analysis be determined by what is good for the nation as a whole, and by the relation of that industry to national economy.

Here is the all-basic, and all-important principle: no individual and no group is as big as the republic.

We believe that if the foregoing facts and principles become the substance of a new conference between labor and management, it would be constructive for the President of the United States to call a new President's labor-management conference.

The following names were attached to the letter:

David C. Coyle, Washington D.C.; Max Lerner, New York City; Wayne Morse, Washington, D. C.; George Soule, New York City; Sanford E. Thompson, Boston, Mass.; Alvin H. Hansen, Boston, Mass.; Ray Stannard Baker, Amherst, Mass.; Alice Hamilton, Hadlyme, Conn.; Wayne Coy, Washington, D. C.; A. G. Mazerik, New York City; Fred H. Colvin, New York City; Henry F. Colvin, New York City; Royal Meeker, New Haven, Conn.; Francis Goodell, Washington, D. C.; Walter Rautenstrauch, New York City; W. Herman Greul, Greenwich, Conn.; Leo S. Rowe, Washington, D. C.; Cornelia S. Parker, Williamstown, Mass.; Walter N. Polokov, Washington, D. C.; Edward A. Fitzpatrick, Milwaukee, Wisc.; Ernest S. Bradford, New York City; Norris M. Parris, Philadelphia, Pa.; Paul F. Brissenden, New York City; James M. Burns, Williamstown, Mass.; Alexander H. Frey, Philadelphia, Pa.; Horace B. Drury, Washington, D. C.; Robert P. Brecht, Philadelphia, Pa.; Percy S. Brown, Boston, Mass.; John A. Aldridge, Chicago, Ill.; Jacob Bilikoff, Philadelphia, Pa.; Irving Fisher, New Haven, Conn.; Stuart Chase, Greenwich, Conn.; Edwin E. Witte, Madison, Wisc.; John A. Lapp, Chicago, Ill.; Ordway Tead, New York City; Frank P. Graham, Chapel Hill, N. C., and Morris L. Cooke, Philadelphia, Pa.

CPA Limits Inventories

In order to prevent withholding of raw materials and the finished products to take advantage of possible price rises, the Civilian Production Administration on July 17 issued regulations, to remain in force regardless of whether the Office of Price Administration is revived, limiting manufacturers' permissible inventories on 18 finished products. Twenty-seven other items formerly exempt were brought under inventory controls because of heavy demand. The new inventory ruling, according to advices from Washington to the New York "Herald Tribune," provides that manufacturers' inventories of the listed materials and components shall be limited to either 30 days' production or a practical working minimum, whichever is less. The "Herald Tribune" advices added:

"The base figure may be either that of the immediately preceding 30-day period or the average monthly production for the preceding three calendar months.

"The new order means that a manufacturer holding excess inventories must either curtail production or increase sales to cut down excess, which must be brought down to the terms of the order by Aug. 15.

"Affected by this order are asphalt and tarred roofing products, bedding products (including metal excess, which must be brought down, innerspring mattresses, felt mattresses, box springs, coil, flat and fabric springs, dual sleeping equipment), building board (applied to total stocks rather than individual items); wood and metal furniture, galvanized ware, gypsum board and lath, domestic laundry equipment, domestic mechanical refrigerators, metal windows, metal plastering base (metal lath), miscellaneous electrical appliances, photographic equipment, cast-iron soil pipe, insect screen cloth, electric ranges, domestic sewing machines and domestic vacuum cleaners."

Half Million Germans Still Held by British

Jack Lawson, British Secretary of State for War, told the House of Commons on July 16, that almost 500,000 German prisoners are held throughout the British Empire by the British Army. This was made known in a wireless message from London to the New York "Times" on July 16, which also said:

There are 399,161 in the British Commonwealth and 118,000 others are held by the Army in Germany, Italy and the Middle East.

Richard Stokes, Labor, vigorously attacked the use of prisoners for "slave labor" by Britain and other Allies. Charging that the Labor Government was untrue to its principles in passively accepting what he insisted was a Yalta agreement that permitted Russia to have 2,000,000 Germans for reconstruction work. Mr. Stokes said that the same kind of "bestiality" was going on in Belgium and France.

Senate Passes Bill to Delay Rubber Plant Sales

Legislation which would extend indefinitely a ban against disposal of Government-owned synthetic rubber plants was passed by the Senate on July 11 and sent to the House. Approved on voice vote, according to Associated Press Washington advices, the measure would delay sale of the rubber plants until six months after a plan for their disposal had been filed with Congress by the War Assets Administration. The Senate was told by Senator O'Mahoney (D.-Wyo.) that the 30 days allowed Congress to decide on policy after the filing of a WAA report June 18 was too short.

Sweden to Free German Assets to Allies

After six weeks of negotiation, an agreement was reported reached on July 18, by John H. Crider in a special dispatch from Washington to the New York "Times," between Sweden and the United States, Great Britain and France, under which the Swedish Government will aid the Allies in accounting for all German assets in Sweden, turning over to the Allies approximately 74% or about \$77,000,000. This compares, Mr. Crider points out, with the earlier Swiss agreement under which the Allies recovered only 50% of Swiss agreement under which the Allies recovered only 50% of Swiss-held German assets.

The report to the "Times" stated that part of the Allied recovery, from the estimated \$104,000,000 of German assets in Sweden, will be in the form of two contributions to be paid from funds of the Swedish treasury amounting in all to \$35,000,000. Mr. Crider added:

Thus although the Allies will receive only \$42,000,000 directly from the German assets, they will obtain an additional \$35,000,000 from the Swedish treasury to make a total recovery of \$77,000,000 against the total German assets of \$104,000,000.

The two contributions agreed upon are as follows:

(1) \$14,000,000 to be paid to the Inter-Allied Committee on Refugees to be used for the rehabilitation and resettlement of non-repatriable victims of German action, as agreed at the Paris Reparations Conference. With about \$11,000,000 to be obtained from Switzerland for the same purpose, the goal of \$25,000,000 set by the Paris conference will have been met, requiring no further contributions from other neutrals such as Spain and Portugal.

(2) \$21,000,000 for the aid and rehabilitation of countries devastated in the war and which were represented at the Paris Reparations Conference.

Under the Paris reparations formula, the division of German assets recovered from external sources was to be divided between the Allies on a percentage basis, 28% each to Great Britain and the United States, about 15% to France, and the balance in smaller percentages to the other Allies attending the Paris conference.

On that basis the United States will recover about \$2,265,000 from the Swedish-held German assets.

United States officials said the Swedes had strongly questioned the legality of the Allied demand for custody of the German assets, as had the Swiss before them, but that the Allies had countered with a moral claim, which they had asserted in addition to their claim of legality. The Swedes were said to have accorded more respect to the moral claim than to what they regarded as a mere pretense of legality.

Mr. Crider's dispatch continued:

Other points of agreement were:

(1) The United States, which has already eliminated its wartime blacklist against certain Swedish nationals, agreed to release about \$200,000,000 of Swedish funds, which were blocked during the war.

(2) Sweden agreed to return to the Bank of Belgium about \$8,000,000 of gold placed in Sweden by Germans, and to repatriate any other gold that can be identified as of foreign ownership.

(3) Of the total German assets in Sweden, the negotiators recognized \$42,000,000 of it as the remainder after settlement of Swedish clearing claims against Germany, and it was agreed that this amount would be spent, under the Allies' direction, for the supply of the German economy. To this extent the three Allies will be assisted in their considerable contributions to the maintenance of the German economy pending its return to a self-containing basis. The purchases agreed upon will not be limited to the Swedish markets.

(4) The Allies agreed to com-

pensate Sweden for any losses of damage done to Swedish property in Germany that may be removed by the Allied Governments for reparations. It was thought that some German plants would involve Swedish interests. The Allies also agreed to compensate German owners in German currency for the properties in Sweden taken over by Sweden and the Allies as external enemy assets.

Commission to Study US College System

Calling for "an examination of the functions of higher education in our democracy and of the means by which they can best be performed," President Truman on July 13 appointed a 30-member national commission on higher education, headed by George F. Zook, President of the American Council on Education, to investigate the best means by which the over-burdened college system can best accomplish its purposes. The following are the points listed by the President as those which he would like to see the commission deal with:

"Ways of expanding educational opportunities for all able young people.

"The adequacy of curricula, particularly in the fields on international affairs and social understanding.

"The desirability of establishing intermediate technical institutes.

"The financial structure of higher education."

The President invited Mrs. Franklin D. Roosevelt to serve on the commission, and designated Dr. Francis Brown, director of the higher education division of the American Council on Education, as Executive Secretary. Other members of the commission, according to Associated Press advices from Washington, include:

Arthur H. Compton, Chancellor Washington University, St. Louis.

Harold W. Dodds, President Princeton University, Princeton, New Jersey.

Earl MacGrath, Dean of the College of Liberal Arts, University of Iowa, Ames, Iowa.

Algo D. Henderson, President Antioch College, Yellow Springs, Ohio.

Fred D. Patterson, President Tuskegee Institute, Tuskegee, Ala.

Sarah Blanding, President Vassar College, Poughkeepsie, N. Y.

Milton Eisenhower, President Kansas State College, Manhattan, Kan.

The Very Rev. Frederick G. Hochwald, Director of Higher Education Division, National Catholic Welfare Conference.

Horace M. Kallen, Dean of the graduate faculty of political and social science, New School for Social Research, New York City.

Alvin Eurich, Vice-President Stanford University, Stanford, Calif.

Goodrich White, President Emory University, Emory University, Georgia.

John Emmons, President Ball State Teachers College, Muncie, Indiana.

Henry A. Dixon, President Weber Junior College, Ogden, Utah.

Ordway Tead, President Board of Higher Education, New York City.

T. R. McConnell, Dean of the College of Liberal Arts, University of Minnesota, Minneapolis, Minn.

Harry K. Newburn, President University of Oregon, Eugene, Ore.

George Stoddard, President University of Illinois, Urbana, Ill.

Martin R. P. McGuire, Dean of

the Graduate School, Catholic University of America, Washington.

Lewis Jones, President Bennington College, Bennington, Vt.

Fred J. Kelley, retiring director of the division of higher education, United States Office of Education.

Bishop G. Bromley Oxnam, President Federal Council of Churches of Christ in America.

Rabbi Stephen S. Wise, President American Jewish Congress.

Harold Swift, Chairman board of trustees, University of Chicago.

O. C. Carmichael, President Carnegie Foundation.

Mark Starr, Education Director International Ladies' Garment Workers Union.

Murray D. Lincoln, President Ohio Farm Bureau Federation.

Douglas S. Freeman, Editor of "The Richmond News Leader."

Agnes Meyer, Journalist and social worker, Washington.

Eisenhower Says U. S. Needs Army of 800,000

The House Military Affairs Committee on July 10 voted approval of a bill, already passed by the Senate, which would provide 25,000 more officers than the Army now has. Approval of the measure came after Gen. Dwight D. Eisenhower told the committee, according to Associated Press Washington advices, that he believed that the United States must maintain an army of about 800,000 men for the next 15 to 20 years, compared with 188,000 in 1939, and asked favorable action on legislation to permit doubling of the officer personnel of the regular army from 25,000 to 50,000.

To direct an army of the indicated desired strength, General Eisenhower estimated, would require 80,000 officers, of whom 50,000 would be Regular officers and the others temporary officers on active duty. Of the 50,000 Regulars, 27,500 would be assigned to the Air Forces, 11,000 to the Ground Forces and 11,500 to the Service Forces. The Associated Press added:

Many of the new officers, he said, would be products of the ROTC and officer candidate schools. He asserted his belief that every opportunity should be given to men to rise from the ranks and become officers. Only in that way, he declared, can the Army be truly democratic.

The General said he does not believe the Military Academy at West Point should be enlarged to provide all the additional officers.

"The source of Army officers should never be exclusively West Point," he said, adding that he believed in the old military adage that "every private has a marshal's baton in his knapsack."

"We are getting woefully short of officers," he said, and unless the situation is corrected promptly it is "going to embarrass us very badly."

While the Army now has thousands of temporary officers on active duty, he explained, it may lose some of the best unless hope for permanent commissions can be held out.

"It's the most important single personnel problem I have," he told the Committee.

Mail Service to Korea

Postmaster Albert Goldman announced on July 15 that information has been received that the existing mail service to Korea applies to ordinary letters, post cards, "printed matter" and ordinary gift parcels only. Mr. Goldman added:

"Samples, small packages, or other classes of Postal Union articles, except letters, post cards, and 'printed matter' are not acceptable for mailing to Korea at this time."

A previous item regarding Mail Service to Korea appeared in our issue of July 11. Page 268.

The State of Trade

The current situation in steel markets and in the iron and steel scrap field is that of a pseudo free market. While price controls have been off for two weeks, steelmakers and most scrap brokers and dealers have refrained from taking any important price action, according to "The Iron Age," national metalworking paper.

This attitude was based on the fact that it was unknown what trend price control legislation would take and the possibility that any unseemly rises might have contributed to the passage of strict price control. Practically all steelmakers have been and are against the return of rigid price control and they favor a free market where proper costs can be balanced out with price increases which they claim would be based on a fair profit pattern.

So far in the steel and scrap industries the "hold the line" tactics have been substantially successful. To think that this state of suspended animation in price action will continue if OPA dies permanently and price legislation is abandoned, is completely to ignore the past history of steel and scrap prices.

The basic fear in the steel industry which firmly believes higher prices are warranted to take care of past increased costs is that once price controls are eliminated iron and steel scrap will reflect the full play of a free market and soar to much higher price levels. In the period before price controls were slapped on price quotations, the price of No. 1 heavy melting steel at Pittsburgh rose rapidly to \$26 or more a ton and would have advanced farther had it not been for the freezing action.

Now steel firms are fearful that history will repeat itself and that scrap prices may soar much higher than before the war in view of the dissipation of scrap supplies during wartime operations. A sharp rise in the price of scrap, coupled with certain advances in other raw materials, would put steel companies far behind in the relationship of their prices to costs. To compensate for such a situation, steel firms would be forced to make substantial advances on practically all steel products.

Steel scrap movements today are primarily shipments on old contracts and few new orders have been taken during the past few weeks. Some large scrap brokers and dealers have sold tonnages at old OPA ceilings in an effort to retain trade relationships with their customers. Steel companies, on the other hand, have not only been reluctant but have refused to place new business at any price level above the old OPA ceiling.

Steel consumers whose operations generate scrap as a byproduct have been just as anxious to know the future of the price control trend as have been dealers and brokers in the scrap trade. These sources have felt that if they let their scrap supplies go at the old ceiling prices only to see price controls eliminated, they would face definitely higher prices for steel products which they purchased. Some scrap on hand should controls be eliminated permanently would serve as a good bargaining point or at least a compensation for higher steel prices.

If OPA is resurrected this week there should be a substantial movement of scrap through trade channels, but there is a good probability that the amount uncovered will fall short of tonnages now being mentioned in the trade as representing "hold-back" scrap. If price controls are definitely eliminated from the country's economy this week the pressure for holding the line against scrap price advances may be dissipated by the action of some companies whose need for scrap is so great that higher prices would be offered rather than to reduce operations—at least this has been the normal trend in free markets before the war.

Despite the seriousness of the scrap and pig iron supply situations the steel ingot rate for the country this week advanced ½ a point to 89.3% of capacity. While some governmental authorities have gone so far as to say that the steel ingot rate may drop 30% within the next two weeks because of the dearth of scrap, such a decline seems quite improbable. Similar statements were made during wartime days, but subsequent events failed to prove their validity.

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 89.3% of capacity for the week beginning July 22nd, as against 87.9% one week ago, 87.2% one month ago and 90.7% one year ago. This represents an increase of 1.4 points or 1.6% over the preceding week. This week's operating rate is equivalent to 1,573,800 tons of steel ingots and castings, compared to 1,549,100 tons one week ago, 1,536,800 tons one month ago, and 1,661,300 tons one year ago.

Electrical Production—The Edison Electric Institute reports that the output of electricity rose to 4,156,386,000 kwh. in the week ended July 13, 1946, from 3,741,006,000 kwh. in the preceding week.

Consolidated Edison Co. of New York reports system output of 179,000,000 kwh. in the week ended July 14, 1946, compared with 163,300,000 kwh. for the corresponding week of 1945, or an increase of 9.6%. Local distribution of electricity amounted to 170,700,000 kwh. compared with 159,200,000 kwh. for the corresponding week of last year, an increase of 7.3%.

Railroad Freight Loadings—Car loadings of revenue freight for the week ended July 13, 1946, totaled 895,080 cars, the Association of American Railroads announced. This was an increase of 215,295 cars or (31.7%) above the preceding week and 11,537 cars, or 1.3% above the corresponding week for 1945. Compared with the similar period of 1944, a decrease of 8,821 cars, or 1.0%, is shown.

Paper and Paperboard Production—Paper production in the United States for the week ended July 13 was 95.2% of mill capacity, as against 61.1% for the preceding week and 88.5% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 87% against 70% in the preceding week and 90% for the corresponding week a year ago.

Increase in Business Failures—Rising in the week ending July 18, commercial and industrial failures were twice as numerous as in the comparable week of last year. Dun & Bradstreet, Inc., reports 25 concerns failing as compared with 15 in the previous week and 12 in the corresponding week of 1945.

Three-fourths of the week's failures involved liabilities of \$5,000 or more. These large failures numbered 18, up from the 11 reported last week and more than double the eight reported in the same week a year ago. Small failures with losses under \$5,000, at seven this week, also showed a

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The Financial Situation

(Continued from first page)

least a quarter of a century. The Soviet statement reveals how hard-pressed the Soviets were to find real objection to a treaty which gives them the assurance that Germany should never again become a threat to their security or to the security of Europe.

I do not believe that the Soviets realize the doubts and suspicions which they have raised in the minds of those in other countries who want to be their friends, by the aloofness, coolness and hostility with which they have received America's offer to guarantee jointly the continued disarmament of Germany.

Had America been a party to such a guarantee after World War I, World War II would never have occurred, and the Soviet Union would never have been attacked and devastated.

Is German militarism going to be used as a pawn in a struggle between the East and the West and is German militarism again to be given the chance to divide and conquer?

It seems to us that a tragically unrealistic conception of the existing situation is revealed here—a lack of understanding, or an unwillingness to face facts, whichever it is, of which Russia is all too ready to take full advantage. Whatever may have been true in 1919, and whatever may have been the suppositions or beliefs at that time, it can scarcely be better than childish to assume that a revival of German militarism, of German imperialism, or of German aggression constitutes one of the major world hazards in this year of our Lord, 1946. As a matter of fact, the course of events for more than a dozen years after 1919 demonstrates that, whatever the danger of further real trouble from Germany, it did not have its roots in failure to "demilitarize" Germany, or to render that country impotent during the years immediately following the last World War, but rather arose, first, from the harsh terms imposed and, second, from the inability of France and Britain to act promptly and vigorously more than a decade later in accord with the spirit if not the letter of understandings between them.

Russia and Germany Now the Threat

But whatever may have been true a quarter of a century ago, it is worse than childish to suppose that the major threat to future peace in the world today is to be found in a revived, unified, militarily powerful, designing, imperialistic, aggressive Germany, cunningly "dividing" and conquering Russia, France, Britain, and the United States! The fact of the matter is that even if some such Germany as this appeared to be within even remote probability (not to say possibility), we should still be faced with a far more

urgent and ultimately dangerous situation.

It is childish to entertain such ideas about Germany, it is folly of the most hazardous sort not to recognize Russia as by far the most likely and by far the most dangerous threat to peace during the coming decades. Britain entered World War II ostensibly to save a free Poland from the depredations of Hitler. It can hardly be that British interests are better served by a Poland enslaved to the Soviet Union. The Nazis without question had designs on much of eastern and south-eastern Europe, to say nothing of ambitions extending beyond these regions. In all this, Britain plainly saw a threat to its Empire at many points. The threat of Russia with these same designs, and in actual control of much of the territory in question, can scarcely be pleasing to those who direct the destinies of the British Empire.

There is considerable territory between the present boundaries of Russia and France, even between the limits of direct Russian control and the borders of France, but this latter country must be only a little, if any, less afraid of a powerful, aggressive, imperialistic Russia than she was of Germany. The relations between Russia on the one hand and the "democracies" of Western Europe on the other are marred by essentially the same circumstances which formerly characterized the relations of these latter powers with Germany, and to these we must add, first, that many of the Russian leaders are ideological proselytars with missionary zeal and, second, that the schemers in Moscow have repeatedly shown that they well know how to make use of all this to promote their imperialistic designs.

Germans Under Russian Orders

Whatever Russia may or may not now be willing to do or agree to do, it may safely be taken for granted that that part of Germany which is under Russian control will not, so long as Russia has control of it, develop into any hazard to Russia. The real danger there is of an entirely different order. It is that German technicians, and German organizing capacity will be effectively employed to strengthen Russia industrially and in a military way. What the locale of such developments is likely to be, we have no way of knowing, of course, and probably it is of secondary importance in any event whether the plants and other equipment and organizations are located in what until 1945 was Germany or elsewhere.

What we may be sure of is that it will not be available for German operations against Russia, but will be available to Russia for whatever purposes she wishes to make of it. Nor would Russia remain long in ignorance of developments elsewhere in Germany which might threaten her safety, nor be long in doing something about it. The notion that somehow Germany might maneuver herself into a position of "dividing" and conquering both Russia and her allies may be set down as silly. Great Britain has merely been aiding one of her rivals to destroy another of her rivals—and the second state of that country is far worse than the first.

The truth of the matter is that we have become heavily involved in a world situation in which Russia and a group of satellite nations stand face to face with another group of powers of which we are by far the strongest and most formidable. If, presently, strife between these two aggregates of power ensues—which God forbid—German machinations will have nothing to do with it. Our own interests are not involved, or only very slightly involved, but it is much more difficult for us to keep aloof than it would have been when World War II broke out in 1939. What appears to be necessary for future world peace is for Russia to be satisfied at least with what she has already got and to put a prompt end to meddling in the affairs of other peoples. This need—and the apparent lack of any prospect of filling it—is the real danger today. Can it be that this fact is not understood in Washington?

