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The Road Ahead!

By JOE R. HANLEY*
Lieutenant Governor of New York State

Asserting we are prone to depend too much on government, and we must maintain freedom of individual and freedom of press if we are to have democracy, Lt. Gov. Hanley says our system of government can "outfight, outthink and outproduce" any other. Advocates our central thought should be concerned with universal peace, and holds international accord is possible under different ideologies and different forms of national governmental systems. Sees prosperity ahead.

We are all aware of the terrible conflict through which we have just passed. It has left its mark on individuals, families, communities and the nation. This war, with its terrible cost, has undoubtedly changed the whole course of human mankind and there are some startling lessons to be learned from it. One thing the world should know by this time is, namely; that free democratic people are the equal, if not the masters, of any other type on the face of the earth. It is not long since it was popular to think that democracies were out-moded, that they were inefficient, blundering, slow to action, full of mistakes, and costly to all. And there were some who looked with eyes of longing toward the dictatorships, toward those countries which were controlled and mastered by a single mind. They pointed to the efficiency of their movements, to the ease with which they accomplished their results, to the fact that people were

Joe R. Hanley

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*An address by Lt.-Gov. Hanley before the Chautauqua Institution, Chautauqua, N. Y., Aug. 23, 1946.

Economic and Fiscal Effects of Social Insurance

By ELIOT J. SWAN*
Assistant Director of Research
Federal Reserve Bank of San Francisco

Reserve Bank official asserts social insurance, unlike private insurance, should not be based on premiums equated to the degree of risk or amount of benefit, but costs should come largely from government revenues. Holds social insurance expenditures can be significant in a fiscal policy directed toward full employment. Though upholding contributory payments, he discountenances keeping reserves, and concludes that adequate and properly financed social security can increase employment and output by enlarging aggregate expenditure.

Social insurance financing is not simply a matter of making benefit payments out of a solvent fund built up and maintained by premiums collected from those participating, assessed according to the degree of risk and the amount of benefit if loss occurs. Because this is the essence of private insurance financing, and exists to a considerable degree in the present unemployment and old age insurance systems, it does not follow that social insurance should be financed in this fashion. In fact, individual equity in terms of premiums equated as nearly as possible to the degree of risk and the amount of benefit, comparable to the equity necessary in private insurance, is inconsistent with adequate social insurance. That lower income groups cannot afford to pay in full for the protection they receive is one of the principal reasons that voluntary social insurance is inadequate.

More important, it would be an undesirable and short-sighted policy not to consider the effects of social insurance financing upon employment and spending and not to finance the insurance system so that its operation would contribute to high and stable employment. Social insurance expenditures, properly financed, can be a significant part of a fiscal policy directed toward full employment. Benefits tend to be promptly and wholly spent by their recipients. Largely but not wholly on account of unemployment compensation, social insurance benefits in the aggregate vary directly with unemployment. Payment of benefits is a form of government action that does not intrude significantly upon the province of private enterprise. Since the longer run problem of our economy appears to be to develop and maintain, within the framework of a free society, sufficient demand for goods and services to utilize fully our productive capacity, social insurance is an apt governmental weapon. It should not be financed in such a way, however, that con-

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*Portion of an article, "Economic Aspects of Social Security," published in "Postwar Economic Study No. 6," by the Board of Governors of the Federal Reserve System.

Free Price System Indispensable to Full Production

NAM monograph finds automatic market necessary for free flow of materials and labor. Cites three following types of competition as essential: that between sellers of goods, between buyers of goods, and between concerns for additional investment funds.

People's ability to get what commodity they want, where they want it, and as much or as little as they want of it, depends on the automatic functioning of America's traditional free price system, according to a monograph on prices prepared for and published Sept. 2 by the National Association of Manufacturers as an advance chapter of a textbook on the enterprise system.

Ira Mosher

A score of outstanding business executives and economists comprising the Economic Principles Commission has been working on the book about five years. Believed to be without precedent as a study by a group of authorities, the project was financed by the NAM, of which Ira Mosher is Chairman, but not influenced by it as to thought or expression.

The monograph on prices, entitled "The Role of Prices and Price Determination in the American Private Enterprise System," was especially issued now, in advance of the rest of the book, as a contribution of top-rank authorities in business and economics to

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*Not available this week.

The Financial Situation

Throughout the war it was commonly believed, or at any rate commonly asserted, that virtually the entire world was locked in a struggle between dictatorship and democracy, between tyranny and freedom, between totalitarianism and individual liberty. It was an "ideological conflict" which would decide whether this or that type of society and of economics would prevail in the world. The globe was not large enough to shelter both. All this and much more of the same sort was poured forth daily by governmental propagandists or morale builders, private commentators, writers and journals alike in great profusion upon the heads of a befuddled and distraught public everywhere.

A Mistaken Concept

It must now be clear even to those who had been accepting all this unthinkingly that no such characterization of World War II corresponded with the facts. This most costly and terrible of all human conflicts had certain ideological aspects, of course. Nearly all, if not all wars have such aspects. So far, perhaps, as Germany and Russia were concerned, it is probable that these phases of the conflict were more to the front than usual. But even here, and certainly as regards all other participants, other elements in the situation were far nearer the heart of the current conflict. Russian imperialism and the revived Drang nach Osten in Germany were destined to come into inevitable conflict—quite without regard to any social philosophies held by either nation.

Great Britain and France were sucked into the maelstrom by the same forces that for a century or two have been pulling them into conflict with other nations and at times into conflict with one another. Ours was a peculiar case almost if not fully without precedent in history, ex-

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From Washington Ahead of the News

By CARLISLE BARGERON

A propaganda blast out of the State Department several days ago about this country running short of oil reserves, seems to have proved to be a complete dud. Two department officials took to the air to warn us that within 10 years we would have to depend upon imports for 50% of our demand. Therefore, these gentlemen suavely assured us, we are vitally interested in what takes place in the Middle East.

It should give our officials pause that the warning seems not to have aroused the slightest ripple, except among the oil companies who see it as a threat towards greater government control of the industry. We think they are mistaken. The purpose, we believe, was to prepare the country for becoming embroiled in any clash of British and Soviet interests. It would not be a case of just helping Britain again; what goes on in the Middle Eastern clash is a matter of life and death to us This, we believe to have been the real purpose of the propaganda.

Carlisle Bargeron

Whatever the purpose, it was the bunk and seems generally to have been taken as such. It is a fine state of affairs, indeed, when our people put little or no credence in what their public officials say, when they are not even shocked or indignant that they should be lied to. There have been some pretty outrageous misrepresentations in recent months. First, there were the official predictions that V-J Day would be followed by some eight million unemployed; subsequently, the scandalous conduct of the Department of Commerce in circulating phony figures to aid the General Motors strikers. These antics have done considerable harm to the country. Yet, instead of running the perpetrators out of office, we turn to worrying about the atomic bomb, and set up additional so-called fact-finding agencies such as the recently named three man economic council, which will tell us at the beginning of each year whether we

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Labor Day Buncombe

"The largest part of reconversion has been accomplished, and much of the credit for the job done goes to the workers of this great Union of States and free people.

"Labor Day is a day set aside for labor by Act of Congress; a day to review the accomplishments of working men and women, and to restate the aims and ambitions and needs of all those who work with their hands and minds.

"Since last Labor Day these men and women have brought production to new peacetime highs. Their work has produced a flood of goods to meet the needs of the people who did without many essentials and most comforts during the war years. These consumers have upheld price and rent controls during the difficult postwar period of inflationary pressure, and at the same time, as industrial and farm and home workers, they have supported their stand with record production.

"As a nation of working people we can maintain and increase the large production and nearly full employment which we have attained, if we carry on together as we did during wartime.

"Labor, management and farmers, with the help of Government wherever it could be useful, have made this great start toward peacetime readjustment. If we continue to cooperate, to work, and to produce, we can attain a richness of life that will be a credit and a benefit to all of us now living, and a real hope and promise to those who come after us."—President Truman.

It would hardly have been graceful, it certainly would have been something less than politically prudent, for the President to say less upon this occasion.

But the rest of us know, and we should suppose that the President would know, that what has been accomplished since V-J Day has been wrought despite innumerable obstacles placed in path of business by labor!

Deny Charges of Waste in Contract Settlements

H. Chapman Rose, Director of Office of Contract Settlement, writes Sen. Mead refuting Comptroller General's implication that large sums of money have been given away in negotiation of contract settlements. Refers to Comptroller's letter to Congress, July 26, in which no criticism was made of contract settlements.

The Office of Contract Settlement, in a letter to Senator Mead, Chairman of the Senate War Investigating Committee, denied the Comptroller General's implication that large sums of money had been given away in contract terminations and pointed out that, in an official report to Congress made on July 26, 1946, three days prior to his testimony before the Mead Committee, the Comptroller General said that a careful analysis disclosed no basis for criticism of procedures for the settlement of termination claims. The main points of the Office of Contract Settlement letter to the Mead Committee follow:

"1. The first [answer that must be made] is [to] the Comptroller General's implication at pages M-6488 and M-6511 of the typewritten transcript, that 'billions were given away in contract termination.' There is no foundation for this statement. It is contradicted by the Comptroller General's own official report to Congress, made on July 26, 1946, three days before he testified. In that report, which we attach as Exhibit A, he said at page 2: 'A careful analysis of the methods and procedures prescribed by the contracting agencies for the guidance of their representatives in the settlement of termination claims has not disclosed any basis for criticism thereof . . .' He further stated at pages 2 and 3 that, 'in all but a few instances, those procedures had been followed with care and efficiency; that these instances resulted from the failure of individuals rather than of procedures; and that he had found no proper basis for objecting to the adequacy of the protection given to the interests of the government.

"2. The second answer that must be made is to the Comptroller General's indication at page M-6506 and in various other parts of his testimony that the powers given to him by the Contract Settlement Act were inadequate, and that he was prohibited from making any real investigation to discover fraud in a settlement unless and until he was furnished outside evidence suggesting that a fraud had been committed. The fact is that Section 16 of the Act gave the Comptroller General ample powers. He may audit any settlement as soon as it has been made, with or without suspicion of fraud. Many hundreds of his people have been for months and are today engaged in just such audits. . . .

"3. The third important point is that beyond question the three principal objectives set by Congress in the Contract Settlement Act of 1944 — speed, fairness, and protection of the government's interest — have been fully achieved. Within a year after V-J Day the entire contract settlement job has been nearly completed. . . . Of the 316,835 contracts with canceled commitments of $65.2 billions terminated since the beginning of the war program, 305,155 (96%) with canceled commitments of $54.2 billions (83%) had been finally settled by June 30 of this year. Of the 184,357 terminations with canceled commitments of $43.8 billions pending on V-J Day or terminated since then, 172,677 (94%) with canceled commitments of $32.8 billions (76%) have been finally settled in the subsequent ten and one-half months. The backlog of 11,-630 terminations with canceled commitments of $11 billions remaining unsettled on June 30 is less, both in numbers and in dollars, than the settlements made during the second quarter of 1946.

"4. The figure of $65 billions was used by the Comptroller General to reflect the size of the contract settlement job; but it represents merely the face value of the canceled part of the terminated contracts. The cost to the government of settling these terminations has been only a small percentage of the canceled commitments. On the $54.2 billions in canceled commitments settled by June 30, the contracting agencies have allowed gross amounts of $5.2 billions (9.6%). . . . Since renegotiation refunds, exclusive of offsetting tax liabilities, now total about $10 billions, the Comptroller General's statement at page M-6488 that more money may have been given away in termination settlements than was collected in renegotiation is very wide of the mark, even as a matter of pure mathematics. . . ."

5. The letter traced in detail the accomplishments of the contract settlement program with reference to speed of settlement, prompt plant clearance and interim financing, and fairness to the contractor and to the government. Touching on the contract termination aspects of the Garsson case, the letter pointed out that the possibility of overpayment on a partial payment, such as that to Batavia Metal Prdoucts, Inc., was foreseen by the Contract Settlement Act, which provided proper penalties. To date overpayments have happened infrequently. The War Department has stated that of a total of $2 billions in termination partial payments, of which less than 25% remains outstanding, it expects difficulty in fully collecting the amount due in only five cases, including the Batavia case, involving a total of less than 2 million dollars, or less than one-tenth of 1% of the total.

6. In conclusion, the letter stated: "We believe, on the basis of what we know to date, that the Batavia case was an isolated instance. If fraud occurred, or if any government personnel failed in its duty, we condemn the transaction in the strongest terms and will cooperate fully to redress any wrong that has been done to the government. But unsavory circumstances surrounding a single case, or even a group of cases, must not blind us to the fact that no such case or group of cases is as important as the hundreds of thousands of others which must be dealt with under rules which must be the same for all. If Congress had set the par for interim financing at six months instead of thirty days, it might have prevented the Batavia overpayment; but it might also have bankrupted many hundreds of honest and patriotic concerns that had overextended themselves to produce needed munitions at government request. It made the wise and economic choice.

"When a danger has been surmounted, it is easy to doubt that it ever existed. But the fear, shared by almost all of us two years ago, that mass cancellations of war contracts might bring on economic paralysis, was a real and a justifiable fear. It would have been easy to repeat the experience of World War I, when a substantial proportion of all cancellations resulted in protracted litigation. It would have been easy to smother reconversion with delay. Far-sighted planning by Congress and the executive agencies avoided that danger. To take isolated cases of misconduct as the basis for a widespread condemnation of manufacturers and government personnel — as some of the testimony before you has been interpreted to do — is not only grossly unjust to them, but also a great disservice to the nation."

Revision of Wagner Act in Behalf of Employer Urged by Retiring Member of NLRB

Changes in the Wagner Act and National Labor Relations Board procedures to give employers the right to petition for bargaining elections and to protect more adequately the rights of employers are favored by Gerard D. Reilly, who on Aug. 12 ended five years of work as a member of the Board. His term actually expired on Aug. 26, when he was succeeded by James Reynolds of New York City. Mr. Reilly, a former Rhode Island newspaper man, said he believed, according to the Providence, R. I. "Journal" of Aug. 12, that employers should be allowed greater freedom of speech during union organizing campaigns. His views were further indicated in that paper as follows:

Mr. Reilly won considerable attention during the war when, as a member of the NLRB, he handled the Montgomery Ward and General Electric "unfair practices" cases. In May, 1944, he was criticized by executive officers of the CIO for allegedly having retreated from the principles of the Wagner Act.

The former Rhode Islander was solicitor of the U. S. Department of Labor when he was appointed to the NLRB.

Mr. Reilly told Charles H. Herrold of the United Press that the 1933 Wagner Act is basically sound as the foundation of national labor policy and that it has succeeded in reducing industrial strife and strikes. But it could become even more successful, he said, by eliminating secondary boycotts and strikes for representation and illegal objectives.

Mr. Reilly listed six "desirable" changes — two amendments to NLRB rules of procedure and four Wagner Act revisions which would require Congressional approval.

Two NLRB Changes

The board, he said, should:

1. Give employers the right to petition for bargaining elections where a union claims bargaining rights and threatens to strike without resorting to NLRB procedure. Under present rules, an employer can petition only if two or more unions are contesting for representation.

2. Give employers the right correlative with the unions to speak freely during union-organizing campaigns, the only condition being that employers do not intimidate or fire employes engaging in union activity.

"I think an employer should have the right to speak pretty freely to his employees about the long-term effect of unionization of his plants correlative with the right of the union to say anything it pleases," Reilly said.

Wagner Act Changes

His suggested Wagner Act amendments:

1. Clarification of the status of supervisory employees. He said that no administrative agency should have the authority to certify such employees in bargaining units since the subject was never discussed during debate and enactment of the Wagner Act.

2. Withdrawal of protection of the act from unions which strike for objectives contrary to the act or which could be achieved by orderly processes under the act. This protection consists of the right of reinstatement with back pay. Reilly said its withdrawal would be a sufficient deterrent for all unions except the "most powerful," the United Mine Workers, all AFL building trades unions and the railway brotherhoods.

3. Grant the NLRB power to cope with unions engaging in secondary boycotts such as the refusal recently of the teamsters union (AFL) and the longshoremen and warehousemen (CIO) to unload AFL-manned ships in Coos Bay, Ore.

4. Transfer the prosecuting and NLRB enforcement functions to the Labor Department. He said this step would make the board a fact-finding and judicial body only and bolster public confidence in its impartial functions.

"The Wagner Act is basically sound labor policy because it is important to give workmen the right to bargain collectively and protection from discrimination for doing so," Reilly said.

He opposes a Federal mediation board as too cumbersome for handling labor disputes and is against compulsory arbitration, even in public utilities. These proposals were contained in the Case bill, passed by Congress but vetoed by President Truman, and the Ball-Burton-Hatch bill which died in Senate committee.

Mr. Reilly said there has been general acceptance of collective bargaining throughout American industry in the 10 years of the Wagner Act. There is still a good deal of resistance in small towns, especially in the South and the Middle West, he said.

"So far as the blue ribbon industries are concerned, violations of the act are more technical and accidental than deliberate," he added.

Federal Taxation Symposium at New School

The New School for Social Research, 66 West 12th Street, announces the fifth annual symposium, "Federal Taxation," under the Chairmanship of Mr. Alex Hamburg. The series will meet for 10 successive Tuesdays, beginning Oct. 8 at 8:30 p.m.

Nationally known tax authorities will discuss such topics as the work of the Excess Profits Tax Council; current problems in corporate recapitalization; tax minimization; taxation of family income; design for a Federal tax structure; significant tax decisions of 1946; income tax evasion cases; capital gain and loss transactions; accounting procedures in preparing tax returns; valuation of stock for taxation.

Speakers include Charles D. Hamel, Chairman, Excess Profits Tax Council; Treasury Department; Norris Darrell, attorney, writer and lecturer; Maurice Austin, Chairman, Federal Taxation Committee, American Institute of Accountants; Stanley S. Surrey, Tax Legislative Counsel, Treasury Department; Roswell Magill, Professor of Law, Columbia University; Charles J. Siegal, Editor, Federal Tax Department, Research Institute of America; Gerald L. Wallace, Professor, New York University Law School, Postgraduate Taxation Division; George E. Cleary, Attorney Member Treasury Department Advisory Committee on Tax Procedure; Max Rolnik, Lecturer on Taxation, College of the City of New York. Mr. Hamburg, a New York attorney, is the Chairman of the Committee on Taxation of the New York City Chapter of the National Lawyers Guild, and a member of the Taxation Committee of the American Bar Association.

The series is on an advanced level and is intended to meet the practical needs of tax men and to afford them an opportunity to study current problems as well as recent developments of importance.

Small Reports Production High

John D. Small, Civilian Production Administrator, on Aug. 29, in his monthly report stated that production of industrial materials in July approached capacity. Mr. Small predicted a return to "full production" if there is continuance of "industrial peace." The following are outstanding features of the CPA report as summarized in a dispatch from Washington to the "Journal of Commerce":

July output, the highest since the end of the war, was nearly 75% above average production 1935-39 with over-all economic activity 17% higher than in 1941. Basic materials were produced at near capacity rates during July, so that "additional large increases in the production of basic materials should not be looked for in the immediate future."

Production of many consumer goods—including passengers tires, radios, vacuum cleaners, gas ranges, electric ranges, washing machines, water ranges and electric irons — was higher in July than the prewar levels.

Income payments to individuals increased during the second quarter for the first time since V-E Day, with consumers' expenditures at an all-time high.

Civilian employment during the month reached the all-time peak of 58,100,000.

Commenting on the new high levels of production, Mr. Small described the "huge amount of liquid assets accumulated by the public and business during the war" as the "major source of current inflationary danger."

"The time is nearing when industry again will be able to draw on full pipelines," Mr. Small predicted, referring to recent high-level production of such basic materials as coke, ingot steel, pig iron and fuels.

"The stop-and-go output of materials parts which has been obstructing volume manufacturing has now been replaced by continuous, high-level production," he said. "That means that industry is within sight of full production of finished goods if industrial peace continues."

July production of 6,600,000 tons of steel ingots was the highest so far this year. With continued steel ingot operations at 90% of capacity, demand for iron and steel castings should be more easily met in the fourth quarter, Mr. Small said.

A shortage of freight cars is the most notable obstacle to further production gains, it was reported by Mr. Small, who said the scarcity of cars is already blocking further increases in output at several points in the economy. The freight car situation was one of the factors listed as the cause of a decrease during July in shipment of finished steel production, also attributed to the regular July vacation period and the "usual hot weather slump."

Some mills and blast furnaces have been forced to shut down in the Chicago area because finished steel products are not being moved fast enough.

The car shortage is also menacing the movement of metallurgical coal for gray and malleable iron castings, Mr. Small said, pointing out that freight carloadings since mid-July have exceeded those for the same weeks in any war year.

On the consumer-goods front, July gains of 56% over June in the output of automobiles and 58% in trucks were the most spectacular. Along with the 220,000 passenger cars and 93,000 trucks that came off assembly lines in July, production of sewing machines jumped 30% to 35,000 and electric ranges 24% to 57,000.

Reporting on the construction program which is described as a major underpinning of the post-war prosperity, Mr. Small said construction activity all over the country is now so high that every additional increase requires greater effort. Although building is still on the upgrade, the step-ups have been growing smaller—15% from April to May, 10% from May to June, and 8% from June to July.

Production of building materials in general have been gaining each month. The shortage of rolling stock held up movement of some materials in July — shop-grade lumber for the Mississippi Valley millwork manufacturers, and softwood plywood from mills located in the interior. Some lumber is being shipped to Gulf and Atlantic ports by water, and to the West Coast areas by trucks.

July lumber production exceeded June, reaching 3,150,000,000 board feet. CPA anticipates that the quantity of lumber set-aside for the housing program will be sufficient to meet priority orders. If lumber receipts in particular areas are inadequate, additional supplies will be channeled to distributors in those areas.

While the output of millwork for July was higher than the average for the second quarter, June production of softwood plywood was less than in May. However, the report pointed out that log stocks—the primary index of future operations—now represent seven weeks' consumption, as against five weeks' consumption a year ago.

Improvements were reported in shipments of builders' hardware and cast iron and convector radiation during July. But plumbing fixtures receded for the second month in a row, mostly because of materials difficulties. Output of electrical wiring devices was also lower than in June.

CPA hopes that channeling steel and pig iron to manufacturers of plumbing fixtures will boost bath-tub production in August to a post-war high, and result in significant increases in the manufacture of lavatories and water closet bowls.

The following developments in July production of clothing and textiles were reported by Mr. Small:

Second quarter production of men's shirts was 65,000,000 to 70,000,000.

Men's suit production in June was up to the annual rate of 23,600,000 suits.

Average weekly output of woolens in June was 12,400,000 yards an all-time high.

In cotton broad woven goods, despite an employment increase of 5,000 in June, July output dropped to a weekly average of 177,900,000 yards as opposed to 182,500,000 yards average in June.

Shoe production in July dropped for the second successive month, to 39,000,000 pairs, 13% under June with no substantial increase expected until the end of the year because of the shortage of leather.

During the second quarter of 1946, women's hosiery output was the highest since the war ended, says CPA—168,000,000 pairs with nylons 60% of all the hose being turned out in June. Silk stockings increased to 874,000 pairs in June, one-third more than in May.

Norway to Redeem Bonds

The Kingdom of Norway has drawn by lot for redemption for the sinking fund on Oct. 1, 1946, $513,000 principal amount of its 4¼% sinking fund external loan bonds, due April 1, 1965. Payment at par will be made at the office of Brown Brothers Harriman & Co., fiscal agents.

Auditors' Convention In New York in Oct.

The Institute of Internal Auditors, Inc., will hold its fifth annual conference at the Hotel Roosevelt, New York, Oct. 6 to 8, it was announced recently by Curtis T. Atkisson of Ebasco Services, Inc., President of the Institute. The program will include a reception at the Roosevelt on Sunday afternoon, Oct. 6; annual business meeting and election of officers on Monday morning, Oct. 7; conference session on "Objectives of Internal Auditing," Monday afternoon; annual dinner, with address by Lieut.-Col. Ralph K. Strassman, Vice-President of Ward Wheelock Company, on Monday evening; conference session on "The Organization and Operation of Internal Auditing," Tuesday morning, Oct. 8; luncheon session, with addresses by executive officers of three organizations representing controllers, public accountants, and cost accountants, and on Tuesday afternoon, a conference session on "Coordination with Public Accountants." A. Eugene Adams, of the National City Bank of New York, is Chairman of the Hotel Reservations Committee.

General Chairman of the conference is Arthur E. Hald, Consolidated Edison Co. of New York, Inc.; the Budget and Finance Committee is headed by David B. Mathias, Bankers Trust Co.; Herbert C. M. Cobb, of the Worthington Pump & Machinery Co., Harrison, N. J., is Chairman of the Exhibits Committee; hotel arrangements for the conference are being handled by Peter J. Buzanga of the Consolidated Edison Co. of New York, Inc.; Bradford Cadmus, Standard Brands, Inc., heads the Program Committee; Joseph E. Glass, of Guaranty Trust Co., is in charge of the Reception Committee, and Robert L. Geraghty, Shell Oil Co., Inc., of the Registration Committee.