U. S. Bastille Day Salute to France

As France celebrated Bastille Day on July 14 in the traditional manner, a recorded speech by President Truman was broadcast by the State Department, and the words of greeting were replied to by Premier-*President* Georges Bidault, who said that "we are old friends who may quarrel occasionally as old friends do. But it is from the depths of my heart" he said that he replied to President Truman's "noble, moving message."

The special message of President Truman, as reported from Washington by the Associated Press, said in part:

"In spite of her losses and the destruction of her territory for the second time in 25 years, France remains in the front line of the free nations of the earth, proclaiming today the same principles of liberty and of respect for the individual as those in whose name her people spoke 157 years ago.

"On this day—a day bright with the achievements of the great French Republic and with the deeds, suffering and sacrifice of her valiant people—I am happy to address you, Mr. President, in the name of the United States of America, my best wishes and fraternal salutations."

Federal Reserve Bank of N. Y. Issues New Regulations on Advances and Discounts

(Continued from first page)

Authorization of Officers to Borrow

3. Before a member bank obtains an advance from us, or discounts its bills receivable with us, it should file with us a duly certified copy of a resolution adopted by its board of directors authorizing specified officers to obtain such advances and to discount such bills. A member bank may obtain from us a suggested form (Form Cr. 65) setting forth the text of such a resolution which is continuing in character and covers all advances and discounts described in this circular which are available to member banks.

Advances

General Procedure

4. Under the Federal Reserve Act (hereinafter sometimes referred to as the "Act") we are authorized to make member banks advances or loans of varying maturities not exceeding four months, the maximum maturity depending on the type of collateral. Each advance or renewal thereof is made on the basis of a written application which should be submitted to us in duplicate on a form prescribed by us. The borrower's obligation is evidenced by a promissory note, on our Form Cr. 24, payable on the date specified therein. The note and both counterparts of the application should be signed manually in ink by an authorized officer (or officers) of the borrower, and the note should be delivered to us with the application. All collateral for the advance should also be delivered to us with the application unless it is already in our possession. All securities serving as collateral should be in such form, or accompanied by such instruments, that they may be readily transferred to us without further action by the borrower. Upon the maturity of the borrower's promissory note we will obtain payment of the note by charging the borrower's reserve account with the amount of the note. In the absence of other instructions, and except as stated in paragraph 22, all collateral for the advance will be returned to the borrower upon payment of the advance.

Renewals

5. Whenever a member bank desires that an advance to it, other than an advance on eligible paper, be renewed in whole or in part, the member bank should submit to us a new application in duplicate and a new promissory note (on Form Cr. 24) in the same manner as if it were applying for a new loan. If a member bank desires the renewal of an advance on eligible paper, the procedure described in paragraph 12 should be followed.

90 Day Advances on Direct Obligations of the United States

6. Under the thirteenth paragraph of section 13 of the Act and section 2(b) of Regulation A we may make advances to member banks, for periods not exceeding 90 days, secured by direct obligations of the United States. Application for such an advance should be made on Form L. & D. 130.

90 Day Advances on Eligible Paper

General information

7. Under the eighth paragraph of section 13 of the Act and section 2(a) of Regulation A we may make advances to member banks, for periods not exceeding 90 days, secured by notes, drafts, bills of exchange, or bankers' acceptances which are eligible for discount or for purchase by Federal Reserve Banks under the Act.

Application

8. Application for such an advance should be made on our

Form L. & D. 129A. In case there is insufficient space in Schedule A on the face of the application or on the reverse side of the application to list all the eligible paper that is to be pledged as collateral, the remaining eligible paper should be listed on a separate form (Form L. & D. 129C) which should be attached to and made a part of the application. The application should be accompanied by financial statements as provided in paragraph 25.

Amount and maturities of paper

9. The total amount of the eligible paper listed on Schedule A should equal or exceed the amount of the advance for which application is being made. If possible, all pledged paper should have maturities at least three days beyond the maturity of the advance for which application is being made, i.e., beyond the maturity date of the promissory note (Form Cr. 24) of the member bank, in order to minimize the substitution of collateral prior to maturity of the advance. If additional collateral, other than eligible paper, is to be furnished as margin, such additional collateral should be listed in Schedule B on the reverse side of Form L. & D. 129A. In case there is insufficient space on Form L. & D. 129A, the remaining additional collateral should be listed on Form L. & D. 129C which should be attached to and made a part of the application.

Negotiability of paper

10. Negotiability is essential to eligibility, and we cannot accept paper which, by reason of any provision, alteration or omission, is not negotiable under the negotiable instruments law.

Endorsement of paper

11. If any paper pledged as collateral for an advance is payable to the order of the applying member banks, the paper should be endorsed in the name of the applying member bank over the manual signature in ink of an authorized officer of the bank.

Renewal application

12. Application for a renewal of an advance secured by eligible paper should be made on our Form L. & D. 129B. If it is unnecessary to make substitution for any of the paper initially pledged to secure the advance, the schedules on Form L. & D. 129B need not be filled in. If, however, the member bank desires to substitute collateral, due to the maturity of pledged paper or for other reasons, the new paper to be pledged should be listed in Schedule A on Form L. & D. 129B and the initially pledged paper to be withdrawn should be listed on Schedule C (Form L. & D. 129B). In case there is insufficient space in Schedule A on Form L. & D. 129B to list all the new paper to be pledged, the remaining new paper should be listed on Form L. & D. 129C which should be attached to and made a part of the application. Financial statements should be furnished as provided in paragraph 25. Schedule B of Form L. & D. 129B need not be used unless new ineligible paper or other collateral is to be pledged to secure the advance. If any of the collateral listed in Schedule B to the original loan application is to be withdrawn from pledge, it should be listed in Schedule C.

15 Day Advances on Obligations of Certain Federal Instrumentalities

13. Under the eighth paragraph of section 13 of the Act and section 2(b) of Regulation A we may make advances to member banks, for periods not exceeding 15 days, secured by debentures or other such obligations of Federal Intermediate Credit Banks having maturities not exceeding six months

from the date of the advance or by bonds of the Federal Farm Mortgage Corporation or the Home Owners' Loan Corporation which are guaranteed both as to principal and interest by the United States. Application for such an advance should be made on Form L. & D. 130.

Advances Not Exceeding Four Months on Miscellaneous Collateral

General information

14. Under section 10(b) of the Act and sections 2 (c) and 2 (d) of Regulation A we may make advances to member banks for periods not exceeding four months, secured to our satisfaction by any of the classes of assets more particularly described in section 2(d) of Regulation A.

Application

15. Application for such an advance should be made on Form L. & D. 131A, and should include in Schedule A thereof a detailed description of all the collateral being offered. In case there is insufficient space in Schedule A on Form L. & D. 131A to list all the collateral being offered, the remaining collateral should be listed on Form L. & D. 131B which should be attached to and made part of the application. Commercial, agricultural or industrial paper offered as collateral should be described by stating the names of makers and endorsers and the maturities. Underlying collateral, if any, held by the borrowing member bank as security to such paper should be itemized. All the collateral except readily marketable securities, should be supported by financial statements, appraisals, certificates of title and other evidence of value sufficient to make possible a prompt determination of value. If any paper pledged as collateral for such an advance is payable to the order of the applying member banks, the paper should be endorsed in the name of the applying member bank over the manual signature in ink of an authorized officer of the bank.

Discounts

General information

16. Under the second paragraph of section 13 and the first paragraph of section 13a of the Act and section 1 of Regulation A we may discount for a member bank eligible commercial, agricultural and industrial paper which meets the requirements set forth in Regulation A, including the requirement that at the time of discount, commercial and industrial paper have a maturity of not exceeding 90 days and agricultural paper have a maturity not exceeding nine months. In addition, under the fourth and sixth paragraphs of section 13 and the second paragraph of section 24 of the Act and sections 1 and 6 of Regulation A, we may discount for a member bank eligible bills of exchange, bankers' acceptances including dollar exchange acceptances, and notes evidencing loans made to finance the construction of residential or farm buildings, which meet the requirements set forth in Regulation A.

Application

17. Application for discount should be made in duplicate on Form L. & D. 129A. Both counterparts of the application should be signed manually in ink by an authorized officer (or officers) of the applying member bank. In case there is insufficient space in Schedule A on the face of the application or on the reverse side of the application to list all of the eligible paper that is to be discounted, the remaining eligible paper should be listed on a separate form (Form L. & D. 129C) which should be attached to and made a part of the application. The application should be accom-

panied by financial statements as provided in paragraph 25.

Negotiability of paper

18. Negotiability is essential to eligibility, and we cannot accept paper which, by reason of any provision, alteration or omission, is not negotiable under the negotiable instruments law.

Endorsement of paper

19. All discounted paper, whether or not payable to the order of the applying member bank, should be endorsed in the name of the applying member bank over the manual signature in ink of an authorized officer of the bank.

General Information Regarding Advances and Discounts

Computation of interest

20. Interest for the actual number of days involved, computed on the basis of 365 days to the year, will be deducted at the time of the making of the advance or discount.

Payment of paper or other collateral by obligors

21. If a member bank, which has discounted paper with us or has pledged paper or other collateral with us, receives any payment in respect of the paper or collateral while the paper or collateral is under discount or pledge with us, such payment shall be held in trust for us by the member bank and shall be immediately paid over to us.

Collection of maturing paper

22. If paper which has been discounted by or pledged with us is payable at the member bank, or in the same city in which the bank is located, we will return the paper to the bank in time to enable the bank to make presentment on the maturity date. Upon payment of an advance we will return to the member bank all pledged paper which matures more than 10 days after the payment of the advance. Unless pledged paper has already been returned to the member bank as stated above in this paragraph, or unless the borrowing member bank has made other arrangements with us within a reasonable time prior to maturity, all other maturing paper will be entered by us for collection in accordance with the provisions of our current circular regarding the collection of non-cash items. Upon the maturity date of all discounted paper, we will charge the reserve account of the member bank with the amount of the maturing paper. Upon the maturity date of all pledged paper which matures before the maturity date of the advance for which it is pledged, we will charge the reserve account of the member bank with the amount of the maturing paper, and the amount of the advance will be reduced accordingly, unless the member bank pledges other paper satisfactory to us in substitution for the maturing paper. Upon receipt of advice of payment of maturing paper which we have entered for collection we will credit the amount of payment to the reserve account of the member bank.

Prepayment of advances and repurchase of discounted paper

23. At its option a member bank may pay all or part of any advance at any time before the stated date of maturity, or it may repurchase from us any eligible paper which we have discounted for it. In the event of such prepayment or repurchase we will rebate the unearned interest. In the event of a reduction in our discount rate between the date of the making of the advance or discount and the date of such prepayment or repurchase the unearned interest will be rebated at such lower rate.

Advances to others than member banks

24. Under the thirteenth paragraph of section 13 of the Act, we may make advances to individuals, partnerships and corporations (in-

cluding non-member banks) for periods not exceeding 90 days, secured by direct obligations of the United States. If any person desires to obtain such an advance we will be pleased to furnish promptly upon request the necessary forms and advice with respect to their use.

Financial Statements

When required

25. Financial statements are required by us with respect to any customer whose paper is offered to us by a member bank in amounts aggregating \$1,000 or more. Statements may also be required in connection with an offering aggregating less than \$1,000, particularly when the paper offered by the member bank consists largely of items aggregating less than \$1,000 per customer.

Composition of statements

26. Financial statements need not be in any special form but should consist of a complete and reasonably detailed balance sheet and profit and loss statement and a reconciliation of the net worth or surplus account. We may find it necessary in some cases to request additional information where we deem it desirable for a better understanding of the financial condition and operations of a borrower. Since comprehensive information is usually contained in financial reports prepared by public accountants, such reports should be submitted to us if they are available. Financial statements may be submitted on forms which we have developed for the use of member banks and their customers, which are referred to in greater detail in paragraphs 33 through 37.

Certification

27. Statements furnished us should be duplicate originals, or copies, of the original statements held in the files of the member bank. The statements furnished us should bear the following certificate of the member bank, signed by an authorized officer:

"This is a true copy of the original signed financial statement held in our files."

Date of statements

28. Our determination of the acceptability of paper can be made properly only upon the basis of current financial information. Paper offered to us should be supported by a balance sheet as of the end of the last fiscal year and by a statement of profit and loss and reconciliation of net worth for the fiscal year. If a more recent balance sheet and a more recent statement of profit and loss and reconciliation of net worth are available they should also be furnished us.

29. When statements of several related parties are submitted, as in the case of a parent or holding company with subsidiaries or affiliates, it is preferable that the balance sheets of the various parties be prepared as of the same date and that information concerning operations cover the same periods.

Unfavorable developments

30. If there are any materially unfavorable developments in the affairs of a borrower or any other party whose statement has been submitted to us in support of an offering of paper which is not reflected in the statement, we should be advised of such developments at the time of the offering of the paper or promptly upon the occurrence of such developments.

Subsidiaries or affiliates

31. If a borrowing company has subsidiaries, or itself is a subsidiary of another company, the borrower's paper should be supported by the separate financial statement of the borrower and also by a consolidated statement of the group. In such a case it may be necessary for us to require complete and detailed data showing separately the figures of each

company in the group, with the detail of any inter-company eliminations used in arriving at the consolidated statement. In a case where the paper offered to us is that of a borrower having substantial inter-company relations with a concern not included in the consolidated group, we should be furnished with a separate statement showing the figures with respect to the other concern and a segregation of the inter-company accounts.

Endorsers or guarantors

32. When the financial responsibility of an endorser or guarantor is a substantial credit factor with respect to paper offered, a recent financial statement of the endorser or guarantor should be furnished in addition to the statement of the borrower.

Suggested Forms

33. As a convenient means of informing member banks and their customers as to the character of the credit information which we desire in connection with paper offered to us by our member banks, we have prepared a number of forms of financial statements and supplementary schedules which will be furnished to member banks upon request in reasonable quantities without charge. The following is a list of the forms:

Financial Statement Forms:

Description	Form Number
*Individual (Merchant, Manufacturer, etc.)	CR 1
†Individual (Merchant, Manufacturer, etc.)	CR 110
*Firm	CR 9
†Firm	CR 109
*Corporation	CR 7
†Corporation	CR 108
Personal	CR 107
*Farm Credit Statement	CR 151
†Farm Credit Statement	CR 114
*Short	
†Long	

Supplement and Real Estate Schedules:

Description	Form Number
Supplement to Farm Credit Statement	CR 115
Farm Real Estate Schedule	CR 116
Real Estate Schedule (General)	CR 91

The forms have been prepared with a view to making it as easy as possible for borrowers to furnish complete information bearing upon their financial condition and affairs. While it is not necessary that such forms be used, the information submitted should include all that called for on such forms and also any supplemental information which may be relevant.

Statement forms for individuals, firms and corporations

34. The forms for individuals, firms and corporations have been designed to conform with accounting procedures generally employed by most commercial and industrial businesses, and provide a convenient means for the presentation of the financial and credit information necessary for proper consideration of requests for credit. While both the short and the long statement forms provide for basic information including a balance sheet, operating statement and reconciliation of net worth or surplus, with pertinent supplementary data, the short form provides for this information only on a condensed basis. In many cases the information called for on the short form may be sufficient.

Statement form for personal, non-business use

35. The statement form for personal non-business use is designed to obtain financial and credit information from a person not engaged in business. It can be used in connection with ascertaining the financial responsibility of

endorsers or guarantors, or individuals seeking personal loans.

Farm Credit Statement

36. The short and long forms of financial statements adapted for the use of farmers in this District have been developed in collaboration with, and have been recommended by, the Agricultural Committee of the New York State Bankers Association and the Extension Service of the New York State College of Agriculture.

Supplement to Farm Credit Statement

37. The Supplement to Farm Credit Statement contains a section covering general farming activities and also provides for information relating to certain specialized farming activities common to this part of the country. The Supplement, together with the long form of Farm Credit Statement and the Farm Real Estate Schedule, provide for comprehensive information regarding a farmer's financial affairs and the character of his physical assets, including his land and buildings, machinery, implements and livestock, which will permit a thorough credit analysis.

Effect of This Circular on Previous Circular

38. This circular supercedes our Circular No. 2001, dated Nov. 25, 1939, entitled "Financial Statements."

Agreement to This Circular

39. Any member bank which applies to us for an advance or discount shall be deemed by such action to have agreed to the terms and conditions set forth in this circular which are applicable to such transactions.

Revision of This Circular

40. The right is reserved to withdraw, add to, or amend at any time any of the provisions of this circular.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL, President.

Increased Sales of US Savings Bonds

Americans bought \$139,057,000 more of U. S. Savings Bonds during the first half of July than in the first half of June, National Savings Bonds Director Vernon L. Clark reported on July 22. Sales surged up 45.7% above the mid-June figure to reach \$443,514,000 the best half-month's volume since January, he said. Mr. Clark also stated:

"This marked increase resulted from the June-July 'Back Your Future' publicity campaign which stressed investment in bonds as security for the future and their purchase as a check against inflation." While sales were increasing, redemptions were holding steady at the new 1946 low achieved in June, according to Mr. Clark's report.

The Director took the occasion on behalf of the Treasury Department to thank newspapers, radio and other publicity and advertising media and their advertisers for tremendous support in space and time devoted to urging Americans to buy and hold savings bonds.

The half-month report showed E bond sales up 28.5%, from \$175,334,000 in the first half of June to \$225,237,000 in the comparable July period. At the same time E bond redemptions dropped from \$261,771,000 to \$258,325,000 in July, a decrease of 1.3%. In all series sales were at the highest rate since January, 1946 and E bond redemptions at the lowest since July, 1945.

Industrial Activity in May Reported by Federal Reserve Board

"Industrial output" according to the Board of Governors of the Federal Reserve System "declined somewhat further in May but advanced considerably in the early part of June, reflecting chiefly the settlement of the coal strike. Department store trade was maintained in record volume for this season of the year." The Board adds that "prices in both wholesale and retail markets continued to advance." The summary of general business and financial conditions in the United States, issued by the Board on June 28, based upon statistics for May and the first half of June, also said:

Industrial Production

"The Board's seasonally adjusted index of industrial production was 160% of the 1935-39 average in May as compared with 165 in April and 168 in March. Since the resumption of bituminous coal mining and the settlement of various other wage disputes in the latter part of May, industrial production has expanded considerably and indications are that the Board's index in June will surpass the March level.

"Output of iron and steel was especially affected by the coal shutdown and in May steel ingot production averaged only 52% of capacity as compared with 78% in the previous month. Steel production, however, rose rapidly in June, reaching a scheduled rate of 87% of capacity during the current week. Activity in other durable goods industries was generally maintained in May at about the April level.

"Output of nondurable goods continued to show a slight decline in May, after allowance for seasonal changes, largely due to further reductions in output of flour and cereal products and of meats. Despite these declines production in recent months of most nondurable goods, including many manufactured foods, cigarettes, textiles, shoes, gasoline, chemicals, and rubber and paper products, has been considerably larger than the volume produced for civilian use a year ago and also than the 1939-40 level of output.

"Output of minerals rose 12% in May, reflecting largely the resumption of bituminous coal production around the middle of the month. In the first two weeks of June bituminous coal output increased sharply to a level close to the pre-strike rate. Anthracite production was maintained at an exceptionally high level during most of May, and after a work stoppage during the first week of June, was resumed in large volume. Output of crude petroleum continued to advance in May and the early part of June. Metals production showed much less than the usual seasonal rise in May, reflecting chiefly wage disputes in iron ore mines which were largely settled by the end of the month.

"Value of construction contracts awarded, as reported by the F. W. Dodge Corp., continued to rise sharply in May, reflecting increases in awards for most types of construction. Residential building awards were at a new record level, one-fourth higher than in April. Awards for non-residential construction advanced in May, after a drop in April. Awards for manufacturing plant and public works permitted by Federal authorities showed sharp increases.

Employment

"Non-agricultural employment showed a further substantial gain in May, reflecting increases at factories and mines due to termination of work stoppages and a continued large advance in construction employment. The number of persons unemployed remained unchanged at the April level of 2.3 million.

Commodity Prices

"The general level of wholesale commodity prices continued to advance from the middle of May to the third week of June. There were important increases in

prices of milk, bread, coal, cotton, leather, copper, and of a number of miscellaneous products.

"From the middle of April to the middle of May the consumer price index advanced another 1/2% and since that time additional increases have occurred in retail prices.

Distribution

"Department store sales in May and the first half of June were maintained at the high level reached earlier in the spring. Value of sales was about 35% larger than in the corresponding period last year, reflecting largely a considerable expansion in the volume of goods sold. Department store stocks continued to rise sharply in May and, after allowing for seasonal changes, the value of stocks held on May 30 was one-fourth larger than at the beginning of the year, although still comparatively low relative to the value of sales.

"Freight carloadings during May were slightly below the April rate as increased shipments of coal and grain were more than offset by declines in loadings of most other classes of revenue freight due chiefly to the railroad strike. During the first three weeks of June carloadings increased sharply and in the week ending June 22 were as high as in the same period a year ago.

Bank Credit

"Deposits subject to reserve requirements increased further in May and the first three weeks of June, reflecting primarily a shift of about \$3.5 billions from Treasury war loan accounts to accounts held by businesses and individuals, and average required reserves increased about \$500 millions. Reserve balances increased considerably less than required reserves and excess reserves declined.

"At member banks loans for purchasing and carrying government securities were further reduced in May and the first half of June. Real estate and commercial and industrial loans continued to increase at banks outside New York City. Bank holdings of Treasury certificates and bonds declined largely as a result of Treasury debt retirement operations."

Commends House Action On British Loan Agreement

Secretary Snyder of the Treasury issued on July 13 the following statement upon Congressional approval of the Anglo-American Financial Agreement:

"I am deeply gratified by the action of the House of Representatives in approving the Anglo-American Financial Agreement. The Senate having already approved it, the Congress has now expressed to the world the firm determination of the United States to continue to seek international economic cooperation.

"With the credit made available through the Financial Agreement, the United Kingdom will now be able to assume its full obligations for the accomplishment of the same objectives.

"The new International Monetary Fund and International Bank may now go forward with renewed assurance of success.

"We may now look forward with more confidence to the achievement of world trade expansion and higher levels of prosperity as foundations of a lasting peace."

Ass'n of S. E. Firms Cut Group Insur. Rates

In its July "Newsletter" the Association of Stock Exchange Firms announced that "a retroactive reduction of the Association Group Life Insurance Premium rates to \$1.22 per month per thousand dollars of coverage compared to the previous last rate of \$1.48 has been made by the Aetna Life Insurance Company after a study of the experience of the first complete year ending June 30, 1946. This, said the association, was made known by Wymond Cabell, Otto E. Dohrenwend and Henry C. Merritt, trustees of the plan. The Association also said in part:

Members of the association who are participating will receive refunds of the amounts they have paid in excess of the new rate. The refunds will total approximately \$36,673.

The original rate was \$1.56 per thousand dollars of coverage. It was reduced quarterly to \$1.54, \$1.52 and, for the last quarter it has been \$1.48. The total premium paid amounted to \$183,364.65.

After exhaustive studies by the Employee Relations Committee last year the association plan was developed to make life insurance available at group rates to members, particularly those whose organizations comprised less than 50 persons required to obtain this type of insurance. Sixty-seven member firms participated in the plan at its inception on July 1, 1945. Seventeen hundred and fifty-one individuals, comprising partners of member firms, stock exchange members and employees were originally covered in the total amount of life insurance of \$7,788,500.

Today the coverage amounts to \$10,873,500 on the lives of 2,451 individuals in 88 firms. Twenty-three additional members of the association joined the plan during the year, covering 472 additional individuals while additional coverage on new partners and new employees of original participants numbered 592. Two firms cancelled their policies during the year.

June Cotton Consumption

The Census Bureau at Washington on July 18 issued its report showing cotton consumed in the United States, cotton on hand and active cotton spindles in the month of June.

In the month of June, 1946, cotton consumed amounted to 792,361 bales of lint and 82,954 bales of linters as compared with 871,559 bales of lint and 84,830 bales of linters in May and 785,945 bales of lint and 119,107 bales of linters in June, 1945.

In the 11 months ending June 30, cotton consumption was 8,436,102 bales of lint and 957,306 bales of linters, which compares with 8,894,959 bales of lint and 1,377,582 bales of linters in the corresponding period a year ago.

There were 2,280,942 bales of lint 288,747 bales of linters on hand in consuming establishments on June 30, 1946, which compares with 2,331,842 bales of lint and 327,149 bales of linters on May 31, 1946 and 2,036,656 bales of lint and 289,167 bales of linters on June 30, 1945.

On hand in public storage and at compresses on June 30, 1946, there were 5,381,566 bales of lint and 60,776 bales of linters which compares with 6,410,431 bales of lint and 64,626 bales of linters on May 31 and 9,192,041 bales of lint and 30,457 bales of linters on June 30, 1945.

There were 21,942,878 cotton spindles active during June, which compares with 21,958,496 cotton spindles active during May, 1946, and with 22,188,573 active cotton spindles during June, 1945.

Plans International Statistical Coordination

Bureau of Budget reports to Senate Small Business Committee of work being done through United Nations Organization to establish a Statistical Commission under the Economic and Social Council. Holds U. S. is playing leading part in promoting a world statistical system.

On July 20 the Bureau of the Budget, through a report filed with the Senate Committee on Small Business, let it be known that the United States is playing a leading part in promoting a world statistical system within the councils of the United Nations.

Establishment of such a system, in the opinion of the Bureau of the Budget, provides for the first time in history, a "focus around which world statistical interests can effectively be grouped." Moreover, the efficiency of the United Nations itself, it is asserted, "depends in undefined but considerable part upon the degree to which such international statistical order is achieved."

Senator James E. Murray of Montana, chairman of the Senate Small Business Group, in releasing the report, noted a statement in the document to the effect that the Bureau of the Budget, in its outline of plans for the proposed organization, has found it necessary "constantly and continuously" to adapt to the new conditions of international interest the techniques developed under the Federal Reports Act for the improvement and coordination of Federal statistical programs. The Senator recalled that the Federal Reports Act, passed in 1942, represents an accomplishment of the Senate Committee on Small Business.

The present report is a periodic presentation of progress under the Federal Reports Act, but featuring in this instance the subject of international statistical coordination, and holding that various kinds of international statistical activity must be joined in a common pattern of organization—general, special, national, regional, official and professional.

As explained by the Bureau of the Budget, the key role which might be played by the United Nations was recognized more than a year ago, before the San Francisco Conference. The bureau, in March, 1945, called a conference of Federal officials to discuss what steps should be taken to insure adequate results. Following this conference, a statement embodying a consensus of this group on the question of coordination was drafted and transmitted to the Secretary of State. The matter, however, was not considered at San Francisco. Whereupon a further memorandum was prepared and used as the basis for the official recommendations of the United States delegations to the Preparatory Commission of the United Nations, at its meeting in London in the Autumn of 1945.

Upon the basis of excellent staff work by the United States delegation, the report says, the Preparatory Commission recommended that the Economic and Social Council of the United Nations establish a statistical commission to advise the council on matters affecting the development of national statistics and improvements in their comparability; the coordination of the statistical work of specialized agencies; the development of the central statistical services of the United Nations Secretariat; the improvement of statistics and statistical methods; and, in dissemination of statistical information.

These recommendations were adopted by the Economic and Social Council which appointed a nucleus commission of nine members to serve as experts in their individual capacities from the following countries: Brazil, China, France, India, Norway, the Ukraine, Union of Soviet Socialist Republics, the United Kingdom, and the United States.

The nucleus Statistical Commission has recently concluded its first session. At the outset, it

selected as chairman the United States member, Dr. Stuart A. Rice, Assistant Director of the Bureau of the Budget in Charge of Statistical Standards. The commission agreed upon matters of organization, jurisdiction, objectives, and procedures and has submitted to the Economic and Social Council its recommendations, most of which have been accepted. Administrative and operating responsibilities will be lodged in the Statistics Division to be established in the Department of Economic Affairs in the United Nations Secretariat. The Statistics Division will have detailed responsibilities for coordinating the statistical activities of the United Nations, its organs and affiliated specialized agencies.

Under the general guidance of the Statistical Commission, the statistical secretariat will thus become the central point of control in the development of systematic international statistical organization.

With the creation of this United Nations machinery, there will exist for the first time an effective world center around which a truly international statistical system can be organized. Initiative in the development of such a system rests principally in the hands of those who will serve in the Statistical Commission and the United Nations Secretariat. Because of the importance of this work and its close relation to Federal statistical programs, the Budget Bureau has taken an active part in the developmental stages.

Commenting on this part of the budget report, Senator Murray expressed the hope that a more thorough going coordination of handling statistics will permit more interesting comparisons between our own statistics and those of the rest of the world. The report is of importance to American small business, he thought, since it blocks out the methods which have been adopted by international organizations, both official and private, for the coordination of statistics relating to health, diet, educational levels, and other important factors in the sociology and economics of the various countries of the world.

These factors, according to the Montana Senator, who has spent a considerable part of his public career striving for measures beneficial not only to the smaller businessman but for the ordinary man in our economic life, will have great effect upon the world level of prosperity, and hence will be of real importance in the prosperity of our own nation. In his opinion American small enterprises stand to reap genuine benefits from the more intelligent planning which adequate statistical valuation of these factors will make possible.

So. African Gold Price Up

From London, July 18, Associated Press advices, published in the New York "Times" said:

Hugh Dalton, Chancellor of the Exchequer, said today that Britain had concluded an agreement under which the South African Reserve Bank will sell not less than £80,000,000 (\$320,000,000) of gold annually to the Bank of England in 1946 and 1947 at 172 shillings and six pence (\$34.50) a fine ounce. This is three pence (five cents) more than is paid by the Bank of England for other newly-mined gold.

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the whole, the Secretary of State and his advisers were in agreement upon all of the issues which the United States Delegation urged before the conference.

The Council of Foreign Ministers was established at the Potsdam conference, where the following agreement was reached.

Background of Conference

Establishment of a Council of Foreign Ministers. The conference reached an agreement for the establishment of a Council of Foreign Ministers representing the five principal powers to continue the necessary preparatory work for the peace settlements and to take up other matters which from time to time may be referred to the Council by agreement of the governments participating in the Council.

Later at the Moscow conference, attended by the Foreign Ministers of the United States, Russia, and Great Britain, it was agreed that the Council of Foreign Ministers should prepare treaties of peace with Italy, Rumania, Bulgaria, Hungary and Finland. It was further agreed that when the preparation of these drafts had been completed, the Council of Foreign Ministers would convoke a peace conference for the purpose of considering the treaties of peace with these five countries, and that the conference should consist of the five members of the Council of Foreign Ministers, together with the members of the United Nations which actively waged war with substantial military force against the European Axis states. These states are as follows: Australia, Belgium, Brazil, White Russia, Canada, China, Czechoslovakia, Ethiopia, France, Great Britain, Greece, India, the Netherlands, New Zealand, Norway, Poland, the Ukraine, the Union of South Africa, the Soviet Union, the United States and Yugoslavia.

It was also agreed that after the conclusion of the deliberations of the conference and upon consideration of its recommendations, the states signatory to the terms of the armistice with such nations will draw up the final texts of the peace treaties. These treaties, when signed by the appropriate states, will be submitted for ratification and will come into force immediately after such ratification by the Allied states signatory to the respective armistices.

It was under these authorizations that the Council of Foreign Ministers met in London in September, 1945, where their labors were carried on for many months through their deputies. It was under this same authority that the first Council of Foreign Ministers to be convened at Paris, met on April 15, 1946. It will be recalled that this conference was attended by Secretary of State Byrnes, together with the Senator from Michigan and the senior Senator from Texas, Chairman of the Committee on Foreign Relations. It will also be remembered that little positive or definite results were obtained at the conference. It was then determined that the Council of Foreign Ministers should again convene in Paris on June 15, 1946. The Council labored diligently for four weeks. During its sessions, substantial progress was achieved toward the agreement upon and the drafting of peace treaties for the five nations already mentioned.

Problems Considered

Apart from Germany and Austria, the following were among the more important problems receiving the consideration of the Council:

1. The calling of a peace conference to be participated in by

the 21 nations who fought against the Axis and who are to be affected by the final five treaties;

2. The settlement of the difficult and explosive question of Trieste and its status for the future;

3. The disposition of the Italian colonies;

4. The permanent status of the Dodecanese Islands;

5. The disposition of the Italian Navy and merchant vessels;

6. The issue of Russian reparations against Italy;

7. The territorial settlement relating to the South Tyrol;

8. Territorial readjustments between France and Italy with respect to Briga and Tenda.

9. The preparation of treaties with Finland, Hungary, Rumania and Bulgaria.

Outstanding Achievement

According to my view the outstanding achievement of the Council was the calling of a peace conference to be attended by representatives of the 21 nations who were at war with the Axis Powers and who are vitally concerned with the treaties. It is so fundamental that the nations who made war and shed their blood as comrades in the mighty holocaust and whose wounds we are undertaking to heal, should in fact and in truth determine the terms of peace, that no argument is required to establish the soundness or the justice of such a procedure. Under the leadership of Secretary Byrnes, the American demand for the calling of a peace conference was put clearly and firmly before the Council. At first, it met with resistance. However, as the sessions progressed and problems were gradually solved, the resistance lessened and finally agreement was reached to convene the conference in Paris on July 29. In the Moscow agreement it had been stipulated that a peace conference would be called by May 1, 1946. This pledge, which pledge, which it had been impossible to keep, was strongly urged and pressed before the Council by the Secretary of State. It was felt that the Council could not break faith with the 21 nations involved and that its solemn pledge should be redeemed.

We may therefore look forward with hope and expectation to the convening in Paris of the accredited representatives of the 21 nations involved. There, in a free and open forum, the views and attitudes of the various nations may be made known and the various political, economic and territorial aspects of the peace settlement shall be given full and complete consideration. It is contemplated that the peace conference will express its views upon all the issues involved, including both those which have been agreed upon by the Council of Foreign Ministers as well as those remaining undetermined by the Council. The convening of the peace conference is entirely consistent with the historic practice among free nations. The peoples of the nations who furnished armies with which to fight the war are entitled to write the terms of the peace by which they are to be governed.

It is inconceivable that the Council of Foreign Ministers will arbitrarily disregard the recommendations and decisions of the peace conference. The 21 nations represented there will make their own rules of procedure and will not be hampered by any rule of unanimity or veto. The conference should, and I feel hopeful will, constitute a truly democratic assembly with freedom of expression and debate. The peace treaties, unless they reflect the real views and wishes of the nations

affected, can never form the basis for a permanent and satisfactory peace. The Council of Foreign Ministers have furnished and will continue to furnish leadership and direction. The final determination, however, must rest with the peoples of the nations affected. In their judgment alone, in their decision alone, in their wishes alone, can properly be constructed lasting genuine treaties of peace.

The Trieste Question

The disposition of Trieste was a most difficult and perplexing problem. It was not without long and stubborn controversy that it was resolved. The city of Trieste has a long and historic background. In 948 it received an independent existence under Count-Bishops and this position was maintained down to its capture by Venice in 1202. For the next 180 years its history consisted chiefly of a series of conflicts with Venice, which were finally ended by Trieste placing itself in 1382 under the protection of Leopold of Austria. This overlordship developed into actual possession and except in the Napoleonic period Trieste remained an integral part of the Austrian dominions until 1918, when, at the end of World War I, it and the Istrian Peninsula were awarded to Italy. Trieste is a prosperous seaport with shipbuilding and other industries. It is located on the Istrian Peninsula. Prior to World War I, it was the maritime gateway to Austria, Czechoslovakia, Hungary and the Danube states. Its railway lines extended into this vast hinterland.

In 1915 prior to Italy's entrance into World War I, Italy had proposed to Austria that Trieste should be created an autonomous state. More than 80% of the people of Trieste proper are of Italian blood. The immediately contiguous territories are largely Yugoslav. In the Istrian Peninsula there are other cities similarly populated by a majority of Italian blood. The population of the Peninsula, however, outside of Trieste is predominately Yugoslav.

The Soviet Union strongly pressed the claims of Yugoslavia for the possession, not alone of Trieste, but of the entire Istrian Peninsula and of portions of other territory under the dominion of Italy. Their arguments consisted of the claim that Yugoslavia was a comrade in the war against the Axis and fought valiantly, whereas Italy had made war upon the United Nations. It was further urged that geographically and commercially Trieste was essentially linked with Yugoslavia and the territories to the East.

At the London conference of Foreign Ministers, it had been agreed that the deputies and experts should determine upon a so-called ethnic line across the Istrian Peninsula. The line was to be so drawn as to leave the smallest number of Italians within Yugoslavia and similarly, the smallest number of Yugoslavs under Italian dominion.

There were American, British, French and Russian lines drawn by the respective states. The United States, Great Britain and France supported the claims of Italy for Trieste. After long and zealous discussions, which were renewed from time to time, France proposed that the city of Trieste and the major territory west of the French line should be incorporated in a free territory and be awarded neither to Italy nor Yugoslavia. The proposal provided that the territory would be governed by its own elected legislature and by a governor appointed by the Security Council of the United Nations.

The United States insisted that the free territory should be protected by the Security Council rather than by Italy and Yugoslavia or by the four principal allied powers. Final acceptance of the French proposal was had in principle and the general principles of its government were de-

termined. The plan adopted will contribute to the continued development of Trieste as a port and a commercial metropolis to serve, not alone Yugoslavia, but Austria, Czechoslovakia, Hungary and Danubian territories. To have awarded Trieste to either Italy or Yugoslavia would probably have precipitated a continuous political and racial agitation with accompanying bitterness and danger to the peace of that area.

It is the belief of the American delegate on that the solution adopted is best for the future welfare of Trieste and its people and will contribute to the welfare of the world in preventing bitter and provocative controversy that might result in bloodshed and war. The placing of responsibility for the selection of the Governor and for guaranteeing the protection and security of Trieste upon the Security Council of the United Nations will add greatly to the prestige and power of the United Nations. It will afford the Security Council a splendid opportunity to demonstrate its high functions of preserving the peace and in vetoing war before it engulfs innocent peoples in misery and blood. It will also enable the Security Council to work out and develop policies and methods with which it can deal with similarly troublesome and dangerous situations.

Italian Colonies

Final disposition of the Italian colonies—a problem that promised serious difficulty—was postponed on the suggestion of Secretary Byrnes. The Soviet Union abandoned its original claim for the trusteeship of territory in North Africa as a base for its merchant ships. Agreement was eventually reached upon a plan whereby final disposition of the colonies should be determined by the four principal allied powers who were to take into account the desires and ultimate welfare of the people involved, as well as the situation of neighboring and other interested governments. If no agreement is reached by the four principal allied governments within a year after the effective date of the treaty, they are obligated to accept the recommendations of the General Assembly of the United Nations as to the final disposition of the colonies. Here again is invoked the power of the United Nations. Again its prestige and its possibilities for high service are enhanced and strengthened. The sanction of fifty-one nations is to approve and ordain international settlements in behalf of concord and peace. The crystallized public opinion of peace-loving nations of the world will impart dignity and respect and strength to such settlements.

The Dodecanese Islands were returned to Greece. The Soviet Union relinquished its claims for a base in the Islands. It was also provided that they should be demilitarized.

Slight rectifications of the French and Italian boundaries were also provided for in the Briga and Tenda districts. Strategic considerations were the primary purpose in these adjustments. However, the rights of Italy with respect to the water power and electric resources were fully protected and guaranteed.

There was no change made in the boundary between Austria and Italy as it affects the South Tyrol. This territory has been under Italian jurisdiction since World War I and it was regarded as inadvisable to make any change in its present status.

Italian Reparations

The Soviet Union made a claim for reparations against Italy in the sum of \$100,000,000. While it was agreed that such reparations should be granted, there was sharp division of views respecting the sources from which they should be derived. It was finally agreed that Italian external assets, together with war plants not

needed nor required for civilian production, should be applied to reparations. Russia urged that the balance should be paid from current Italian production. Upon United States insistence, it was provided, however, that Russia should supply to Italy the raw materials from which such production was to be manufactured, on commercial terms and that the value of such raw materials should be deducted from the price of the finished products when delivered to Russia. It was further understood that such reparations should be extended over a period of seven years with an initial moratorium of two years in the interest of the rehabilitation and reconstruction of Italy. The United States was successful in its views with respect to this controversy.

The size of the Italian Navy was limited and the war ships above the allowed limit were awarded to the four principal allied nations for allocation.

No Agreement on Germany and Austria

The Council reached no agreement with regard to the German and Austrian questions. However, exhaustive discussion of the problems which took place was not without value. A better understanding of the various aspects of the questions with which the Council will be required to struggle at a later date was made clear.

Secretary Byrnes submitted the draft of a treaty providing for the demilitarization and disarmament of Germany for a period of 25 years. Complaint was made by the Soviets that the proposals were inadequate and that the treaty did not provide for reparations for Russia. There were conflicting claims by the Soviets on the one hand that they had reports that in the British zone disarmament of the military forces had not been accomplished. On the other hand, the representative of Great Britain advised that he had reports that in the Soviet zone German war plans were being operated. Secretary Byrnes strongly urged that the Control Commission investigate all of these reports, but no agreement was reached.

It was then proposed by the Soviets that a special session of the Council on the German problem be held. Secretary Byrnes agreed and urged the setting of a definite date and the appointment of deputies to begin a study of the German questions in order to ascertain the points of disagreement. It is likely that such a meeting of the Ministers will be held later in the year.

Some of the issues involved in the German settlement are the Saar Basin, claimed by France and the control and regulation of industry in the Ruhr. The Soviets also demanded 10 billions of dollars in reparations from Germany. It had been determined at Potsdam that Germany was to be administered as an economic whole. But in fact, under the present arrangement providing for four-power control, this plan is not being so administered. The present lack of cooperation among the four powers is not contributing to the reconstruction or the recovery of commerce and industry in Germany. It was not possible to reach an agreement for the rectification of this situation. However, Secretary Byrnes gave notice that the United States would cooperate with any one or more of the occupied zones as an economic unit and that such arrangement would be open on equal terms to the governments of the other zones. This proposal was intended to promote the rehabilitation of industry and the revival of normal commerce and business in Germany. The action of Secretary Byrnes is to be highly commended and I feel certain will secure substantial results.

In the case of Austria, Secretary Byrnes advanced a proposed draft (Continued on page 540)

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treaty recognizing the independence of Austria and directing the withdrawal of occupying armies. The Soviets submitted a counter proposition with regard to the denazification of Austria and introduced the claim that a large number of displaced persons in Austria should be removed. Unfortunately, no progress was made with respect to Austria and the problem will await further action by the Council of Foreign Ministers.

The peace treaties with the five nations provide that armies of occupation must be withdrawn from the respective territories 90 days after the ratification of the treaties, except where troops are necessary to protect a line of communications. This was particularly desirable as to Austria. If the armies could be withdrawn from Austria, there would be no necessity for the maintenance of troops and communication lines in other countries. It was the objective of Secretary Byrnes to remove such armies of occupation at the earliest possible moment so that the people of these nations might devote their energies to the rebuilding of their industry and commerce and agriculture. It was further hoped that they might devote themselves to the reform of their governments and the establishment of free institutions.

Whatever success we may have had at Paris, we must remember that the 21 nation conference will be only one step down the long and rocky road to a final peace. Above all, we must never lose sight of the fact that Germany remains far and away the most important single element in the peace settlement. Thus far we have merely skirted the edges of Europe's major peace problem.

A number of other questions upon which agreement was reached must also be submitted to the peace conference to receive approval or rejection and appropriate recommendations to the Council by the conference. It is possible that the Council of Foreign Ministers will meet either contemporaneously with the peace conference or shortly thereafter to receive the recommendations of the conference and to make final draft of the treaties for submission to the various governments for their signature and ratification. These processes may seem long and intricate. However, they possess valuable qualities. Through the interchange of views among the Foreign Ministers and at the peace conference, every phase of these difficult problems is illuminated and discussed. It makes for better understanding and contributes toward agreement on the problems that vex so many nations of the world.