The announcement also states that manufacturers of systems will have their latest products on display throughout the conference session, and will have representatives to advise with those interested.

Meat Ceilings Raised

A statement released by the Office of Price Administration on Aug. 29 indicated that meat price ceilings will be restored on Sept. 9 as scheduled, but that the rate would be increased about 5½¢ per pound on beef and between 2½ and 3¢ a pound for pork above June 30 ceilings. In reporting this announcement from Washington, the Associated Press went on to say: "The OPA and the Department of Agriculture agreed on those estimates after differing sharply on what ceilings to clamp on the livestock markets. Secretary of Agriculture Clinton P. Anderson resolved that dispute by taking advantage of the new power Congress granted him. He directed OPA Chief Paul Porter to raise the June 30 live-animal ceilings by $2.25 a hundred for beef and $1.40 for pork in an effort to stimulate production."

The Reconstruction Finance Corporation announced that, effective Sept. 1, it is restoring the slaughter subsidies which lapsed with price control on June 30. It was further stated:

"The new ceilings on hogs, due to become effective on Sept. 1, will be $16.25 per hundred pounds, Chicago basis. Differentials—reflecting transportation costs—apply for other livestock markets. The ceilings in effect on June 30, when the old price law expired, was $14.85, Chicago basis."

The State of Trade

The monthly report of Civilian Production Chief John D. Small, on production and related matters, disclosed some interesting observations. Output in America's basic industries, this official reported, is at virtual capacity today with production of consumer durables in many instances surpassing prewar levels. Mr. Small was very emphatic, however, in stating that labor trouble or inflation can still upset our industrial economy.

For the second quarter of this year, according to Mr. Small, the gross national product reached an annual rate of $130,000,000,000, estimated in the uninflated dollars of 1939. These figures represent an increase of 17% over those in 1941 and 45% above the volume for 1939. In the current quarter, said the production chief, output may come within 5% of an all-time peak rate of $142,000,000,000 set in the war-producing second quarter of 1945. Referring to the matter of money in circulation, he pointed out that with the shutting down of war industries, it was expected less money would remain in circulation, but that it actually has been climbing since March and has at present reached a new peak which is disturbing.

The stock market the early part of last week by its bearish action reflected a lack of confidence in the future prospects of business and industry. Manufacturing inventories undoubtedly were a factor in the market's concern over the business situation, since it has been reported by the Department of Commerce that these stocks have risen by $600,000,000 during July. The substantial increase in corporate borrowing can be attributed in some measure to the financing of such inventories in July, and, with current loans continuing their sharp rise, the level of these inventories should be higher.

The tapering off in shipments of finished goods while awaiting upward adjustments in prices as a result of the rebirth of the OPA, has also been in part responsible for the growth in inventories during July. Some of this increase, too, may be due to a revaluation of these stocks. With borrowing still on the upgrade it is likely that inventories during August will also register an increase.

The First National Bank of Boston in its current New England Letter released at the close of last week sounded a warning that the farm boom is approaching its peak. Since the outbreak of World War II in the autumn of 1939, farm commodity prices have increased by 168% and are rapidly approaching the record high of the 1919-20 boom period, the Letter pointed out. With the war over and a return to more normal conditions, the bank stated that agriculture again faces the same problems of the past. With excellent crop developments, farm prices are in a vulnerable position and will yield to the pressure of supply upon demand.

During the past week output increased in many lines and again resulted in a rise in over-all industrial production. Labor and material shortages, the same drawbacks as in previous weeks, limited the further expansion of production in some scattered industries. Shipments were increasing in both size and regularity and order volume was maintained at a very high level. All in all the most recent weekly business barometers remained close to the high levels of the previous week.

Steel Industry—Price and production controls which were successful in the steel industry during the war, are falling far short of producing a normal and healthy peacetime steel distribution, according to "The Iron Age," national metalworking paper. The proof of this is that one year after the war's end the steel industry and its consumers show much anxiety over this abnormal condition.

In the war period, states the magazine, output was concentrated on specific products with not too many changes in sizes, shapes and quantities. This production was pushed forward regardless of price or sacrifice. Peacetime production being diversified requires all kinds of sizes, shapes, products and a tremendous increase in the number of orders and consumers.

Faced with a shortage of supplies, many customers both large and small have been driven to black markets for some steel items and have engaged in a system of bartering which has become almost fantastic during the past several months. While the steel industry is free from any evidence of black market operations, some firms, "The Iron Age" points out, have been forced to engage in barter operations involving for the most part scrap supplies. Though the amount of steel being handled by this method is small compared to total steel shipments, it does flourish in many parts of the country. More conducive to upsetting the general scheme of distribution, however, are the bartering methods which some of the smaller steel producers and even the larger ones are required to use in order to get enough material to keep their manufacturing plants or their jobs in operation.

The profit motive has been another major factor in upsetting the proper division of steel supplies due to the necessity of steel companies to concentrate their output on items which show a profit and to cut the output or eliminate those items on which the profit is too low or the loss too great. This practice has left a substantial number of steel consumers without a normal source of supply and with little or no inventories.

An example of this situation is the warehouse industry, which during the war was the main standby of small manufacturers and a chief support in the balancing of parts or products needed by large consumers. Today, the magazine observes, the warehouses have been hard hit by the reduction in the output of some steel products and the inability to obtain anywhere near their requirements from their current or former sources.

The scrap situation continues serious, but steel companies are drawing more heavily upon pig iron supplies which for steel making purposes were stepped up substantially in July with further improvement in August. A showdown on the scrap price controversy is expected to materialize from last week's meeting between OPA and scrap industry representatives and until something definite comes from such meetings, "The Iron Age" concludes, scrap which is being held will be released slowly.

The American Iron and Steel Institute announced on Monday of this week the operating rate of steel companies having 94% of the steel capacity of the industry will be 84.5% of capacity for the week beginning Sept. 2, as against 89.4% one week ago, 89.0% one month ago and 74.9% one year ago. This represents a decrease of 4.9 points or 5.5% from the preceding week. This week's operating rate is equivalent to 1,489,200 tons of steel ingots and castings,

(Continued on page 1318)

The Financial Situation

(Continued from first page)

cept World War I which in turn was far from usual. It can be said with full confidence, however, that had Germany professed precisely the same faith as Russia we should still have been in the fighting.

But it is evident now, as it was long before war broke out in 1939, that there are very serious and very trying ideological conflicts raging throughout the world. It is moreover quite clear that the war and its settlements did nothing to abate them or to reduce the dangers inherent in them. Three dictatorial governments were obliterated in the course of the conflict, but ruthless dictatorship which is not choosey about the means it uses to dispose of its enemies was not smashed. It still thrives in Russia and is being carefully nurtured in large areas which have come under the sway of Russia. It is doing its best to raise its ugly head in many other parts of the world. The questions argued all too often—indeed, in almost incredible degree even here in this country—have less to do with the destruction of totalitarianism than with which of the cliques or elements in the population will dictate to the rest of the people.

The Absent Voice

It is as highly significant as it is deeply discouraging, to observe that the voice that is absent in most of the discussions and conflicts in most of the countries of the world—yes, including our own — is that of what should be the modern day Washington's, Jefferson's, Hamilton's, Adams's, Marshall's, and the rest, insisting upon the system of individual liberty, of unregimented economy, of dependence upon personal initiative, and of all the rest, which is the antithesis of most of the doctrines preached today even by those who put themselves forward as "orthodox." For it was strict adherence to these fundamentals of free men and free institutions that was so largely responsible for the growth and development of the British Empire and which brought us to the magnificent economic position we today occupy among the nations of the world. Of course, there are many who have much to say about "democracy," and who like to think of themselves as representing "liberty," but if their tenets and their programs are closely studied it soon becomes evident that the chief difference between them and the Kremlin is the degree in which they are prepared to go (at least for the present) in regimenting, controlling and directing the activities if not the thought of the remainder of the people.

The aggressors in this internecine strife, which affects nearly all the peoples of the world, have, outside of Germany, Italy, Japan and a few other countries, long been the followers of Russia—and it's far from clear that the aggressiveness of some of the socialistic extremists was not in very substantial part responsible for the birth and robust growth of what later became known as Nazism, Fascism, or some of the other kindred terms. At any rate now that Hitler, Mussolini, and the Japanese overlords have come to the end of their paths, the Communists are the trouble-makers of the earth, and so strong have they (or ideas for which they are responsible) become throughout the earth, that oppositions quite generally have long ago felt it necessary to adopt a good deal of their ideology. The voice of true democracy is about to perish from the earth. This in brief is the real story of the troubles in many parts of the earth at present.

Insistence Upon Revolution

The very nature of the gospel of these proselyters renders them the more dangerous and troublesome to deal with by ordinary political methods. For one thing, they are never satisfied with evolutionary change. They can not abide gradual improvement in conditions. They must sweep away at once the system which has brought us this far along the road, and replace it with something wholly new and untried. The fact that their programs have only their own endorsement derived from *a priori* (or more often *ipse dixit*) arguments, seems not to weaken their appeal. It may even strengthen their appeal to certain elements who are not given to thinking about consequences very carefully and who are always quite ready to rise to attractively presented bait.

These elements, moreover, are rarely satisfied to wait until they can convince a majority of the people of the righteousness of their cause. They seize every opportunity to force their views and their programs upon the peoples of many lands by any means at hand, and they have in the course of the years devised many means for that purpose. Intrigue, economic pressures thorugh labor unions or other such organizations, even murder and violence, are freely employed for the purpose in many countries—and once power is acquired, they need look only to the Russian (or to the German) example for the technique for dealing with those who oppose them or who may not fully support them. These techniques are, of course, not new in history, but it is perhaps the first time that they have been so extensively and so actively employed in so many lands—and the first time that their authors have been able so successfully to clothe themselves in robes of righteousness and popular benefaction.

Weak Opposition

The really discouraging thing about all this is, perhaps, the fact that those who naturally oppose such tactics as these and such programs as these are so confused, so inarticulate, so timid, and so ineffective. Not infrequently they are so divided among themselves that the unity rigidly imposed from above on the trouble-makers is able to make far more headway than otherwise would be the case. They are so afraid of charges that they are followers of a different kind of totalitarianism that they fear to speak their own minds or act as they normally would. They are in some sort of intellectual or emotional bondage to those "liberals" (who are supposed to have some sort of monopoly upon concern about the public welfare), and hence are unable to defend the public welfare as otherwise they could. And, finally, clever, unprincipled self-seekers hasten to fish in the troubled waters.

Free peoples are today often in more danger from ideological fifth columns than from foreign armies.

Speakers Unit Of Justice Dept.

The Department of Justice announced on Aug. 22 the formation of a Speakers Unit in the Division of Public Information to meet more effectively the requests which the Department is receiving for speakers to address audiences upon a variety of subjects. "Because of the large number of requests for speakers received by the Department of Justice, and the range of the subjects to be discussed," an official said, "it rests upon the Department to select from its personnel those best qualified to speak upon the subjects covered in the requests."

As to this, Col. Timothy A. McInery, Director of Public Information, said: "A weakness of American public speaking is that at times a person is invited to speak for his achievements in a certain field, but speaks on a subject in another field about which his knowledge is no greater than that of the average individual. While it may be impossible to fill all the engagements requested, the Department aims to send only speakers who can talk with authority on the specific subject of the occasion. To accomplish this, a Speakers Unit in the Division of Public Information will handle requests for speakers and, in cooperation with other Divisions of the Department, arrange schedules for speaking engagements."

OPA Raises Ceilings on Many Products

In compliance with the new Price Control Law, the Office of Price Administration, on Aug. 23 authorized price increases on numerous products, including tires for passenger cars, motorcycles, trucks and buses, according to Washington advices from the Associated Press. Most of the increases under the new statute were required to be in effect by Aug. 24. Retail price increases ranging from 1 to 3% on several kinds of building materials were granted. Tires went up 2½%.

The price increase on tires, said the press advices, was allowed both on sales by retail dealers and on all sales at retail by wholesale distributors the new retail ceiling for the popular size 6.00-16 four-ply passenger car time is $16.10, as compared with $15.70 previously.

The OPA also granted a 6% price increase at all sales levels for toilet tissue and paper towels to offset higher production costs. These increases were granted under provisions of the price control act which were in effect prior to June 30, as was an increase in manufacturers' ceilings on eye glass lenses which were raised 22%. The agency announced its new "recontrol" prices on fats and oils, setting ceilings on margarine and shortenings one cent a pound above the June 30 level when retail controls are restored Sept. 9.

The increases on building materials, effective immediately, according to the Associated Press cover asphalt and tar roofing products, vitrefied clay sewer pipe and allied products manufactured in the east central, south central and eastern areas; Portland cement produced in Southern California; asbestos cement roofing shingles and siding shingles; metal lath; New Jersey clay building brick; clay drain tile produced in the Ohio-Michigan area; and lead pigments and lead paste products.

As was indicated in our issue of Aug. 22, page 1011, the three-man Decontrol Board, as required by the new OPA Act rendered its decision on Aug. 20 regarding livestock, meats, dairy products, grain, cottonseed products and soybeans. The decisions, said our item, were arrived at unanimously by the Board, consisting of Roy L. Thompson, George Mead and Daniel Bell. These ruled that ceilings and subsidies should be restored on meats, that prices of cottonseed products and soybeans should again be brought under control, but dairy products and grains, except flax and feeds, should remain under a free market. On Aug. 12, public hearings were opened by the Board to determine whether or not to return to the OPA ceilings livestock, dairy products, grain, cottonseed and soybeans.

As the hearings opened, Mr. Thompson, the Board's Chairman, delivered a statement stressing, according to "Journal of Commerce" Washington advices, that the Board members accepted President Truman's assignment of determining how rapidly the country's price structure should be decontrolled on the basis that the Board will have no interference in its functions from other government agencies. "It is clear," said Mr. Thompson, "that Congress wished to establish an independent agency that would bring a fresh unbiased viewpoint to the solution of a problem that had become beclouded over a period of months of controversy."

The "Journal of Commerce" advices also said in part:

"Edward A. O'Neal, President of the American Farm Bureau Federation, was the first witness to appear. "We believe it would be a mistake to attempt to recontrol the grains, live stock, dairy products, cotton-seed, soybeans, and the products derived therefrom,' Mr. O'Neal told the PDB. These products are so closely related that the Board should decontrol or recontrol them in a group, without singling out individual commodities for different treatment, he added.

"Price ceilings on the products decontrolled by Congress would be unenforceable, Mr. O'Neal predicted."

Later the same day consumer and labor representatives asked, on the other hand, that controls be replaced on grains. Expressing their concern with the rising cost of living, representatives of labor groups predicted that wildcat strikes would almost certainly result as workers demanded higher wages if food prices went any higher.

The National Grain Trade Council, representing 27 organized grain exchanges and five nation-wide grain and feed trade associations, with F. A. Theis, of Kansas City, Richard Uhlmann, of Chicago and Harry Shere, of Minneapolis acting as spokesmen, declared, according to the same advices, that "for most of the grain crops of the nation, prices are near, at, or below old ceiling price levels and supply is at a record or near record level this year."

On Aug. 13 Wesley Hardenbergh, President of the American Meat Institute (packers), told the Decontrol Board, that meat price ceilings ought not to be revived because the industry is rapidly meeting public needs. E. F. Forbes, President of the Western States Meat Packers Association, appeared before the Board on the same day to contend that recontrol of livestock is unnecessary, Associated Press advices continued. Mr. Forbes asserted that a large share of the meat in Western States can be purchased at prices in line with ceilings plus the amount of former subsidies. The same day A. E. Lyon, who appeared as a representative of railroad labor unions, told the Board its price control hearings actually are the largest wage arbitration case ever conducted because "every price increase is a wage cut." The executive secretary of the Railway Labor Executive Association, Lyon said that railroad workers will "not stand for further increased prices of foods, rent or clothing." Unless prices are controlled, he asserted, "it is doubtful that any one will be able to prevent wildcat strikes in protest."

Another union representative, Boris Sishkin, economist for the American Federation of Labor, declared, "The patience of American workers is running out. The American worker will not sit idly by watching the buying power of his weekly wage dwindle before his eyes. The government must act to protect the wage-earners' income and the economic future of the whole nation."

On Aug. 11 Price Administrator Paul Porter was reported by the Associated Press in a Washington dispatch to have issued a statement promising business and industry full help from OPA in loosening the government's wartime grip on prices by means of the Decontrol Board. "Our price people," Mr. Porter declared, "have been given orders to use every means possible to expedite the granting of legal price adjustments. If production is slowed up it will certainly not be the fault of the OPA. We will grant all price increases called for by the law. We will withhold those which cannot be clearly justified under the standards set up according to the law."

Press Wireless Decision

The arbitration ruling of Arthur S. Meyer, Chairman of the State Board of Mediation, in the Press Wireless, Inc., strike, stated that the company, a world-wide communications agency for press associations and newspapers, had acted within its rights in scheduling the layoff of 46 employees on the basis of a reduced volume of business, according to advices of Aug. 30 to the New York "Times." The decision, however, held that both the company and union were at fault in the dispute. The union, Mr. Meyer declared, had erred, under the no-strike provision of the contract, in calling the Aug. 7 strike, and the company, he said, had acted improperly in not agreeing to arbitration before the discharges took place. From the "Times" we also take the following:

He ruled, therefore, that the 46 employees over whom the dispute arose should be paid from Aug. 7 to the time they are again taken from the Press Wireless payroll, but that 300 other members of the American Communications Association, CIO, should not be paid for the period they were out on strike.

In approving the discharge of the 46, Mr. Meyer said there should be no reduction of pay for the remaining personnel through downgrading, although, he explained, this did not follow a strict interpretation of the contract and must not be used as a precedent in future relationships between Press Wireless and the ACA.

Mr. Meyer had made an interim decision, before the strike ended, in which he said the ambiguity of a clause providing for consultation before discharges barred "unilateral action" by either side on the subject of discharges, and in effect, made arbitration necessary.

Mr. Meyer's award included two tables, one showing the reduction of the company's gross and net operating revenues, the other the decline in the work load for the individual worker.

Conceding that there are monthly variations, Mr. Meyer said:

"However, it is safe to say that the average 1946 work load per worker has thus far been at least 34% below the corresponding 1945 work load and that the months of June and July, 1946, show a far greater decline."

The operating revenues, according to statistics submitted by the company, had declined, Mr. Meyer said, from a gross of $3,470,000 and a net of $567,000 in 1945, the peak year, to a gross of $1,244,000 and a net loss of $136,000 so far in 1946.

The union had argued against the discharges on the ground that they were based on mechanization and the wrongful use of supervisors. The contract bars discharges based on mechanization.

Mr. Meyer noted that the union itself had alleged that the condition it complained about "has existed for years" and could have sought arbitration under the contract's grievance procedure before now.

"The union is free in the future," he said, "as it was free in the past, to demand arbitration of such alleged grievances. I do believe, however, that these claims have no important significance in the present case."

He said the union was correct in complaining that the company acted improperly by not giving sufficient notice and by categorically refusing to arbitrate before layoffs. He added, however, "that neither complaint justified the strike."

Mr. Meyer said he did not believe in paying wages to strikers except in "a case of such purposeful provocation and breach of contract upon the part of the employer as would amount to an illegal lockout." This, he said, was not true in the Press Wireless case.

Mr. Meyer's interim decision was refered to in the "Chronicle" of Aug. 29, page 1159.

Industrial Activity to Aug. 15 Reported By Federal Reserve Board

"Industrial production increased somewhat further in July, after a sharp advance in June," according to a summary of general business and financial conditions in the United States, based upon statistics for July and the first half of August, and issued on Aug 28 by the Board of Governors of the Federal Reserve System. "Prices of commodities rose rapidly in July," the report added, "and continued to advance, although at a more moderate rate, in the first three weeks of August." The Board's announcement of Aug. 28 continued:

Industrial Production

Industrial production advanced from 171% of the 1935-39 average in June to 174% in July, according to the Board's seasonally adjusted index. Output of durable goods and of minerals generally increased while output of nondurable manufactures as a group showed little change, with increases in some lines offset by declines in others.

Production at steel mills in July rose about one-sixth and in August has increased somewhat further, with output of ingots increasing to about 90% of capacity. Activity in the machinery and transportation equipment industries continued to advance in July. Production in the non-ferrous metal industries rose again but was still about 7% below the January level. Output of stone, clay, and glass products continued to increase and the July index, at 197, was well above the previous high in March, with an increase in the production of glass containers accounting for most of the July advance. Lumber production showed a decline, owing in large part to vacations for lumber workers on the Pacific Coast in the early part of July. Activity in the furniture industry remained at about the June rate.

In the non-durable industries, production at textile mills declined owing to worker vacations during the first week in July, while output of manufactured food products increased considerably. Meatpacking rose sharply to the highest level since February and there were increases also in the output of flour, bakery goods, and dairy products. Sugar meltings declined. Output of paperboard and paper boxes declined from recent high levels while newsprint consumption showed a further advance. Activity in the chemical and rubber industries showed little change.

Mineral production rose to a new high 46% above the 1935-39 average. Increases in the output of anthracite, copper ore, and iron ore accounted for most of the July rise in production of minerals.

Construction

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined further in July, but was still more than twice the prewar average. The drop reflected a continued decline in residential awards to a level about two-fifths below the May peak. Non-residential building awards increased slightly in July, after a small decline in June.

Employment

Non-agricultural employment continued to rise in July, with major gains in the construction and manufacturing industries and some decrease in government employment. Total unemployment decreased to about 2.3 million in July, the lowest of the year.

Distribution

Value of department store sales declined less than seasonally from June to July and the Board's adjusted index rose to 278% of the 1935-39 average as compared with an average of 254% for the first six months of the year. In the first three weeks of August sales continued at a high level. As a result of large receipts of merchandise, value of department store stocks continued to increase in July but relative to sales was still lower than before the war. Unfilled orders were at an exceptionally high level.

Loadings of railroad freight increased further in July as shipments of livestock and grains and of ore and coke rose sharply and shipments of other classes of freight showed little change.

Commodity Prices

Commodity prices, which had advanced sharply in July, rose somewhat further in the first three weeks of August. There were increases in prices of textiles, housefurnishings, and fuels as well as in some farm products and foods. Grains, however, declined and corn future contracts were still substantially below cash quotations, reflecting the continued prospect of a large harvest. With the renewal of price control at the end of July, ceiling prices were reestablished but in many cases at higher levels than prevailed on June 30. Announcement was made that ceilings would not be reestablished at this time on most grains or on dairy products but would be on livestock and meats and on cottonseed and soybeans and their products.

Bank Credit

The Treasury retired for cash $3.3 billions of government securities during July and early August; war loan balances at commercial banks were reduced by approximately the same amount. As most of the securities were held by banks, retirement operations had little effect on deposits of businesses and individuals. Drains on bank reserves resulting from redemption of securities held by the Reserve Banks were met by System purchases of government securities and by reductions in Treasury deposits. Need for reserve funds resulted also from an increase in non-member balances at the Reserve Banks, reflecting the deposit of the first instalment of the British loan, and from some outflow of currency into circulation. Changes in required and excess reserves, on the average, were negligible.

As a result of the Treasury debt retirement operations as well as security sales to the Reserve Banks in connection with reserve adjustment, government security holdings at banks in 101 leading cities were reduced by an additional $2 billions during the seven weeks ended Aug. 14. Total loans for purchasing or carrying government securities declined further to a level comparable to that which prevailed prior to the Victory Loan Drive. Commercial loans, both in New York City and outside, increased substantially over the period.

Arthur Paul of Commerce Department Outlines Plans to Develop International Trade

A trade relations program, designed to provide the Department of Commerce with continuing advice and counsel by representative foreign traders, manufacturing exporters and trade groups, was outlined on Aug. 12 by Arthur Paul, Assistant to the Secretary and Director of the Office of International Trade. In indicating the objective of the program Mr. Paul said that "to develop and maintain a large volume of U. S. international trade effectively, the Office of International Trade has established a number of trade advisory committees. It is our belief that better understanding between business and government and the development of sound and increased foreign trade can be achieved by cooperation and counseling with businessmen and trade groups through these advisory committees." Mr. Paul's announcement continued:

"We want to present not only our views but also those of the U. S. business community when dealing with other U. S. Government agencies and with international organizations concerned with commercial matters. Likewise we want to interpret to the U. S. trade groups the policies and actions of this government in the field of international trade. We shall be better able to carry out these objectives with the cooperation of these committees.

"Permanent committees established so far are the Export Advisory Committee and the Import Advisory Committee. The recently appointed President's Committee for Financing of Foreign Trade, composed of bankers and businessmen, will also provide further counsel for the Office of International Trade in the field of financial arrangements. The Export Advisory Committee of 37 representative exporters chosen from names suggested by our field offices and the various branches of the Office of International Trade, had its first meeting on July 27. The Import Advisory Committee of 28 members, similarly chosen, met on July 10. Matters discussed at both meetings included the program of the OIT, the report to the Secretaries of State and Commerce by the Advisory Committee on Commercial Activities in the Foreign Service, suggested changes in the Foreign Trade Zones Act, trade in occupied areas and in state trading countries, and—in the case of the Export group—the administration of the Export Control Act.