Some Progress Noted

This fact was made apparent at the recent meeting of the Foreign Ministers. The April Conference was disappointing and disheartening. When we left for Paris in June there were those who felt that the signs pointed toward another rather dismal failure. We were determined to exhaust every resource to secure results. Our quest for peace must be persistent and continuous. The stakes are so important that even repeated rebuffs must not deter us. No effort must be relaxed as we struggle to find a workable compromise to enable us to project our gallant comradeship of war into a comradeship of peace.

This was the thought that was uppermost in our minds as we left for Paris. And our determination to do everything within our power to bring about peace was not without avail. This time we did

not come home empty-handed. I quote Secretary Byrnes:

"Now the prospects for peace treaties with five nations is bright. We are on the road back to peace."

The Council did not reach agreement on all questions, but it did achieve substantial and important results and set in motion plans for the ultimate settlement of remaining problems. Peace conferences usually require much time. Notable examples are the Congress of Vienna and the lengthy negotiations of the American States with England following the war of the Revolution. Time is precious, but it is not too precious to be devoted to the cause of peace and the adjustment of quarrels that may disturb that peace.

Main Achievements

What were the main achievements of the Council? They might be listed as follows:

1. The calling of the peace conference on July 29.
2. The agreement to accord to the 21 nations at the conference complete freedom of discussion and recommendation.
3. The development of a better understanding among the great powers.
4. The draft treaty with Italy including the internationalization of Trieste, reparations, and agreements with respect to the disposition of the Italian colonies and the award of the Dodecanese Islands to Greece.
5. Real progress with respect to the treaties with the ex-satellite states—Hungary, Finland, Rumania and Bulgaria.
6. The decision to submit to the peace conference all questions upon which the Council of Foreign Ministers could not reach agreement.
7. The tentative understanding that Austria and Germany shall be considered later in the year by the Council of Foreign Ministers.

I make no claim that the settlements reached were in each case the most desirable. They were not perfect, but they were settlements. It must be remembered that all of them were the result of compromise. The United States alone could not enforce its own views in each particular. There had to be negotiation and adjustment. Different views had to be reconciled and they could be reconciled only through the process of compromise.

During the Paris sessions, my thoughts frequently were carried back to the Constitutional Convention which met during the summer of 1787. Seemingly insuperable differences of opinion among the delegates arose. The contentions of the big states and the small states, sectional differences, political and industrial questions vexed and harassed the participants. However, through compromise and the supreme will to agree, the Constitution emerged from the Convention as the result of compromise and the adjustment of views. 150 years of history have nobly demonstrated the sublimity of the Constitution as a charter of government.

The Council of Foreign Ministers has travelled a hard road. Representing the nations which played the dominant part in the war and upon whose resources the world must depend for the maintenance of peace, they had at the same time to mediate among the conflicting claims of the nations affected by any settlement and to make that settlement just and fair in the interests of world peace and security. Europe was still torn by hunger and strife and some of the countries had no representative government. A begin-

ning at peace-making had to be made wherever it could be made.

Will Continue Efforts for Peace

The United States delegation will pursue the consideration by the Peace Conference of all the issues coming before that body and aid in their adjustment. We shall cooperate in the Council of Foreign Ministers in drafting the final treaties and submitting them to the interested states for their signature and ratification.

We shall then undertake to aid in the solution of the Austrian and German problems with the complex and difficult questions involved. We want to see the state of war brought to an end. We want the peoples even of the enemy states to have an opportunity to rebuild their shattered fortunes and to restore their economy. We want to take arms out of their hands and replace them with implements and tools of industry and agriculture. We want to drive from their minds dreams of aggression and conquest and turn them to the adoption of free and democratic institutions and to respect for the rights of other nations and their peoples.

We do not want to impose cruel and brutal terms of peace but we mean to impose terms that shall mean real and enduring peace and the extirpation of armed aggression.

At the meetings in Paris the views of the United States were respected and given recognition. The other Powers were convinced that the United States was serving no selfish purpose. They were aware that the United States was demanding no territories; that it was demanding no reparations; that it was seeking the peace of the world and peace alone. This knowledge gave an eloquent and convincing appeal to the voice of the Secretary of State as he advanced the views of the United States.

The representatives of the other three governments knew that the United States had made the most tremendous financial sacrifices of all the Allied powers in waging the war against the Axis. They knew that the United States had generously, through Lend-lease, sent arms, food, and supplies to the Allied armies. They knew of the huge armies which the United States had raised, armed, equipped and sent across the seas to wage war against the minions of aggression and conquest. They knew how the United States had spanned the oceans and sent its heroic fighting men from the far-flung Pacific to Europe, Africa, and the Middle East. They knew that these tremendous exertions, that these sacrifices greater than had ever been made in the history of warfare, were expended solely in the interest of world peace and the suppression of armed aggression and conquest, over the innocent and peace-loving peoples of the earth. They knew that we had sent hundreds of millions of dollars for food and relief in Europe and that many other millions will follow. The other nations know that the United States believes that Europe's recovery is necessary for the welfare of the world. They know that we do not believe this is any time for the assessment of monstrous and crushing reparations.

Program Not Tinged With Political Partisanship

The fact that the program of the United States is not tinged with political partisanship gives us strength in the councils of the nations. The happy situation that our people are not divided on international issues by narrow and selfish partisanship drowns any hope among foreign interests that through division and schism our people can be weakened or undermined. This was made abundantly apparent at the Paris conference. Entire and complete unity made

unassailable the American position.

And what shall be our course in the future toward our allies and associates—both the great powers and the small powers?

The United States must maintain and pursue its traditional and historical international policy toward all nations. Our rights must be asserted and enforced with firmness and resolution. We shall not tolerate any form of aggression, whether by armed might or more subtle infiltration or insidious attack upon our system of government and free institutions. Whether it be Russia or the Republic of Panama, whether it be Great Britain or New Zealand, we shall respect their rights and shall expect and demand that they recognize and respect ours. We shall court the friendship and goodwill of all nations.

We pray God that we shall never again be forced to draw the sword in defense of our security. All the world knows that we want to live in peace. All the world knows that we can wage war. All the world knows that we shall not refuse to fight when attacked or when our security is threatened. While tenaciously attached to peace we must not and shall not neglect our national defense.

The United States must maintain an adequate army, highly trained and properly equipped. It now has the greatest and most powerful navy on the planet. It must continue to possess such a navy. The United States air forces are now superior to any in the world. These forces must be preserved and maintained.

These weapons on the land, on the sea and in the air shall not be provided for aggression or conquest. They are to be provided for the national defense and the preservation of peace—to arrest aggression and to strike the sword from the hand of would-be conquerors.

Task Not Easy

It is not an easy task to reach agreement among the representatives of many foreign governments. Nations differ in historical background. They differ in language. They differ in customs. They differ in race. However, all peoples know the miseries of war. All of them know of bloodshed and disaster. All of them know of ravaged lands and violated homes. Therein lies our hope for restoring the peace of the world. Therein lies the strength of our position. If we may convince them—and we have convinced them—that our purposes are unselfish and that we seek alone the welfare and the happiness of peoples everywhere, we may succeed.

Someone may inquire why the United States should participate in a Council of Foreign Ministers concerning itself with Italian colonies in Africa, the settlement of the question of Trieste and other questions in a distant continent. Someone may ask what difference does it make to us whether Trieste belongs to Italy or Yugoslavia. Why are our interests affected by the allocation of Italian colonies? What is our concern in all these matters that are not of primary interest to our people?

Our reply is that our interest is in peace alone. We have no direct interest in Trieste or the Italian colonies as such, but we do have an overpowering interest in preserving peace on the globe. We cannot forget that World War I had its beginning in a quarrel in an obscure town in the Balkans. We do not fail to recall that the tragic war that has just come to an end had its beginning in a quarrel over Danzig on the Baltic. We are concerned in preventing the existence of any festering sore in Europe or elsewhere that may provoke another war and plunge the earth in blood. These are the reasons for our action. These are reasons mightier than all the wealth of the terri-

ories affected. These are reasons more powerful than all of the nationalistic pleas of sections and areas.

The Council of Foreign Ministers recognized the influence and the power of the United Nations Organization. It set an excellent precedent when it decided to place Trieste under the protective custody of the Security Council, and authorized the General Assembly to decide the fate of Italian colonies in case the four powers fail to come to agreement. We must never allow the machinery of the United Nations Organization to fall into disuse. We must demonstrate our faith and our confidence in it by making it the very heart of our peace-keeping machinery.

As we look about us and observe the international problems that beset us on every hand, I am convinced that the United States must pin its faith and its hope on the United Nations. The United Nations must become, in fact, the over-riding factor in our foreign policy.

In his Army Day address in New York City on April 6th, President Truman stated clearly and simply the attitude of the United States. "The immediate goal of our foreign policy," he said, "is to support the United Nations to the utmost."

Stand Behind United Nations

In order to demonstrate to the world that we stand wholeheartedly back of the United Nations Charter, we should proceed to do the following:

First: In our dealings with other nations we must stand firmly on those principles of law and justice expressed in the Charter. We should expect other nations to do the same.

Second: We should unhesitatingly make available to the Security Council our full quota of the troops, planes and ships necessary for the maintenance of world peace.

Third: We must maintain a strong army, navy and air force so that we may protect our land and our people and fulfill our obligations under the Charter.

Fourth: We must put into treaty form the inter-American machinery contemplated in the Act of Chapultepec and make it one of the permanent pillars in the temple of peace built at San Francisco.

Fifth: We should accept the compulsory jurisdiction of the International Court of Justice over those strictly legal disputes which affect the United States and any other state which has accepted the compulsory jurisdiction of the Court.

Sixth: We should do our utmost to secure at the earliest practicable time complete agreement with respect to the control of the atomic energy and other weapons of mass destruction.

Seventh: We should lend our full support to the economic, social and humanitarian program of the United Nations and thus help establish those conditions in the world which are essential for enduring peace.

The United Nations Charter was erected upon the concept of the continuing cooperation and good will of the great powers. So long as these great powers desire the peace of the world so long will there be peace. It would be rank insanity for any one of the great powers to desert the high objectives and the noble concepts of the United Nations. We covet the friendship of Russia, Great Britain, France, China and for that matter of all the members of the United Nations. We want, through union of purpose, to fortify and strengthen the United Nations. The rights of every nation are strengthened by the recognition of the rights of other nations.

While we are seeking to establish peace and repair the ravages

of World War II, there are those who speak of the possibility of World War III. Such a tragedy is unthinkable. It cannot happen if the great powers cooperate in behalf of peace. We want no war with Russia. We want no war with Great Britain. We want no war with any other power on the earth.

No Responsible Nation Wants War
In my opinion no other responsible nation wants war. It will be remembered that Generalissimo Stalin and other Russian leaders have proclaimed that Russia stands back of the United Nations Charter. It will be remembered that the Soviet Ambassador said in Washington on July 2, that "there is no basis whatever for war" between Russia and the United States, and that the Soviet Union "will never start a war against the United States or any one else." Similar expressions of peaceful intent have been uttered by the leaders of Britain, France, China and other nations.

So long as the great powers cooperate in support of the Charter, so long as they recognize and respect the rights of each other, so long will there be peace. Our purpose shall be to quicken and stimulate good relationships between the great powers of the earth, that their people and our people may enjoy the blessings of their respective systems of government and that their happiness and welfare may be promoted. These lofty aims can be attained only by mutual confidence, mutual respect and mutual trust. God give them the wisdom to see clearly the great blessings of peace. May God give them all the courage and fortitude to sustain and support these noble ends.

We shall not despair. We shall fight for peace with the weapons of reason and logic. We shall fight for it with all the bloody memories of the tragedy and misery in the centuries that have gone. We shall fight for it in high hope and trust in the years to come. There come ringing down to us today in this critical period of the world's affairs the words of Woodrow Wilson, uttered a few months before his death, "I am not one of those that have the least anxiety about the triumph of the principles I have stood for. . . . That we shall prevail is as sure as that God reigns."

I am today reminded of the familiar and often-quoted words of Benjamin Franklin at the conclusion of the Constitutional Convention in 1787. Pointing to a figure of the sun painted on the chair of Washington, the Presiding Officer, he said that often during their deliberations, he had looked upon the figure of the sun and wondered if it were a rising or a setting sun, and that he was then happy to know that it was a rising sun.

Mr. President, as I contemplate the growing power and majesty of the United Nations supported by the solemn compact of 51 nations that they "shall settle their international disputes by peaceful means"; when I remember that the great powers as well as the small states have pledged their national honor and faith to the solemn provisions of the Charter; when I reflect upon the progress toward peace by the Council of Foreign Ministers, I am happy to believe that today we may look into the years with the satisfaction of knowing that the cause of peace—world peace—is a rising and not a setting sun.

Buenos Aires to Redeem Bonds

The Province of Buenos Aires, Argentine Republic, will redeem on Aug. 1, for the sinking fund, \$34,000 of its 4 1/4-4 1/2% external readjustment sinking fund dollar bonds of 1935, due Aug. 1, 1976. Payment at the principal amount will be made at the office of First of Boston International Corporation, 100 Broadway, New York.

Truman Releases Secretary Anderson's Report On Foreign Food Shipments

President Truman on July 12, reporting on the fiscal year which ended June 30, said that through the cooperation of every one the United States had met its first year's goals in giving relief to the famine stricken areas of the world, and that in the case of food grains, the major relief commodity, the nation's commitments had been well exceeded by actual exports. The President warned, however, that continued and determined cooperation was necessary if the hunger still existing in the world was to be relieved in the months ahead.

Mr. Truman's statement was released in conjunction with a report made by Secretary of Agriculture Clinton P. Anderson on 1945-46 famine relief food shipments. Anderson, as reported by the Associated Press from Washington, in brief, gave the following details of this country's foreign food exports:

"Total shipments during the past 12 months totaled more than 16,500,000 long tons—or about 12 1/2% of the nation's supply.

"However, about 60% of the shipments were food grains, such as wheat, corn, rice, rye and oats. For these Anderson said the Government worked by two standards, the total quantity officially promised shortage areas—400,000,000 bushels—and the quantity the country hoped to be able to ship—417,000,000 bushels.

"Anderson said that the 400,000,000-bushel commitment was exceeded by June 30. He promised that the 417,000,000 bushel figure would be met by the end of this month.

"Other exports (in pounds) included: meats—1,350,800,000; dairy products, principally cheese, evaporated milk and dried milk—1,680,800,000; food fats and oils—783,200,000; other items, including dry beans and peas, potatoes, sweet potatoes, fruits, vegetables, sugar, eggs and canned fish—7,040,000,000.

"Secretary Anderson said the bulk of the food went to war-devastated areas where starvation threatened."

English Gold and Silver Markets

We reprint below the quarterly bullion letter of Samuel Montagu & Co., London, written under date of July 1:

Gold
The amount of gold held in the Issue Department of the Bank of England was unaltered at £247,833.

The Bank of England's buying price for gold remained unchanged at 172s. 3d. per fine ounce, at which figure the above amount was calculated.

The gold output of the Transvaal for the months of March, April and May 1946 are given below, together with figures for the corresponding months of 1945 for the purpose of comparison:

Year	Fine Ozs.
1946	
March	877,449
April	994,988
May	1,049,195
1945	
March	1,036,443
April	1,028,544
May	1,030,990

Silver
During the three months under review the official price remained unaltered at 44d. per ounce .999 fine for both cash and two months' delivery. Supplies from official sources continued to be made available for essential industries and demand for these purposes was steady.

In addition to the supplies already mentioned, arrangements were made by the Treasury to allot 1,000,000 ounces to encourage the export trade; of this amount, 600,000 ounces are to be used for wholly manufactured goods and the balance of 400,000 ounces for silver in semi-manufactured form,

such as sheet, wire, etc. Replacements are granted by the authorities of all silver exported under the scheme.

In Bombay, prices showed a wide range during the period under review, varying between Rs. 160.40 per 100 tolas (about 77d. per ounce) in April and Rs. 192 (about 92d. per ounce) in May. The latter quotation is a high record and, incidentally, is very near to the theoretical melting price of the 500 fine silver rupee, namely Rs. 200 per 100 tolas. The rapid rise in May was attributed to bear covering and an acute shortage of actual silver; the high prices, however, attracted considerable arrivals from up-country and a decline set in, so that during the early part of June rates were back to about a Rs. 170 level; later, a steadier tendency was reflected in prices and Rs. 177.80 was quoted for ready delivery on 18th June, but the improvement was not maintained and by the end of the month the quotation had receded to about Rs. 171.

An announcement was made by the Government of India in May of the introduction of half and quarter rupee coins in pure nickel instead of nickel and silver as at present. It was explained that in present conditions of inadequate silver supplies and high prices they considered it wasteful to use silver for these coins, adding that the step will make it easier to discharge the obligation to return in kind, within five years of the end of the war, 226,000,000 ounces of silver borrowed from the United States of America between 1943 and 1945.

During April, news was received from the United States that the Senate Appropriations Committee had voted to increase the price paid for silver by the Treasury to domestic producers from 71.11 cents per ounce to 90 cents during the next two years and to \$1.29 per ounce thereafter; late in June the necessary legislation was approved by the Senate. This version, however, has to be reconciled with that of the House of Representatives which provides for the sale of silver at 71.11 cents and a Joint Committee of the two Houses will settle the differences.

It is understood that the Senate members of the committee will hold out for the terms approved by the Senate. Their recommendation will, of course, have to pass both Houses of Congress and whilst authoritative quarters consider an increase to 90 cents probable, some doubt has been expressed as regards the later increase to \$1.29.

New Draft Calls in Prospect, 19-29 Approved

To meet the Army's needs for 25,000 inductees in September, President Truman on July 16 approved a selective service recommendation that men from 19 through 29 be deemed acceptable for drafting. Since V-J Day few, if any, men over 26 have been drafted. However, under the law non-fathers through 44 are eligible. The minimum of 19 is in line with the legislation banning drafting of 18-year-olds. All draft deferments have been tightened, occupational deferments, according to Major General Lewis B. Hershey, director of Selective Service, being limited "to those few registrants who are determined by the local boards to be indispensable and irreplaceable to the national existence."

Protests Application of Rate Increases To Port Differentials

George E. Mace, of Commerce and Industry Association of New York, argues that June 20 order of ICC applying 5% rate increase to established port differentials gives competitive advantage to Southern and Gulf ports and disrupts existing recognized relationship in rates and traffic between them.

Continuing serious losses to north Atlantic ports, railroads, shippers, port service organizations (including the many crafts of long-shore labor) and steamship lines have resulted from widened differentials in freight rates through the application of a June 20 order of the Interstate Commerce Commission, George E. Mace, manager of the Transportation Bureau of the Commerce and Industry Association of New York declared in a brief transmitted by him as chairman of the North Atlantic Ports Conference to the Commission which is resuming its rate hearings in Chicago on July 22.

The Commission order granted a temporary interim increase of 5% on freight rates in the north in addition to the increase of 6% awarded generally throughout the country, "subject to maintenance of recognized or established port differentials." The manner in which the new rates have been applied, according to Mr. Mace, penalizes north Atlantic ports by disrupting "previously existing or recognized relationships in the rates on such traffic" as between the south Atlantic and Gulf port groups and the north Atlantic ports as a group.

"Such disturbance or disruption of rate relationships, even temporarily," Mr. Mace pointed out, "causes unwarranted and extensive diversion of competitive traffic as between one group of ports and another and as between individual ports within the north Atlantic group, and results in serious losses." The brief continued: "The Commission permitted the applicants, temporarily at least, to apply to export, import, coastwise and intercoastal traffic the master tariff increase, which not only has disrupted percentage-wise the relationship between individual ports and the several port groups but also, by reason of the additional 5% increase granted and applied to such traffic moving between interior points in Official Classification Territory and the north Atlantic ports, with no similar additional increase applied on such traffic to and from the south

Atlantic and Gulf groups of ports, the relationship of rates as between these respective groups of ports has to still further extent been disrupted to the serious disadvantage of the north Atlantic ports and results, and will continue to result, in undue injury to those ports unless promptly corrected.

"In fact, the disparity in the export, import, coastwise and intercoastal rates to and from certain defined interior territory and the Gulf ports, on the one hand, and the north Atlantic ports, on the other, has for some while been a source of much dissatisfaction to the interests at the north Atlantic ports, and hence the further widening of these relationships creates a situation which requires prompt correction."

In accordance with the Commission's finding, Mr. Mace declared, "the applicants should have been held initially in the application of the interim increases to the strict maintenance of recognized and established port differentials on export and import traffic; and to the strict maintenance of port relationships on coastwise and intercoastal traffic, they should now be required immediately to restore such differentials and relationships; and the Commission in such further findings as it may make in these proceedings should insist upon the immediate restoration of all such port relationships."

"The volume of such traffic, its highly competitive nature, and the many interests affected, make this position not only consistent and reasonable but imperative, if the postwar development of our ports and shipping services is to proceed. The importance of the immediate restoration of these port rate relationships on export, import, coastwise and intercoastal traffic far transcends any recognition of the alleged economy and convenience of the mechanics of tariff implementation."

Says Deficit Spending Causes Inflation

(Continued from first page)

30, 1946, our national debt increased \$250,000,000, and today Idaho's share exceeds \$1,000,000,000. It now requires \$5 billion annually to pay interest charges on this debt—or a sum equal to the total revenues collected in fiscal year 1940.

The President, since V-J Day, has frequently promised greater economy and efficiency in Government so that the Federal budget may be balanced this fiscal year. However, little progress is being made in that direction, as evidenced by the \$22,000,000,000 deficit in the year which ended June 30, 1946, and by the \$2,337,000

civilian employees in the executive department on May 31, 1946.

It is difficult to justify the liberal spending policies which scatter American dollars throughout the world, accentuate shortages of consumer goods in this country and jeopardize the solvency of our government. The menace of inflation is reflected in the following statement of Federal expenditures, revenues, and the public debt outstanding at the end of each fiscal year beginning with the fiscal year 1932, together with annual increases in the public debt:

Fiscal Year	*Net Receipts	†Total Expenditures, Including Debt Retirements	Excess of Expenditures Over Receipts	†Public Debt Outstanding at End of Year
1932	\$2,005,725,437	\$4,947,776,888	\$2,942,051,451	\$19,487,000,000
1933	2,079,696,741	4,325,149,722	2,245,452,980	22,538,700,000
1934	3,115,554,049	6,370,947,347	3,255,393,297	27,053,100,000
1935	3,800,467,201	7,533,433,561	3,732,966,359	28,700,900,000
1936	4,115,956,615	9,068,885,571	4,952,928,956	33,778,500,000
1937	5,028,840,236	8,281,379,955	3,252,539,718	36,424,600,000
1938	5,854,661,226	7,304,287,108	1,449,625,881	37,164,700,000
1939	5,164,823,625	8,765,338,030	3,500,514,404	40,439,500,000
1940	5,387,124,669	9,127,373,806	3,740,249,136	42,967,500,000
1941	7,607,211,852	12,774,890,323	5,167,678,471	48,961,400,000
1942	12,799,061,621	32,491,307,397	19,692,245,776	72,422,400,000
1943	22,281,642,709	78,182,348,640	55,900,705,931	136,696,100,000
1944	44,148,928,968	93,743,514,863	49,594,587,895	201,003,400,000
1945	46,456,554,579	100,404,596,685	53,948,042,105	258,682,200,000
1946	43,037,798,808	65,018,631,990	21,980,833,182	269,422,099,173

*Excludes transfers to Federal old-age and survivors insurance trust fund. †The annual expansion is unrelated to receipts and expenditures indicated in other columns, because public-debt transactions are independently handled and accounted for.

NOTE—Figures in columns 1, 2 and 4 taken from Treasury Department statements.

Electric Output for Week Ended July 20, 1946 2.1% 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 July 20, 1946, was 4,293,280,000 kwh, which compares with 4,384,547,000 kwh. in the corresponding week a year ago, and 4,156,386,000 kwh. in the week ended July 13, 1946. The output for the week ended July 20, 1946, was 2.1% below that of the same week in 1945.

Major Geographical Divisions—	Week Ended				
	July 20	July 13	July 6	June 29	June 22
New England	\$1.9	\$1.0	4.7	0.4	1.2
Middle Atlantic	2.6	1.8	4.0	2.1	3.9
Central Industrial	4.5	5.5	8.7	6.2	6.0
West Central	\$4.7	\$2.5	\$0.6	\$1.5	\$2.0
Southern States	0.7	3.6	8.0	8.0	7.4
Rocky Mountain	\$4.4	\$2.3	\$5.8	\$1.8	\$4.9
Pacific Coast	5.0	5.0	5.6	7.6	7.2
Total United States	2.1	3.2	6.0	5.1	5.3

Week Ended—	1946	1945	% Change			
			under 1945	1944	1932	1929
April 6	3,987,673	4,321,794	-7.7	4,361,094	1,480,738	1,696,543
April 13	4,014,652	4,332,400	-7.3	4,307,498	1,468,810	1,709,331
April 20	3,987,145	4,411,325	-9.6	4,344,188	1,454,505	1,699,822
April 27	3,976,750	4,415,880	-9.9	4,336,247	1,429,032	1,688,434
May 4	4,011,670	4,397,330	-8.8	4,233,756	1,436,928	1,698,942
May 11	3,910,760	4,302,381	-9.1	4,238,375	1,435,731	1,704,426
May 18	3,939,281	4,377,221	-10.0	4,245,678	1,425,151	1,705,460
May 25	3,941,865	4,329,605	-9.0	4,291,750	1,381,452	1,615,085
June 1	3,741,256	4,203,502	-11.0	4,144,490	1,435,471	1,689,925
June 8	3,920,444	4,327,028	-9.4	4,264,600	1,441,532	1,699,227
June 15	4,030,058	4,348,413	-7.3	4,287,251	1,440,541	1,702,501
June 22	4,129,163	4,358,277	-5.3	4,325,417	1,456,961	1,723,428
June 29	4,132,680	4,353,351	-5.1	4,327,359	1,341,730	1,592,075
July 6	3,741,096	3,978,426	-6.0	3,940,854	1,415,704	1,711,625
July 13	4,156,386	4,295,254	-3.2	4,377,152	1,433,903	1,727,225
July 20	4,293,280	4,384,547	-2.1	4,380,930	1,440,386	1,732,031
July 27		4,434,841		4,390,762	1,426,986	1,724,728

The State of Trade

(Continued from page 535)

marked increase from the 1945 level.

Concerns falling in manufacturing were two times as numerous as in any other trade or industry group. Eleven manufacturers failed, representing a mild increase from the previous week when there were seven and a sharp increase from the one occurring in the comparable week last year. Retail trade was the only industry or trade group in which failures declined. At five, retailers failing were down from the six reported in the preceding week and the eight reported a year ago.

A heavy concentration of failures appeared in the Pacific States. More than half of the week's total failures occurred in this region. Rising to 13, concerns failing in the Pacific States were three times as high as in the previous week and were up even more sharply from the one occurring in the comparable week of 1945. The Middle Atlantic States with seven failures was the only other area with more than one concern failing. A single failure was reported in each of five regions; only two regions did not have any failures.

Three Canadian failures were reported as compared with six last week and one in the corresponding week of 1945.

Food Price Index Continues Advance—The continued rise in foodstuffs in the past week lifted the Dun & Bradstreet Wholesale Food Price Index to \$5.20, from \$4.88 a week earlier. This was a gain of 6.6% for the week, and marked a total advance of 19.5% during the past three weeks. The current figure represents the highest level since Jan. 8, 1920, when this highly sensitive index stood at \$5.24. It is only 1.2% under the record high of \$5.30 registered on July 31, 1919.

Twelve commodities advanced during the week as against four declines. The former included flour, corn, barley, lard, cheese, coffee, cocoa, rice, steers, hogs, sheep and lambs. Declines were listed for wheat, oats, butter and potatoes.

Wholesale Price Index Rises Moderately—The Daily Wholesale Price Index of 30 basic commodities, compiled by Dun & Bradstreet, Inc., continued upward in the past week, although the advance was considerably moderated from that which occurred during

the first few days following the termination of OPA. The index closed at 229.67 on July 16, up 3.6% from a week earlier when it stood at 221.60, and a gain of 29.7% over the comparative 1945 figure of 177.11.

Irregular movements in leading grain markets reflected uncertainty as to the final outcome of proposed price control legislation. Cash wheat was in strong demand from various sources. Mill buying, however, was restricted by fears of possible price rollbacks. Flour prices were firmer but flour offerings were virtually at a standstill as the week came to a close due to continued uncertainties. Cash corn prices rose to new seasonal highs despite the prediction of a bumper corn crop this year. Harvesting of winter wheat made good progress in the week. Estimated at 1,090,000,000 bushels, this year's yield of all wheat will be only slightly less than last year's record crop of 1,123,000,000 bushels. Coffee trading was active with more than 2,000,000 bags said to have been purchased from producing countries since the expiration of OPA. Cocoa prices edged higher, reflecting continued active demand. Cattle prices at Chicago reached a new all-time high of \$25 per hundredweight for prime grades. Under greatly enlarged receipts, hogs sold at \$19, a new peak for the current movement. Butter was easier at the close, reflecting lessened demand. Trading in lard assumed large proportions at prices considerably above former OPA ceilings.

Cotton prices, both spot and futures, climbed steadily throughout the week to register new highs for twenty-two years. Net advances for the period, amounting to over 300 points, reflected a very favorably supply-demand picture for the staple. The rise was largely influenced by last week's report of the Crop Reporting Board of the Department of Agriculture showing an estimated acreage planted to this year's crop of only a little above last season's small acreage and substantially less than earlier trade estimates. Another factor was the increasing demand for cotton from foreign sources. According to the New York Cotton Exchange Service Bureau, fewer working days caused a drop in total cotton used in June. Consumption on a daily rate basis, however, rose to an average of 39,500 bales for the

month from 38,300 in May, and 37,400 in June a year ago. A fair volume of carded gray cotton goods was moved toward the close of the week at prices averaging around 20% above former ceilings.

Hide values moved higher during the week. In limited volume of trading, prices in the Chicago market were established at 26c per pound for native steers, and 25c for branded hides. Leather markets appeared to mark time with price adjustments still in the formative stage pending Congressional action on price controls.

Department store sales still reflect the huge demand for goods. Gains over the high levels of 1945 have for weeks been in the neighborhood of 35%. June set a new all-time record after allowance is made for seasonal factors, according to the Federal Reserve Board.

The June index number was 278. That compares with 257 for May and an average of 255 for the first half of this year. June's gain over the same months of 1945 was 38%; the first half was 28% above last year.

Newsprint Output Soared in June—Newsprint production during June for Canada, the United States and Newfoundland totaled 424,316 tons, compared with 355,120 tons in the same month of 1945. Shipments of newsprint for last month were 415,737 tons, well above the 355,015 tons shipped in June, 1945.

Canadian production accounted for 334,207 tons of the total and shipments were 322,805 tons. The U. S. production for June was set at 61,241 tons, with shipments of 61,671 tons. Newfoundland produced 28,868 tons and shipped 31,261 tons for the month.

For the first half of 1946, Canadian mills produced 2,002,935 tons, 458,422 tons more than in the comparable period of 1945, an increase of 29.7%. Output in the U. S. was up 5.5%, or 20,244 tons, for the first half of this year over the six months of 1945, and in Newfoundland, the increase was 16,224 tons, or 9.9% over a year ago.

Stocks of newsprint in the three countries at the end of June were 199,456 tons, compared with 190,877 tons at the end of May and 163,876 tons for June, 1945.

Foreign Currencies Frozen by Peru

A decree freezing all foreign currencies in private banks and providing that such foreign funds be taken over at the official exchange rate by the Central Reserve Bank was issued by the Government of Peru on July 11, it was made known in Associated Press accounts from Lima, which added:

The decree became effective immediately.

The measure automatically converts deposits of foreign currency into Peruvian money.

The decree also made the Central Bank the only authorized purchaser of gold in Peru. The Central Bank will pay in Peruvian currency at the world price, the measure said.

In publishing the above advices the New York "Journal of Commerce" of July 13, said:

The action of the Peruvian Government freezing all foreign currencies in that country was not unexpected in foreign exchange circles here. Some New York bankers interpreted the decree as a precautionary measure, pointing out that although Peru has been able to meet its commitments for imports it is believed that Peruvian holdings of foreign currencies are in short supply. In addition, one banker reported that it is understood the Peruvian Government is also scrutinizing all letters of credit and forward contracts.

From Washington Ahead of the News

(Continued from first page)

major public matter with which we have been confronted recently, that these gentlemen have not taken a stand, such as what we should do about Russia.

These fellows have been selling to their helpless members that they were not such hot shots, necessarily, as labor leaders or experienced men in collective bargaining or getting something for the employee out of the boss.

What they have been selling ever since they have been on the scene is that they have "influence" in Washington; that they can make public men jump to the whip. In this way, they are no different from the lobbyists, the genuine and bad ones, and the ones who make a living by telling their clients that they are "close" to this or that big man.

What Reuther and Murray et al have been selling is that they are "close" to big men. It is rapidly becoming clear to their followers that they aren't close to anybody worthwhile.

Under Roosevelt they were close. They could tell their crowd, when anything came up, why, I'll go down and see Roosevelt about it. It was a good selling point and it made a lot of money for a lot of quacks.

The situation is changed. Their crowd is coming to realize that these fellows are not hot shots as labor leaders and they don't have the entree to Washington anymore.

An example is the fact that the CIO leaders have been telling the poor Allis-Chalmers workers for weeks that they were going to have the government seize the Allis-Chalmers plants. This has not worked out. And all signs point to its not working out.

So, Murray, Reuther et al, seek to work up something which will give them some more standing, in the eyes of their customers, with Washington big shots. They cook up the idea of having Truman invite them down here to confer with business leaders. That would tend to restore their sales value. Their customers would say, well you can't escape the bigness of these men, they know so many big people and the President calls them in for advice. He calls them in to meet the Big Leaders of Industry. That is worth money to any lobbyist.

We may be wrong as to the final outcome, but it is a revealing thing about Truman, that he perceives the situation in pretty much the same light as the writer does, and has no intention of giving Phil and his pals this break.

As an example of the change which we think has come about: Back in late 1932, when Roosevelt had been elected but not inaugurated, he was visiting Warm Springs. There was a fellow who was trying to organize the textile workers of Columbus, Ga., a few miles away. He wasn't getting anywhere.

This fellow sought and got an appointment with Roosevelt and came out from the conference with the statement that Roosevelt was right behind him in his efforts. We fellows on the scene laughed and figured it was a quack taking advantage of the President-elect. We were quite surprised a few minutes later, when we went in for our daily press conference, and Roosevelt went out of his way to commend this fellow's efforts in behalf of the underdogs of Columbus. After that, the fellow had no trouble organizing the workers. Roosevelt, they were told, had ordered it.

Phil Murray, Walter Reuther et al, would like to get a lift of that kind from Truman today. That is

what they want with a labor-management conference. As of this writing, they aren't going to get it.

Office of Technical Services Established

Establishment of an Office of Technical Services, headed by John C. Green, was announced on July 8 by the Department of Commerce. The new Office consolidates the work of the Office of the Publication Board, Technical Industrial Intelligence Branch, National Inventors Council, and Production Research and Development Division, said the advices of the Department which further stated:

According to Mr. Green, who has served as Executive Secretary of the Publication Board and Chief Engineer of the National Inventors Council, the Office will continue the work of the consolidated units and launch a new program of technical aid to business and industry. The 1946-47 appropriation, just approved by Congress, includes increased administrative funds for the new Office, as well as \$1,500,000 for research and development.

OTS will consist of four major units: the Invention and Engineering Division, the Industrial Research and Development Division, the Library and Reports Division, and the Technical Industrial Intelligence Division. The last-named is responsible for investigation of German industry and the collection of German scientific and technical information.

Mr. Green left for England yesterday to attend an international conference on German patents. He will also spend several days in Germany inspecting OTS activities there.

VA Approves AIB GI Correspondence Training Courses

The American Institute of Banking, educational section of the American Bankers Association, announced on July 15 to its chapters throughout the country that its correspondence courses have been granted blanket approval by the Veterans Administration for veteran training under the G. I. Bill of Rights. The announcement states:

The American Institute of Banking has been informed by the Veterans Administration in Washington that its correspondence course program has been approved under Public Laws 16 and 346. "This means that veterans of World War II may enroll for correspondence courses of the Institute, the full costs of which will be borne by the Veterans Administration, under either of the above mentioned public laws up to the extent of each veteran's educational entitlement." Complete directions are then given on the steps to be taken by the veteran in enrolling under this program.

Some 150 chapters of the Institute in 32 states had previously been designated by their state approval agencies as authorized educational facilities under the provisions of the Act, says the announcement which states that "this earlier approval covered only courses provided by chapters which veterans would attend in person. The new blanket approval makes it possible for veterans to take courses in banking subjects through regular chapter study classes or by mail.

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	Ave. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
July 23	123.86	118.80	123.34	121.25	118.60	112.37	115.63	119.20	121.46
22	123.92	118.80	123.34	121.25	118.40	112.37	115.63	119.20	121.46
20	Stock Exchange Closed								
19	123.83	118.87	123.34	121.25	118.40	112.37	115.63	119.20	121.46
18	123.86	118.80	123.34	121.25	118.60	112.37	115.63	119.20	121.46
17	123.89	118.80	123.34	121.25	118.60	112.37	115.63	119.20	121.46
16	123.95	118.80	123.34	121.25	118.80	112.37	115.63	119.20	121.46
15	123.95	118.80	123.34	121.25	118.60	112.37	115.63	119.20	121.46
13	Stock Exchange Closed								
12	124.14	118.80	123.56	121.25	118.60	112.56	116.02	119.20	121.46
11	124.20	119.00	123.56	121.25	118.80	112.56	116.02	119.41	121.67
10	124.27	119.00	123.56	121.25	118.80	112.56	116.02	119.41	121.67
9	124.24	119.00	123.56	121.25	118.80	112.56	116.02	119.41	121.67
8	124.24	119.00	123.56	121.25	118.60	112.56	115.82	119.20	121.67
6	Stock Exchange Closed								
5	124.24	118.80	123.34	121.25	118.60	112.37	115.82	119.20	121.46
4	Stock Exchange Closed								
3	124.17	118.80	123.34	121.25	118.60	112.56	115.82	119.20	121.46
2	124.11	118.80	123.56	121.25	118.40	112.56	116.02	119.20	121.46
1	124.11	118.80	123.56	121.25	118.60	112.56	116.02	119.20	121.46
June 28	124.11	118.80	123.34	121.25	118.40	112.56	116.02	119.20	121.46
27	124.17	118.80	123.34	121.25	118.40	112.56	116.02	119.20	121.46
26	124.17	118.80	123.34	121.25	118.40	112.56	116.02	119.20	121.46
14	124.17	118.80	123.34	121.25	118.40	112.56	116.02	119.20	121.46
7	124.02	118.80	123.13	121.25	118.40	112.56	116.02	119.00	121.25
May 31	123.99	118.80	122.92	121.46	118.40	112.56	116.22	119.00	121.04
24	123.99	118.80	123.13	121.46	118.40	112.56	116.22	119.00	121.04
17	124.14	118.60	122.71	121.46	118.20	112.56	116.20	119.00	121.04
10	123.83	118.60	122.92	121.46	118.60	112.75	116.41	119.20	121.04
3	124.49	119.00	122.92	121.67	118.60	113.12	116.61	119.41	121.04
Apr. 26	124.33	119.00	123.34	121.25	118.40	113.12	116.41	119.41	121.04
18	125.30	119.61	123.99	121.88	119.20	113.89	117.20	120.22	121.67
12	125.77	120.02	123.99	122.29	119.61	114.27	117.60	120.22	121.88
5	125.92	120.02	123.99	122.29	119.61	114.46	117.60	120.22	122.09
Mar. 29	125.61	119.82	123.99	122.29	119.41	114.27	117.40	120.22	122.09
Feb. 21	126.02	120.22	123.34	121.88	119.00	114.27	116.41	120.22	122.09
Jan. 25	126.28	119.00	123.12	121.25	119.00	113.31	115.63	119.41	122.09
High 1946	126.28	120.02	124.20	122.50	119.61	114.46	117.60	120.43	122.50
Low 1946	123.45	117.60	121.46	119.82	117.40	112.19	114.46	117.80	120.63
1 Year Ago July 23, 1945	122.64	116.02	121.04	119.20	116.02	108.34	112.93	115.82	119.20
2 Years Ago July 22, 1945	120.15	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.20

MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices)									
1946— Daily Averages	U.S. Govt. Bonds	Ave. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
July 23	1.48	2.71	2.49	2.59	2.72	3.04	2.87	2.69	2.58
22	1.48	2.71	2.49	2.59	2.73	3.04	2.87	2.69	2.58
20	Stock Exchange Closed								
19	1.49	2.71	2.49	2.59	2.73	3.04	2.87	2.69	2.58
18	1.48	2.71	2.49	2.59	2.72	3.04	2.87	2.69	2.58
17	1.48	2.71	2.49	2.59	2.72	3.04	2.87	2.69	2.58
16	1.48	2.71	2.49	2.59	2.72	3.04	2.87	2.69	2.58
15	1.48	2.71	2.49	2.59	2.72	3.03	2.86	2.68	2.58
13	Stock Exchange Closed								
12	1.47	2.71	2.48	2.59	2.72	3.03	2.85	2.69	2.58
11	1.46	2.70	2.48	2.58	2.71	3.03	2.85	2.68	2.57
10	1.46	2.70	2.48	2.59	2.71	3.03	2.85	2.68	2.57
9	1.46	2.70	2.48	2.58	2.71	3.03	2.85	2.68	2.57
8	1.46	2.70	2.48	2.58	2.72	3.03	2.86	2.69	2.57
6	Stock Exchange Closed								
5	1.46	2.71	2.49	2.59	2.72	3.04	2.86	2.69	2.58
4	Stock Exchange Closed								
3	1.46	2.71	2.49	2.59	2.72	3.03	2.86	2.69	2.58
2	1.47	2.71	2.48	2.59	2.73	3.03	2.85	2.69	2.58
1	1.47	2.71	2.48	2.59	2.72	3.03	2.85	2.69	2.58
June 28	1.47	2.71	2.49	2.59	2.73	3.03	2.85	2.69	2.58
27	1.46	2.71	2.49	2.59	2.73	3.03	2.85	2.69	2.58
26	1.46	2.71	2.49	2.59	2.73	3.03	2.85	2.69	2.58
14	1.46	2.71	2.49	2.59	2.73	3.03	2.85	2.70	2.59
7	1.47	2.71	2.50	2.59	2.73	3.03	2.85	2.70	2.59
May 31	1.48	2.71	2.51	2.58	2.73	3.03	2.84	2.70	2.60
24	1.48	2.71	2.50	2.58	2.73	3.03	2.84	2.70	2.60
17	1.47	2.72	2.52	2.58	2.74	3.03	2.84	2.70	2.60
10	1.49	2.71	2.51	2.58	2.72	3.02	2.83	2.69	2.60
3	1.44	2.70	2.51	2.57	2.72	3.00	2.82	2.68	2.60
Apr. 26	1.45	2.70	2.49	2.59	2.73	3.00	2.83	2.68	2.60
18	1.38	2.67	2.46	2.56	2.69	2.96	2.79	2.64	2.57
12	1.35	2.65	2.46	2.54	2.67	2.94	2.77	2.64	2.56
5	1.34	2.65	2.46	2.54	2.67	2.93	2.77	2.64	2.55
Mar. 29	1.36	2.66	2.46	2.54	2.68	2.94	2.78	2.64	2.55
Feb. 21	1.33	2.67	2.49	2.56	2.70	2.94	2.83	2.64	2.55
Jan. 25	1.31	2.70	2.50	2.59	2.70	2.99	2.87	2.68	2.55
High 1946	1.51	2.77	2.58	2.66	2.78	3.05	2.93	2.76	2.62
Low 1946	1.31	2.65	2.45	2.53	2.67	2.93	2.77	2.63	2.53
1 Year Ago July 23, 1945	1.62	2.85	2.60	2.69	2.85	3.26	3.01	2.86	2.69
2 Years Ago July 22, 1944	1.79	3.03	2.72	2.80	3.05	3.56	3.36	2.94	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.