"The major objective of both committees was to determine the best method of making a survey of the services and data now provided by the Department of Commerce to businessmen, with a view to utilizing its funds for these services most effectively. Such a survey is now being made by these two committees.

"It was also proposed that business requests and problems, where more than one Department is involved, be channeled through the Department of Commerce. This would not of course in any way preclude consultation with other Departments. In general the Department of Commerce is the logical and proper counseling body for industry. It is our intention to accept that responsibility and to coordinate the interests of all Departments in the commercial problems arising out of foreign trade.

"A general advisory meeting has been proposed for early fall on the West Coast. This meeting will supplement the Export and Import Advisory Committee meetings in Washington. It will provide for fuller coverage of the West Coast which has problems peculiarly its own, and also will accommodate West Coast members of the regular committees who sometimes find it difficult to come to Washington. Undoubtedly other regional meetings will be held. Another committee covering International Trade Services, such as banking, insurance, freight forwarding, and advertising, will be established in time for a meeting the first week in October.

"In addition, committees will be organized to discuss special problems of individual industries. This has already been done for the machine tool and railroad equipment industries and a small tools group has also approached us for similar discussions. These committees will: (1) examine the special foreign trade problems of their several industries; (2) study any situation in which we might initiate negotiations through the State Department for the modification of unduly restrictive foreign control regulations, and (3) consider the productive capacities of their respective industries in relationship to unfilled foreign demand."

L. O. Brown Named Knox College Head

Lyndon O. Brown, well-known advertising executive and expert in marketing and distribution research, is giving up his business career in New York City to become President of Knox College at Galesburg, Ill., because of "the critical national need for superior training of young men and women for intelligent leadership," Frank M. Lay, Chairman of the Knox Board of Trustees, announced on Aug. 29.

The new President succeeds Carter Davidson, who has become President of Union College in Schenectady, N. Y. The report from Knox College on Aug. 29 added:

"Dr. Brown, founder and partner in the research organization of Stewart, Brown & Associates of New York City, on Jan. 1, 1947, will become the 12th President of Knox College, one of the oldest co-educational liberal arts colleges in the country. The College and the City of Galesburg were founded in western Illinois 109 years ago, in 1837, by a group of pioneers from upper New York State.

"A graduate of Carleton College, Northfield, Minn., Dr. Brown received his master's and doctor's degrees in economics and business administration at Northwestern University. He was Professor of Research and Advertising at Northwestern from 1930 to 1943 and at the same time was an executive of the Lord & Thomas advertising agency in Chicago. He also served with other leading advertising agencies over a period of 17 years, eventually as Vice-President of both Lord & Thomas and its successor, Foote, Cone & Belding. In 1943 Dr. Brown with Paul W. Stewart founded Stewart, Brown and Associates which includes among its many clients such leading business organizations as General Electric, General Motors, Eastman Kodak, Standard Oil, and General Mills. Before joining the Northwestern University faculty in 1930, he was principal of the Detroit Lakes, Minn., High School and later was Professor of Marketing at the University of Detroit. He is a member of the American Marketing Association, the Market Research Council of New York, the American Economic Association, and the American Association of University Professors. He has served as trustee of Carleton College and is the author of a book, 'Market Research and Analysis,' published in 1937."

Steel Output Off, Due to Observance of Labor Day—Demand Far Above Prewar Requirements

"The priority system in steel production, which proved such a miserable failure during the war that it was replaced by a complex and successful Controlled Materials Plan, has been imposed upon the steel industry for peacetime output and appears well on its way towards wrecking a balanced distribution of steel products," according to "The Iron Age," national metalworking paper, which further states in its issue of today (Sept. 5) in par as follows:

"For the first time since V-J Day steel officials are becoming seriously alarmed over the present situation which represents part controlled and part uncontrolled output.

"The imposition of a few priorities governing construction and agriculture was not taken seriously several months ago. These priorities, however, were on a customers basis and not on a quantitative basis. The result in recent weeks has been that while the number of priorities has been few, the amount of steel which they have taken from regular consumers without preference ratings is becoming substantial.

"Indicative of troubles to come are the rumbles in the trade from customers producing strategic materials who will of necessity be forced to obtain priorities for themselves. If the current trend in preference ratings under the present system continues, the same results will occur which took place during early wartime days when 'more tickets were issued than there were seats in the theater.'

"Hardest hit by the present maldistribution of steel products are warehouse interests which serve the major industries for repair and rehabilitation purposes as well as for the completion of projects which require small amounts of specific steel products. Warehouse stocks are at a new low point this week while demand is reaching an all-time high.

"An example of the warehouse service to large industries concerns the nation's railroads which have always gone to the warehouses for urgently needed material in repairing locomotives and other rolling stock. The necessity for prompt repairs is even greater now in the railroad industry than during the war because of the car shortage.

"Steel officials recalling early wartime days look for one of the most hectic six-month periods ahead as consumers of all types attempt to obtain priority ratings from Washington. If controls are to be retained some steel officials familiar with wartime practice insist that allocations of specific products must be matched against demand if an all-time high in confusion is to be prevented.

"The failure of OPA to act quickly last week after having received a recommendation for higher scrap prices from the Scrap Industry Advisory Committee all but halted the movement of scrap to steel mills. In some cases incoming scrap was hardly one-third of actual consumption, while in other instances shipments were reduced to almost zero. This situation was bound to prevail until such time as a definite answer was given to the scrap industry on the question of scrap prices.

"At the meeting held recently it was noted that the solid front in the steel industry, which had resisted any recommendation for an increase in scrap prices, was broken when some steel company executives voted in favor of an advance in order to relieve the log jam of scrap supplies in hands other than those of steel firms.

"While the controversy was raging and the recommendation was finally made for price action, scrap was piling up in dealers' yards and in manufacturers' plants. Only by steel companies digging deep into their inventories and supplementing them with hot metal was the industry able to get over this crisis created by the scrap price problem.

"The tight situation in steel demand which is far above prewar requirements and which is comparable to wartime peaks has driven brass hats from their offices and put them on the road visiting steel companies in an attempt to obtain more steel by throwing their weight around. Some steel company reception offices during the past few weeks would read like a 'who's who' in American industry."

The American Iron and Steel Institute this week announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 84.5% of capacity for the week beginning Sept. 2, compared with 89.4% one week ago, 89.0% one month ago and 74.9% one year ago. This represents a decrease of 4.9 points, or 5.5% from the preceding week. The drop was attributed to the observance of the Labor Day holiday. The operating rate for the week beginning Sept. 2 is equivalent to 1,489,200 net tons of steel ingots and castings, compared to 1,575,600 tons one week ago, 1,568,600 tons one month ago and 1,371,900 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 2 stated in part as follows: "A more plentiful supply of scrap iron is expected if OPA authorizes higher scrap price ceilings. This action would come as a result of recommendations made recently by the General Steel Products Advisory Committee. No definite price has been recommended by the Committee, but it is believed that the increase will be less than the $3.50 previously urged.

"Steel producers will open their order books for the first quarter of 1947 in the near future. It is expected that some mills may begin booking business as early as the middle of next month. Much will depend, however, on how quickly mills can gage the volume of priority and directive tonnage for the fourth quarter.

"Some producers of certain steel items already have accepted tonnage for next year but such action has been irregular and the exception to the general rule. In certain lines of pipe and tubing some producers have committed themselves far into the future. Producers of track accessories are booked well into next year and some plate mills have been accepting limited tonnages for first quarter. Some protections have been granted in various cases on steel required next year for identified projects and other scattered cases can be cited.

"In many cases there will be a substantial carryover of 1946 commitments into next year. The outlook in that respect is not as bad as recently, as various mills, especially those on quarterly quota basis have been reducing allotments to consumers.

"In general strenuous efforts have been made to bring commitments and supply more into balance and it is believed they will be reflected by a smaller carryover at the end of this quarter than at the end of the preceding period.

"Though the steel production picture seems brighter, it is possible there will be no improvement in the supply of pig iron and other critical materials.

"Some observers believe that the government's action in curtailing industrial construction and production programs and giving preference to national housing will bring about still further shortages of pig iron and other critical materials, materials badly needed at the present time in the production of railroad equipment, consumer durable goods and automobiles.

"Other unfavorable automotive industry developments were also reported.

"Pig iron production in July reached 4,705,277 net tons, largest output since July, 1945, when 4,801,467 tons were made. The July tonnage showed a gain of 1,023,004 tons over June's production of 3,682,273 tons."

July Inventories Rise Sharply

During July inventories held by manufacturers increased more than $600 million, the sharpest monthly rise on record, the Office of Business Economics, of the Department of Commerce, said on Aug. 26. The advices stated that "preliminary figures based on telegraphic returns to the Office of Business Economics from representative manufacturing companies showed inventories at the end of July valued at nearly $18 billion, an all time high. However, part of the increase reflected higher prices. Current inventory changes are significant, since they may give a clue to a slowing in consumer buying or may indicate an inflationary boom reminiscent of that following the last war, the Department of Commerce said. The June to July increase was extreme in any terms — it represents a rise on an annual rate basis of over $7 billions. "The department further said:

"The rise in dollar value of inventories was very general throughout all major manufacturing industries, except tobacco. The total rise was larger in the non-durable field than in the durable. Shipments in the non-durables were lower and production was relatively well sustained.

"Total manufacturers' shipments for July were at about $9.8 billion, according to the preliminary figures. While this was slightly higher than the June total, it represented a 3% drop in the daily average rate, since July had one more working day than June. This was the first decline in the rate of manufacturers' shipments since the February low when the steel strike curtailed output. The shipments decline was centered largely in the non-durable goods industries. For the durable goods industries, over-all shipments continued the rise which began with February. In the transportation equipment industries, other than automobiles, and in lumber, decreases were indicated by the preliminary figures. There was a marked rise in the non-ferrous metal industries and in automobile accessories fields. Shipments in the non-durable industries declined sharply. The dollar index dropped 8% from the June level of 206 (1939=100), to the lowest point since mid-1944. The physical volume of shipments was down to about the July 1942 rate.

"Part of the June to July 1946 decrease stemmed from a seasonal drop in shipments by the textile and apparel industries. However, every major non-durable group showed lower shipments except for the tobacco and meat packing industries."

The extent to which higher prices was a factor in the month's inventory and shipments changes cannot yet be determined, the Department of Commerce said. From the tendencies reflected in the early returns, it added, it is apparent that the uncertainties over price controls are still an important force in business decisions.

Wallace Program For Small Business

An extended program of aid to the nation's small businessmen, to be carried out during the next 12 months, was announced on Aug. 26 by Secretary of Commerce Henry A. Wallace, who said that the program will be under the general direction of Laurence F. Arnold, Assistant to the Secretary for Small Business, and will be administered by James L. Kelly, Director of the Office of Small Business. An earlier announcement by Mr. Wallace regarding the proposed plans, appeared in our Aug. 29 issue, page 1192.

In broad outline, the program sets up six main objectives for the next year designed to promote the over-all welfare of small business, said the Aug. 26 announcement of Secretary Wallace, declaring that the nation's welfare is directly dependent upon the prosperity of the small businessman. Mr. Wallace stated that 93% of the nation's business establishments are in the small business category and those businesses sell 30% of all the goods and services produced and provide 45% of all non-agricultural employment.

The six points of the small business program proposed by Mr. Wallace are:

"1. Counseling aid to small businessmen.

"2. Aid to small business in obtaining government contracts and in obtaining sub-contracts from larger firms; aid in obtaining Federal surplus property and new production equipment.

"3. The sponsoring of fair trade practices legislation and providing of information on types of Federal aid available to small business.

"4. Aid in reducing the tax burden on small business and in promoting favorable financing.

"5. Promotion of state aids to small business, particularly in determining areas favorable for small business expansion.

"6. Direct assistance to small businessmen in helping them solve their immediate individual problems."

The advices from the Department also said in part:

"Counseling aid to small businessmen, the first point in the program, will be under the supervision of the Management Division, headed by Wilford White. Business aids will be developed on a 'case' basis. Causes of failure and reasons for business success will be documented. This 'case' material will be used by counselors in personal contacts with businessmen. In addition, Colleges of Business Administration, Colleges of Economics, and Trade Associations will be encouraged to give direct counseling aid, hold business institutes, provide extension courses, and do necessary technical and market research for the independent businessmen in their communities.

"The Industrial Production Division, headed by Philip E. Nelson, will undertake to carry out the second point of the program, aid to small business in obtaining government contracts and subcontracts from larger firms; and aid in obtaining Federal surplus property and new production equipment. This division will seek to promote Federal purchases from small businessmen who will be informed of Federal Government needs. Efforts will be made to bring the buyer and seller together.

"The Business Practices Division, headed by Burt Roper, will sponsor fair trade practices legislation. In cooperation with the Federal Trade Commission and the Department of Justice, it will seek more stringent enforcement of laws against monopolistic practices. This Division will also provide information on the types of business.

Federal aid available to small "The Finance and Tax Division, headed by James Rountree, will undertake a program designed to reduce the small businessman's tax burden. The Division will cooperate with the Treasury Department in making a study of tax laws and tax regulations which impose a special burden on small business, and an effort will be made to work out a simplified method of taxing small business. Specific revisions of tax legislation and Bureau of Internal Revenue regulations will be sought. The Division will also cooperate with the Federal Reserve System, the American Bankers Association, the Reconstruction Finance Corporation and other public and private suppliers of capital in developing financial facilities available to small business. Businessmen will be aided in the preparation of financial statements and other data needed to support their requests for loans.

"The entire Office of Small Business will participate in the sixth part of the program—direct assistance to small businessmen in helping them solve their individual problems. Inquiries for assistance will be referred to the Division best qualified to help answer the specific problem."

Study of Philadelphia National Park

President Truman placed his signature on Aug. 10 to a bill passed by Congress to set up a Commission to study the advisability of establishing a national part in the older section of Philadelphia, the purpose being to preserve historical objects and buildings. Advices to the Philadelphia "Inquirer" from its Washington bureau, Aug. 10, said:

"Proposed principally to preserve such Colonial buildings as Independence Hall, Carpenters Hall, the old Custom House and the first Bank of the United States, the National Park would include property now occupied by privately-owned buildings. One of the big jobs facing the Commission will be a determination of the probable cost of condemning this property.

"The Commission will be allowed $15,000 to make its survey. As introduced last fall by Representative Michael J. Bradley (D., Pa.), the enabling bill called for a $25,000 appropriation, but the Senate cut $10,000 from this figure and added a stipulation that all employees of the Commission must have Civil Service status. Both amendments were accepted by the House ten days ago."

Harding Vice-Pres. of Oregon Bankers

The appointment of Charles R. Harding as a vice-president of the Oregon Bankers Association was announced on Aug. 10 by H. W. Gauntlett, President of the Association, and reported in the Portland "Oregonian" by Frank Barton, financial editor of that paper. Mr. Harding, who is Vice-President of the United States National Bank of Portland, Ore., succeeds Jesse J. Gard, recently resigned, said Mr. Barton's advices, from which we also quote:

The new Vice-President of the association has been active in the affairs of the organization for many years as well as participating in civic activities. He is a former member of the executive committee of the OBA and a Past President of the Portland chapter of the American Institute of Banking, educational branch of the American Bankers' Association.

The Road Ahead!

(Continued from first page)

all employed at labor, and that industry was humming and that everyone was busy, forgetting that it was all caused by the building of a great machine which proved their own undoing.

We felt, some of us, that somehow the people of this Nation were being caught in the millstream of this worship of power and we began to feel that the democracies were inefficient compared with the dictators. And we felt that somehow we needed a stronger type of government. We saw the harnessing of their power and the swift amassing of their might. We felt the trembling of the earth under the cadence of their great armed forces, and we wondered if it were not true that a new type of government had come to the world.

Democracy is Best

This War has proved this a fallacy. They have shown that democracy can out-fight- out-think, out-wit, out-produce any type of government on the face of this earth. It has proved conclusively that free labor can never be mastered by slave labor. The record of industry is little short of marvelous. The achievements of our transportation system are almost unbelievable, and the production of our free labor has far surpassed even the wildest imagination of us all. We have seen that our armed forces of every character can beat the enemy and destroy them, and wherever we had an equal chance we have prevailed.

Ahead of us is a very great and terrific task. In the battlefields of peace, as well as in the battlefields of war, there are victories and there are defeats. In the vast struggle that is ahead of us to produce this kind of peace that would make us happy at home and secure abroad, there are some grave lessons we should remember. We should remember that those who fought are entitled to the very best protection that the government can give them. We also should recognize that we ought to put the same energy, the same strength, and the same skill in taking care of those who fought for us as we did in training and equiping them for battle. We have the finest oficers and the finest equipped Army that this Nation has ever known, and the results are history. They gave us victory over the most powerful force ever assembled against this Nation. Now we must see to it that the same energy and the same skill and the same determination we used to equip this Army, train it and develop it, must be put into use to provide happiness and prosperity for all in time of peace.

A Nation of Opportunity

This should always be a Nation of Opportunity, a Nation that looks forward, not backward, a Nation that will train our boys and girls to the task ahead with the assurance that when they are ready for those tasks the opportunity will be there. Too many are seeking security instead of achievement. We are prone to depend too much on government. Neither the state or national government can do anything for you without doing something to you. Our forefathers were led by the spirit of achievement. They only desired a chance. Our veterans need opportunity, rather than alms. Let it always be said that any mother, regardless of race, creed or color, can honestly say to her child: "You can go as far as your education, ambition and abilities will take you."

Must Not Surrender Freedom of Individual

We must not surrender the freedom of the individual in this hour of our victory. It was the individuality of our soldiers, their ability to think for themselves, that hastened this great victory. In order to keep our individual ability to think, we must keep our sources of information free. We must maintain freedom of the press and of the air. We must ever be free to express our ideas. If I can control the sources of your information, I can control your thinking and when that happens, you are no longer free—you are my slave.

We must ever keep the star of hope shining in our land. We are not out-moded as a government. We are not in the sunset of our existence but have yet to reach mid-day. It is a great time in which to live. We will and must advance. We have come a long way in the past century, but we still have much to do. This Nation is strong enough and has brains enough to take care of a much larger population than we now have. We can solve depressions with all its evil effects, poverty with its curses, public health and all it implies, intolerance and all its attendant evils and dangers. These are dark clouds on our national sky, but behind them the sun still shines.

Sees Prosperity Ahead

I feel somehow that in the days that are coming we shall see prosperity such as we never dreamed of. Not wild inflation, but sober achievement with great peaks of production and corresponding remuneration for those who produce. I am very confident that this Nation that has solved its war problem will also be able to solve its peace time ones. Great as they are, dangerous as they are, they will be solved.

But in this road ahead there is a lesson that we must not forget and that is that we are a part of a great family of nations. This war was not won by one nation, it was won by a combination of Allies who believed in each other, who trusted each other, and who gave up their own selfish advantages for the good of the whole.

We can go down the path with the United Nations with the same degree of harmony and accomplishment as we went down the highway of war. In the days to come we must not lose that faith. We must not lose that confidence.

It is not necessary that Russia, in order to be our ally, have her thoughts and her purposes of government engrafted upon ours. It is not essential that we send our ideologies into Russia. It is not necessary that China govern her people as we govern ours, but it is necessary that all of us realize that it is a fact that we cannot run our own show. We have to be part of a great international conference, friendship circling the globe, just like our might went around this world. It is possible for Russia, Great Britain, the United States, France and all the Nations of the world to live together in peaceful harmony without trespassing on the rights or convictions of the other. We can govern our people as we will. Russia can govern hers as she may. England can have the type of government she desires. But side by side we can all stand for the good of the world. There is no minority group in society any more. The smallest nation is vital to the success of us all.

Central Thought Should Be Universal Peace

And so I appeal to you that in your thinking, in your ideals and in your purposes, you have one great central thought and that is universal peace. Let's make it possible so that the mother of tomorrow as she brings her little ones into the world to nurture, develop and train them, will not have to think of a dark cloud of war hanging over their future. May the mothers of tomorrow look into the eyes of their sons and realize that this boy will be a citizen of peace and not a soldier of war. May our Nation ever maintain her strength, ever keep her dignity, ever keep her power, and above all, ever keep her balance of sanity so that in the world we may be the predominating factor that shall produce out of this terrible, awful conflict a new dawn of universal peace.

Let us have peace among all nations and peace among ourselves with no race struggles, no class preference, no division into various groups, but all—regardless of race, creed or color—just Americans united for the good of *all.*

Free Price System Indispensable

(Continued from first page)

straight thinking at a time of widespread public confusion over governmental attempts to control or influence prices. A second chapter on "Profit and Loss in the Enterprise System" will be released soon.

The authorities tackled the workings of the price system to bring out just what freedom of choice of buyer or seller does in the way of directing the flow of material resources and personal efforts. Their report declares that "any restrictions in the free functioning of the price system would have far-reaching effects" in directing the flow of materials and labor into different channels from those which would be followed in a free economy. In the end this would tend to diminish the flow and reduce the extent to which people get the things they want.

Noting "continual change and adjustment" as the first distinctive characteristic of the free price system, the commission of business executives and economists made the second and central point of their analysis the fact that "prices are the key element of the mechanism by which adjustment is made between the changing preferences of the public for resources required to produce those goods and resources."

They pictured the system of determination of prices by the functioning of a free market as a "chief instrument of economic democracy." Under it, the study points out, every member of the economy "votes" in favor of one commodity rather than another, in favor of one manufacturer or distributor against all rivals, against a price for some commodity today and perhaps in favor of that same price under different circumstances tomorow.

These "votes of individual consumers and producers" among the goods and services that they can buy or produce, the analysis declares, "constitute the warp and the woof of the economic fabric." This system attaches "primary importance to the worth of the individual human being and affords him greater opportunity than any other to develop along the lines he selects for himself."

The study stresses three types of competition as essential elements in the process of "adjustment between consumer preference and productive effort": One, competition between sellers of goods; two, competition between buyers for goods, and three, competition between concerns for additional investment funds.

Concerns which happen to be able for a time to charge an abnormally high price are restrained by the effect of the abnormally high price itself. That sort of price draws competitors into the business, and thus expand the total manufacturing capacity far beyond the demand available at that or even a considerably lower rate.

In the long run, the study maintains, the "combination of low price, moderate profit margin, and growing volume is more profitable" than temporarily larger profits at a high price level.

Producers do not put effort and resources into new products, or improving old products, or increasing output, unless the expected price is high enough to do two things: One, "cover all the costs of at least the more efficient producers," and two, provide enough return on their investment to make it possible for them "to secure additional capital funds in competition with other potential users of such funds."

The study adds that if price is too low to provide a certain minimum net return, the tendency is to withhold capital from reinvestment in such lines, and to withdraw existing resources where possible. This leads to reduced production through inadequate replacement, failure of less succesful concerns and diversions of resources to more profitable activities. Supply and demand may balance then on a lower scale of output and possibly at a high price.

Attached to the monograph are charts showing how, over a long period, more goods have been turned out at lower prices.

Justice McReynolds Dies

The death on Aug. 24 of James Clark McReynolds, who retired from the United States Supreme Court bench in 1941, was reported from Washington by the Associated Press on Aug. 25. Death came to Justice McReynolds, who had been ailing for some time, at Walter Reed Army Hospital, at the age of eighty-four. Mr. McReynolds' last public appearance was at the funeral of Chief Justice Harlan F. Stone in April.

The late Justice, who was a bachelor, is survived by a brother, Dr. Robert P. McReynolds, of Los Angeles. Funeral services are to be held in the McReynolds' home town of Elkton, Ky. Mr. McReynolds was a Southern Democrat who was appointed to the Supreme Court by President Woodrow Wilson in 1914. During the administration of the late Franklin D. Roosevelt, he was known for his repeated voting against New Deal measures. He was often identified as a staunch defender of states' rights against incursions by the Federal Government. The New York "Herald Tribune" of Aug. 24, had the following to say in part regarding the late Justice and his views:

When he retired in 1941, three days before his 79th birthday, he was the oldest Justice in years and tenure, having been appointed by President Woodrow Wilson in 1914. Friends said he remained on the bench through the 1940 election, hoping that a President other than Franklin D. Roosevelt would name his successor.

He was the last remaining member of the "nine old men" whom Franklin Roosevelt tried to thwart through his unsuccessful effort to enlarge the court, and he ran up a record of voting against more New Deal measures than any other member. During the late 1930s, when the court's constitutional interpretations grew broader, he became the great dissenter from the opinions of the majority.

In February, 1935, he dramatized that implacable opposition by an extemporaneous philippic from the Supreme Court bench such as that tribunal had never heard before.