Non-Ferrous Metals—Foreign Copper Higher—Silver Quotation Also Up—Lead Demand Active

"E. & M. J. Metal and Mineral Markets," in its issue of July 18, stated: "Interest in the market for non-ferrous metals continues to center in the struggle to revive OPA. The Senate passed a price control bill on July 13 that was regarded in political circles as even worse than the measure vetoed by President Truman. The House defeated a move to send the bill to the President, and it was referred to conference. Confusion over the fate of price control and metal subsidies is restricting business and curtailing production. Foreign copper advanced on fear of further shortages because of strikes called at Northern Rhodesian properties. Silver was advanced to the basis of 90¢, New York, and Washington advices state that the conferees have agreed on a 90.5¢ basis for Treasury silver for industrial use. Agreement on the duration of the price is expected shortly. Quicksilver declined \$1 per flask."

The publication further went on to say in part as follows:

Copper

It now develops that the Office of Metals Reserve will release about 70,000 tons of copper for July shipment to domestic consumers, a large percentage consisting of wirebars. Concentration on wirebars has resulted in a temporary squeeze in shapes required by brass mills. The price situation in the domestic market

was unchanged. Copper was placed under export control. Foreign copper was sharply higher. Though workers have returned at Chile Copper, the situation at Braden is viewed as uncertain because labor contracts at that property expire at the end of July. European buyers were eager for copper, and business was placed at the f.a.s. equivalent, New York, of 16¢ per pound. Anaconda has announced that its premium on copper cast in slabs has been established at 0.15¢ per pound and up, effective July 15. Other producers are expected to follow.

Lead

Demand for lead was active, and the price was unchanged last week on the basis of 9½¢, New York. The tight supply situation and uncertainty over the price structure should OPA be revived limited sales last week to 2,368 tons. Until imports can be resumed, the government's contribution of lead for next month is expected to be light. During the second quarter, consumers obtained an average total of around 30,000 tons of lead a month.

Effective Aug. 1, the Civilian Production Administration has ordered producers of primary lead to set aside 25% of current production to provide a reserve supply to take care of emergency needs of manufacturers unable to obtain the metal from regular suppliers. Lead from the "kitty" may be allocated along with foreign metal released monthly by the Office of Metals Reserve.

Zinc

Business in Prime Western zinc was placed on the basis of 9½¢, East St. Louis, and the price was firmly established at that level throughout the week. Some producers limited their sales to the price prevailing on date of shipment, and they intend to continue booking business on this basis until the status of OPA is no longer in doubt. The tight situation in Prime Western and Special High Grade continues. Production of zinc concentrates is expected to fall in the event that the Premium Price Plan is not revived.

The Department of Commerce announced that export of slab zinc has been placed under individual license control, effective July 15.

Eagle-Picher Sales Co. advanced the price of zinc oxide, lead free, to 8½¢ per pound; carload lots.

Slab zinc released during July by the Office of Metals Reserve will be priced on the basis of the OPA ceiling price, or, in the absence of a ceiling price, at market price on date of shipments.

The price of sheet zinc was advanced 2¢ per pound during the last week by the Illinois Zinc Co., to absorb part of the rise that has

occurred in raw materials, wages, and other production costs.

Cadmium

There were no further price developments in cadmium. Producers continued to quote \$1.25 per pound on commercial shapes, with buyers eager to obtain supplies on that basis. Patented shapes for platers command the usual premium of 5¢ per pound.

Tin

Negotiations for the purchase of Bolivian tin concentrates have progressed to the point where an agreement is expected before the end of the current week, according to advices from Washington. Mine owners have been holding out for a higher price than that offered by the United States.

With the Office of Metals Reserve releasing tin on the basis of 52¢ per pound, the price situation in the United States market last week was unchanged.

Straits quality tin for shipment was nominally as follows:

	July	August	Sept.
July 11	52.000	52.000	52.000
July 12	52.000	52.000	52.000
July 13	52.000	52.000	52.000
July 15	52.000	52.000	52.000
July 16	52.000	52.000	52.000
July 17	52.000	52.000	52.000

Chinese, or 99% tin, was unchanged at 51.125¢.

Quicksilver

Demand for quicksilver was described as fair, yet prices eased moderately in some directions. Quotations covering spot metal settled at \$98 to \$100 per flask, the price varying according to quantity involved. On nearby metal \$97.50 has been done. Domestic production is being curtailed, reports from San Francisco indicate, owing to disappointments over the failure of prices to strengthen. The monthly average for June was \$99.40 per flask, New York, against \$104.808 in January of the current year.

Silver

Handy & Harman announced on June 11 that... "in the absence of any OPA ceiling, silver has been offered in the market today, and we have established a New York Official quotation of 90½¢." This price prevailed throughout the week that ended July 17. The London market was unchanged last week at 44d.

The Senate voted on July 13 to remove the rider on silver legislation from the Treasury-Post Office Appropriations Bill and passed a separate bill containing the same provisions, sponsored by Senator Carl Hayden (Ariz.). Following this action the measure was placed before a new group of conferees representing the banking committees of both Houses. Agreement on sales of Treasury silver at 90.5¢ is expected.

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

	Electrolytic Copper		Straits Tin, New York	Lead		Zinc New York
	Dom. Refy.	Exp. Refy.		New York	St. Louis	
July 11	14.150	14.675	52.000	9.50	9.35	9.50
July 12	14.150	15.925	52.000	9.50	9.35	9.50
July 13	14.150	15.200	52.000	9.50	9.35	9.50
July 15	14.150	15.925	52.000	9.50	9.35	9.50
July 16	14.150	15.				

Wholesale Prices Rose 3% in Week Ended July 13, Labor Department Reports

"Primary market prices rose 3% during the week ended July 13, 1946, the second week of uncontrolled prices, due to sharp advances in foods and some industrial commodities," according to advices July 18 from the Bureau of Labor Statistics, U. S. Department of Labor, which reported that "the wholesale price index of the Bureau rose to 120.7% of the 1926 average, more than 14% higher than at the end of the war in August 1945." In the first two weeks following suspension of OPA controls, the index increased 7%, said the Bureau which further stated:

"Farm Products and Foods—Following the sharp advances of the previous week average prices of farm products rose moderately (0.7%) as higher prices of milk, eggs and cotton more than offset lower prices of grains, livestock and poultry and fresh fruits and vegetables. Grain quotations declined 2% from the high levels of the previous week with good crop reports, while livestock and poultry prices were down 2½% with increased marketings. Fluid milk prices were higher in part because of termination of the dairy feed subsidy. Cotton quotations moved upward and quotations for domestic fine wools were higher because of heavy demand for these grades. Prices of white potatoes, lemons and onions were higher while prices of apples and oranges were substantially lower. Egg prices were up. On the average, prices of farm products were 10% above a month ago and 20% above a year ago.

"Prices of foods rose 10.7% on sharp advances for meats and cereals and dairy products. Increases in meat prices, reflected higher livestock prices and heavy demand. Quotations for flour increased more than 40% as a result of higher grain quotations, removal of subsidies and the July 1 freight rate increase. Butter quotations averaged 6% higher. There were also sharp increases for coffee, black pepper, oatmeal and canned fish. The index for foods was nearly 20% higher than a month ago and 26% higher than the corresponding week of last year.

"Other Commodities—Sharp increases for a number of industrial goods raised average prices of all commodities other than farm products and foods 0.6% during the week, although many manufacturers continued to hold prices at ceiling levels pending final decision on OPA. Prices of steer hides advanced about 70% in response to strong demand from tanners, and shellac prices nearly doubled. Prices of a number of other paint materials rose substantially as a result of higher raw material costs, and prices of some chemicals and fats and oils in short supply, including pine oil, stearic acid and linseed oil, were higher. There were further increases in prices of anthracite and bituminous coal. Prices of lead and zinc rose about 15% and prices were up for some iron and steel products, for which new ceilings had been granted earlier. Higher prices also were reported for sole leather, tile and gasoline. During the last 12 months the index for all commodities other than farm products and foods has risen 7.1%."

The Labor Department included the following notation in its report:

Based on the BLS weekly index of prices of approximately 900 commodities which measures changes in the general level of primary market commodity prices. This index should be distinguished from the daily index of 28 basic materials. For the most part, 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.

CHANGES IN WHOLESALE PRICES BY COMMODITY GROUPS FOR WEEK ENDED JULY 13, 1946

Commodity group—	Percentage changes to July 13, 1946 from—						
	7-13 1946	7-6 1946	6-29 1946	6-15 1946	7-14 1946	7-6 1946	7-14 1946
All commodities	120.7	117.2	112.7	111.8	105.6	+ 3.0	+ 8.0
Farm products	153.9	152.9	140.3	139.9	128.2	+ 0.7	+ 20.0
Foods	134.0	121.1	113.4	111.8	106.2	+ 10.7	+ 26.2
Hides and leather products	129.1	124.0	123.8	123.4	118.5	+ 4.1	+ 4.6
Textile products	108.8	108.8	108.5	108.3	99.1	0	+ 8.9
Fuel and lighting materials	90.1	89.5	87.5	85.9	84.8	+ 0.7	+ 3.7
Metal and metal products	113.0	112.6	111.6	111.0	104.8	+ 0.4	+ 1.8
Building materials	131.8	130.7	130.3	128.5	117.3	+ 0.8	+ 2.6
Chemicals and allied products	98.4	98.2	96.9	96.8	95.2	+ 0.2	+ 1.7
Household furnishings	110.7	110.7	110.7	110.4	106.2	0	+ 0.3
Miscellaneous commodities	98.3	98.0	97.9	97.9	94.6	+ 0.3	+ 0.4
Raw materials	137.2	135.2	126.7	125.8	117.6	+ 1.5	+ 9.1
Semi-manufactured	107.5	106.1	104.4	104.4	95.2	+ 1.3	+ 3.0
Manufactured products	115.3	110.9	107.8	106.8	101.9	+ 4.0	+ 8.0
All commodities other than farm products	113.3	109.4	107.6	105.6	100.6	+ 3.6	+ 7.3
All commodities other than farm products and foods	106.9	106.3	105.4	104.9	99.8	+ 0.6	+ 1.9

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JULY 6, 1946 TO JULY 13, 1946

Increases		Decreases	
Meats	21.4	Non-ferrous metals	2.4
Hides and skins	19.1	Anthracite	1.9
Cereal products	16.3	Bituminous coal	1.2
Dairy products	8.9	Other miscellaneous	0.7
Paint and paint materials	4.7	Brick and tile	0.6
Leather	3.8	Oils and fats	0.5
Other foods	3.8	Petroleum and products	0.3
Other farm products	3.7	Chemicals	0.2
Iron and steel			0.2
Livestock and poultry	2.5	Grains	2.0
Fruits and vegetables	2.3	Lumber	0.1

Nat'l Fertilizer Association Rise in Commodity Price Index at Slightly Slower Pace

The wholesale commodity price index compiled by The National Fertilizer Association and made public on July 22, rose sharply to 171.3 in the week ended July 20, 1946, from 165.3 in the preceding week. Advances in commodity prices were more extensive but were rising at a somewhat slower pace as was indicated by the increase of 3.6% in the latest week over the preceding week, which was slightly less than the weekly rise in each of the previous two weeks. The general index has risen 12.9% since the OPA's cessation June 30. A month ago the index stood at 150.8, and a year ago at 141.3, all

based on the 1935-1939 average as 100. The Association's report went on to say:

The largest percentage rise during the latest week was in the building materials group. It advanced 10% over the preceding week with rises registered in lumber, brick, lime, linseed oil and zinc oxide. The foods index showed its largest weekly gain since June 30 when it advanced 7.5% above the preceding week. Advances were shown for flour, rice, dressed meats, cocoa, coffee, lard and macaroni; declines were shown for butter, potatoes and dressed fowl. The advance in the farm products group amounted to 3.2%. The cotton index climbed another 4.9%. The grains index was up only slightly. The livestock index advanced with a further rise in choice cattle, calves, hogs, sheep and a substantial rise in fluid milk prices; prices for poultry and good cattle were down. Hay declined somewhat. There was a slight decline in the textile index with lower prices for Japanese silk more than offsetting the rise in some cotton cloths. The chemicals and drugs index advanced slightly with higher prices for glycerine. The fertilizer materials index advanced reflecting the rise in sulphate of ammonia, partly brought about through a change in the method of pricing it, and to an advance in bone meal. The miscellaneous commodities index advanced substantially with advances in hides, calfskins, and feedstuffs.

During the week 35 price series in the index advanced and eight declined; in the preceding week 36 advanced and four declined; in the second preceding week 26 advanced and one 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		
		Week July 26, 1946	Week July 13, 1946	June 22, 1946
25.3	Foods	179.8	167.2	150.1
	Fats and Oils	201.5	183.7	152.7
	Cottonseed Oil	202.3	202.3	163.1
23.0	Farm Products	214.1	207.5	181.9
	Cotton	338.0	322.1	277.0
	Grains	239.0	237.2	190.3
	Livestock	189.1	182.4	164.6
17.3	Fuels	138.6	138.6	135.8
10.8	Miscellaneous commodities	154.3	147.1	139.4
8.2	Textiles	207.4	207.8	169.7
7.1	Metals	125.3	125.3	123.5
6.1	Building materials	186.4	169.4	168.3
1.3	Chemicals and drugs	128.3	127.5	127.5
.3	Fertilizer materials	121.0	118.9	118.9
.3	Fertilizers	119.8	119.8	119.8
.3	Farm machinery	109.0	109.0	105.8
100.0	All groups combined	171.3	165.3	150.8

*Indexes on 1926-1928 base were: July 20, 1946, 133.4; July 13, 1946, 128.8; and July 21, 1945, 110.1.

Steel Output, Highest for Year, Threatened by Scrap Famine—Manufacturing Operations Up

Harking back to wartime days when production miracles were the rule rather than the exception the steel industry this week, un-mindful of some dire predictions about sharp declines in operation because of scrap shortages, actually boosted its ingot rate 1½ points to 90.5% of capacity, according to "The Iron Age," national metal-working paper, which further states in its issue of today (July 25) as follows:

"This is a new postwar high in operating rates and comes at a time when some talk was emanating from governmental and even steel circles to the effect that steel operations would decline as much as 30% within a short period. Scrap inventories among steel mills are at a low point—probably the lowest in several years.

"However, this week, factors are at work which, although they will not eliminate the possibility of a scrap shortage, will nevertheless have some bearing upon future steel operating rates. By using all the production short-cuts learned during the war, most steel companies have been able to maintain a relatively heavy schedule in their steelmaking departments.

"With OPA slated to be reinstated, it can be expected that tonnages of scrap which have been held back for higher prices on the basis that OPA would be completely eliminated will start to flow to steel plants. Not all of this hold-back tonnage was in the hands of dealers and brokers. Some portion of it was being held back by manufacturers who will now let loose of some of this material.

"Another factor which may increase the flow of scrap is the over-all step-up in manufacturing operations during the past month. Scrap from this source is an important contribution to total scrap tonnages. Another aid to the present situation has been the blowing in of additional blast furnaces during the past few weeks, the output of which will be almost completely utilized for steelmaking purposes.

"The surprisingly good showing in raw steel output, however, is not necessarily an indication of better deliveries and shipments to steel consumers. The steel industry this week, as well as its customers, is being plagued by a seri-

ous car shortage. This time all types of cars are involved. In one important district producers were unable to move 12,000 tons of bars and shapes this week because of the car shortage. In another instance, 2,500 tons of flat-rolled products had to be stored until box cars were available.

"Domestic steel consumers received another setback this week when CPA decreed that 2% of all steel products made by any company must be set aside for export. Firms not generally in the export business argue that it would be difficult to supply such a percentage without seriously affecting the domestic orders which are on a quota basis.

"If the present OPA bill is passed as is and signed by Mr. Truman, it can be expected that the steel industry will soon come in for increases on those products which are not paying their way in the total price picture. It is further expected in that case that the industry in collaboration with OPA will attempt to wrap up all the price inequality problems so that when an advance is finally made a balanced price structure conforming to regular peacetime practice will result.

"In retrospect, there were no steel price advances during the interim period when the price bill was being debated. Only one pig iron price advance was made and that was in one district and was not followed by other districts. Scrap prices generally held firm at old OPA ceilings with the exception of cast iron scrap, which constitutes a small part of the overall scrap tonnage."

The American Iron and Steel Institute on July 22 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 89.3% of capacity for the week beginning

July 22, compared with 87.9% one week ago, 87.2% one month ago and 90.7% one year ago. This represents an increase of 1.4 points or 1.0% over the preceding week. The operating rate for the week beginning July 22 is equivalent to 1,573,800 tons of steel ingots and castings, compared to 1,549,100 tons one week ago, 1,536,800 tons one month ago, and 1,661,300 tons one year ago.

"Steel" of Cleveland, in its summary of latest news developments in the metalworking industry, on July 22, stated in part as follows:

"Scrap scarcity is assuming a more portentous aspect some observers predicting that unless supply is increased soon steelmaking will be radically reduced. With all inventories low, some melters are operating on supplies received from day to day. Predictions of possible steelmaking reduction range as high as 50% of capacity though this seems extreme. Some open hearths already have been taken off and others will follow soon.

"As a remedy efforts are under way to increase shipbreaking of government-owned craft at a faster rate than formerly planned and also to expedite movement of scrap material in the hands of various government agencies. In addition, a campaign is under way to collect rural scrap and to hasten wrecking of automobiles in auto graveyards. Undoubtedly some scrap is being held back in hope of higher prices if OPA is not revived. Definite decision on this point might bring out appreciable tonnages at once.

"Except for the break-through of cast scrap, prices are holding to former OPA ceilings, with the exception of occasional small lots perhaps bringing higher prices. Such transactions are on the fringe of the market and do not represent much tonnage.

"Mills continue to find revision of schedules necessary to accommodate preference tonnages to aid housing and agricultural implement manufacturer. Most of this tonnage is for September and the question has arisen whether the provisions of Direction 12 may be extended to fourth quarter as well. While the certified tonnage is not heavy it interferes with plans and disrupts schedules of steel mills as well as depriving other consumers of material on which they had planned their schedules.

"Steel prices are holding at OPA ceilings, with no indication of any material change until the fate of OPA has been decided. It is possible some upward revisions may appear soon, possibly through extras in some cases, in some marginal products on which production has been low for some time.

"Pig iron suppliers are feeling the effect of certified tonnage for third and fourth quarters and melters not engaged in production of materials for housing and agricultural implements will suffer cuts in their shipments. Pig iron output is increasing somewhat as additional furnaces are made active, but total supply is far short of needs and is being spread thinly to serve as many users as possible. Prices have not been raised since the advance by two southern producers, other makers awaiting outcome of price control action by Congress."

Uruguay to Purchase

An agreement has been signed with the Government of Uruguay for the purchase for \$1,000,000 of surplus war stocks to be selected in Pacific areas; Foreign Liquidation Commissioner Thomas B. McCabe announced on July 19, One-third of the purchase price is to be paid in cash; the remainder in two equal annual installments beginning on July 1, 1947, with interest at 2%.

Trading on New York Exchanges

The Securities and Exchange Commission made public on July 17, 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 June 29, 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 June 29 (in round-lot transactions) totaled 1,896,691 shares, which amount was 16.97% of the total transactions on the Exchange of 5,587,570 shares. This compares with member trading during the week ended June 22 of 2,150,149 shares or 16.71% of the total trading of 6,428,890 shares.

On the New York Curb Exchange, member trading during the week ended June 29 amounted to 556,445 shares, or 7.88% of the total volume on that exchange of 1,555,910 shares. During the week ended June 22 trading for the account of Curb members of 644,875 shares was 16.38% of the total trading of 1,968,045 shares.

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

WEEK ENDED JUNE 29, 1946		Total for Week	%
A. Total Round-Lot Sales:			
Short sales	179,990		
†Other sales	5,407,580		
Total sales	5,587,570		
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	574,420		
Short sales	116,750		
†Other sales	512,630		
Total sales	629,380		10.77
2. Other transactions initiated on the floor—			
Total purchases	83,450		
Short sales	13,900		
†Other sales	135,500		
Total sales	149,400		2.08
3. Other transactions initiated off the floor—			
Total purchases	184,813		
Short sales	30,640		
†Other sales	244,588		
Total sales	275,228		4.12
4. Total—			
Total purchases	842,683		
Short sales	161,290		
†Other sales	892,718		
Total sales	1,054,008		16.97

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

WEEK ENDED JUNE 29, 1946		Total for Week	%
A. Total Round-Lot Sales:			
Short sales	34,055		
†Other sales	1,521,855		
Total sales	1,555,910		
B. Round-Lot Transactions for Account of Members:			
1. Transactions of specialists in stocks in which they are registered—			
Total purchases	173,470		
Short sales	16,245		
†Other sales	146,450		
Total sales	162,695		10.80
2. Other transactions initiated on the floor—			
Total purchases	38,310		
Short sales	10,100		
†Other sales	38,425		
Total sales	48,525		2.79
3. Other transactions initiated off the floor—			
Total purchases	36,600		
Short sales	2,775		
†Other sales	94,070		
Total sales	96,845		4.29
4. Total—			
Total purchases	248,380		
Short sales	29,120		
†Other sales	278,945		
Total sales	308,065		7.88
C. Odd-Lot Transactions for Account of Specialists—			
Customers' short sales	0		
†Customers' other sales	89,875		
Total purchases	89,875		
Total sales	93,424		

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.
 †In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.
 ‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."
 §Sales marked "short exempt" are included with "other sales."

Civil Engineering Construction Totals \$130,410,000 for Week

Civil engineering construction volume in continental United States totals \$130,410,000 for the week ending July 18, 1946 as reported to "Engineering News-Record." This volume is 13% below the previous week, 160% above the corresponding week of last year and 3% above the previous four-week moving average. The report made public on July 18, went on to say:

Private construction this week, \$41,309,000, is 43% below last week and 395% above the week last year. Public construction, \$89,101,000, is 15% above last week and 114% greater than the week last year. State and municipal construction, \$37,213,000, 0.4% below last week, is 243% above the 1945 week. Federal construction, \$51,888,000, is 29% above last week and 68% above the week last year.