By a 5-to-4 decision—a frequent division in those days—the Court had just held that Congress had the right to annul gold clauses in private contracts. A New York lawyer had brought the case following the government's devaluation of the dollar and withdrawal of gold. He demanded gold or \$16,931 in "fifty-nine cent dollars" for a \$10,000 Liberty bond. Had he been upheld, the Treasury would have been subject to demands for \$14,000,000,000.

Charles Evans Hughes, then the Chief Justice, read the long-awaited opinion, which found that government bondholders had suffered no loss in buying power through devaluation and therefore could expect no more than the face value of the contracts. When he had finished, Justice McReynolds arose and, tossing the minority opinion to the clerk, talked for half an hour, denouncing the decision in terms sharp and foreboding.

Filing of the will in Washington of the late Justice McReynolds on Aug. 27 disclosed that he had left various sums to colleges, church organizations and charitable institutions, it was indicated in Associated Press advices from Washington on Aug. 27, which in part said:

Cash bequests by the jurist, who died Saturday, totaled \$183,000. The extent of his estate was not shown in the will, and the National Metropolitan Bank, designated as executor, said it probably would not become public until a petition for probate is filed.

Mr. McReynolds left \$10,000 each to Vanderbilt University at Nashville, Tenn.; Centre College of Danville, Ky.; the University of Virginia, and the Kentucky Female Orphans School, and \$5,000 to Lynchburg College at Lynchburg, Va.

Other bequests included:

Five thousand dollars to the Christian Church at Elkton, Ky.; \$25,000 to the National City Christian Church Corporation, which has offices in Washington; \$10,000 to a brother, Dr. Robert P. McReynolds of Los Angeles, and \$10,000 and paintings to Mrs. Camilla Hare Lippincott of Santa Fe, N. Mex.

Myron Taylor Returns to U. S.

Myron C. Taylor, President Truman's personal representative at the Vatican, returned to the United States from Rome on Aug. 30, at which time he arrived at LaGuardia Field aboard a Pan American-World Airways plane. Mr. Taylor was accompanied by his wife and a secretary. With his arrival here, Mr. Taylor stated that he had returned to confer with the President and other officials.

A few days before Mr. Taylor's departure from London, the Rev. L. L. Twinem, in a sermon on Aug. 25 at St. Paul's Protestant Episcopal Church at Mt. Vernon, N. Y., said that Christians generally should urge President Truman to renew the appointment of Mr. Taylor as this country's special envoy to the Vatican. In reporting this special advices from Mt. Vernon to the New York "Times," said in part:

"Myron Taylor is an Episcopalian, a statesman of character, tact, scholarship and tolerance. His mission has been indispensable to the welfare of mankind. Important moves toward armistice and peace have been furthered by the bond so wisely established by President Roosevelt.

"There has been definite indication that Pope Pius desires the return of Mr. Taylor to his valuable post. In the interests of peace, all thinking and magnanimous Christians should use their influence by word and letter to promote this tie of goodwill and peace-making."

Economic and Fiscal Effects of Social Insurance

(Continued from first page)

sumption expenditures will be simply shifted among individuals and left unchanged in the aggregate.

If the ultimate liability of the government to provide benefits is admitted, separate insurance funds are no longer necessary. Benefits may be met in whole or in part out of general revenues. Contributions need not be directly related to benefits. The choice of sources of funds over and above those provided by contributions becomes a part of the problem of general fiscal policy and problems of insurance reserves do not exist.

If social insurance benefits are to be paid entirely from funds contributed by or for those insured,[1] however, a choice must be made between a pay-as-you-go plan, in which rates are adjusted to meet current expenditures, and a reserve plan, under which level rates provide reserves to meet the increased future liabilities of an old-age and permanent disability plan and the potentially fluctuating liabilities of unemployment insurance.

The Contributory Principle

The use of earmarked funds from pay-roll taxes and some attempt to relate contributions and benefits were probably necessary to obtain public acceptance at the inception of unemployment and old-age insurance in the United States. It was felt that separate funds fed from particular taxes would provide greater assurance that benefits would be available to claimants, on the one hand, and that excessive benefits would be checked, on the other, than if Congressional appropriations were continually necessary. In addition, the fact that only certain groups were included made it difficult to justify the use of general revenues. Contributions meet the definite desire on the part of those insured to pay for their protection. They also provide a wage record against which claims can be checked and benefit amounts determined.

It would probably not be desirable to abandon the contributory principle entirely, but in a comprehensive system, benefits could be met in large part from general revenues. The wider the insurance coverage, and the more general the understanding and acceptance of social insurance as a necessary public responsibility that, like public education, conveys indirect benefits to all members of the community, the more appropriate it becomes to draw upon general revenues. The right of individuals to benefits and the guarantee that future obligations will be met do not rest on the fact that claimants have a previous contribution record nor on reserves built up from such contributions, but on the harmony of social insurance with the economic and social desires of the nation.

The Reserve Problem

There is a great deal of misunderstanding about government insurance reserves. Regardless of the financial methods adopted, the output of the economy at the time social insurance benefits are paid must furnish the goods and services consumed by beneficiaries The real burden of maintaining the aged in the future cannot be placed upon the present generation by currently accumulating dollar credits. The real, as opposed to the dollar, burden cannot be shifted over time.[2]

A private insurance company must provide in the present for future liabilities by building reserves which are invested in claims against others in the economy. Financial solvency is meaningful and necessary. The Federal Government, however, cannot practicably create a reserve in any form except its own obligations. The claim has been made that, in so doing and then spending the proceeds upon ordinary government expenses, contributors' funds are being dissipated, rather than conserved, and the reserve is worthless. Although this position is meaningless in so far as it suggests insolvency of the insurance system, it illustrates the confusion arising from the existence of a large public reserve for which there is no alternative except investment in government securities. There is no point in collecting payroll taxes and burying the receipts in a public vault. This would only necessitate higher taxes or more borrowing from other sources to meet general Treasury expenditures. A more efficient procedure is to make the cash receipts of the reserve fund available for general budget expenditures or for the redemption of public debt, and to credit the fund with government bonds. But even then the fact remains that the existence of a reserve in government bonds to meet future obligations does not alter the problem of meeting those obligations. When it is necessary for the insurance fund, in order to make cash outlays, to draw upon its reserve or even upon current income from interest, the government must tax or borrow to obtain the money that is transferred to the insurance fund. The same amount could be raised in the same way and transferred to the insurance fund as a Treasury expenditure if the reserve did not exist.[3]

With only particular groups covered, a reserve gives some appearance of equity between those covered and those outside. The covered group exercises a claim against the remainder of the population when the reserve is drawn on, just as it would through a direct government contribution to the fund. The justification for this, when a reserve exists, is the fact that the covered group has previously restricted its expenditure by providing more in contributions than it received in benefits. Whether the uncovered group has actually benefited from the previous decline in expenditures of the covered group or has been adversely affected by the deflationary effect is another matter. With comprehensive coverage, even this justification disappears. To meet increased liabilities can be a matter of choice between increased contributions by participants and general Treasury revenues.

Government Financial Participation and Economic Policy

The necessity of the use of general revenues depends upon the degree of income redistribution necessary to provide adequate benefits and upon the extent to which the nation wishes to integrate social insurance financing with general fiscal policy. It is often suggested that equal amounts of revenue be obtained from employers, employees, and the Treasury.[4] A superficial appearance of equity seems to be its only basis. The responsibility of the population as taxpayers rather than as covered workers would better be expressed in a fluctuating Treasury contribution based indirectly upon the level of employment.

For example, aggregate contributions might be equated to benefits at full employment, allowing for frictional unemployment. Under such employment conditions, the effect on consumption would be more or less neutral.[5] Contributions would exceed benefits with over-employment such as existed during the war and benefits would exceed contributions in periods of under-employment. This relationship would be in accord with a general fiscal policy which sought to restrict aggregate expenditure when inflationary pressures exist and to encourage it when deflationary forces threaten.

The stimulating effect of social insurance upon consumption could be increased by establishing contribution rates that would provide less than sufficient funds to meet benefits at reasonably full employment. The extent to which general revenues should be relied upon at such an employment level depends upon the longer run aspects of many factors: the distribution of income, savings habits, investment outlets, other sources of Treasury revenues and objects of Treasury expenditures, and the like. The important thing is that above a minimum which would provide recognition to the contributory principle, the sources of funds for social insurance benefits should be a matter of fiscal policy, not of social insurance. The greater the margin between contributions and benefits, the more effective social insurance can be in terms of economic policy.

Some attention should be given at this point to another proposal for increasing the effects of the social insurance program upon the level of monetary demand; namely, that of providing rates of contribution which would vary inversely with the level of employment.[6] This procedure might tend to increase consumption in depression and check it in prosperity more effectively than would constant rates, but it has several disadvantages. To vary frequently the rate of employees' contributions would obscure the contributory principle still more, and might well provoke confusion and uncertainty among both employees and employers. The fact that contributions would go down might tend to create unwarranted demands for further reductions, and increases in contributions might be effectively opposed, no matter how definite the previously agreed upon schedule of rates might have been. There would be political opposition to increases in employers' taxes as well. There is serious question in any case about changing rates of employers' contributions according to a criterion which cannot be anticipated very far in advance. Rate changes based on unemployment would tend to make business decisions as to future events more difficult, and not enough is known about the incidence of pay-roll taxes paid by employers to indicate at what levels of employment such taxes should rise or fall. A simple inverse relation between rates and employment might be inimical to the progress of business recovery in its early stages. On the other hand, a decline in contribution rates when unemployment is rising might result only in an increase in profits that, because of its source and presumably temporary character, would have little or no salutary effect upon business activity. On the whole, there is much to be said for stability of pay-roll tax rates.

Even if frequent rate adjustments were not made, the proportion of expenditures to be met from other than pay-roll taxes at high employment, once determined, would not necessarily be permanent. It would be subject to revision when underlying changes in the factors listed above seem to be sufficient to require a reappraisal of general fiscal policy. In addition, the changing age distribution of the population over the next four decades would increase expenditures, even in a comprehensive system, quite apart from changes in employment. Periodic reconsideration of sources of funds would be necessary on this account alone.

This approach would retain the contributory principle to some degree, but benefits would not be limited by contriutions and the collection of revenues would be directly related to other government finances. This does not mean that contributors would have no other financial burden related to social insurance. Manifestly, Treasury expenditures would affect them as taxpayers. The extent to which this burden would differ from the added burden of higher pay-roll taxes would depend upon the other tax sources utilized. Other public measures dealing with unemployment would be encouraged, as their success would be directly reflected in a reduction in the government contribution to the insurance fund.

The social insurance system should be designed to promote a generally high level of consump- such expenditure when employment declines. The role of unemployment compensation in maintaining consumer expenditure in depression is limited, however, by necessary restrictions upon the duration of benefits and by necessary limits upon benefits as a proportion of wages. Fiscal aspects of social insurance should be consistent with general fiscal policy, something that has not been true under existing programs. No attempt has been made in this paper to deal with the general problem of government fiscal policy,[7] however, except by implication.

FISCAL AND ECONOMIC EFFECTS OF THE EXISTING INSURANCE SYSTEM

Both unemployment and old-age insurance are now financed in a manner more or less analogous to private insurance. The cost of benefits is met by pay-roll taxes paid by and for those in covered occupations. Contributions bear some relation to benefits, but no adjustment is made in contribution rates paid by those eligible for dependents' allowances or by those now in the older age groups, who receive considerably more generous old-age benefits relative to their contributions than will younger contributors. On the whole, beneficiaries in lower income groups are treated more generously, in terms of their contributions, than those with larger incomes. An attempt has been made to meet the problem of fluctuation in costs over time by the creation of reserves, rather than by variations in the rates of contribution, although this continues to be a disturbing element in the old-age insurance plan.

Effects of Pay-Roll Taxes

Pay-roll taxes on employees are restrictive in their effects upon consumption since they are borne by wage earners, most of whom have little margin for saving under ordinary conditions. The effects of pay-roll taxes paid by employers are less clear, but their burden probably also falls on wage earners in considerable part, whether it is shifted to them through higher prices or lower wages.[8] Consequently employers' taxes also restrict consumption over the longer run. In the short run at least, changes in employers' contributions probably affect profits as much as or more than wages or prices.

In the aggregate, the payment of insurance benefits out of pay-roll taxes tends merely to redistribute, not to increase, consumption expenditures.[9] If benefits equal pay-roll taxes, total consumption may be somewhat increased, however, since benefits are likely to be fully spent, while contributions may not be provided entirely out of funds that would otherwise have been spent on consumption. This effect is offset to some extent by the fact that consumption expenditures made out of benefits probably do not wholly represent a net increase in spending. To some extent they replace spending by or for beneficiaries out of their savings or those of their relatives and out of public or private relief. We may conclude that, if the outflow of funds through benefit payments equals the inflow of contributions through pay-roll taxes, aggregate consumption expenditures tend to remain unchanged or to increase only slightly; if contributions exceed benefits, spending on consumption will be reduced; if benefits are larger than contributions, spending will be increased. The extent of the increase will depend, however, upon the alternative revenue sources that are drawn upon.

Pay-roll taxes are an accepted and productive source of revenue. Taxes on employees give them direct participation in the system, any provide useful administrative records. Contributions from employers in the form of pay-roll taxes do not appear to have as much justification, apart from their revenue-producing ability, except in the case of occupational accident and disease. Over this risk, the employer has some control, and to tax him on the basis of rates adjusted to the degree of risk provides an incentive to the employer to eliminate this risk as far as possible.[10] Otherwise, there is serious question about the desirability of a business tax measured by employment. Nevertheless, the tax on employers would be difficult to eliminate, as long as the tax on employees is continued, especially if under an expanded program employees' taxes are raised above current rates.

Unemployment Compensation

Pay-roll taxes for unemployment compensation are levied al-

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1 With or without a fixed government contribution.

2 Only if a reduction in consumption expenditures, caused by contributions in excess of benefits, should result in increased production of capital goods with resources that would otherwise have been used in consumption, might there be a greater future output of consumer goods than would have occurred had reserves not been created.

3 Since the excess of contributions over benefits represented by a reserve account is "lent" to the government for general use, it is sometimes argued that this process tends to reduce the privately held government debt and its interest burden. It is said to be easier, therefore, for the government at a later date to raise funds for insurance benefits than it would have been had the reserve not been created. Since at a future time a substantial part of the benefits will be financed from interest payments on the bonds held in the reserve fund, it will be possible later on to continue a relatively low rate of pay-roll taxation even though benefit payments have increased. This argument assumes that, in the absence of pay-roll tax revenues sufficient to create a reserve, total tax revenues over the period would have been lower. Certainly this does not necessarily follow; other taxes could have been higher. During the war, for example, the Victory tax rate and subsequently the normal income tax rate might very well have been higher had it not been for pay-roll taxes. In the late '30s, on the other hand, it is quite likely that Treasury borrowings from the public would have been utilized in lieu of pay-roll tax revenues, but this would have represented a fiscal policy decision to avoid the deflationary effects of additional taxation. The especially deflationary effects of pay-roll taxation could even have indirectly increased the necessity for government borrowing during that period. At least, it is reasonable to assume that incomes and employment were reduced because of the restrictive effect of pay-roll taxes on consumption expenditures.

4 This is the approximate ultimate division suggested by the Social Security Board and by Senator Wagner in their proposals. It has also been the nominal, but not the actual, division of the cost of unemployment insurance in Great Britain.

5 See p. 54-55 for a brief discussion of the effects of pay-roll taxes on consumption.

6 Among others, the British Government proposed this in its White Paper on Employment Policy.

7 See the various essays, in *Public Finance and Full Employment*, No. 3 in this series of pamphlets.

8 To the extent that employers' taxes are reflected in higher prices, those outside covered employment are also affected.

9 The restrictive effects of existing pay-roll taxes on consumption are increased by the fact that they are levied only on the first $3,000 of total annual wages.

10 Experience rating in unemployment compensation is discussed on pp. 57-58.

most entirely on employers.[11] Only four States add a tax on employees.[12] There is no attempt made to balance curent contributions and benefits; balance is supposed to be attained over the period of the business cycle. Unemployment is so unpredictable, however, that such a balance, if it were attained, would be the result of fortuitous circumstances.

Benefits exceeded current contributions for brief periods in a few States in 1938 and 1940 and in a number of States in the latter part of 1945. Total collections consistently exceeded total benefits, however, until the last quarter of 1945, when benefits were about 125% of collections. From the inception of the system through December 1945, less than 30% of the contributions collected were paid out in benefits. No benefits were payable during the first two years of operation; benefit scales were more illiberal than at present; and, though many persons were unemployed prior to the war and after benefit payments had begun, a substantial proportion were outside the system or eligible only for brief periods. The effect of the war on unemployment, together with these factors, resulted in State unemployment funds that totaled 6.8 billion dollars at the end of 1945.

The incidence of unemployment in the near future is likely to differ markedly among States and not in accordance with the adequacy of their separate reserves. The Social Security Board states, however, that accumulated funds should be "sufficient for any foreseeable unemployment in the future, even if all States provide protection as great as that in the most liberal States."[13] States may also obtain interest-free Federal loans out of that portion of payroll taxes received by the Federal Treasury but not spent for administration of unemployment compensation.

Since its inception, the operation of the unemployment compensation plan has been deflationary. Most of the excess of contributions over benefits represents a reduction in consumption expenditure. To be sure, these accumulated funds have been exchanged for government securities and the proceeds expended by the Treasury in its ordinary operations. But had they not been available, the Treasury would have obtained funds elsewhere, in all probability from less deflationary sources.

Nevertheless the system does have a degree of sensitivity to changes in the level of unemployment. Expenditures increase and collections fall as unemployment rises and pay rolls shrink. Experience rating provisions tend to make rates of contribution vary directly with unemployment, however, and consequently lessen the extent to which total collections vary inversely with unemployment. If the present system is to make a significant contribution to consumer expenditure on the down-swing, however, excluded occupations should be covered promptly and benefits liberalized and extended.[14]

Also, pay-roll taxes should not be expected to balance benefits at some presumed average level of employment over the cycle. The two should come into balance at reasonably full employment with allowance for frictional unemployment, and less deflationary sources of benefit payments should be drawn upon during periods of severe unemployment. This would necessitate Federal participation in financing.

Experience Rating

One type of variation in employers' unemployment compensation tax rates is found in their relation to the loss experience of the individual employer. Individual employers' rates of contribution (or premiums) are directly related, within certain limits, to their losses under workmen's compensation and, in most State plans, under unemployment compensation. Reductions in rates for employers whose losses are small are supposed to provide incentives for preventive action by the employer that will diminish the causes of industrial accidents or unemployment. Experience rating has operated successfully in workmen's compensation. Industrial accidents and disease are controllable to a considerable degree by safety devices, inspection, education, and the like.

The major causes of unemployment, however, are not within the control of individual concerns to any significant degree. Some regularization of casual or seasonal employment might be possible in a relatively few concerns, but even in these instances, other and greater advantages than pay-roll tax reductions would probably attend the regularization of employment. Although unemployment cannot be appreciably reduced by experience rating, its widespread adoption attests to its popularity; the difference between the statutory rate of 2.7% and the actual national average rate of employer contributions of about 2% attests to its effectiveness in reducing tax bills. Most employers could qualify for tax reductions under wartime conditions, but the low level of unemployment had nothing to do with efforts of individual employers. Ten States have required additional so-called war-risk contributions from employers whose pay rolls have expanded markedly. Such employers are not the only ones, however, whose unemployment record was improved by the war. In addition, experience rating schemes do not differentiate among industries. An employer in an unstable industry who does his utmost to regularize employment within his plant may not obtain as great a rate reduction as one in a more stable industry who takes no steps whatever.

A serious objection to experience rating is the employer pressure it develops to obtain lower rates, not by lessening actual unemployment but by reducing the benefits charged against particular employer accounts. It is sometimes possible to spread work excessively to avoid layoffs and to lay off workers in relation to their eligibility for benefits. Legislative restrictions on qualification for benefits have been obtained, and increasingly severe disqualification for benefits appears to be directly associated with the spread of experience rating. Experience rating in the State programs has also led to competition among States in lowering employers' taxes, which has probably intensified benefit restrictions. The doctrine emerging in many States that unemployed workers should be denied benefits when their unemployment is not attributable to the specific action of their employers is a more limited concept than the basic one that workers should be denied benefits only when they are at fault. The employer has a similar financial incentive to oppose liberalization of benefits.

Finally, the effects upon aggregate contributions are exactly contrary to good fiscal policy. Rates tend to fall when employment is high and to rise when employment declines. Whether these short-run changes are reflected in corresponding changes in prices or in profits, they tend to discourage outlays when employment is low and to encourage them when employment is high. These considerations point to the conclusion that experience rating should be abolished in unemployment compensation taxes. The reduction of risk associated with the financial incentive is so slight that it is outweighed by the unfavorable developments associated with such provisions.

Old Age and Survivors Insurance

Pay-roll taxes for old age and survivors insurance are collected from both employer and employee in covered industries. Contributions tend to fluctuate with employment, since they are based upon wage payments, and benefits are affected to the extent that retirement is postponed when job opportunities are prevalent. Contributions have exceeded benefits by a wide margin, and the reserve fund now totals over $7 billions. The reserve is invested in government obligations; net receipts are borrowed by the Treasury and used for general expenditures, just as are net unemployment compensation tax receipts. Like unemployment compensation, old age insurance has been deflationary to date. Unlike unemployment compensation, the growth in the fund may be expected to continue, although at a diminishing rate, well into the future under rates now in effect.

Old age insurance involves definite and growing future liabilities. For some time to come, an increasing proportion of those in covered employment will attain insured status. The average length of service of claimants will increase. The proportion of the population in the older age brackets is steadily rising. These factors will increase total benefit payments for half a century, without any change in wage levels or benefit provisions.

The extent to which this increasing future liability can and should be provided for currently has been the subject of much debate and confusion, and is directly related to the effects of the system upon levels of expenditure and employment. Proposals have ranged from pay-as-you-go plans, in which current revenues would be related to current benefits and rates of contribution would steadily increase, to level premium rates, which would result in the accumulation of a full acturial reserve.

The plan originally adopted called for rapidly rising rates of contribution in the early years up to a level rate and the creation of a large reserve. It was hoped that no contribution from general revenues would be necessary. Opposition to the proposed reserve accumulation and to increases in pay-roll taxes soon developed. Adherents of deficit financing in depression pointed to the deflationary effects of contributions substantially in excess of benefits. Business interests objected to the increase in pay-roll taxes as such. This opposition, together with pressure for more liberal benefits, brought a revision of the system in 1939. Benefits for those near retirement age and for those with lower incomes were liberalized, and dependents' and survivors' payments were added. Scheduled increases in contribution rates were suspended. As a result of these changes, much smaller reserves were expected to accrue, and revenues from other sources will be necessary to supplement pay-roll taxes, assuming that present rates of contributions and benefits are unchanged. It has been estimated that, for the present system to be self-supporting, pay-roll taxes would have to be from 4 to 7%. The current rate for employer and employee is 1% each, with the rate scheduled to rise by 1949 to 3% each.[14a]

Rate increases were suspended until 1943 in 1939 and have been suspended annually since that time. Many who opposed rate increases before the war because of their deflationary effects have favored increases in recent years for the same reason, but opposition, largely from employers, has prevailed. Also, there is some indication that labor unions may be turning toward the position that general budget revenues rather than pay-roll taxes should be the main reliance for financing.

It would seem that, within the framework of the existing system, a pay-as-you-go plan with a small contingency reserve to take care of short-run fluctuations in receipts and benefits should be used. This would mean continuing the current rates of contribution until expenditures equal receipts. From that point on, a government contribution from general revenues would probably be preferable to increases in payroll taxes.

The Cost of Social Security

No detailed estimates of the dollar outlays involved in a comprehensive social insurance plan have been attempted in this paper. Very rough indications of possible dollar amounts may be given, however. It has been estimated that a quite comprehensive system (the Wagner-Murray-Dingell Bill of 1943) could, with high employment, be financed in the immediate future with pay-roll taxes of 5 to 7%.[15] This would amount to perhaps $8 billions. Those already past retirement age would not have insurance coverage but would have to rely, as now, on old age assistance by the States. Over the next four or five decades, as an increasing proportion of the aged became eligible and as their numbers increased, costs would rise. The cost of a still more comprehensive plan which would include all of the present aged, as measured by an application of the Beveridge plan to the United States, has been estimated at $13 billions in 1945 and $16 billions in 1965.[16]

Eight billion dollars is less than 5% of total income payments at full employment, and $13 billions is about 8%. Considered in relative terms, the cost does not loom quite so large as in dollars. But neither the dollar nor the percentage figure accurately describes the real cost of social insurance and related measures. The nature of social insurance expenditures and the effect of the system on the economy must be considered.

Almost all social security outlays are transfer payments; that is, they do not use up labor or other productive resources as do expenditures for goods and services. To build a dam involves a real expenditure in terms of labor and cement; less labor and cement is available for other uses in the economy. A similar money expenditure for old age benefits does not directly use up any resources; it is a transfer of resources from the working population to non-producers, but total resources of the economy are not directly affected. In these terms no real cost to the community is involved, but only a change in distribution.