Total engineering construction for the 29-week period of 1946 records a cumulative total of \$3,036,701,000, which is 202% above the total for a like period of 1945. On a cumulative basis, private construction in 1946 totals \$1,848,768,000, which is 542% above that for 1945. Public construction, \$1,187,933,000, which is 65% greater than the cumulative total for the corresponding period of 1945, whereas

State and municipal construction, \$745,350,000, to date, is 370% above 1945. Federal construction, \$442,583,000, dropped 21% below the 29-week total of 1945.

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

	July 18, 1946	July 11, 1946	July 19, 1945
Total U. S. Construction	\$130,410,000	\$150,593,000	\$50,065,000
Private Construction	41,309,000	73,064,000	8,349,000
Public Construction	89,101,000	77,529,000	41,716,000
State and Municipal	37,213,000	37,371,000	10,854,000
Federal	51,888,000	40,158,000	30,862,000

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

New Capital

New capital for construction purposes this week totals \$1,095,567,000 and is made up of \$60,675,000 in State and municipal bond sales, \$42,937,000 in corporate securities, \$225,000,000 in federal-aid highway construction, and \$766,955,000 in federal appropriations for military and departmental construction. New capital for the 29-week period of 1946 totals \$1,819,584,000, 23% more than the \$1,477,938,000, reported for the corresponding period of 1945.

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended July 13, 1946, as estimated by the United States Bureau of Mines, was 12,700,000 net tons, the highest level since the week ended March 30, the last working week prior to the nation-wide strike which got under way April 1, 1946. Output in the week ended July 6, 1946, amounted to 6,600,000 net tons, and in the week ended July 14, 1945 totaled 11,928,000 tons. From Jan. 1 to July 13, 1946, soft coal production was estimated at 254,270,000 net tons, a decrease of 19.9% when compared with the 317,403,000 tons produced during the period from Jan. 1 to July 14, 1945.

Production of Pennsylvania anthracite for the week ended July 13, 1946, as estimated by the Bureau, was 1,289,000 tons, an increase of 623,000 tons (93.5%) over the preceding week when the miners of the soft coal and hard coal fields had a four-day vacation period. When compared with the output in the corresponding week of 1945, there was an increase of 27,000 tons, or 2.1%. The calendar year to date shows an increase of 8.3% when compared with the corresponding period of 1945.

The Bureau also reported that the estimated production of beehive coke in the United States showed an increase of 24,200 tons when compared with the week ended July 6, 1946; but was 31,900 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	
	July 13, 1946	July 6, 1946	July 13, 1946	July 14, 1945
Bituminous coal & lignite	12,700,000	6,600,000	11,928,000	317,403,000
Total, including mine fuel	2,117,000	1,886,000	1,988,000	1,573,000
Daily average	1,847,000	1,045,000	1,922,000	1,920,000

*Revised. †Subject to current adjustment. ‡Average based on 3.5 working days.

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

	Week Ended		Calendar Year to Date		
	July 13, 1946	July 6, 1946	July 13, 1946	July 14, 1945	July 17, 1937
Penn. Anthracite	1,289,000	666,000	1,262,000	31,406,000	29,008,000
*Total incl. coll. fuel	1,289,000	666,000	1,262,000	31,406,000	29,008,000
†Commercial produc.	640,000	1,213,000	30,194,000	27,891,000	28,590,000
Beehive Coke—					
United States total	96,100	71,900	128,000	1,768,300	3,266,400

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

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

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

State—	Week Ended		
	July 6, 1946	June 29, 1946	July 7, 1945
Alabama	228,000	400,000	293,000
Alaska	5,000	7,000	4,000
Arkansas and Oklahoma	52,000	65,000	77,000
Colorado	31,000	118,000	87,000
Georgia and North Carolina	1,000	1,000	1,000
Illinois	579,000	1,419,000	1,000
Indiana	300,000	536,000	454,000
Iowa	17,000	34,000	28,000
Kansas and Missouri	60,000	118,000	125,000
Kentucky—Eastern	589,000	1,346,000	623,000
Kentucky—Western	283,000	342,000	293,000
Maryland	31,000	53,000	20,000
Michigan	3,000	5,000	1,000
Montana (bitum. & lignite)	52,000	79,000	76,000
New Mexico	13,000	28,000	23,000
North & South Dakota (lignite)	23,000	39,000	33,000
Ohio	456,000	834,000	515,000
Pennsylvania (bituminous)	1,966,000	3,151,000	1,971,000
Tennessee	78,000	146,000	82,000
Texas (bituminous & lignite)	1,000	1,000	1,000
Utah	57,000	111,000	91,000
Virginia	178,000	421,000	220,000
Washington	16,000	23,000	17,000
West Virginia—Southern	845,000	2,304,000	1,167,000
West Virginia—Northern	669,000	854,000	782,000
Wyoming	67,000	144,000	148,000
Other Western States		1,000	
Total bituminous & lignite	6,600,000	12,380,000	8,050,000

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

June Freight Traffic Off

The volume of freight traffic handled by Class I railroads in the first six months of 1946, measured in ton-miles of revenue freight, was approximately 25.7% under 1945 and 26½% less than in the corresponding period two years ago, according to a preliminary estimate based on reports received from the railroads by the Association of American Railroads. Freight traffic in the first half of the current year totaled approximately 271,100,000,000 ton-miles compared with 364,900,000,000 ton-miles in the like period of 1945. Compared with two years ago, the decrease was 97,000,000,000 ton-miles.

June traffic amounted to about 49,000,000,000 ton-miles, a decrease of 21.7% compared with June, 1945. The amount of traffic handled by the Class I railroads in June this year, however, was almost double the volume carried in June, 1939.

The following table summarizes revenue ton-mile statistics for the first six months of 1946 and 1945: (000 omitted):

	1946	1945	%
First 4 mos.	183,110,987	237,983,344	23.1
May	39,000,000	64,218,052	39.3
June	49,000,000	62,574,789	21.7
Total 6 mos.	271,100,000	364,776,185	25.7

*Revised estimate. †Preliminary estimate.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on July 17, a summary for the week ended July 6, 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 July 6, 1946		Total
(Customers' purchases)		Per Week
Number of orders		23,344
Number of shares		653,268
Dollar value		\$30,583,833
Odd-Lot Purchases by Dealers—		
(Customers' sales)		
Number of Orders:		
Customers' short sales		42
Customers' other sales		16,875
Customers' total sales		16,917
Number of Shares:		
Customers' short sales		1,665
Customers' other sales		442,094
Customers' total sales		443,749
Dollar value		\$20,650,408
Round-Lot Sales by Dealers—		
Number of Shares:		
Short sales		50
†Other sales		65,090
Total sales		65,140
Round-Lot Purchases by Dealers—		
Number of shares		
Sales marked "short exempt" are reported with "other sales."		260,020
†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."		

Redeem Argentine Bonds

The Argentine Republic, by a notice published in New York newspapers this week, over the signature of Luis S. Luti, Charge d'Affaires ad interim of the Argentine Republic in the United States, is calling for redemption on Aug. 15, 1946, the entire issue of its External Conversion Loan 4% Bonds issued in 1937 and due on Feb. 15, 1972. There are now outstanding about \$60,000,000 principal amount of these bonds, the balance of the original issue of \$70,000,000 having hitherto been retired by sinking fund operations. Bonds will be paid upon presentation on and after Aug. 15th at the offices of J. P. Morgan & Co. Incorporated, The National City Bank of New York, or The First National Bank of Boston.

Daily Average Crude Oil Production for Week Ended July 13, 1946, Increased 28,950 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 13, 1946 was 4,934,400 barrels, an increase of 28,950 barrels per day over the preceding week and a gain of 186,400 barrels over the daily average figure estimated by the United States Bureau of Mines as the requirement for the month of July, 1946. The current figure, however, was 9,600 barrels below the output for the week ended July 14, 1946. Daily production for the four weeks ended July 13, 1946, averaged 4,936,600 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 4,875,000 barrels of crude oil daily and produced 14,716,000 barrels of gasoline; 1,983,000 barrels of kerosine; 5,416,000 barrels of distillate fuel, and 8,459,000 barrels of residual fuel oil during the week ended July 13, 1946; and had in storage at the end of that week 90,753,000 barrels of finished and unfinished gasoline; 14,879,000 barrels of kerosine; 41,897,000 barrels of distillate fuel, and 48,330,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements July	State Allowables Begin July 1	Actual Production		4 Weeks Ended July 13, 1946	Week Ended July 14, 1946
			Week Ended July 13, 1946	Change from Previous Week		
**New York-Penna.	48,000		49,150	+ 7,900	51,300	49,100
Florida			200	150	250	250
**West Virginia	8,400		7,150	-1,250	9,300	8,900
**Ohio-Southeast	7,600		4,850	-1,150	5,600	5,700
Ohio-Other			2,400	-250	2,600	2,550
Indiana	19,000		18,300	-1,450	19,400	12,900
Illinois	210,000		208,800	-2,800	208,850	202,150
Kentucky	31,000		31,150	+ 250	31,100	30,400
Michigan	47,000		50,800	+ 5,800	47,250	53,900
Nebraska	800		1750	+ 50	750	900
Kansas	260,000	170,000	271,750	+16,950	266,100	277,700
Oklahoma	384,000	385,545	384,850	+ 1,500	386,000	389,700
Texas			19,500		19,550	
District I			158,100		156,900	
District II			511,350		513,400	
District III			228,000		228,800	
District IV			44,150		44,050	
District V			315,000		320,500	
East Texas			107,800		107,550	
Other Dist. VI			32,000		32,200	
District VII-B			27,950		28,200	
District VII-C			569,150		567,800	
District VIII			129,300		130,850	
District IX			85,150		85,900	
District X						
Total Texas	2,110,000	2,386,381	2,227,450		2,235,600	2,209,400
North Louisiana			82,500		82,100	70,700
Coastal Louisiana			300,650		298,400	296,900
Total Louisiana	380,000	427,000	383,150		380,500	367,600
Arkansas	78,000	78,969	74,500	+ 700	73,750	80,200
Mississippi	60,000		67,050	+ 3,700	64,300	51,800
Alabama	1,200		1,200		1,150	950
New Mexico—So. East	97,000	106,000	98,150		97,850	102,850
New Mexico—Other			450		500	400
Wyoming	112,000		109,750	-1,500	111,050	115,350
Montana	22,000		26,100	+ 600	25,650	20,800
Colorado	28,000		36,350	+ 50	35,300	10,700
California	844,000	839,700	880,100	+ 600	882,450	949,800
Total United States	4,748,000		4,934,400	+28,950	4,936,600	4,944,000

	*Pennsylvania Grade included above				
	61,150	+ 5,500	66,200	63,700	

*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 July. 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. July 10, 1946. †This is the net basic allowance as of July 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of those fields which were exempted entirely the entire state was ordered shut down for 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.

CRUDE RUNS TO STILL; PRODUCTION OF GASOLINE, KEROSENE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDING JULY 13, 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 Refining to Still's Report's	Crude Runs Daily % Op.	Gasoline Product'n and Unfin. Inc. Nat. Blended	Kerosine Stocks	Gas Oil of Dist. Fuel Oil	%Stks. of Gas Oil of Dist. Fuel Oil	%Stks. of Resid. Fuel Oil
East Coast	89.5	81.6	97.3	1,942	22,956	6,279	12,864
Appalachian							
District No. 1	76.3	84	58.8	219	2,245	322	423
District No. 2	87.4	53	85.5	194	998	68	152
Ind., Ill., Ky.	87.4	77.5	83.2	2,694	17,417	2,238	5,967
Okl., Kan., Mo.	78.3	330	83.2	1,308	8,157	1,084	2,573
Inland Texas	59.3	230	69.7	957	2,379	385	422
Texas Gulf Coast	89.2	1,158	97.7	3,560	14,161	2,194	6,903
Louisiana Gulf Coast	97.4	332	103.4	972	3,965	1,212	2,078
No. La. & Arkansas	55.9						
Rocky Mountain		59	46.8	141	1,861	257	488
District No. 3	19.0	12	92.3	40	95	20	45
District No. 4	70.9	125	75.8	395	1,813	161	491
California	85.5	801	80.6	2,294	14,206	659	9,491

Total U. S. B. of M. basis July 13, 1946	85.8	4,875	87.8	14,716	90,753	14,879	41,897	48,330
Total U. S. B. of M. basis July 6, 1946	85.8	4,846	87.8	14,351	91,712	14,216	41,526	47,743
U. S. B. of M. basis July 14, 1946		4,968		15,747	185,322	10,506	34,740	41,787

*Includes unfinished gasoline stocks of 8,349,000 barrels. †Includes unfinished gasoline stocks of 11,790,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §In addition, there were 1,983,000 barrels of kerosine, 5,416,000 barrels of gas oil and distillate fuel oil and 8,459,000 barrels of residual fuel oil produced during the week ended July 13, 1946, which compares with revised figures of 1,928,000 barrels, 5,530,000 barrels and 8,397,000 barrels, respectively, in the preceding week and with 1,572,000 barrels, 5,282,000 barrels and 9,482,000 barrels, respectively, in the week ended July 14, 1945. †Revised figure.

Federal Reserve May Business Indexes

The Board of Governors of the Federal Reserve System issued on June 28 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time, the Board made available its customary summary of business conditions. The indexes for May together with comparison for a month and a year ago follow:

	Adjusted for Seasonal Variation 1946			Without Seasonal Adjustment 1946		
	May	Apr.	1945 May	May	Apr.	1945 May
	1939 average = 100 for factory employment and payrolls; 1923-25 average = 100 for construction contracts; 1935-39 average = 100 for all other series					
Industrial production—						
Total	*160	165	225	*160	163	225
Manufactures—						
Total	*168	176	240	*167	174	240
Durable	*176	191	323	*177	191	323
Nondurable	*161	163	173	*160	160	172
Minerals	*116	104	138	*116	99	141
Construction contracts, value—						
Total	*	170	58	*	194	70
Residential	*	172	20	*	201	24
All other	*	168	89	*	188	108
Factory employment—						
Total	*138.1	136.9	160.8	*137.0	136.1	159.8
Durable goods	*154.6	152.3	211.5	*154.6	152.2	211.5
Nondurable goods	*125.1	124.7	120.8	*123.2	123.5	119.0
Factory payrolls—						
Total	*			*	249.1	318.7
Durable goods	*			*	267.3	427.6
Nondurable goods	*			*	231.4	212.2
Freight carloadings	109	109	141	107	107	142
Department store sales, value	257	250	189	248	255	183
Department store stocks, value	*200	189	173	*200	188	173

*Preliminary. †Data not yet available. ‡Revised. Note—Production, carloading, and department store sales indexes based on daily averages. To convert durable manufactures, nondurable manufactures, and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, nondurable by .468, and minerals by .152.

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

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

INDUSTRIAL PRODUCTION

(1935-39 average = 100)

	Adjusted for Seasonal Variation 1946			Without Seasonal Adjustment 1946		
	May	Apr.	1945 May	May	Apr.	1945 May
MANUFACTURES						
Iron and steel	*108	159	204	*108	159	204
Pig iron		142	190		142	190
Steel	124	175	229	124	175	229
Open hearth	99	148	182	99	148	182
Electric	307	363	567	307	363	567
Machinery	*231	225	405	*231	225	405
Transportation equipment	*238	249	610	*238	249	610
Automobiles	*157	164	218	*157	164	218
Nonferrous metals and products	*	132	248	*	132	248
Smelting and refining	*111	109	188	*111	109	188
Lumber and products	*128	130	118	*131	129	120
Lumber	*122	123	108	*126	122	112
Furniture	*141	144	138	*141	144	138
Stone, clay and glass products	*189	191	162	*194	188	167
Plate glass	133	130	61	133	130	61
Cement	*152	152	85	*145	145	89
Clay products	*143	149	115	*143	144	115
Gypsum and plaster products	*191	202	168	*193	198	169
Abrasive & asbestos products	*228	229	295	*228	229	295
Textiles and products	*163	160	150	*163	160	150
Cotton consumption	149	144	142	149	144	142
Rayon deliveries	246	245	221	246	245	221
Wool textiles	*	168	146	*	168	146
Leather products	*	130	121	*	129	121
Tanning	*	115	115	*	114	115
Cattle hide leathers	*	135	132	*	135	132
Calf and kid leathers	*	84	91	*	81	87
Goat and kid leathers	*	54	62	*	56	61
Sheep and lamb leathers	*	135	132	*	132	142
Shoes	*	141	126	*	141	126
Manufactured food products	*143	152	153	*135	138	146
Wheat flour	*93	120	140	*89	116	134
Meatpacking	*121	130	132	*122	120	132
Other manufactured foods	*153	161	161	*138	143	145
Processed fruits & vegetables	*144	151	149	*94	92	97
Tobacco products	*	154	128	*	147	128
Cigars	*	109	92	*	109	92
Cigarettes	*	205	156	*	190	156
Other tobacco products	*	69	94	*	69	95
Paper and products	*143	146	141	*143	146	142
Paperboard	160	166	161	160	166	161
Newsprint production	83	86	80	83	88	81
Printing and publishing	*124	126	105	*126	129	106
Newsprint consumption	108	108	85	112	114	88
Petroleum and coal products	*		273	*		273
Petroleum refining						
Gasoline	*138	*135	149	*138	*135	149
Fuel oil	*		174	*		174
Lubricating oil	*		138	*		143
Kerosene	*		121	*		122
Coke	*	113	168	*	113	168
Byproduct	*	116	161	*	116	161
Beehive	*41	20	406	*41	20	406
Chemicals	236	235	319	*235	237	318
Rayon	*259	260	240	*259	260	240
Industrial chemicals	*395	392	407	*395	392	407
Rubber	*219	219	224	*219		

Revenue Freight Car Loadings During Week Ended July 13, 1946, Increased 215,295 Cars

Loading of revenue freight for the week ended July 13, 1946 totaled 895,080 cars the Association of American Railroads announced on July 18. This was an increase above the corresponding week of 1945 of 11,537 cars, or 1.3%, but a decrease below the same week in 1944 of 8,821 cars or 1.0%.

Loading of revenue freight for the week of July 13 increased 215,295 cars or 31.7% above the preceding week.

Miscellaneous freight loading totaled 369,675 cars an increase of 65,790 cars above the preceding week, but a decrease of 19,442 cars below the corresponding week in 1945.

Loading of merchandise less than carload lot freight totaled 121,393 cars an increase of 13,043 cars above the preceding week, and an increase of 16,473 cars above the corresponding week in 1945.

Coal loading amounted to 189,628 cars, an increase of 89,800 cars above the preceding week and an increase of 14,478 cars above the corresponding week in 1945.

Grain and grain products loading totaled 59,027 cars, an increase of 12,555 cars above the preceding week but a decrease of 6,818 cars below the corresponding week of 1945. In the Western Districts alone, grain and grain products loading for the week of July 13 totaled 42,385 cars, an increase of 7,001 cars above the preceding week but a decrease of 3,772 cars below the corresponding week in 1945.

Livestock loading amounted to 20,375 cars an increase of 6,639 cars above the preceding week and an increase of 7,082 cars above the corresponding week in 1945. In the Western Districts alone loading of livestock for the week of July 13 totaled 14,196 cars an increase of 4,991 cars above the preceding week, and an increase of 4,965 cars above the corresponding week in 1945.

Forest products loading totaled 45,730 cars an increase of 12,946 cars above the preceding week and an increase of 2,228 cars above the corresponding week in 1945.

Ore loading amounting to 75,859 cars, an increase of 12,835 cars above the preceding week but a decrease of 1,396 cars below the corresponding week in 1945.

Coke loading amounted to 13,393 cars an increase of 1,687 cars above the preceding week, but a decrease of 1,268 cars below the corresponding week in 1945.

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

	1946	1945	1944
Weeks of January	2,883,620	3,003,655	3,158,700
Weeks of February	2,866,710	3,052,487	3,154,116
Weeks of March	3,982,229	4,022,088	3,916,037
Weeks of April	2,604,552	3,377,335	3,275,846
Weeks of May	2,616,067	3,456,465	3,441,616
Weeks of June	4,062,911	4,366,516	4,338,886
Week of July 6	679,785	726,663	744,347
Week of July 13	895,080	883,543	903,901
Total	26,590,954	22,888,752	22,933,449

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 13, 1946. During this period 69 roads reported gains over the week ended July 14, 1945.