The real cost of social security to the nation must be sought in its indirect effects upon resources and output. Social security may affect the level of production in two ways: (1) It may alter the willingness or ability of people to work (because of the tax liability incurred or the receipt of benefits), and (2) it may affect the level of total expenditures on consumption or investment in the economy.

Transfer payments are not accomplished without friction; taxes are not painless. If too high, taxes may diminish incentives to enterprise and effort by the working population and consequently lessen total available resources. The burden upon producers of additional taxes for social security purposes is lightened, however, by the reduction in direct demands upon them for dependents' support and for contributions to private and public relief. Some goods and services must be made available to non-producers, in whatever manner.

The effect of social security benefits upon recipients whose earning power is only temporarily interrupted or has not yet come into existence is also important. Too liberal benefits may diminish incentive and effort by weakening the willingness to work. Adequate benefits, on the other hand, will increase the present and future labor supply by maintaining incentive and protecting the health of those of working age and their children. Poverty may on occasion mother invention, but it more often breeds illness and dependency.

Unemployment is the great barrier to individual security, and it brings with it a smaller national output and an increased need for social security expenditures. An effective antidote for most—but not all—unemployment is increased outlays for goods and services. The transfer of funds to non-producers, whose consumption needs are great, will increase aggregate consumption expenditures, if funds are not wholly obtained from those who would otherwise have spent them—and they need not be. There may be some upward shift in consumption and a reduction in savings on the part of the working population as well, by virtue of the insurance protection afforded them. Some believe that insurance against the cost of medical care is especially likely to have this effect. With a small margin for saving, old age may seem far away and other demands much more immediate, unemployment and permanent disability may appear to be hazards that confront the other fellow, but illness and medical expenses are an ever present threat to every individual.

Increased demand for consumption goods and services has a favorable effect upon investment expenditure, as does the increased social stability resulting from adequate income protection. Inadequate living standards and insecurity of earning power hardly create an atmosphere conducive to a stable and prosperous economy. Against these factors must be set the possible adverse effects upon investment decisions of the taxes and public borrowing necessary to make social security payments. On balance, it seems reasonable to conclude that adequate and properly financed social security can help to increase aggregate expenditure and, under most conditions, by so doing to increase employment and real output.

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11 Employers are subject to a Federal pay-roll tax of 3%, which may be offset up to 90% by corresponding State taxes. In effect, the proceeds of a 2.7% tax are credited to State accounts in the unemployment trust fund and the yield of 0.3% tax accrues to the Treasury for expenses of administration of the plan. All but four States have taken advantage of Federal permission to reduce tax rates paid by individual employers, however, depending upon their loss experience. The actual average rate of employer taxes is currently about 2 rather than 3%.

12 In two of these States, Rhode Island and California, the existence of employee contributions is now related to temporary disability insurance programs.

13 Social Security Board, "Ten Years in Review," *Social Security Bulletin*, August, 1945, p. 21.

14 To broaden coverage after widespread unemployment appears could even have restrictive effects, since those already unemployed would receive no benefits, and a net inflow of funds might result from the contributions of those still employed in the newly included occupations.

14a A bill introduced recently by the Ways and Means Committee but not as yet considered by the House proposes to increase the rate from 1 to 2½% as of Jan. 1, 1948, and to continue that rate until Jan. 1, 1952, when it would be raised to 3%.

15 S. J. Mushkin and Arne de Scitovsky, "A Formula for Social Insurance Financing," *American Economic Review*, September, 1945, pp. 650-51.

16 L. R. Klein, "The Cost of a 'Beveridge Plan' in the United States," *Quarterly Journal of Economics*, May, 1944, p. 423 These estimates, however, assume something less than full employment.

Non-Ferrous Metals—Foreign Copper and Lead Sells Higher—CPA Releases High Grade Zinc

"E. & M. J. Metal and Mineral Markets, in its issue of Aug. 29, stated: "Demand for major non-ferrous metals remains active, here as well as abroad. During the last week both copper and lead produced outside of the United States sold in the foreign market at higher prices. In fact, on copper, lead, and zinc, the foreign equivalents at present are close to 2c. per pound above our ceiling prices. The Civilian Production Administration announced that it will release a limited tonnage of High Grade zinc. The price situation in zinc has not been clarified. OPA is working on an upward revision of premiums on special copper shapes used by wire and brass mills. Ceiling prices on brass ingots were raised one-quarter cent per pound. Quicksilver was unsettled." The publication further went on to say in part as follows:

Copper

Price developments in copper centered in foreign metal, which sold at the equivalent of 16¼c. to 16½c., f.a.s. Atlantic ports. Demand abroad was active, and several foreign producers were not in a position to offer nearby metal. OPA officials, most observers believe, look upon the 14⅜c. ceiling basis for the domestic market as adequate.

The stockpile of copper owned by Metals Reserve contained 264,849 tons on July 31, which compares with 323,101 tons a month previous. The total includes metal in process.

The strike of skilled workers at Northern Rhodesian copper properties has ended, and production was resumed on Aug. 22. A new wage scale incorporates a number of upward revisions in basic rates.

Statistics of the fabricating division of the copper industry indicate that consumption of the metal in the United States in July amounted to 96,743 tons, which compares with 91,586 tons in June. In spite of labor troubles, the industry consumed 614,709 tons of copper in the first seven months of 1946, an average of 87,815 tons a month.

Lead

Though CPA expects to release about 20,000 tons of foreign and "kitty" lead to consumers during September, the over-all supply situation remains tight, and total distribution of doemstic and foreign lead next month may not amount to much more than 40,000 tons. Lead produced from concentrates and scrap obtained in July on the 9½c. basis is not available. The tonnage produced at the higher level is believed to be substantial. Demand for lead continues active, but offerings are not expected to increase appreciably until the price situation is corrected. Scrap is moving slowly, because sellers are well aware that the price must rise sooner or later.

Foreign lead sold abroad last week on the basis of 10¼c. per pound. Recent purchases of foreign lead by Metals Reserve were closed at 9½c.

Sales of lead in the domestic market for the week totaled 7,343 tons.

Refinery statistics for July indicate that production of lead increased appreciably, following the general resumption of work after strikes ended late in the preceding month. Production of refined lead in July came to 34,029 tons, against 18,584 tons in June. The peak in production this year was 51,054 tons in January.

Domestic shipments by refineries totaled 35,591 tons in July, which compares with 25,173 tons in June.

Stocks in the hands of refiners decreased moderately from 32,969 tons at the end of June to 31,396 tons at the end of July.

Lead refinery statistics for June and July, in tons, are summarized as follows:

	June	July
Stock at beginning	39,563	32,969
Production:		
Domestic	17,450	32,622
Secondary	1,134	1,407
Total	18,584	34,029
Domestic shipments	25,173	35,591
Stock at end	32,969	31,396

Government stocks of refined lead in Aug. 1 amounted to 27,312 tons, which contrasts with 33,417 tons a month previous and 68,700 tons at the beginning of the year.

Lead allocated from Metals Reserve's stocks in August totaled 10,309 tons, against 7,998 tons in July. In the first eight months of 1946 the Metals Reserve allocated 96,951 tons of lead to domestic consumers.

Imports of lead in June amounted to 4,993 tons, making the total for the first six months of the year 42,151 tons.

Zinc

The Civilian Production Administration announced on Aug. 26 that it has authorized the Office of Metals Reserve to release a limited tonnage of High Grade zinc to consumers. The stockpile contains 202,685 tons of slab zinc, of which 141,866 tons is Regular High Grade. Action was necessary, it was stated, "because some producers have withdrawn from the market, due to dissatisfaction with prevailing prices." As of Aug. 22, CPA reports, the monthly output rate for zinc was 31,416 tons less than estimated monthly consumption of 72,000 tons.

Confusion over the price situation in zinc continues, but the industry still hopes for an upward revision in the ceiling price at an early date. The fact that the government will release a limited tonnage of Regular High Grade was received as good news by brass makers, but this action will not help galvanizers. The rising foreign market for zinc is complicating matters for smelters who have been purchasing foreign concentrates. Offerings of foreign concentrates, except at higher prices, are drying up.

Quicksilver

Some Mexican metal sold during the last week at prices that averaged a little lower than those named in the previous week. Quotations covering spot quicksilver showed a range of $97 to $100 per flask. On nearby metal $96 has been done. Metals Reserve's stocks of quicksilver on July 1 totaled 20,884 flasks.

London advices report that the Ministry of Supply has revoked its maximum price order on quicksilver. This action was looked upon as a step pointing toward decontrol. The British market has been pegged at £30 per flask on quantity business for some time past, or well above the duty-free world price.

Silver

Sellers believe that the supply of silver from foreign sources will increase at prevailing prices and look for an orderly market in the metal for some time to come. The heavy demand for silver that existed earlier in the year was inspired in part by the feeling that the market would rise.

The New York Official quotation continued last week at 90⅛c. per troy ounce. London was unchanged at 55½d.

Tin

The government's stockpile of tin on July 31 contained 58,490 tons, against 54,852 tons a month previous. Of the total on hand, 27,296 tons was in the form of pig tin and 31,194 tons was contained in ores and conecentrates.

Production of tin-plate in the United States in June totaled 235,669 tons, of which 165,189 tons was hot-dipped and 70,480 tons of electrolytic. Output in the first six months of 1946 totaled 1,199,932 tons, of which 810,421 tons was hot-dipped and 389,511 tons electrolytic.

The market situation in tin was unchanged last week. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	Sept.	Oct.	Nov.
Aug. 22	52.000	52.000	52.000
Aug. 23	52.000	52.000	52.000
Aug. 24	52.000	52.000	52.000
Aug. 26	52.000	52.000	52.000
Aug. 27	52.000	52.000	52.000
Aug. 28	52.000	52.000	52.000

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

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

	—Electrolytic Copper— Dom. Refy.	Exp. Refy.	Straits Tin, New York	—Lead— New York	St. Louis	Zinc St. Louis
Aug. 22	14.150	16.175	52.000	8.250	8.100	8.250
Aug. 23	14.150	16,225	52.000	8.250	8.100	8.250
Aug. 24	14.150	16.175	52.000	8.250	8.100	8.250
Aug. 26	14.150	16.225	52.000	8.250	8.100	8.250
Aug. 27	14.150	16.250	52.000	8.250	8.100	8.250
Aug. 28	14.150	16.250	52.000	8.250	8.100	8.250
Average	14.150	16.217	52.000	8.250	8.100	8.250

Average prices for calendar week ended Aug. 24 are: Domestic copper f.o.b. refinery, 14.150c.; export copper, f.o.b. refinery, 16.183c.; Straits tin, 52.000c.; New York lead, 8.250c.; St. Louis lead, 8.100c.; St. Louis zinc, 8.250c. and silver, 90.125c.

The above quotations are "E. & M. J. M. & M. M's" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

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

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

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

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

Quotations for lead reflect prices obtained for common lead only.

The State of Trade

(Continued from page 1311)

compares to 1,575,600 tons one week ago, 1,568,600 tons one month ago and 1,371,900 tons one year ago.

Electrical Production—The Edison Electric Institute reports that the output of electricity advanced to 4,444,040,000 kwh. in the week ended Aug. 24, 1946, from 4,422,242,000 kwh. in the preceding week. Output for the week ended Aug. 24, 1946, exceeded that of the same week in 1945 by 8.0%.

Consolidated Edison Co. of New York reports system output of 184,100,000 kwh. in the week ended Aug. 25, 1946, compared with 166,700,000 kwh. for the corresponding week of 1945, or an increase of 10.5%. Local distribution of electricity amounted to 173,100,000 kwh., compared with 161,800,000 kwh. for the corresponding week of last year, an increase of 7.0%.

Railroad Freight Loadings—Car loadings of revenue freight for the week ended Aug. 24, 1946, totaled 884,957 cars, the Association of American Railroads announced. This was a decrease of 2,613 cars, or 0.3% below the preceding week and 31,531 cars, or 3.7% above the corresponding week in 1945. Compared with the similar period of 1944, a decrease of 19,914 cars, or 2.2%, is shown.

Paper and Paperboard Production — Paper production in the United States for the week ended Aug. 24 was 106.1% of mill capacity as against 104.5% for the preceding week and 95.4% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 100% against 98% in the preceding week and 99% for the corresponding week a year ago.

Business Failures Increase — Rising in the week ending Aug. 29, commercial and industrial failures reached the next-to-highest volume reported in any week so far in 1946, Dun & Bradstreet, Inc., indicates that 28 concerns failed, as compared with 17 in the previous week and 16 in the corresponding week of 1945. Manufacturing accounted for 10 failures, the largest number in any trade or industry group.

Most of the increase occurred in large failures involving liabilities of $5,000 or more. Up from 15 last week to 24 in the week just ended, these large failures were two times as numerous as a year ago when they were only 12. Six concerns failed in the week just ended with liabilities in excess of $100,000. Small failures with losses under $5,000 numbered 4, the same as in the previous year, but exceeding by two the small failures reported a week ago.

No Canadian failures were reported, as compared with two last week and three in the corresponding week of 1945.

Wholesale Food Prices Rise—The appreciable increase in the wholesale food price index, compiled by Dun & Bradstreet, Inc., for August 27 was due primarily to higher butter and meat prices. The index rose 8 cents to $5.42 on August 27, 1946 from the previous all-time high of $5.34 in the preceding week. The latest index was 33% above the $4.06 on the corresponding day a year ago.

The commodities with higher prices in the week were flour, corn, rye, butter, steers, sheep, and lambs. Those with lower prices were wheat, oats, hams, eggs, potatoes, and hogs. The index represents the sum total of the price per pound of 31 foods in general use.

Daily Wholesale Commodity Price Index—The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., rose steadily from Tuesday through Friday, reaching a new high of 233.81 on Friday, August 23. After the weekend the index dropped off again and stood at 229.60 on Tuesday, August 27. This was 31% above the 175.09 for the corresponding day a year ago and 2% above the 224.82 for the corresponding day a week ago.

Buying of domestic wools in the Boston market was moderate last week, although there were more inquiries about availability of domestic wools than for many recent weeks. There was little trading in foreign wools, but some Capetown varieties were resold for export. The C.C.C. will continue its wool purchase and price support program until April, 1947 or until the end of the current clip season. Stocks of apparel wool increased during the second quarter of 1946 to the largest amount on record. Woolen and worsted yarn production in June was the largest recorded, averaging 19,400,000 lbs. weekly. Foreign wool imports at Boston in the week ended August 16 totalled 11,161,100 lbs. slightly more than in the previous week.

Trading in wheat futures on the Chicago Board of Trade was resumed on August 26 for the first time since June 14, when government regulations preventing the accumulation of cash wheat for use against future contracts were rescinded. The volume of trading in wheat futures was small and prices dropped. Most of the business consisted of Commodity Credit Corporation purchases.

There were few offerings in the cash wheat market last week and prices were practically unchanged from those in the previous week. Prices of corn futures decreased last week. Prospects of a record crop and reduced feeding demands later in the season exerted a depressing influence.

The United States Department of Agriculture estimated the corn crop at 3,442 million bushels compared with 3,018 million bushels last year. Oat prices in the spot and futures market remained firm as buying for domestic and export use was large. Hog prices decreased early last week and then rose as a large amount of buying occurred after the Price Decontrol Board's decision to reinstate livestock controls on August 29. Demand for cash lard was strong last week.

Prices of cotton futures changed irregularly last week. Declines were limited by price fixing at mills and commission house buying and advances were restricted by profit-taking and some liquidation. Differences between prices of the 1946 and 1947 crop narrowed with October and December 1947 contracts selling from 250 to 270 points below July, 1946. Trading in the spot cotton markets was slightly larger last week than in the previous week with prices lower. Mill stocks at the end of July totalled 2,282,118 bales compared with 2,280,942 bales at the end of June and 1,963,512 bales at the end of July last year. Trading was negligible in the carded cotton gray goods markets last week, as issuance of September prices by the OPA was awaited.

Wholesale and Retail Trade—Favorable weather and steadily increasing selections of goods were the chief factors in attracting the many shoppers who turned out last week. Retail volume continued to rise during the week and was substantially above that of the corresponding week a year ago, states Dun & Bradstreet, Inc., in its weekly review of trade.

Retail food volume rose the past week spurred largely by increased consumer purchases of fresh vegetables and meat; the supply of both was large and varied. The demand for fresh fruits was high with the wide selections of the past weeks augmented by the recent appearance of several types of melons. Consumer requests for canned foods remained high.

Interest in apparel was sustained at the high levels of the previous weeks. Bridal gowns were frequently requested with demand for Fall suits and sportswear high. Both fur and fur-trimmed coats continued to attract much attention, the volume being slightly higher than that of a week ago. There was a noticeable increase in the dollar volume of men's apparel in many localities this week with demand almost unchanged from the high levels of previous weeks. Interest in piece goods centered mainly upon wool fabrics for Fall. An adequate supply of woolens obtained in almost all the many colors and designs that were requested this week.

Popular response to seasonal furniture promotions has been so favorable that many sales the past week were limited to special offerings instead of a general clearance. Household and small electrical appliances continued to appear in increasing quantities and many of the larger electrical appliances such as washing machines, refrigerators, and console type radios remained scarce despite a slight increase in the number available. Stocks of costume jewelry were ample and those of silverware and glassware were increasing slowly.

Retail volume for the country last week was estimated to be from 28 to 32% above that of the corresponding week a year ago. Regional percentage increases were: New England 16 to 20, East 29 to 33, Middle West 30 to 34, Northwest 26 to 30, South 24 to 28, Southwest 27 to 31, and Pacific Coast 28 to 32.

After remaining almost unchanged for two weeks, wholesale volume increased slightly during the week. Volume continued to be well above that of the corresponding week a year ago. Delivery schedules in many lines were well maintained and order volume increased fractionally. The supply of many items was more plentiful than during the previous week.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Aug. 24, 1946, increased by 40% above the same period of last year. This compared with an increase of 92% (revised figure) in the preceding week. In using year ago comparisons for this week allowance should be made for the fact that last year stores closed for one or two days during the celebration of the Japanese acceptance of the Potsdam Declaration. For the four weeks ended Aug. 24, 1946, sales increased by 45% and for the year to date by 30%.

Retail trade here in New York the past week remained active, but wholesale markets were overtaken by the holiday spirit of the impending Labor Day holiday. Business volume for department stores was estimated at about 50% above the level of last year. An influx of buyers are scheduled to return to local markets this week with arrival at their peak during the weeks of Sept. 9 and 16.

Sales of cotton textiles were at low ebb, with the exception of releases by integrated mills of goods to finishing plants, which cannot command the higher prices announced by OPA. Food sales showed little change from a week ago. No marked increase in sales was noted in pre-holiday purchases of alcoholic beverages. The furniture trade was brisk, but there was evidence of buyer resistance to inferior items.

According to the Federal Reserve Bank's index, department stores sales in New York City for the weekly period to Aug. 24, 1946, increased 48% above the same period last year. This compared with an increase of 156% in the preceding week as a result of the two-day holiday at that time. For the four weeks ended Aug. 24, 1946, sales rose by 58% and for the year to date by 36%.

Fed. Aid in State Education

President Truman on Aug. 1 signed a measure, (the Vocational School Aid Bill) which will permit grants to states amounting to $28,500,000 annually, on a matching basis, for vocational education in agriculture, home economics, trades and industries and distributive occupations, Washington advices from the Associated Press stated. Passed by the Senate on July 5, the House adopted the bill in an amended form on July 26; the Senate concurred in the House change on July 27.

Federal Reserve July Business Indexes

The Board of Governors of the Federal Reserve System issued on Aug. 27 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 July together with comparison for a month and a year ago follow:

BUSINESS INDEXES

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

	Adjusted for Seasonal Variation			Without Seasonal Adjustment		
	1946		1945	1946		1945
Industrial production—	July	June	July	July	June	July
Total	*174	171	210	*175	171	211
Manufactures—						
Total	*179	176	222	*180	176	223
Durable	*202	194	292	*203	195	292
Nondurable	*160	161	165	*162	161	167
Minerals	*146	140	143	*149	143	145
Construction contracts, value—						
Total	†	174	54	†	201	61
Residential	†	177	23	†	195	24
All other	†	172	79	†	207	91
Factory employment—						
Total	*140.4	139.6	151.7	*140.9	139.3	152.1
Durable goods	*160.3	158.0	195.2	*160.4	158.0	195.3
Nondurable goods	*124.8	125.1	117.4	*125,4	124.4	118.0
Factory payrolls—						
Total	---	---	---	†	257.2	298.7
Durable goods	---	---	---	†	280.9	387.1
Nodurable goods	---	---	---	†	234.0	212.1
Freight carloadings	139	133	139	143	137	143
Departmest store sales, value	*274	275	217	*208	253	163
Department store stocks, value	†	210	176	†	205	175

*Preliminary. †Data not yet available.

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

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

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

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for Seasonal Variation			Without Seasonal Adjustment		
	1946		1945	1946		1945
MANUFACTURES	July	June	July	July	June	July
Iron and steel	179	154	187	179	154	187
Pig iron	179	144	182	179	144	182
Steel	189	167	203	189	167	203
Open hearth	168	142	172	168	142	172
Electric	337	343	421	337	343	421
Machinery	*245	242	371	*245	242	371
Transportation equipment	*244	242	535	*244	242	535
Automobiles	*178	171	188	*178	171	188
Nonferrous metals and products	*141	135	196	*141	135	196
Smelting and refining	*125	110	183	*124	110	182
Lumber and products	*126	133	110	*134	141	116
Lumber	*116	127	98	*127	138	107
Furniture	*147	146	134	*147	146	134
Stone, clay and glass products	*137	190	169	*198	192	168
Plate glass	129	119	62	129	119	62
Cement	†	155	93	†	166	102
Clay products	*149	148	117	*150	147	115
Gypsum and plaster products	*192	193	179	*192	197	179
Abrasive and asbestos prod.	*246	238	287	*246	238	287
Textile and products	*153	165	132	*153	165	132
Cotton consumption	127	152	123	127	152	123
Rayon deliveries	233	240	220	233	240	220
Wool textiles	†	175	117	†	175	117
Leather products	†	*128	109	†	*127	107
Tanning	†	107	109	†	104	103
Cattle hide leathers	†	128	128	†	123	120
Calf and kip leathers	†	74	79	†	76	78
Goat and kid leathers	†	45	50	†	46	49
Sheep and lamb leathers	†	128	133	†	127	123
Shoes	†	*142	109	†	*142	109
Manufactured food products	*148	139	147	*159	137	157
Wheat flour	†	*99	135	†	*96	133
Meatpacking	*161	85	140	*151	84	131
Other manufactured foods	*151	151	150	*159	142	157
Processed fruits and veg.	*155	161	134	*201	124	174
Tobacco products	140	153	128	145	159	133
Cigars	99	108	83	99	108	83
Cigarettes	181	200	162	190	210	170
Other tobacco products	72	76	88	72	77	88
Paper and products	†	147	135	†	147	134
Paperboard	155	164	149	155	164	149
Newsprint production	84	83	80	82	84	78
Printing and publishing	*132	129	105	*124	129	99
Newsprint consumption	121	116	88	104	115	76
Petroleum and coal products	†	†	*267	†	†	*267
Petroleum refining	---	---	---	---	---	---
Gasoline	*141	*139	156	*141	*139	156
Fuel oil	†	†	175	†	†	175
Lubricating oil	†	†	136	†	†	134
Kerosene	†	†	133	†	†	124
Coke	†	136	165	†	136	165
Byproduct	†	132	158	†	132	158
Beehive	*332	257	400	*332	257	400
Chemicals	*234	233	307	*230	231	303
Rayon	*258	256	243	*258	256	243
Industrial chemicals	*389	389	409	*389	389	409
Rubber	*216	218	218	*216	218	218
MINERALS						
Fuels	*153	150	148	*153	150	148
Bituminous coal	*159	156	146	*159	156	146
Anthracite	*128	86	117	*128	86	117
Crude petroleum	*154	*154	153	*154	*154	153
Metals	†	83	109	†	100	125
Iron ore	---	---	---	†	233	289

*Preliminary or estimated. †Data not yet available.

FREIGHT CARLOADINGS
(1935-39 average = 100)

Coal	145	146	136	145	146	136
Coke	177	140	193	172	138	187
Grain	139	126	157	166	128	188
Livestock	166	‡118	121	135	96	97
Forest products	153	149	140	153	155	140
Ore	164	137	171	263	213	273
Miscellaneous	141	135	146	142	139	148
Merchandise, l.c.l.	78	81	67	78	81	67

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

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended Aug. 24, 1946, as estimated by the United States Bureau of Mines, was 12,215,000 net tons, an increase of 150,000 tons, or 1.2%, over the preceding week. In the corresponding week of 1945, output amounted to 12,174,000 tons. During the calendar year through Aug. 24, 1946, the cumulative production of soft coal was approximately 328,201,000 net tons, which was a decrease of 14.0% when compared with the 381,820,000 tons mined in the comparable period of 1945 through Aug. 25.

Output of Pennsylvania anthracite for the week ended Aug. 24, 1946, as estimated by the Bureau of Mines, was 1,273,000 tons, an increase of 184,000 tons (16.9%) over the preceding week. When compared with the production in the corresponding week of 1945 there was an increase of 105,000 tons, or 9.0%. The calendar year to date shows an increase of 9.7% when compared with the corresponding period of 1945.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended Aug. 24, 1946, showed a decrease of 8,900 tons when compared with the output for the week ended Aug. 17, 1946; but it was 18,500 tons more than for the corresponding week of 1945.

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

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	Aug. 24, 1946	*Aug. 17, 1946	Aug. 25, 1945	†Aug. 24, 1946	Aug. 25, 1945
Total, including mine fuel	12,215,000	12,065,000	12,174,000	328,201,000	381,820,000
Daily average	2,036,000	2,011,000	2,029,000	1,661,000	1,910,000

*Revised. †Subject to current adjustment.

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

	Week Ended			Calendar Year to Date		
Penn. Anthracite—	‡Aug. 24, 1946	§Aug. 17, 1946	Aug. 25, 1945	Aug. 24, 1946	Aug. 25, 1945	Aug. 28, 1937
*Total incl. coll. fuel	1,273,000	1,089,000	1,168,000	38,880,000	35,426,000	33,744,000
†Commercial produc.	1,224,000	1,047,000	1,123,000	37,380,000	34,062,000	32,057,000
Beehive Coke—						
United States total	112,000	120,900	93,500	2,454,200	3,930,500	2,355,300

*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 carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	Aug. 17, 1946	Aug. 10, 1946	Aug. 18, 1945
Alabama	378,000	385,000	224,000
Alaska	7,000	7,000	5,000
Arkansas and Oklahoma	82,000	77,000	60,000
Colorado	110,000	106,000	77,000
Georgia and North Carolina	*	1,000	1,000
Illinois	1,235,000	1,355,000	621,000
Indiana	488,000	484,000	258,000
Iowa	26,000	27,000	27,000
Kansas and Missouri	126,000	110,000	107,000
Kentucky—Eastern	1,190,000	1,210,000	471,000
Kentucky—Western	403,000	398,000	251,000
Maryland	43,000	46,000	17,000
Michigan	3,000	3,000	2,000
Montana (bitum. & lignite)	67,000	56,000	65,000
New Mexico	26,000	28,000	17,000
North & South Dakoa (lignite)	33,000	29,000	34,000
Ohio	720,000	716,000	410,000
Pennsylvania (bituminous)	3,087,000	3,206,000	1,365,000
Tennessee	156,000	146,000	69,000
Texas (bituminous & lignite)	1,000	2,000	1,000
Utah	130,000	132,000	66,000
Virginia	404,000	398,000	176,000
Washington	21,000	25,000	17,000
†West Virginia—Southern	2,316,000	2,376,000	1,095,000
‡West Virginia—Northern	840,000	862,000	637,000
Wyoming	172,000	160,000	121,000
§Other Western States	1,000	1,000	*
Total bituminous & lignite	12,065,000	12,346,000	6,194,000

†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.

August Civil Engineering Construction Totals $541,325,000

Civil engineering construction volume in continental United States totals $541,325,000 for August, an average of $108,265,000 for each of the five weeks of the month. This average is 19% below the average for July, and is 153% above the average of August, 1945 according to "Engineering News-Record." The report issued on Aug. 29, continued in part as follows:

Private construction for August on a weekly average basis is 15% above last month, but 256% greater than August, 1945. Public construction is 46% below last month and 70% above last August. State and municipal construction, while 8% above last month, is 255% above the average for August, 1945. Federal construction, down 79% from last month, is down 43% from August, 1945.

Civil engineering construction volume for August, 1946, July, 1946 and August, 1945 are:

	August, 1946 (five weeks)	July, 1946 (four weeks)	August, 1945 (five weeks)
Total U. S. Construction	$541,325,000	$536,594,000	$213,960,000
Private Construction	339,100,000	236,734,000	95,262,000
Public Construction	202,225,000	299,860,000	118,698,000
State and Municipal	160,991,000	140,047,000	45,262,000
Federal	41,234,000	159,813,000	73,436,000

New Capital

New capital for construction purposes for the five weeks of August, 1946 totals $320,066,000, or a weekly average of $64,013,200, 83% below the July average and 176% above the average for August, 1945.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Aug. 28 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 Aug. 10, 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 Aug. 10 (in round-lot transactions) totaled 1,854,037 shares, which amount was 20.57% of the total transactions on the Exchange of 4,506,520 shares. This compares with member trading during the week ended Aug. 3 of 1,656,830 shares or 18.53% of the total trading of 4,471,550 shares.

On the New York Curb Exchange, member trading during the week ended Aug. 10 amounted to 302,300 shares, or 12.93% of the total volume on that exchange of 1,168,990 shares. During the week ended Aug. 3 trading for the account of Curb members of 289,920 shares was 13.67% of the total trading of 1,060,605 shares.

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

WEEK ENDED ANG. 10, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	134,750	
‡Other sales	4,371,770	
Total sales	4,506,520	
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	412,970	
Short sales	90,220	
‡Other sales	325,500	
Total sales	415,720	9.19
2. Other transactions initiated on the floor—		
Total purchases	92,020	
Short sales	7,200	
‡Other sales	118.660	
Total sales	125,860	2.42
3. Other transactions initiated off the floor—		
Total purchases	448,390	
Short sales	25,140	
‡Other sales	333,937	
Total sales	359,077	8.96
4. Total—		
Total purchases	953,380	
Short sales	122,560	
‡Other sales	778,097	
Total sales	900,657	20.57

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

WEEK ENDED AUG. 10, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	11,620	
‡Other sales	1,157,370	
Total sales	1,168,990	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	110,555	
Short sales	7,460	
‡Other sales	101,300	
Total sales	108,760	9.38
2. Other transactions initiated on the floor—		
Total purchases	7,900	
Short sales	500	
‡Other sales	7,615	
Total sales	8,115	0.68
3. Other transactions initiated off the floor—		
Total purchases	37,365	
Short sales	2,200	
‡Other sales	27,405	
Total sales	29,605	2.87
4. Total—		
Total purchases	155,820	
Short sales	10,160	
‡Other sales	136,320	
Total sales	146,480	12.93
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	82,862	
Total purchases	82,862	
Total sales	58,175	

*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 $79,905,000 for Week

Civil engineering construction volume in continental United Saates totals $79,905,000 for the week ending Aug. 29, 1946, as reported by "Engineering News-Record." This volume is 18% below the previous week, 126% above the corresponding week of last year and 31% below the previous four-week moving average. The report issued on Aug. 29, added:

Private construction this week, $52,786,000 is 6% below last week and 177% above the week last year. Public construction, $27,119,000 is 33% below last week and 67% greater than the week last year. State and municipal construction, $19,671,000, 47% below last week, is 57% above the 1945 week. Federal construction, $7,448,000, is 122% above last week and 100% above the week last year.

Total engineering construction for the 35-week period of 1946 records a cumulative total of $3,710,105,000, which is 194% above the total for a like period of 1945. On a cumulative basis, private construction in 1946 totals $2,254,573,000, which is 472% above that for 1945. Public construction, $1,455,532,000, is 68% greater than the cumulative total for the corresponding period of 1945, whereas State and municipal construction, $940,783,000, to date, is 330% above 1945. Federal construction, $514,749,000, dropped 21% below the 35-week total of 1945.

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

	Aug. 29, 1946	Aug. 22, 1946	Aug. 30, 1945
Total U. S. Construction	$79,905,000	$96,979,000	$35,300,000
Private Construction	52,786,000	56,185,000	19,084,000
Public Construction	27,119,000	40,794,000	16,216,000
State and Municipal	19,671,000	37,433,000	12,490,000
Federal	7,448,000	3,361,000	3,726,000

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

New Capital

New capital for construction purposes this week totals $13,988,000 and is made up of $10,289,000 in State and municipal bond sales and $3,699,000 in corporate securities. New capital for the 35-week period of 1946 totals $2,499,395,000, 56% more than the $1,601,763,000 reported for the corresponding period of 1945.

Department Stores Sales in New York Federal Reserve District in July, 39% Above Year Ago

The Federal Reserve Bank of New York announced on Aug. 23 that July sales of department stores in the Second (New York) Federal Reserve District increased 39% over a year ago. The combined sales for January to July, 1946, were up 34% from the similar period of the previous year. Stocks of merchandise on hand in department stores at the end of July, 1946 were 22% over those of 1945.

The apparel stores in the New York Reserve District reported a 26% gain in the net sales in July. Their stocks on hand at the close of the month were 34% over the figures for July 1945.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES JULY, 1946
Second Federal Reserve District

	Percentage change from preceding year — Net sales — July, 1946	Jan.-July, 1946	Stks. on Hand July 31, 1946
Department stores—			
Second District	+39	+34	+22
New York City	+40	+36	+19
Northern New Jersey	+45	+37	+33
Newark	+42	+35	+34
Westchester and Fairfield Counties	+39	+34	+30
Bridgeport	+36	+30	+22
Lower Hudson River Valley	+42	+35	+24
Poughkeepsie	+43	+36	+18
Upper Hudson River Valley	+41	+36	+27
Albany	+48	+51	+31
Schenectady	+32	+20	+22
Central New York State	+37	+32	+21
Mohawk River Valley	+28	+26	+20
Utica	+23	+21	+22
Syracuse	+41	+34	+21
Northern New York State	+55	+36	—
Southern New York State	+37	+27	+19
Binghamton	+43	+31	+26
Elmira	+31	+18	+15
Western New York State	+30	+27	+24
Buffalo	+30	+29	+25
Niagara Falls	+19	+11	+22
Rochester	+32	+28	+24
Apparel stores (chiefly New York City)	+26	+30	+34

26 shopping days in July, 1946, 25 shopping days in July, 1945.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Second Federal Reserve District
(1935-39 average = 100)

	1945 July	1946 May	1946 June	1946 July
Sales (average monthly), unadjusted	116	219	217	161
Sales (average daily), unadjusted	118	214	221	158
Sales (average daily), seasonally adjusted	*176	226	*240	235
Stocks, seasonally adjusted	161	192	192	196
Stocks, unadjusted	*175	190	*204	213

*Revised.

INDEXES OF DEPARTMENT STORE SALES FOR SIX LEADING CITIES IN THE SECOND FEDERAL RESERVE DISTRICT
1935-39 average = 100

	1945 July	1946 May	1946 June	1946 July
Average monthly, unadjusted—				
New York City	110	221	216	153
Newark	99	194	205	141
Buffalo	149	258	257	194
Rochester	139	229	230	184
Syracuse	171	289	292	241
Bridgeport	130	200	207	178
Average daily, unadjusted—				
New York City	112	216	220	150
Newark	101	191	209	139
Buffalo	153	254	263	19
Rochester	142	225	236	181
Syracuse	175	285	299	237
Bridgeport	133	196	211	174
*Average daily, seasonally adjusted—				
New York City	175	232	239	235
Newark	*163	203	222	223
Buffalo	222	254	280	277
Rochester	198	227	253	252
Syracuse	240	282	328	325
Bridgeport	151	207	240	198

*Revised.

War-Service Insurance Bill Approved

A measure known as the National Service Life Insurance Act, designed to liberalize war-service insurance for GI's and veterans by giving government service insurance for the same features as commercial policies was sent to the White House on July 20 after the House had accepted Senate amendments, and was signed by the President on Aug. 1. According to Associated Press Washington advices the legislation permits lump-sum payments, ends restrictions on the naming of beneficiaries, adds total disability coverage, and provides a flexible system of conversion from military to civilian type insurance. A provision for trial by jury on contested claims was the major Senate amendment. The bill passed the House on June 3; it was passed by the Senate with amendments on July 20, the House concurring in these amendments on July 23.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 28, a summary for the week ended Aug. 17, 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 Aug. 17, 1946

	Total Per Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of orders	21,179
Number of shares	598,150
Dollar value	$28,250,584
Odd-lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	84
*Customers' other sales	18,897
Customers' total sales	18,981
Number of Shares:	
Customers' short sales	2,993
*Customers' other sales	520,882
Customers' total sales	523,875
Dollar value	$24,311,861
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	80
†Other sales	122,790
Total sales	122,870
Round-Lot Purchases by Dealers—	
Number of shares	‡158,980

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

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

‡This total does not include shares purchased for Friday Aug. 16.

Gift Parcels for Prisoners Of War Held Abroad

Postmaster Albert Goldman announced on Aug. 27 that ordinary (unregistered and uninsured) gift parcels not exceeding $25 in value may be sent by parcel post free of postage to German prisoners of war held abroad by American, British or French Forces under the following general conditions:

"(1) The wrappers of the parcels must be endorsed 'Prisoner of War-Gift Parcel' and 'Postage Free". (2) The parcels shall not be sealed, and shall be packed curely wrapped in a manner which will facilitate opening for inspection. (3) Maximum weight: 11 pounds. Maximum size: 72 inches length and girth combined. Greatest length, 42 inches. (4) The contents of each parcel shall be listed on a customs declaration (Form 2966 or, in the case of parcels for prisoners held by the French, Form 2967) which shall be affixed to the outside of the parcel. On the customs declaration shall be written 'Gift Parcel'. No other postal forms are required to accompany the parcels.

"The following special conditions also apply, as shown:

"American-held prisoners of war. (1) Parcels may be accepted for mailing to American-held prisoners of war only under authority of a 'Prisoner of War-Gift Parcel' label issued by the American authorities in Europe to the prisoner of war concerned. It is understood this label will show the name and address of the prisoner of war as well as the name and address of the sender, so that it may be pasted on the parcel as an address label. Only one label per week will be furnished an American-held prisoner of war. These labels are not transferable. (2) Contents permitted are non-perishable foodstuffs, clothing, soap, mailable medical supplies and similar items for relief of human suffering. No parcel shall contain any written or printed matter of any kind. (3) Parcels which prove to be undeliverable as addressed will be turned over to German welfare agencies."

Moody's Bond Prices and Bond Yield Averages

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

MOODY'S BOND PRICES
(Based on Average Yields)

1946— Daily Averages	U. S. Govt. Bonds	Avge. Corpo- rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Sept. 3	122.86	118.20	122.71	120.22	118.00	112.37	114.66	118.80	121.04
2	Stock Exchange Closed								
Aug. 31	Stock Exchange Closed								
30	122.92	118.40	122.71	120.43	118.00	112.37	114.85	118.80	121.25
29	122.95	118.40	122.71	120.43	118.00	112.56	115.04	118.80	121.25
28	123.02	118.40	122.92	120.43	118.00	112.56	115.04	118.80	121.46
27	123.14	118.40	122.92	120.43	118.20	112.56	115.04	119.00	121.46
26	123.27	118.40	122.92	120.63	118.20	112.56	115.04	119.00	121.46
24	Stock Exchange Closed								
23	123.30	118.40	122.92	120.84	118.20	112.37	115.04	119.00	121.46
22	123.27	118.40	122.92	120.63	118.20	112.37	115.04	119.00	121.25
21	123.36	118.40	123.13	120.63	118.20	112.37	115.24	119.00	121.46
20	123.39	118.40	123.13	120.63	118.20	112.37	115.24	119.00	121.46
19	123.39	118.40	122.92	120.63	118.20	112.56	115.24	119.00	121.46
17	Stock Exchange Closed								
16	123.49	118.40	122.92	120.63	118.20	112.37	115.24	119.00	121.25
15	123.49	118.40	122.92	120.63	118.20	112.37	115.24	119.00	121.25
14	123.52	118.40	123.13	120.63	118.20	112.37	115.24	119.00	121.25
13	123.52	118.40	122.92	120.63	118.20	112.56	145.24	119.00	121.25
12	123.52	118.40	122.92	120.63	118.20	112.56	115.24	119.00	121.46
10	Stock Exchange Closed								
9	123.49	118.60	123.13	120.84	118.20	112.56	115.24	119.00	121.46
8	123.49	118.60	123.13	120.63	118.20	112.56	115.24	119.00	121.46
7	123.49	118.60	123.13	120.63	118.20	112.56	115.24	119.00	121.46
6	123.45	118.60	123.13	120.84	118.20	112.56	115.43	119.00	121.25
5	123.45	118.60	123.13	120.84	118.20	112.56	115.43	119.00	121.46
3	Stock Exchange Closed								
2	123.45	118.60	123.13	120.84	118.20	112.56	115.43	119.00	121.25
1	123.49	118.60	123.13	120.84	118.20	112.56	115.43	119.00	121.25
July 26	123.77	118.60	123.13	121.04	118.40	112.56	115.63	119.20	121.46
19	123.83	118.80	123.34	121.25	118.40	112.37	115.63	119.20	121.46
12	124.14	118.80	123.56	121.25	118.60	112.56	116.02	119.20	121.46
5	124.24	118.80	123.34	121.25	118.60	112.37	115.82	119.20	121.46
June 28	124.11	118.80	123.34	121.25	118.40	112.56	116.02	119.20	121.46
21	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	119.00	121.25
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	118.80	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
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	122.86	117.60	121.46	119.82	117.40	112.19	114.46	117.80	120.63
1 Year Ago									
Aug. 31, 1945	122.09	116.02	120.84	119.00	116.22	108.52	112.56	116.02	119.41
2 Years Ago									
Sept. 1, 1944	119.81	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.20

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

1946— Daily Averages	U. S. Govt. Bonds	Avge. Corpo- rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Sept. 3	1.55	2.74	2.52	2.64	2.75	3.04	2.92	2.71	2.60
2	Stock Exchange Closed								
Aug. 31	Stock Exchange Closed								
30	1.55	2.73	2.52	2.63	2.75	3.04	2.91	2.71	2.59
29	1.55	2.73	2.52	2.63	2.75	3.03	2.90	2.71	2.59
28	1.54	2.73	2.51	2.63	2.75	3.03	2.90	2.71	2.58
27	1.54	2.73	2.51	2.63	2.74	3.03	2.90	2.70	2.58
26	1.53	2.73	2.51	2.62	2.74	3.03	2.90	2.70	2.58
24	Stock Exchange Closed								
23	1.52	2.73	2.51	2.61	2.74	3.04	2.90	2.70	2.58
22	1.53	2.73	2.51	2.62	2.74	3.04	2.90	2.70	2.59
21	1.52	2.73	2.50	2.62	2.74	3.04	2.89	2.70	2.58
20	1.52	2.73	2.50	2.52	2.74	3.04	2.89	2.70	2.58
19	1.52	2.73	2.51	2.62	2.74	3.03	2.89	2.70	2.58
17	Stock Exchange Closed								
16	1.51	2.73	2.51	2.62	2.74	3.04	2.89	2.70	2.59
15	1.51	2.73	2.51	2.62	2.74	3.04	2.89	2.70	2.59
14	1.51	2.73	2.50	2.62	2.74	3.04	2.89	2.70	2.59
13	1.51	2.73	2.51	2.62	2.74	3.03	2.89	2.70	2.59
12	1.51	2.73	2.51	2.62	2.74	3.03	2.89	2.70	2.58
10	Stock Exchange Closed								
9	1.51	2.72	2.50	2.61	2.74	3.03	2.89	2.70	2.58
8	1.51	2.72	2.50	2.62	2.74	3.03	2.89	2.70	2.58
7	1.51	2.72	2.50	2.62	2.74	3.03	2.89	2.70	2.58
6	1.51	2.72	2.50	2.61	2.74	3.03	2.88	2.70	2.59
5	1.51	2.72	2.50	2.61	2.74	3.03	2.88	2.70	2.58
3	Stock Exchange Closed								
2	1.51	2.72	2.50	2.61	2.74	3.03	2.88	2.70	2.59
1	1.51	2.72	2.50	2.61	2.74	3.03	2.88	2.70	2.59
July 26	1.49	2.73	2.50	2.60	2.73	3.03	2.87	2.69	2.58
19	1.49	2.71	2.49	2.59	2.73	3.04	2.87	2.69	2.58
12	1.47	2.71	2.48	2.59	2.72	3.03	2.85	2.69	2.58
5	1.46	2.71	2.49	2.59	2.72	3.04	2.86	2.69	2.58
June 28	1.47	2.71	2.49	2.59	2.73	3.03	2.85	2.69	2.58
21	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
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	1.55	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									
Aug. 31, 1945	1.65	2.85	2.61	2.70	2.84	3.25	3.03	2.85	2.68
2 Years Ago									
Sept. 1, 1944	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79

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

Moody's Daily Commodity Index

Tuesday, Aug. 27	336.2
Wednesday, Aug. 28	342.5
Thursday, Aug. 29	338.3
Friday, Aug. 30	337.1
Saturday, Aug. 31	335.6
Monday, Sept. 2	H
Tuesday, Sept. 3	326.6
Two weeks ago, Aug. 20	346.6
Month ago, Aug. 3	350.7
Year ago, Sept. 1, 1945	254.3
1945 High, Dec. 27	265.0
Low, Jan. 24	252.1
1946 High, Aug. 1	356.3
Low, Jan. 2	264.7

Result of Treasury Bill Offering

The Secretary of the Treasury announced on Aug. 30 that the tenders for $1,300,000,000 or thereabout of 91-day Treasury bills to be dated Sept. 5 and to mature Dec. 5, which were offered on Aug. 23, were opened at the Federal Reserve Banks on Aug. 27.

Total applied for, $1,812,315,000.

Total accepted, $1,309,005,000 (includes $27,995,000 entered on a fixed price basis of 99.905 and accepted in full).

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

Range of accepted competitive bids:

High, 99.907; equivalent rate of discount approximately 0.368% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(70% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Sept. 5 in the amount of $1,312,937,000.

With respect to the previous issue of $1,300,000,000 of 92-day Treasury bills dated Aug. 29, and maturing Nov. 29, the Treasury on Aug. 26 disclosed these results:

Total applied for, $1,804,682,000.

Total accepted, $1,302,132,000 (includes $27,596,000 entered on a fixed price basis at 99.905 and accepted in full).

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

Range of accepted competitive bids:

High, 99.907, equivalent rate of discount approximately 0.364% per annum.

Low, 99.904; equivalent rate of discount approximately 0.376% per annum.

(69% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Aug. 29 in the amount of $1,312,504,000.