Railroads	REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JULY 13			Total Loads Received from Connections		
	1946	1945	1944	1946	1945	1944
Eastern District—						
Ann Arbor	347	258	255	1,249	1,294	1,294
Beaumont & Aroostook	1,471	1,472	1,072	569	325	325
Boston & Maine	7,385	6,571	6,522	11,039	12,124	12,124
Chicago, Indianapolis & Louisville	1,275	1,215	1,310	1,501	1,851	1,851
Central Indiana	54	34	45	28	40	40
Central Vermont	1,040	1,025	1,053	2,004	2,242	2,242
Delaware & Hudson	4,648	4,960	4,929	9,031	10,271	10,271
Delaware, Lackawanna & Western	7,968	7,735	7,622	7,768	9,418	9,418
Detroit & Mackinac	348	286	229	211	142	142
Detroit, Toledo & Ironton	2,290	1,708	1,859	897	1,202	1,202
Detroit & Toledo Shore Line	331	404	346	2,004	2,285	2,285
Erie	11,815	12,649	13,209	13,847	15,064	15,064
Grand Trunk Western	3,974	3,979	3,748	6,985	7,009	7,009
Highland & Hudson River	51	189	208	2,588	2,778	2,778
Highland & New England	2,612	1,936	2,036	1,330	848	848
High Valley	8,568	8,878	8,736	6,885	10,160	10,160
Maine Central	3,050	2,490	2,460	2,735	2,776	2,776
Monongahela	6,831	6,414	6,402	231	298	298
Montour	3,203	2,823	2,610	22	37	37
New York Central Lines	51,377	49,818	51,985	43,166	47,420	47,420
N. Y. N. H. & Hartford	9,500	9,425	9,017	12,841	15,706	15,706
New York, Ontario & Western	876	919	1,221	2,844	2,980	2,980
New York, Chicago & St. Louis	7,228	6,554	7,064	11,297	13,586	13,586
N. Y., Susquehanna & Western	305	407	399	1,022	1,674	1,674
Pittsburgh & Lake Erie	7,000	7,604	8,042	8,849	8,877	8,877
Pere Marquette	6,421	5,146	5,300	5,770	7,369	7,369
Pittsburgh & Shawmut	1,109	906	935	48	19	19
Pittsburgh, Shawmut & North	348	366	369	81	173	173
Pittsburgh & West Virginia	1,102	980	1,510	1,923	2,564	2,564
Potomac	404	360	359	1,019	1,126	1,126
Roanoke	7,477	6,118	6,347	10,581	10,469	10,469
Wheeling & Lake Erie	5,988	5,999	5,229	2,808	3,730	3,730
Total	166,276	159,628	162,428	173,143	195,850	195,850
Allegheny District—						
Kron. Canton & Youngstown	546	609	771	1,024	1,029	1,029
Baltimore & Ohio	45,175	46,310	48,606	20,982	25,889	25,889
Leasamer & Lake Erie	5,777	6,214	7,006	1,752	2,119	2,119
Memphis & Indiana	1,441	1,679	1,613	10	19	19
Central R. R. of New Jersey	6,573	7,181	7,153	12,833	16,431	16,431
Cornwall	474	543	555	59	44	44
Lumberland & Pennsylvania	30	175	226	22	14	14
Pioneer Valley	65	118	144	3	55	55
Long Island	1,618	2,356	1,692	4,816	4,060	4,060
Reading Seashore Lines	1,647	1,760	1,712	1,575	2,122	2,122
Pennsylvania System	89,494	89,627	91,638	52,535	57,844	57,844
Reading Co.	15,753	15,422	13,835	19,500	24,570	24,570
Union (Pittsburgh)	16,570	19,113	19,771	5,411	7,244	7,244
Western Maryland	4,641	4,233	4,196	8,660	11,439	11,439
Total	190,364	197,341	198,918	129,272	152,879	152,879
Pocahontas District—						
Chesapeake & Ohio	33,624	28,368	30,276	12,713	14,732	14,732
Norfolk & Western	24,161	21,168	22,545	5,944	6,368	6,368
Virginia	5,222	4,620	4,820	1,382	2,276	2,276
Total	63,007	54,156	57,641	20,039	23,376	23,376

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections		
	1946	1945	1944	1946	1945	1944
Southern District—						
Alabama, Tennessee & Northern	404	475	363	181	242	242
Atl. & W. P.—W. R. R. of Ala.	831	758	809	1,875	2,241	2,241
Atlantic, Birmingham & Coast	↑	↑	1,260	↑	↑	↑
Atlantic Coast Line	13,427	11,256	10,927	7,930	10,121	10,121
Central of Georgia	4,543	3,941	4,354	3,800	4,161	4,161
Charleston & Western Carolina	940	900	829	1,176	1,501	1,501
Clinchfield	1,822	1,750	1,880	2,712	2,614	2,614
Columbus & Greenville	347	202	190	306	307	307
Durham & Southern	99	117	139	320	470	470
Florida East Coast	974	912	862	1,268	973	973
Jacksonville Midland	84	43	45	66	134	134
Georgia	1,230	1,500	1,404	2,127	2,535	2,535
Georgia & Florida	513	332	455	625	561	561
Gulf, Mobile & Ohio	4,511	4,981	4,440	3,040	4,315	4,315
Illinois Central System	25,946	27,461	28,875	13,217	16,137	16,137
Louisville & Nashville	29,128	26,815	26,331	9,491	11,778	11,778
Macon, Dublin & Savannah	356	336	308	629	729	729
Mississippi Central	171	416	247	108	497	497
Nashville, Chattanooga & St. L.	3,798	3,440	3,151	3,803	4,554	4,554
Norfolk Southern	1,387	1,102	1,610	1,482	1,202	1,202
Piedmont Northern	387	385	346	1,130	1,064	1,064
Richmond, Fred. & Potomac	377	521	407	8,295	9,437	9,437
Seaboard Air Line	11,143	10,431	10,910	6,859	7,320	7,320
Southern System	27,983	26,065	24,492	22,945	22,877	22,877
Tennessee Central	743	601	725	681	792	792
Winston-Salem, Southbound	133	119	129	832	971	971
Total	131,346	124,859	125,488	94,898	107,439	107,439
Northwestern District—						
Chicago & North Western	21,285	19,584	20,078	12,557	14,307	14,307
Chicago Great Western	2,384	2,532	2,278	2,593	3,225	3,225
Chicago, Milw., St. P. & Pac.	22,467	22,314	21,853	8,853	10,757	10,757
Chicago, St. Paul, Minn. & Omaha	3,996	3,598	3,397	3,470	3,461	3,461
Duluth, Missabe & Iron Range	27,018	28,692	28,648	218	258	258
Duluth, South Shore & Atlantic	960	796	766	570	562	562
Elgin, Joliet & Eastern	8,811	8,342	9,166	6,551	8,210	8,210
Fr. Dodge, Des Moines & South	596	482	459	105	90	90
Great Northern	23,066	21,565	25,385	6,366	8,64	8,64
Green Bay & Western	435	425	491	683	775	775
Lake Superior & Ishpeming	3,146	3,084	3,306	105	135	135
Minneapolis & St. Louis	2,323	2,165	2,195	2,159	2,534	2,534
Minn., St. Paul & S. S. M.	6,601	7,179	7,774	3,281	3,140	3,140
Northern Pacific	10,554	10,056	11,479	3,721	5,946	5,946
Spokane International	145	276	154	455	599	599
Spokane, Portland & Seattle	2,119	2,255	2,766	1,857	3,904	3,904
Total	135,906	133,345	140,195	53,544	66,569	66,569
Central Western District—						
Atch. Top. & Santa Fe System	29,471	30,649	30,905	8,759	14,137	14,137
Alton	2,916	3,714	3,556	3,115	3,509	3,509
Bingham & Garfield	132	400	420	62	108	108
Chicago, Burlington & Quincy	21,463	20,069	19,669	9,021	12,344	12,344
Chicago & Illinois Midland	3,365	3,168	3,103	618	900	900
Chicago, Rock Island & Pacific	15,902	14,669	15,126	12,164	14,290	14,290
Chicago & Eastern Illinois	2,661	3,116	2,910	3,016	4,363	4,363
Colorado & Southern	614	672	713	1,641	2,872	2,872
Denver & Rio Grande Western	3,016	3,011	3,971	3,697	6,650	6,650
Denver & Salt Lake	617	772	821	104	109	109
Fort Worth & Denver City	1,394	957	1,435	1,311	1,874	1,874
Illinois Terminal	1,965	2,027	2,437	1,441	1,822	1,822
Missouri-Illinois	1,439	1,340	1,181	418	730	730
Nevada Northern	70	8	1,027	90	47	47
North Western Pacific	672	862	1,014	598	738	738
Peoria & Pekin Union	4	33	6	0	0	0
Southern Pacific (Pacific)	35,193	33,772	34,515	8,633	15,008	15,008
Toledo, Peoria & Western	0	396	322	0	1,991	1,991
Union Pacific System	16,076	17,667	16,596	12,558	18,856	18,856
Utah	954	666	409	3	2	2
Western Pacific	1,807	2,217	2,084	2,617	4,647	4,647</

Items About Banks, Trust Companies

Geoffrey Goodbody, recently returned to the Bank of Montreal after four years' service with the Canadian Army, has been appointed special representative of the bank in New York. Mr. Goodbody's previous experience includes service at Guadalajara and Mexico City, Mexico, as well as at a number of branches in Canada.

The election of William H. English, Jr. as a trustee of the Franklin Savings Bank in the City of New York is announced by Henry J. Cochran, President. Mr. English is located at 331 Madison Ave. and was a Commander in the U. S. Navy. He is a director of the Lawyers Trust Company, a trustee of the Carson C. Peck Memorial Hospital in Brooklyn and President of the Elm-Duane Corporation. The Franklin Savings Bank, at 8th Ave. and 42nd St., serves more than 94,000 depositors and has resources of more than \$150,000,000.

Fred Berry, President of the North Side Savings Bank of New York in Bronx Borough has announced the election of Frederick C. Vogt to the board of trustees. The new trustee is President and Treasurer of the Vogt Ice Cream Co., 223 East 141st St. Mr. Vogt for the past two decades has taken an active interest in Bronx Affairs. The North Side Savings Bank was established in 1905. It is at 3230 Third Ave., and in its July 1st statement listed its depositors as 32,472 and its resources in excess of \$38,000,000. Mr. Vogt's fellow trustees are Mr. Berry, Herbert C. Dienst, Arthur A. Ekirch, John E. Heintz, John M. Ireland, Joseph J. McArdle, Geo. N. Reinhardt, Christian Rieger, Albert G. Schildwachter and Robert F. Seiffert.

The trend of banking conditions in the upper section of New York City can be ascertained from a recent announcement by Daniel J. Mahoney, President of the Bronx County Trust Company. Its Wakefield office, one of nine throughout the Borough, was moved on June 24th to a new building, three times the size of its former location. As the eldest trust company in the Bronx and the only local one, the company's development symbolizes the present era of the Borough's banking business. Organized in 1888 with a capital investment of \$100,000, this institution is now the borough's largest with resources in excess of \$60,000,000. Frank J. Reilly who has managed the Wakefield office since 1930 said the recent move to larger quarters at 718 East 233rd St. would increase not only his staff's efficiency but also fill the demand for safety deposit boxes which the added vault space affords. Officers of the Bronx County Trust Company are: Daniel J. Mahoney, President; Thos. P. Lynch, Sr., George W. Smith, and Harry Weiss, Vice Presidents; Walter I. Conroy, Controller, Fred E. J. Kracke, Secretary; Frank A. Herbert, Trust Officer; George N. Gibbs, William Grosch, and John M. Ireland, Assistant Vice-Presidents; Francis A. Geiger, James F. Geoghegan, and John J. Reddington, Assistant Secretaries.

The Union Dime Savings Bank, New York City, announces that it has just passed \$200,000,000 in deposits. This is an increase of \$20,000,000 in deposits during the past year, and is particularly gratifying in view of the number of U. S. Savings Bonds purchased during that period. With approximately 145,000 depositors, the

average balance now is \$1,380 per account.

Directors of Lafayette National Bank of Brooklyn in New York have declared a dividend of 50 cents a share on the capital stock, payable Aug. 15, 1946 to stockholders of record at the close of business July 31. Previous dividend was 40 cents a share paid Feb. 15.

The New York State Banking Department announced on July 13 that the Peoples Bank of Johnstown, N. Y., was merged July 1 into the State Bank of Albany, N. Y., both State members, under the title and charter of the latter institution. In connection with the merger a branch was established at Johnstown. On July 5 the Banking Department reported that approval had been given on June 29 to a certificate of increase of capital stock of the State Bank of Albany from \$2,000,000 consisting of 20,000 shares of the par value of \$100 each, to \$2,034,000 consisting of 203,450 shares of the par value of \$10 each.

In the weekly Bulletin (July 13) of the New York State Banking Department it was announced that the Merchants National Bank of Dunkirk, N. Y., and the Bank of Corfu, Corfu, N. Y., a non-member insured bank, were merged July 1 into Manufacturers and Traders Trust Company of Buffalo, N. Y., a State member, under the title and charter of the latter institution. In connection with the mergers branches were established at Dunkirk and Corfu. July 5 advices of the Department stated that approval given June 29 to certificate of increase of capital stock of the Manufacturers & Traders Trust Co. from \$5,490,000 consisting of 549,000 shares of the par value of \$10 each, to \$5,720,000 consisting of 572,000 shares of the par value of \$10 each.

George Saltonstall Mumford, well known banker and a brother-in-law of the late Theodore Roosevelt, died at his home in Boston on July 15. He was 79 years of age. Boston advices to the New York "Times" July 15 stated that Mr. Mumford in 1894 undertook in Boston to organize and construct what is now the chief warehouse of the Boston Storage Warehouse Company. The "Times" added "Four years later he became sub-manager of the Union Safe Deposit Vaults. With the organization of the City Trust Company he was named secretary, but resigned in 1909 to organize a group which bought the capital stock of the New England National Bank and merged it with the Commonwealth Trust Company, of which he became president.

"At the consolidation of the Commonwealth Company with the Atlantic National Bank in 1923 Mr. Mumford was named President of the latter bank. Persistent runs forced closing of the Atlantic National in 1932, during the banking troubles preceding the 1933 moratorium.

"Mr. Mumford was named chairman of the board of directors of Calumet and Hecla Copper in 1933. He also was a trustee and member of the investment committee of the Home Savings Bank and a director of the Haverhill (Mass.) Gas Light Company."

David I. Mackie, General Counsel of The Delaware, Lackawanna & Western RR. Co., was on July 17 elected a member of the board of directors of The First National Bank of Jersey City, N. J. Mr.

Mackie, who obtained his law degree in 1929 from The Harvard Law School, engaged in the general practice of law in New York City from 1929 until the spring of 1945, when he joined the Lackawanna organization in the capacity of General Solicitor, being appointed General Counsel as of March 1, 1946. He is active in civic affairs, in Englewood, N. J., serving on the Common Council and presently holding the office of Councilman at large and President of the Council. In joining the board of directors of The First National Bank of Jersey City Mr. Mackie will fill the vacancy caused by the death of Douglas Swift, former Vice President and General Counsel of the Lackawanna.

The Corn Exchange National Bank & Trust Company, Philadelphia, has received a "Highest Merit Award" issued by the "Financial World" in recognition of the excellence of its 1945 Annual Report to Stockholders. The citation certifies that the Corn Exchange's report "was judged as among the most modern from the standpoint of content, typography and format of the 1,500 annual reports examined during 1946."

The Wilkes-Barre Deposit & Savings Bank, of Wilkes-Barre, Pa., which opened its doors on July 1, 1871, is celebrating its 75th anniversary. President T. F. Heffernan, in a brochure issued incident to the anniversary, states that "it is fitting on such an occasion for us, the successors, to pay tribute to the courage, foresight, integrity and public spirit of the original founders and to pledge anew our determination to carry on the business of this bank on the same high plane upon which it was founded seventy-five years ago."

The bank's initial statement July 1, 1871, showed capital, \$150,000; deposits of \$137,430 and resources of \$287,441. In its latest statement, June 29, 1946, the capital is reported as \$500,000; surplus \$405,000; reserve, \$20,000, and undivided profits, \$133,553. The bank holds United States Government deposits of \$788,892; deposits are shown as \$8,490,865, while assets stand at \$10,358,310. The present officers are Mr. Heffernan, President; Percy A. Brown, Vice President; Dr. Lawrence A. Sheridan, Secretary; D. S. Davis, Cashier and Assistant Secretary; C. S. Beach, R. J. Boyle and R. C. Kintzer, Assistant Cashiers.

The Peoples Bank of Dayton, Ohio, has become a member of the Federal Reserve System, it was recently announced by President Ray M. Gigney of the Federal Reserve Bank of Cleveland. Member banks in the Fourth Federal Reserve District now total 723 compared with 712 a year ago, and hold approximately 85% of the total bank deposits in the District, said the announcement, which also stated:

The Peoples Bank was founded in 1925 and is capitalized with \$200,000. It has a surplus of \$145,000 and deposits totaling \$6,600,000. Chairman of the board of directors is Joseph T. Cline, retired, owner of the Cline Investment Co. and one of the original organizers of the bank. Officers are: Ray E. Wise, President; Harry F. Finke and J. F. Wuiet, Vice-Presidents; Ralph Gross, Secretary; W. O. Woodbury, Treasurer; B. L. Bogart, C. E. Gitzinger and C. M. Lyday, Assistant Treasurers, and H. R. Dowling, general bookkeeper. Directors of the bank in addition to Messrs. Cline, Wise, Finke, Wuiet, Gross and Lyday, are: John F. Ahlers, National Cash Register Co.; J. M. Chase, dentist; Harry Cuthbertson, partner in the firm of Arnold, Hawk and Cuthbertson; and O. H. Lanfersieck, Wayne Furniture Co.

The stockholders of the Merchandise National Bank of Chi-

cago will vote Aug. 29 on a recommendation by the directors to increase the bank's capital to \$1,000,000 through a stock dividend of 100%, which will be followed by a reduction in the par value of the common stock from \$100 to \$40 a share. The Chicago "Tribune" of July 14, in reporting this also had the following to say:

R. L. Redheffer, Chairman of the board and president, explained that the capital stock of the bank now consists of 5,000 shares of \$100 par stock, or a total capital of \$500,000. After the stock dividend and the reduction of the par value to \$40 the bank will have 25,000 shares of \$40 par stock, or a total capital of \$1,000,000.

Mr. Redheffer said that the approval of the proposal will enable the bank to get wider distribution of its stock and the effect will be to hold capital and surplus at \$1,000,000 each. In addition to its \$1,000,000 surplus the bank on June 30 had \$324,000 undivided profits and \$451,000 reserve for contingencies. Merchandise National's deposits have risen from \$3,006,662 on March 13, 1933—in the bank moratorium period—to \$71,717,000 on June 30, 1946.

Rights to buy additional stock in the Manufacturers National Bank of Detroit, Mich., were exercised by stockholders to the extent of more than 99% of the total stock offered, it was announced on July 18. These rights expired at noon, July 18.

The National Bank of Detroit, Mich., in its report of condition at the close of business on June 29, 1946, shows total resources of \$1,261,074,777 and total deposits of \$1,191,672,953. Cash on hand and due from banks was \$272,032,088, holdings of U. S. Government securities, \$725,844,536; loans and discounts, including real estate mortgages, \$183,371,827. Capital and surplus in the June 29 statement are given as \$12,500,000 and \$27,500,000, respectively, while undivided profits are shown to be \$7,631,589.

Raymond H. Berry, member of the Michigan Bar Association, has been elected a director of Bankers Trust Co. of Detroit, Otto G. Wismer, President, announced, according to the Detroit "Free Press" of July 18. Mr. Berry, it is added, a two-term director of the United States Chamber of Commerce, is co-author of the Michigan State sales tax law.

At a recent meeting of the board of directors of the Mercantile-Commerce Bank and Trust Company of St. Louis, Walter L. Pope was appointed Assistant Trust Officer in the Trust Department.

With a full directorate and final approval of officer selections, following a recent stockholders' meeting, the Oak Lawn National Bank will open for business Aug. 1, according to the Dallas (Texas) "Times-Herald" of July 7, which credited the announcement to Will C. Jones, Jr., President. The advices added: "Chairman of board of the \$300,000 neighborhood bank will be Ben H. Wooten, Vice-President of the Republic National Bank of Dallas. Other officers are Walter F. Johnson, Vice-President and Cashier; Harold F. Durr, Assistant Cashier and F. G. Henry, Assistant Cashier. W. Roy Compton was named a teller and Miss Jean Dodd, Secretary."

From the Portland "Oregonian" of July 1, it is learned that the First National Bank of Lewiston, Idaho, with assets of \$19,000,000, has been sold to the First Security Corporation of Ogden, Utah, Mrs. Arthur E. Clarke, widow of the President, announced. These advices (United Press) from Lewiston, added:

The security corporation is an intermountain banking organiza-

tion with J. L. Driscoll of Boise President of the First Security Bank of Idaho.

The Lewiston bank was founded 63 years ago by John P. Vollmer. He died in 1917, leaving the Presidency to Arthur E. Clarke, who died last April. The bank has branches in Craigmont, Grangeville and Genesee.

Ralph A. Hamilton, for the past nine years Assistant Cashier in charge of personnel at the Anglo California National Bank of San Francisco has been appointed an Assistant Vice-President, and Joseph F. Hogan, absent from the bank for two years, has been re-appointed an Assistant Vice-President, it is learned from the San Francisco "Chronicle" of July 9.

The Montreal "Gazette" of July 18 stated that executive changes announced that day by the Bank of Montreal included the appointment of George Rונים, as Superintendent of the bank's western division, of Percy H. Howarth as Superintendent of the Ontario division, and of Archibald C. L. Harshaw as Manager of the securities department at head office.

A Warner has been appointed an Assistant General Manager of Barclays Bank (Dominion, colonial and overseas).

Freight Cars on Order Decreased During June

The Class I railroads on July 1, 1946, had 39,437 new freight cars on order, the Association of American Railroads announced on July 20. This included 10,737 hopper, including 2,827 covered hoppers; 4,687 gondolas; 1,163 flat; 12,568 plain box, 6,452 automobile; 3,730 refrigerator, and 100 miscellaneous freight cars. New freight cars on order June 1, last, totaled 39,483 and on July 1, 1945 amounted to 29,402.

They also had 615 locomotives on order on July 1, this year, which included 86 steam, six electric and 523 Diesel locomotives. On July 1, last year, they had 508 locomotives on order, which included 111 steam, two electric and 395 Diesel.

The Class I railroads put 18,256 new freight cars in service in the first half of 1946, which included 7,539 hopper including 1,659 covered hoppers, 2,779 gondolas, 197 refrigerator, 55 flat, 1,251 automobile box and 6,435 plain box freight cars. In the first six months of 1945, the railroads put in service 21,948 new freight cars.

They also put 180 new locomotives in service in the first six months this year, of which 56 were steam, and 124 were Diesel. New locomotives installed in the same period last year totaled 315 of which 52 were steam, and 263 were Diesel.

Export Limitations Urged

Asserting that it was necessary that Congress take action to restore farmers' confidence in the government in order to assure their prompt sale of crops after harvest, Representative George Schwabe (R.-Okla.) urged the House Banking Committee on July 4 to take early action on his resolution to prohibit export of more than 2% of durable goods produced in the United States. Such legislation, Mr. Schwabe declared, directing the President to curb exports of domestically needed durable goods, including farm machinery, would enable American farmers to feel that many items necessary to agricultural production would soon be available to them. "One of the principal reasons the American farmers are reluctant to market their grain and other agricultural products," Schwabe said, "is the inability to exchange the proceeds of the sale of their products for durable goods."