Bonds Used in Moody's Corporate Bond Yield Averages

RAILROADS

Aaa

Chesapeake & Ohio 4½s, 1992
Cincinnati Union Term. 2¾s, 1974
Kansas City Term. 2¾s, 1974
Norfolk & Western 4s, 1996
Terminal RR. of St. L. 2⅞s, 1985
Union Pacific 2½s, 1991

A

Chicago & Erie 5s, 1982
Chicago & Nor. West 3s, 1989
Erie RR. Ohio Div. 3¼s, 1971
Great Northern 2¾s, 1982
Louisville & Nashville 2⅞s, 2003
Nash., Chatt. & St. L. 3s, 1986
N. Y. Connecting RR. 2⅞s, 1975
Pennsylvania 4¼s, 1981
Reading 3⅛s, 1995

Aa

Ala. Gt. So. 3¼s, 1967
Atch. Top. & S. Fe gen. 4s, 1995
Monongahela Ry. 3¼s, 1966
Union Pacific 2⅞s, 1976
Virginian Ry. 3s, 1995
Wheeling & Lake Erie 2¾s, 1992

Baa

Chi. Burl. & Quincy 3⅛s, 1985
Clev., Cin., Chi. & St. Louis 4s, 1993
Erie 3⅛s, 2000
N. Y. Central & Hud. Riv. 3½s, 1997
N. Y., Chicago & St. Louis 3¼s, 1980
Northern Pacific 4s, 1997
Pere Marquette 3⅜s, 1980
Southern Railway 5s, 1994
Texas & Pacific 1st 5s, 2000
Wabash RR. 3¼s, 1971

PUBLIC UTILITIES

Aaa

Boston Edison 2¾s, 1970
Cincinnati Gas & El. 2¾s, 1975
Cleveland Elec. Illum. 3s, 1970
Commonwealth Edison 3s, 1977
Connecticut Lt. & Pr. 3s, 1974
Cons. Gas E. L. & P. Balt. 2¾s, 1976
Illinois Bell Tel. 2¾s, 1981
Philadelphia Electric Co. 2¾s, 1971
Public Service Electric & Gas 3s, 1972
Southwestern Bell Tel. 2¾s, 1985

A

Appalachian Electric Power 3¼s, 1970
Arkansas Power & Light 3⅛s, 1974
Central N. Y. Power 3s, 1974
Indianapolis P. & L. 3¼s, 1970
Louisiana Power & Light 3s, 1974
Ohio Edison 2¾s, 1975
Oklahoma Gas & Electric 2¾s, 1975
Potomac Edison 3s, 1974
Southwestern Gas & Electric 3¼s, 1970
Wisconsin Public Service 3¼s, 1971

Aa

Am. Tel. & Tel. 2¾s, 1980
Delaware Power & Light 3s, 1973
Houston Ltg. & Power 2⅞s, 1974
Metropolitan Edison 2⅞s, 1974
New York Power & Light 2¾s, 1975
Ohio Power 3s, 1971
Pacific Gas & Electric 3s, 1979
Pub. Serv. of Okla. 2¾s, 1975
Union Electric Co. of Mo. 2¾s, 1975
Virginia Electric & Power 2¾s, 1975

Baa

Alabama Power 3½s, 1972
Central Illinois Electric & Gas 3s, 1975
Central Ohio Lt. & Pr. 3½s, 1974
Central Pr. & Lt. 3⅛s, 1973
Empire District Electric 3½s, 1969
Kentucky Utilities 4s, 1970
Mississippi Power 3⅛s, 1971
Portland General Electric 3⅛s, 1975
Puget Sound P. & L. 4¼s, 1972
South Carolina Power 3s, 1975

INDUSTRIALS

Aaa

Atlantic Ref. 2⅝s, 1966
Socony-Vacuum Oil 2½s, 1976
Standard Oil California 2¾s, 1966
Standard Oil (N. J.) 2⅜s, 1971
Swift & Co. 2¾s, 1966

A

American Tobacco 3s, 1969
Celanese Corp. 3s, 1965
Goodrich Co. (B. F.) 2¾s, 1965
Koppers Co. 3s, 1964
Lorillard (P.) Co. 3s, 1963
National Dairy Prod. 2¾s, 1970
Skelly Oil 2¾s, 1965
Union Oil of California 2¾s, 1970
U. S. Rubber 2⅝s, 1976

Aa

Bethlehem Steel 2¾s, 1970
Deere & Co. 2¾s, 1965
National Steel 3s, 1965
Phillips Petroleum 2¾s, 1964
Quaker Oats 2⅝s, 1964
Shell Union Oil 2½s, 1971

Baa

Celotex Corp. 3¼s, 1960
Champion Paper & Fiber 3s, 1965
City Ice & Fuel 2¾s, 1966
Continental Baking Co. 3s, 1965
Cudahy Packing 3s, 1964
Eastern Gas & Fuel Asso. 3½s, 1965
Houdaille-Hershey Corp. 3s, 1960
Jones & Laughlin 3¼s, 1961
Mead Corp. 3s, 1966
Wheeling Steel 3¼s, C. 1970

BONDS USED IN MOODY'S U. S. TREASURY BOND AVERAGES

Partially Tax-Exempt Bonds
2¾s, 12/15/1965-60

—Taxable Bonds—

2½s, 6/15/1967-62 2½s, 6/15/1969-64 2½s, 3/15/1970-65 2½s, 6/15/1972-67
2½s, 12/15/1968-63 2½s, 12/15/1969-64 2½s, 3/15/1971-66 2½s, 9/15/1972-67
2½s, 12/15/1972-67

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

Lasseter to Head Farmers Home Corp.

Dillard B. Lasseter, formerly Administrator of the Farm Security Administration, was appointed on Aug. 16 by President Truman to head the new Farmers Home Corp. The latter agency was created under legislation signed by President Truman on Aug. 14, which consolidates farm credit activities of the Federal Government for low-income borrowers into a single agency under direct authority of the Secretary of Agriculture. Reference thereto appeared in our issue of Aug. 22, page 1067. In making known the appointment of Mr. Lasseter as head of the new agency, the Associated Press advices from Washington, Aug. 16, said in part:

"Mr. Lasseter, a native of Georgia, has held administrative positions in various Federal agencies for 13 years and has been chief of the FSA since January, 1946.

"The White House said that Mr. Lasseter would have associated with him in handling the credit services under the FHA, S. Paul Lindsey, Jr. of Illinois, Director of the emergency crop and feed division, and Robert W. Hudgens of South Carolina, Associate Administrator of the FSA."

Myers Becomes Community Chairman Of CED

Charles E. Myers, District Manager of the Interstate Power Company, has been appointed Albert Lea, Minn., Community Chairman of the Committee for Economic Development, it was announced in New York Aug. 8 by Walter Fuller, President of the Curtis Publishing Co. and Chairman of the newly formed CED National Information Committee. In addition to his private business activities, Mr. Myers serves as President of Jobs Incorporated, Albert Lea's businessmen's planning organization. Mr. Myers is also Chairman of the Industrial Committee of the Chamber of Commerce. "Since the termination of activities by its Field Development Committee earlier this year, CED has engaged in an intensified program of responsible research designed to encourage national economic policies which will lead to the maintenance of high levels of production, distribution and employment in this country," Mr. Myers said.

Wyatt to Speak at Com. and Ind. Session

Wilson W. Wyatt, National Housing Administrator, will discuss "Housing and the Future of Industrial Construction" in the assembly room of the Commerce and Industry Association of New York in the Woolworth Building, 233 Broadway, at 2 o'clock, Sept. 12, it was announced on Aug. 29 by Thomas Jefferson Miley, Association Secretary. Because of the wide interest in the housing situation, veteran and building organizations in the New York area, in addition to Association members, have been invited to attend the meeting. John L. Whitaker, Association Vice-President and President of Neuss, Hesslein & Co., Inc., will preside. Mr. Wyatt, according to the Association, is expected to explain the devices being employed to stimulate the production of building materials and the factors controlling resumption of non-housing construction. It is added that he will undertake to answer written questions submitted prior to the meeting.

Market Transactions In Gov'ts in June

During the month of June 1946, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net sales of $69,800,000, Secretary Snyder announced recently.

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

1944—	
June	$20,500,000 purchased
July	18,484,000 sold
August	18,992,500 sold
September	28,100,000 sold
October	*
November	5,900,000 sold
December	12,000,000 sold
1945—	
January	67,475,000 sold
February	48,131,000 sold
March	2,940,000 sold
April	55,600,000 sold
May	34,400,000 sold
June	56,414,050 sold
July	17,000,000 sold
August	150,000 sold
September	12,526,000 sold
October	300,000 purchased
November	No sales or purchases
December	No sales or purchases
1946—	
January	$8,137,000 sold
February	700,000 sold
March	No sales or purchases
April	3,300,000 purchased
May	385,000 purchased
June	69,800,000 sold

*Less than $50,000 sold.

Daily Average Crude Oil Production for Week Ended Aug. 24, 1946, Decreased 6,600 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 24, 1946 was 4,836,150 barrels, a decrease of 6,600 barrels per day from the preceding week and 55,400 barrels per day less than in the corresponding week of 1945. The current figure, however, was 62,150 barrels in excess of the daily average figure of 4,774,000 barrels estimated by the United States Bureau of Mines as the requirement for the month of August, 1946. Daily production for the four weeks ended Aug. 24, 1946 averaged 4,845,450 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 4,866,000 barrels of crude oil daily and produced 14,639,000 barrels of gasoline; 1,858,000 barrels of kerosine; 5,649,000 barrels of distillate fuel, ,and 8,126,000 barrels of residual fuel oil during the week ended Aug. 24, 1946; and had in storage at the end of that week 86,251,000 barrels of finished and unfinished gasoline; 17,831,000 barrels of kerosine; 51,405,000 barrels of distillate fuel, and 52,061,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements August	State Allowables Begin. Aug. 1	Actual Production: Week Ended Aug. 24, 1946	Change from Previous Week	4 Weeks Ended Aug. 24, 1946	Week Ended Aug. 25, 1945
**New York-Penna.	48,000		51,150	+ 50	51,000	48,500
Florida	----		150	— 50	200	200
**West Virginia	8.400		7,650	— 800	7,750	8,950
**Ohio—Southeast }	7,600		5,400	— 450	5,550	5,550
Ohio—Other }			2,300	— 250	2,450	2,750
Indiana	19,000		18,600	+ 1,150	18,000	13,100
Illinois	215,000		204,700	+ 200	207,550	198,250
Kentucky	31,000		30,750	+ 300	30,800	28,400
Michigan	47,000		46,500	— 550	47,100	46,700
Nebraska	800		†700	— 50	750	850
Kansas	260,000	270,000	†274,900	— 2,550	269,350	266,550
Oklahoma	384,000	387,220	†384,600	+ 1,050	382,950	389,000
Texas—						
District I			19,500	----	19,500	----
District II			155,100	----	155,600	----
District III			486,550	----	490,950	----
District IV			224,250	----	224,900	----
District V			43,050	----	43,250	----
East Texas			317,000	----	316,650	----
Other Dist. VI			105,600	----	106,000	----
District VII-B			32,650	----	32,500	----
District VII-C			27,900	----	27,950	----
District VIII			490,600	----	504,650	----
District IX			132,700	----	132,050	----
District X			84,800	----	84,850	----
Total Texas	2,120,000	‡2,164,526	2,119,700	----	2,138,850	2,223,300
North Louisiana			84,550	+ 200	84,000	69,750
Coastal Louisiana			303,800	----	303,200	295,700
Total Louisiana	380,000	427,000	388,350	+ 200	387,200	365,450
Arkansas	78,000	78,766	74,600	+ 150	74,100	79,000
Mississippi	60,000		76,400	+ 5,100	69,800	53,650
Alabama	2,200		1,050	— 100	1,100	1,000
New Mexico—So. East }	99,000	106,000	100,050	----	100,050	102,450
New Mexico—Other }			500	+ 50	500	450
Wyoming	110,000		113,550	+ 500	111,900	115,050
Montana	24,000		26,300	+ 1,700	24,800	20,350
Colorado	30,000		35,250	— 5,350	37,650	11,750
California	850,000	§847,400	873,000	— 6,900	876,050	910,300
Total United States	4,774,000		4,836,150	— 6,600	4,845,450	4,891,550
**Pennsylvania Grade (included above)			64,200	— 1,200	64,300	63,000

*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 August. 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., Aug. 21, 1946.

‡This is the net basic allowable as of Aug. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 5 to 10 days, the entire State was ordered shut down for 5 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 5 days' shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED AUG. 24, 1946

(Figures in thousands of barrels of 42 gallons each)

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

District—	% Daily Refin'g Capac. Report'g	Crude Runs to Stills Daily Av.	Crude Runs to Stills % Operated	§Gasoline Product'n at Ref. Inc. Nat. Blended	‡Finish'd and Unfin. Gasoline Stocks	‡Stocks of Kerosine	‡Stks. of Gas Oil & Dist. Fuel Oil	‡Stks. of Resid. Fuel Oil
East Coast	99.5	782	93.2	1,751	21,798	7,991	17,329	9,907
Appalachian—								
District No. 1	76.3	101	70.6	282	2,307	412	512	274
District No. 2	84.7	61	98.4	201	946	77	115	156
Ind., Ill., Ky.	87.4	825	94.8	2,824	15,722	2,852	7,439	4,936
Okla., Kan., Mo.	78.3	378	80.6	1,383	8,060	1,271	3,276	1,398
Inland Texas	59.8	216	65.5	916	2,520	463	540	785
Texas Gulf Coast	89.2	1,196	97.6	3,368	12,595	2,238	7,908	5,523
Louisiana Gulf Coast	97.4	352	109.7	1,136	4,537	1,350	2,729	1,673
No. La. & Arkansas	55.9	54	42.9	140	1,679	274	445	170
Rocky Mountain—								
District No. 3	19.0	12	92.3	35	92	20	41	43
District No. 4	70.9	119	72.1	363	1,340	179	510	724
California	85.5	770	77.5	2,240	14,655	704	10,561	26,472
Total U. S. B. of M. basis Aug. 24, 1946	85.8	4,866	87.5	14,359	*86,251	17,831	51,405	52,061
Total U. S. B. of M. basis Aug. 17, 1946	85.8	4,907	88.3	15,202	87,036	17,087	48,917	51,827
U. S. B. of M. basis Aug. 25, 1945		4,887		16,227	†84,587	13,183	40,037	46,510

*Includes unfinished gasoline stocks of 8,514,000 barrels. †Includes unfinished gasoline stocks of 10,397,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §In addition, there were produced during the week ended Aug. 24, 1946, a total of 1,858,000 barrels of kerosine, 5,649,000 barrels of gas oil and distillate fuel oil and 8,126,000 barrels of residual fuel oil, which compares with 1,787,000 barrels, 5,346,000 barrels and 8,389,000 barrels, respectively, in the preceding week and 1,615,000 barrels, 4,772,000 barrels and 9,333,000 barrels, respectively, in the week ended Aug. 25, 1945.

Wholesale Prices Rose 0.1% in Week Ended Aug. 24, Labor Department Reports*

"Higher prices for a few non-agricultural commodities raised wholesale prices slightly (0.1%) during the week ended Aug. 24," said the Bureau of Labor Statistics of the U. S. Department of Labor on Aug. 29. The advices added that "average prices of agricultural commodities were lower. At 128.4% of the 1926 average, the index of commodity prices in primary markets prepared by the Bureau was 3.5% above the last week in July, 13.9% higher than before suspension of controls at the end of June, and 21.7% higher than at the end of the war." The Bureau further reported:

"**Farm Products and Foods**—Average primary market prices of farm products declined 1.5% because of decreases for fresh fruits and vegetables. Large supplies caused white potatoes to decline sharply, and apples were down, reflecting poor quality of small-sized early varieties. There were also declines for citrus fruits and sweetpotatoes. Prices on onions were higher. Grain quotations averaged slightly higher with increases for corn and decreases for other grains. Prices of steers, cows and ewes increased with smaller supplies, while prices of lambs declined with reduced demand. Quotations for live poultry were lower. Eggs were up seasonally. The group index for farm products was 14.7% above the last week in June and 26.7% higher than at the end of the war.

"The decreases for fresh fruits and vegetables were responsible for a decline of 0.5% in average prices of foods. Prices of meats and cheese continued to advance. Butter and lard quotations were lower, and there were sharp declines for edible tallow and soybean oil. Prices of oleo oil were higher with continued shortages. The group index for foods was 5.3% higher than a month ago and 30.6% above the last week in June.

"**Other Commodities**—Average prices of all commodities other than farm products and foods rose 0.2% during the week chiefly because of higher prices for leather, some fuels and paper products. Prices of most other commodities were unchanged.

"An OPA ceiling increase to restore March 31 profit margins and to permit payment of higher prices for foreign skins was reflected in sharply higher prices for glazed kid leather. Quotations for Indian goat skins and certain other leathers declined from recent high levels. Higher prices were reported for natural gasoline and lubricating oils, which are exempt from OPA control. Natural gasoline is in demand for blending with automotive gasoline to raise octane ratings. Prices of beehive coke, bituminous coal, boxboard and book paper were up reflecting ceiling increases. Prices of cotton goods averaged slightly higher with adjustments to earlier ceiling increases for cotton yarns. There were increases for cement and roofing. Arsenic prices were up sharply. On the average, prices of all commodities other than farm products and foods were 2.2% above the last week in July and 5.3% above the last week in June, before the suspension of OPA controls.

CHANGES IN WHOLESALE PRICES BY COMMODITY GROUPS FOR WEEK ENDED AUG. 24, 1946

(1926=100)

Commodity group—	8-24 1946	8-17 1946	8-10 1946	7-27 1946	8-25 1945	Percentage changes to Aug. 24, 1946, from— 8-17 1946	7-27 1946	8-25 1945
All commodities	128.4	128.3	127.1	124.1	105.5	+0.1	+ 3.5	+21.7
Farm products	160.9	163.3	162.3	157.3	126.7	—1.5	+ 2.3	+27.0
Foods	148.1	148.9	144.0	140.7	106.6	—0.5	+ 5.3	+38.9
Hides and leather products	140.4	138.4	138.3	144.0	118.5	+1.4	— 2.5	+18.5
Textile products	115.0	114.9	114.6	109.5	99.1	+0.1	+ 5.0	+16.0
Fuel and lighting materials	96.7	96.5	96.6	90.2	85.3	+0.2	+ 7.2	+13.4
Metal and metal products	113.7	113.7	113.5	113.3	104.8	--	+ 0.4	+ 8.5
Building materials	132.9	132.7	132.4	132.6	117.8	+0.2	+ 0.2	+12.8
Chemicals and allied products	98.3	98.3	98.2	100.3	95.3	--	— 2.0	+ 3.1
Housefurnishings goods	114.0	114.0	113.4	112.5	106.2	--	+ 1.3	+ 7.3
Miscellaneous commodities	101.5	101.0	101.7	101.7	94.6	+0.5	— 0.2	+ 7.3
Raw materials	144.9	146.3	145.7	140.2	116.9	—1.0	+ 3.4	+24.0
Semi-manufactured	111.3	110.5	110.4	109.0	95.4	+0.7	+ 2.1	+16.7
Manufactured products	123.6	122.9	121.3	119.3	102.1	+0.6	+ 3.6	+21.1
All commodities other than farm products	121.2	120.6	119.3	116.8	100.8	+0.5	+ 3.8	+20.2
All commodities other than farm products and foods	111.0	110.8	110.8	108.6	100.1	+0.2	+ 2.2	+10.9

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM AUG. 17, 1946 TO AUG. 24, 1946

Increases			
Leather	7.7	Coke	0.5
Meats	3.6	Cotton goods	0.4
Cattle feed	3.1	Bituminous coal	0.2
Cement	1.6	Chemicals	0.1
Paper and pulp	1.3	Grains	0.1
Livestock and poultry	0.9	Lumber	0.1
Petroleum and products	0.1		
Decreases			
Fruits and vegetables	13.0	Dairy Products	1.2
Other farm products	3.6	Anthracite	0.1
Hides and skins	1.3	Hosiery and underwear	0.1

*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.

Fairchild Retail Price Index Shows Further Gain In July 1946

Retail prices in July advanced for the fifth consecutive month according to the Fairchild Publications' Retail Price Index, a report on which was issued Aug. 20 by Fairchild Publications. Quotations showed the greatest monthly gain since the present upturn began the announcement said, the Index at 115.1 (Jan. 2, 1931=100) showing a new high in the life of the Index. The composite index showed a gain of 0.3% as compared with the previous month, and an advance of 1.5% compared with a year ago. The Fairchild advices further said:

"Four of the groups showed gains during the month. It was the first occasion since before the war that most of the groups advanced at one time. The greatest increase was recorded in men's apparel, women's apparel, home furnishings and infants' wear. As compared with a year ago, marked increases were recorded for piece goods, men's apparel, women's apparel and home furnishings.

"The increase in the Index since the 1939-40 low before the outbreak of hostilities has been very great, approximating 29.5%. If it were possible to measure the quality changes in many of the items included in the Index, the advance would be still greater, probably coming closer to 40%.

"The greatest gains recorded since 1939-40 low were in piece goods, women's apparel and home furnishings, with men's apparel and infants' wear showing smallest gains.

"An analysis of individual items comprising the Index shows increases among the following commodities: aprons and house dresses, corsets and brassieres, furs, women's underwear, women's shoes, men's underwear, shirts and men's shoes. Infants' shoes also show a gain. In the home furnishings field increases were recorded for floor coverings, radios, electrical appliances, and china. The greatest percentage increases were recorded by furs, women's shoes, men's underwear, and men's shoes. As compared with a year ago, the greatest increases were recorded by sheets and pillowcases, corsets and brassieres, furs and men's shoes.

"The upward trend in the retail price index recorded since April 1, should continue for the rest of the year, according to A. W. Zelomek, economist, under whose supervision the Index is compiled. He points out that the advances in cotton alone should be reflected at the retail level in coming months. In addition, other upward price adjustments are expected by OPA. The Retail Price Index, therefore, may still show an advance of at least 7½% or possibly 10% from current levels before it reaches its peak."

AMA Conference In Boston Oct. 8-9

A conference of industrial relations executives to evaluate current trends in labor relations and personnel administration in the interest of increased labor-management cooperation will be held in Boston, Oct. 8 and 9, under the sponsorship of the Personnel Division of the American Management Association, it was made known on Aug. 28.

Sessions of the conference, arranged under the direction of a committee of executives representing industries from coast to coast, are calculated, it is stated, to indicate present and future developments which may require adjustments in management industrial reltions policies. The advices from the Association also state:

"Particular attention will be paid in trends in collective bargaining, especially new demands anticipated from unions in the coming months. One complete session will be devoted to 'a preview of tomorrow's collective bargaining' at which both labor and employer spokesmen will be heard.

"Open to both members and non-members of the Association, the conference will be held at the Hotel Statler. The program includes round table, panel sessions and question and answer discussions of such subjects as channels of employer-employee communication, the relationship between future wage levels and productivity, the problems of a guaranteed annual wage and methods of employment stabilization."

Discussion leaders and speakers will include Guy B. Arthur, Jr., Vice-President and Director, American Thread Company; Paul G. Hoffman, President, Studebaker Corp.; F. D. Newberry, Vice-President, Westinghouse Electric Corp.; Alan Curtiss, Vice-President, Scovill Manufacturing Co.; George Hodge, Manager, Labor Relations, International Harvester Co., and Matthew Radom, Industrial Relations Department, Standard Oil of New Jersey.

Revenue Freight Car Loadings During Week Ended Aug. 24, 1946, Decreased 2,613 Cars

Loading of revenue freight for the week ended Aug. 24, 1946 totaled 884,957 cars, the Association of American Railroads announced on Aug. 29. This was an increase of 31,531 cars or 3.7% above the corresponding week in 1945, but a decrease of 19,914 cars or 2.2% below the same week in 1944.

Loading of revenue freight for the week of Aug. 24 decreased 2,613 cars or 0.3% below the preceding week.

Miscellaneous freight loading totaled 388,478 cars, an increase of 6,773 cars above the preceding week, and an increase of 33,665 cars above the corresponding week in 1945.

Loading of merchandise less than carload lot freight totaled 120,575 cars, an increase of 678 cars above the preceding week, and an increase of 15,052 cars above the corresponding week in 1945.

Coal loading amounted to 183,957 cars, an increase of 2,951 cars above the preceding week and an increase of 3,693 cars above the corresponding week in 1945.

Grain and grain products loading totaled 46,481 cars, a decrease of 3,829 cars below the preceding week and a decrease of 20,287 cars below the corresponding week in 1945. In the Western Districts alone, grain and grain products loading for the week of Aug. 24 totaled 33,124 cars, a decrease of 2,202 cars below the preceding week and a decrease of 14,102 cars below the corresponding week in 1945.

Livestock loading amounted to 15,711 cars, an increase of 7 cars above the preceding week but a decrease of 746 cars below the corresponding week in 1945. In the Western Districts alone loading of livestock for the week of Aug. 24 totaled 11,543 cars, a decrease of 472 cars below the preceding week, and a decrease of 834 cars below the corresponding week in 1945.

Forest products loading totaled 52,243 cars, an increase of 631 cars above the preceding week and an increase of 9,618 cars above the corresponding week in 1945.

Ore loading amounted to 63,369 cars, a decrease of 10,332 cars below the preceding week and a decrease of 11,882 cars below the corresponding week in 1945.

Coke loading amounted to 14,143 cars, an increase of 508 cars above the preceding week, and an increase of 2,418 cars above the corresponding week in 1945.

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

	1946	1945	1944
4 weeks of January	2,883,620	3,003,655	3,158,700
4 weeks of February	2,866,710	3,052,487	3,154,116
5 weeks of March	3,982,229	4,022,088	3,916,037
4 weeks of April	2,604,552	3,377,335	3,275,846
4 weeks of May	2,616,067	3,456,465	3,441,616
5 weeks of June	4,062,911	4,366,516	4,338,886
4 weeks of July	3,406,874	3,379,284	3,459,830
Week of Aug. 3	898,395	863,910	889,594
Week of Aug. 10	899,084	870,002	895,181
Week of Aug. 17	887,570	652,832	886,623
Week of Aug. 24	884,957	853,426	904,871
Total	25,992,969	27,898,000	28,321,300

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 24, 1946. During this period 75 roads reported gains over the week ended Aug. 25, 1945.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED AUG. 24

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1946	1945	1944	1946	1945
Eastern District—					
Ann Arbor	243	421	259	810	1,332
Bangor & Aroostook	1,381	1,326	1,304	373	521
Boston & Maine	7,837	7,021	6,941	12,531	11,809
Chicago, Indianapolis & Louisville	1,364	1,212	1,385	2,113	1,731
Central Indiana	26	34	28	49	47
Central Vermont	1,123	1,119	1,142	2,446	2,080
Delaware & Hudson	5,116	4,784	5,048	10,820	9,353
Delaware, Lackawanna & Western	7,627	7,719	8,153	8,646	8,238
Detroit & Mackinac	360	303	224	275	133
Detroit, Toledo & Ironton	2,549	1,790	1,944	1,642	1,080
Detroit & Toledo Shore Line	360	375	325	3,365	1,989
Erie	12,737	11,787	13,637	14,811	13,074
Grand Trunk Western	4,846	3,530	3,831	7,964	6,101
Lehigh & Hudson River	106	204	197	2,817	2,012
Lehigh & New England	2,454	2,209	2,308	1,512	1,145
Lehigh Valley	9,366	9,056	8,757	8,455	9,089
Maine Central	3,284	2,500	2,513	2,887	3,125
Monongahela	6,456	6,121	5,973	301	259
Montour	2,847	2,903	2,562	34	16
New York Central Lines	52,094	49,187	53,292	53,772	44,325
N. Y., N. H. & Hartford	10,423	9,519	9,525	13,885	13,349
New York, Ontario & Western	1,002	821	1,138	2,714	2,980
New York, Chicago & St. Louis	7,180	6,229	6,638	14,528	11,426
N. Y., Susquehanna & Western	318	367	425	1,575	1,266
Pittsburgh & Lake Erie	7,398	6,543	7,770	8,613	7,576
Pere Marquette	6,291	5,413	5,286	7,570	6,688
Pittsburgh & Shawmut	1,176	708	928	14	17
Pittsburg, Shawmut & North	341	193	299	163	168
Pittsburgh & West Virginia	994	1,391	1,333	2,332	1,987
Rutland	428	399	339	1,192	967
Wabash	6.284	6,037	5,659	10,595	9,693
Wheeling & Lake Erie	5,957	5,704	5,614	4,910	3,680
Total	169,968	156,925	164,777	203,714	177,256
Allegheny District—					
Akron, Canton & Youngstown	750	607	718	1,268	993
Baltimore & Ohio	45,366	46,016	47,290	25,114	21,550
Bessemer & Lake Erie	5,850	4,164	5,649	2,101	1,164
Cambria & Indiana	1,277	1,641	1,198	8	14
Central R. R. of New Jersey	7,029	6,077	7,053	17,905	14,526
Cornwall	425	469	561	50	31
Cumberland & Pennsylvania	376	184	235	14	11
Ligonier Valley	79	103	160	16	48
Long Island	1,962	2,700	2,230	4,952	3,107
Penn-Reading Seashore Lines	1,901	1,764	1,868	2,037	1,838
Pennsylvania System	87,191	81,686	91,071	61,507	53,554
Reading Co.	16,002	13,865	15,268	24,331	21,149
Union (Pittsburgh)	18,915	11,222	18,765	6,426	4,354
Western Maryland	4,751	4,270	4,810	10,297	9,718
Total	191,874	174,768	196,876	156,026	132,057
Pocahontas District—					
Chesapeake & Ohio	33,977	31,449	31,559	14,587	12,910
Norfolk & Western	25,799	21,154	22,293	6,627	6,447
Virginian	4,791	4,697	4,514	1,427	1,599
Total	64,567	57,300	58,406	22,641	20,956
Southern District—					
Alabama, Tennessee & Northern	453	376	433	279	265
Atl. & W. P.—W. R. R. of Ala.	876	863	825	2,033	1,993
Atlanta, Birmingham & Coast	†	†	917	†	†
Atlantic Coast Line	13,564	10,649	10,739	8,572	8,200
Central of Georgia	4,038	3,670	3,777	3,998	3,851
Charleston & Western Carolina	502	459	409	1,382	1,541
Clinchfield	1,926	1,791	1,758	3,466	2,362
Columbus & Greenville	390	240	199	379	215
Durham & Southern	90	86	110	898	720
Florida East Coast	913	817	783	1,348	1,209
Gainesville Midland	87	51	59	85	100
Georgia	1,311	1,310	1,393	2,035	2,378
Georgia & Florida	544	122	815	735	24
Gulf, Mobile & Ohio	4,924	4,824	4,193	3,914	4,083
Illinois Central System	25,957	27,218	28,718	15,560	14,120
Louisville & Nashville	28,888	26,526	26,096	9,777	9,737
Macon, Dublin & Savannah	231	217	202	762	610
Mississippi Central	399	303	338	224	495
Nashville, Chattanooga & St. L.	3,669	3,289	3,023	3,914	3,538
Norfolk Southern	1,199	1,090	956	1,895	1,446
Piedmont Northern	399	403	389	1,590	877
Richmond, Fred. & Potomac	378	531	450	7,278	6,168
Seaboard Air Line	10,904	8,637	9,329	8,113	6,340
Southern System	27,182	24,142	24,977	25,415	20,323
Tennessee Central	671	597	699	872	920
Winston-Salem Southbound	131	143	133	1,115	840
Total	129,626	118,354	121,718	105,639	92,355
Northwestern District—					
Chicago & North Western	20,526	21,021	20,846	14,763	12,281
Chicago Great Western	2,327	2,388	2,745	3,437	2,901
Chicago, Milw., St. P. & Pac.	22,175	22,650	23,040	11,287	9,151
Chicago, St. Paul, Minn. & Omaha	3,928	4,141	3,605	4,246	4,503
Duluth, Missabe & Iron Range	23,592	29,200	28,887	315	545
Duluth, South Shore & Atlantic	629	1,195	1,307	813	418
Elgin, Joliet & Eastern	9,272	6,903	9,331	8,638	6,914
Ft. Dodge, Des Moines & South	495	473	380	133	63
Great Northern	20,204	24,578	27,390	6,759	7,582
Green Bay & Western	580	438	464	903	759
Lake Superior & Ishpeming	2,008	2,138	2,521	63	78
Minneapolis & St. Louis	2,498	2,597	2,261	2,774	1,952
Minn., St. Paul & S. S. M.	7,036	8,000	7,701	3,803	2,970
Northern Pacific	11,568	11,967	13,187	4,745	5,238
Spokane International	186	209	150	555	548
Spokane, Portland & Seattle	2,439	2,656	3,194	2,499	2,949
Total	129,463	140,554	147,009	65,733	58,852
Central Western District—					
Atch., Top. & Santa Fe System	27,070	26,031	26,145	11,772	10,768
Alton	2,858	3,603	3,552	4,084	3,134
Bingham & Garfield	377	492	638	38	60
Chicago, Burlington & Quincy	20,674	21,218	20,119	11,682	10,014
Chicago & Illinois Midland	3,386	3,143	2,871	656	686
Chicago, Rock Island & Pacific	13,609	13,592	13,377	13,009	11,114
Chicago & Eastern Illinois	2,639	3,117	2,796	3,645	4,654
Colorado & Southern	905	832	885	1,849	1,918
Denver & Rio Grande Western	4,321	3,777	5,032	5,031	5,963
Denver & Salt Lake	613	603	838	96	77
Fort Worth & Denver City	1,078	984	868	1,572	1,644
Illinois Terminal	1,950	2,065	2,422	1,934	2,015
Missouri-Illinois	1,386	1,513	1,304	413	637
Nevada Northern	1,227	1,473	1,531	104	84
North Western Pacific	1,079	1,112	1,280	685	978
Peoria & Pekin Union	11	7	4	0	0
Southern Pacific (Pacific)	33,151	33,618	34,247	10,169	12,955
Toledo, Peoria & Western	0	425	208	0	1,588
Union Pacific System	16,637	18,351	19,713	16,225	16,660
Utah	867	679	485	6	6
Western Pacific	2,191	2,127	2,326	3,478	4,554
Total	136,029	138,762	140,641	86,448	89,509
Southwestern District—					
Burlington-Rock Island	263	289	1,078	521	477
Gulf Coast Lines	3,920	3,751	5,690	2,258	2,018
International-Great Northern	2,148	2,574	2,661	2,952	2,958
‡K. O. & G., M. V. & O. C.-A.-A.	1,346	1,551	1,145	1,492	1,682
Kansas City Southern	3,148	4,024	5,489	3,387	2,726
Louisiana & Arkansas	2,702	2,703	4,203	2,276	2,235
Litchfield & Madison	451	304	264	1,605	1,135
Missouri & Arkansas	210	127	189	345	309
Missouri-Kansas-Texas Lines	5,386	6,403	6,072	4,369	3,534
Missouri Pacific	17,152	18,141	17,837	14,410	16,237
Quanah Acme & Pacific	149	118	84	219	119
St. Louis-San Francisco	10,162	10,362	9,982	7,735	7,947
St. Louis-Southwestern	2,731	2,895	3,254	4,382	5,217
Texas & New Orleans	9,034	8,672	11,678	5,520	5,305
Texas & Pacific	4,528	4,723	5,685	6,047	6,259
Wichita Falls & Southern	73	91	79	61	45
Weatherford &. W. & N. W.	27	35	54	5	36
Total	63,430	66,763	75,444	57,584	58,239

†Included in Atlantic Coast Line RR. ‡Includes Midland Valley Ry., Kansas, Oklahoma & Gulf Ry. and Oklahoma City-Ada-Atoka Ry.

NOTE—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1946—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
May 4	229,120	174,501	605,288	101	96
May 11	155,747	165.911	591,206	97	96
May 18	159,370	162,563	595,427	92	96
May 25	131,133	152,203	565,225	93	96
June 1	142,001	139,693	567,068	85	96
June 8	186,073	160,607	591,496	96	96
June 15	133,211	161,240	567,087	98	96
June 22	157,746	163,148	560,916	97	96
June 29	166,050	166,841	558,129	98	96
July 6	180,587	118,542	596,425	70	95
July 13	127,832	141,476	599,527	87	95
July 20	149,547	158,210	588,429	94	95
July 27	149,865	161,405	575,590	95	95
Aug. 3	215,730	167,192	620,354	98	95
Aug. 10	156,766	163,034	610,459	96	95
Aug. 17	158,304	166,363	600,674	98	95
Aug. 24	146,057	168,120	578,276	100	95

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

Rist Research Dir. Of International Bank

Eugene Meyer, President of the International Bank of Reconstruction and Development, announced on Aug. 28 the appointment of Leonard B. Rist as Director of Research of the Bank. Mr. Rist, who was born at Montpelier, France, was graduated in law and literature at Paris University and studied Russian at the Paris school for Oriental languages. As a student he spent considerable time in England, Austria and Switzerland and traveled extensively in central and southern Europe. The International Bank outlines his career as follows:

He was attached to the French Embassy in Moscow in 1927-28 and received his first banking training in New York in 1928. For many years he was in charge of the economic research department of Morgan & Cie, Paris, later became Vice-President of the Company, and from time to time performed assignments in other countries, including the United States, England, Belgium and Czechoslovakia. He took part in the inquiry, headed by his father, Charles Rist, on the financial position of Turkey in 1930 and was a member of the French delegation at the Lausanne Conference on German reparations in 1942.

Mr. Rist served in the French Army in 1939-40 and was captured by the Germans while trying to reach England after the French Armistice. On his return from captivity he joined the resistance groups and took part in the Paris insurrection and the liberation of the French capital. After the liberation of France, he was appointed by the French Government head of the French Finance Division of the Allied Commission for Austria, a post which he held until April, 1946 when he came to Washington as the Alternate of the French Executive Director of the International Bank.

Lumber Movement—Week Ended Aug. 24, 1946

According to the National Lumber Manufacturers Association, lumber shipments of 421 mills reporting to the National Lumber Trade Barometer were 9.4% below production for the week ending Aug. 24, 1946. In the same week new orders of these mills were 5.2% below production. Unfilled order files of the reporting mills, amounted to 67% of stocks. For reporting softwood mills, unfilled orders are equivalent to 25 days' production at the current rate, and gross stocks are equivalent to 37 days' production.

For the year-to-date, shipments of reporting identical mills exceeded productcion by 2.5%; orders by 1.0%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 6.4% above; shipments were 1.1% above; orders were 7.8% above.

Redeem Australian Bonds

Holders of State of New South Wales, Australia external 5% sinking fund gold bonds, due April 1, 1958, are being notified that all of these bonds outstanding will be redeemed on Oct. 1, 1946 at par. Redemption will be made at the Chase National Bank of the City of New York, said the announcement Aug. 28, which added:

"After the day of delivery of the 3¼% bonds of the Commonwealth of Australia, which are being issued in connection with the redemption of the State of New South Wales bonds due April 1, 1958, the Commonwealth will make available to holders of said State of New South Wales bonds the principal amount thereof and interest thereon to Oct. 1, 1946."

Items About Banks, Trust Companies

The Chemical Bank & Trust Company, New York, on Aug. 19 established a branch at Lake Success, N. Y., it was announced on Aug. 24 by the Board of Governors of the Federal Reserve System.

The board of directors of the Continental Bank & Trust Company of New York announced on Sept. 1 the election effective that day of John K. McKee as President. Frederick E. Hasler, heretofore Chairman and President, continues as Chairman.

Paul Wellington Alexander, Chairman of the Board of Wessel, Duval & Company, died August 29, at the Equinox House, Manchester, Vt., where he was on vacation. Mr. Alexander, who lived in New York City, was a trustee of the East River Savings Bank of New York. Recently the National Foreign Trade Association named him as an Honorary Councilor. He was also recently appointed Chairman of the Campaign Committee of the Traveler's Aid Society of New York. He was a Director of the Argentine-American Chamber of Commerce, American Export-Import Association, Bolivian Society of the U. S., Peruvian-American Assn., Ecuadorian-American Assn. and West Coast Line, Inc. He was also a member of the Pan-American Society of the U. S., Commerce and Industry Assn. of N. Y., Nitrate of Soda Comm. of War Industries, World War I, U. S. Chamber of Commerce and N. Y. Board of Trade.

Born in Atlanta, Ga. in 1876, Mr. Alexander was educated at Stevens College, and then entered the import and export business in New York City. He had been Chairman of the Board of Wessel, Duval & Co. since October 1943. Associated with the firm since 1913, he had been President of the Board since 1932.

A simplified explanation of a veteran's privilege to purchase a home under the G. I. Bill of Rights is available without cost at the North Side Savings Bank at 3230 Third Avenue in the Bronx. The brochure, titled "Kilroy Says . . ." was prepared under the supervision of Fred Berry, President of the bank. With regard to the brochure, the bank's announcement says:

"Kilroy"—a semi-mythical character, well known to all returning veterans, outlines in simple fashion in the brochure the procedure necessary for veterans to follow in securing a home loan under the G. I. Bill of Rights. Incidentally, as Kilroy points out, the G. I. Bill of Rights isn't correct, it's the Service Men's Readjustment Act of 1944 and what's more the G. I. Home Loan is title III under that act."

The pamphlet is recommended to all home-seeking veterans who wish to avoid the legal terminology rampant in official documents.

Thomas C. Fry, Treasurer of the art metal firm of Oscar B. Bach Studios and retired New York banker, died on Aug. 26. He was 71 years old. In the New York "Times" of Aug. 27, it was stated in part:

"Mr. Fry was born in Rochester, Pa., and entered banking when a young man. Before reaching the age of 21 he became cashier of the First National of Rochester.

"Later he went to the New Castle (Pa.) Trust Company and then to the Rochester Trust Company as Secretary-Treasurer. In 1911 he became cashier of the Gotham National Bank in New York, later becoming Vice President.

"Eventually he became a Vice President of the Manufacturers Trust Company of New York and seventeen years ago joined the Chemical Bank and Trust Company. He was appointed manager of the Chemical's branch at Columbus Circle, and in 1939 he retired."

Charles Cooke Russ, Vice-President of the trust department of the Hartford-Connecticut Trust Company, Hartford, Conn., died on Aug. 28 at the age of 65. Mr. Russ, according to the Hartford "Courant" of Aug. 29, joined the Hartford Trust Co. in 1911 as its first Trust Officer. The "Courant" added:

"When this company merged with the Connecticut Trust Company, becoming the Hartford-Connecticut Trust Company, Mr. Russ continued as an officer and for the last few years he had been Vice-President in the company's trust department. He celebrated his thirtieth anniversary in the banking service in July, 1941."

At a meeting of the Board of Directors of the Corn Exchange National Bank and Trust Company of Philadelphia on Sept. 3, Mark J. Igoe, Vice-President, was elected to the additional office of Cashier, succeeding Edward T. James who retired on Sept. 1.

The establishment of a new branch office in Brooklyn, Maryland, by the Union Trust Company of Maryland, Baltimore, was reported by the Baltimore "Sun" of Aug. 30, which stated that the new office would open on Sept. 3 at 3,530 South Hanover street, under the management of Byron L. Pumphrey.

Harry E. Hills, senior Vice-President of the Union Bank of Commerce of Cleveland, Ohio, widely known in the Cleveland district, died on August 28. He was 61 years of age. Mr. Hills had spent his entire career with the Union Bank of Commerce and its predecessor banks, beginning as a messenger with the old Union National Bank in 1901. He was born at Medina, Ohio. He had been Vice-President of the Union Bank of Commerce since its organization in 1938. As a member of the building committee of the Union Trust Company, he had a part in planning the spacious banking quarters for which the building is noted. In 1921 the Union Trust Company sent Mr. Hills to Europe, where he made a study of banking in several countries.

Gen. Charles Gates Dawes, formerly Vice-President of the U. S. and at present Chairman of the Board of the City National Bank & Trust Co. of Chicago, Ill., celebrated his 81st birthday on Aug. 27. At Mr. Dawes' request it is stated there were no festivities in his honor aside from the serving of a birthday cake at a luncheon in connection with a regular board meeting. Mr. Dawes was Vice-President of the United States during the Coolidge administration, from 1925-1929, and had been Ambassador to England from 1929 to 1932.

Stockholders of the Merchandise National Bank of Chicago on Aug. 29 approved a proposal by the directors to increase the bank's capital to $1,000,000 through a 100% dividend in stock and a reduction of the par value of the common stock from $100 to $40 a share. This was reported in the Chicago "Tribune" of Aug. 30, which also had the following to say:

"R. L. Redheffer, Chairman and President, said the capital stock now consists of 5,000 shares of $100 par stock, making a total capital of $500,000. After the plan is carried out, he said the bank would have 25,000 shares of $40 par stock, or a total capital of $1,000,000."

Adolphus Busch III, Chairman of the Board of the Manufacturers Bank & Trust Company, St. Louis, Mo., died on Aug. 29 at the age of 55. Mr. Busch, who was also active in many other fields, was well known as President of the Anheuser-Busch Brewing Company of St. Louis.

Mr. Busch, according to the St. Louis "Globe Democrat" of Aug. 30, also was board chairman of the Busch-Sulzer Brothers Diesel Engine Company, of the Manufacturers' Railway Company, of the St. Louis & O'Fallon Railway. He was president of the Adolphus Hotel Company, which operates Hotel Adolphus in Dallas, Tex.

J. H. Rosenberg, Executive Vice President of the Bank of America at Los Angeles headquarters, discontinued his executive position with the bank August 31 under the institution's retirement plan after 20 years service as a senior officer, according to announcement by L. M. Giannini, President. It is announced that Mr. Rosenberg's judgment and experience, however, will remain available to the management as he is to continue association with the Bank as a member of the Advisory Council of the Board of Directors.

"E. C. Sammons, President of the United States National Bank of Portland, Ore., on Aug. 26 announced the retirement of Arthur W. Brookings, manager of the Oregon City branch, effective September 1," said the Portland "Oregonian" of Aug. 27, which also stated, in part:

"Mr. Brookings has had a long banking career in Oregon. He came to the United States National from the Ladd & Tilton Bank in 1925 and became manager of the Oregon City branch in 1933.

"As Mr. Brooking's successor, Mr. Sammons announced the appointment of H. W. Lenz, who has filled a number of positions with the United States National Bank. Mr. Lenz has been identified with the Oregon City branch since September, 1945."

We are advised that the Chartered Bank of India, Australia & China has received on Aug. 19 telegraphic advice that their Tsingtao (North China) Branch reopened for business on August 1.

Arabia Seeks U. S. Loan

Arabia's Finance Minister, Abdullah es Suleiman, in this country to seek a loan of $10,000,000 from the Export-Import Bank for the purpose of helping to finance a railway from the capital of Saudi Arabia, Riyadh, to the Persian Gulf, was reported on Aug. 14 to have told President Truman that his Government's request is prompted by a remark made by the late President Roosevelt to King Ibn Saud in February, 1945. Mr. Roosevelt, the Associated Press Washington dispatch stated, is said to have told Ibn Saud that if he was ever interested in building a railroad line the United States might be able to help him out.

President Returns From Vacation Cruise to Bermuda

President Truman returned to the White House on Sept. 2 following the conclusion of his 18-day vacation cruise. Mr. Truman left Washington on Aug. 16, accompanied by a few friends and aides, on the Presidential yacht "Williamsburg." Treasury Secretary John W. Snyder joined the party at the last minute before the yacht, under the command of Capt. C. L. Freeman, left for New England waters. Others included, the same advices stated, Ted Marks of Kansas City, a friend; Charles G. Ross and Matthew J. Connelly, secretaries; Capt. James H. Foskett, naval aide; Maj. Gen. Harry H. Vaughan, military aide; Col. Wallace Graham, the President's personal physician, and Clark Clifford, his special counsel.

Stormy weather interfered with the President's original plan of going to Eastport, Maine, and Associated Press advices of Aug. 20 stated that Presidential press secretary Charles G. Ross had announced that the yacht, which was berthed the night of Aug. 19 at the Quonset Point, Rhode Island, naval air station, would head south instead of proceeding toward the Maine coast.

On Aug. 22 the same advices stated, from Hamilton, Bermuda, that the Presidential yacht with the President aboard had arrived there that day, and that the Governor of this British crown colony, Admiral Sir Ralph Leatham had boarded the ship and talked with the President. Later in the day Mr. Truman returned Sir Ralph's visit by calling on him at Government House, after which he returned to the "Williamsburg" for the evening.

Reporters were told that the President's visit to Bermuda was without "political significance," and it was indicated that the remainder of Mr. Truman's vacation would be spent in these waters.

Assets of FHLBS

Assets of the 3,660 member savings and loan associations of the Federal Home Loan Bank System now represent almost 90% of the resources of all the institutions of this type in the United States, according to a report of Aug. 31 from Harold Lee, Governor of the System. Advices from the FHLBS indicated that in the district of the Federal Home Loan Bank of Little Rock, embracing Arkansas, Mississippi, Louisiana, Texas and New Mexico, the ratio of membership coverage in the savings and loan field now exceeds 98%; the report also said that the proportion has passed 97% in two of the other ten Home Loan Bank regions: Indianapolis and San Francisco. It is added:

"Including the 39 savings banks and insurance companies also affiliated with this reserve credit System, the combined assets of the membership totalled $9,443,000,000 on last June 30, which represents an increase of more than $800,000,000 in the first six months of 1946. The rise in the past twelve months was largely due to the growth of the member thrift and home financing institutions. By contrast, at the end of 1941 assets of all members of the Federal Home Loan Bank System stood at $5,470,000,000."

From Washington Ahead of The News

(Continued from first page)

are to have a depression or a boom that particular year. It requires no imagination to understand what a power for mischief these gentlemen have.

Presumably, the disadvantage of the State Department in peddling its oil scare was that it couldn't get the assistance of the Leftists to pick it up and agitate it. The Leftists are, of course, friendly to Russia and they would do nothing inimical to its interests.

It so happened that several months ago we received some pretty illuminating figures on our oil resources from Standard of New Jersey, and more recently the Sun Oil Company has made other figures available.

With the exception of 1943 when there were drastic war demands, discoveries of new and proved U. S. oil reserves have been greater than the amount produced. This has been the situation since 1936. In 1943 we drew on proved reserves for 1¼%. At the end of 1945 estimated proved reserves were approximately 2,340,000,000 barrels more than they were at the end of 1939.

According to the Standard Oil's "Lamp," a house organ, the so-called Caribbean area, which includes Texas, has long been producing the great bulk of the world's oil and bids fair to continue to do so indefinitely.

Wallace Pratt, former professor of geology at the University of Kansas, former head of the U. S. Geological Survey, also former Vice-President of Standard, says we now have under development approximately 8,000 square miles of oil land in this country. Some 1,700,000 square miles, he finds potent for oil. In addition there are trillions of cubic feet of natural gas from which liquid fuel can be made synthetically. We have untouched deposits of oil shale in the West which the Geological Survey has estimated to hold 92 billion barrels of liquid fuel. On these proved shale deposits alone, we could go for 65 years at the pre-war rate of consumption. Dr. R. R. Sayers, Director of the U. S. Bureau of Mines, estimates that we can get enough oil from our known and proved deposits of coal and lignite, to run us for 1,000 years.

We have never know the Washington correspondents and a lot of our editors to be so indignant as when Hoover once announced that our government and Britain, to show their confidence in the Kellogg Pact, had agreed to scuttle some warships, and it developed later that they were all in the blueprint stage. This was looked upon as an outrageous deception by a high public official. We have come a long way since then. One of the most difficult things in the world is to find the truth in Washington these days. The danger, and the cause of most of our trouble today, is that with authority centered here, the whole country is turned up and down on a false set of figures. The agitation about the OPA was a shining case in point. Marriner S. Eccles is seeking to get permanent authority to control consumer credit on figures which his economists and statisticians may fashion to order.

A few months ago the military was pummeling the country with figures to show that unless the draft of 18-year-olds was continued, the military establishment would be wrecked. There was tremendous agitation against Congress for not acceding. The military establishment, unfortunately, seems still to be thriving. We are truly living in a world of fantasy.