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Bankers, Watch Your Real Estate Lending!

By ROLAND A. BENGE
Vice-President, The Detroit Bank

Mr. Benge points out that because of importance to banks of their relatively high income yields and because of their large investable funds, competition for real estate loans is rapidly increasing. Warns that, whereas lending on securities is rigidly controlled, real estate loans are being laxly made. Offers bankers these three rules to be observed: (1) limitation of loans to conservative percentage of deposits; (2) sound appraisal of values; (3) continuing sound servicing of the asset.

The real estate loan business is the source of a higher interest rate return on a comparatively safe basis than other forms of bank investments and the success of many banks depends upon it. The earnings of the real estate loan account are considerably higher for the amount of the investment than for most other investments. The strictly commercial banks must loan many more dollars at a low rate of interest on commercial paper and Government bonds to approach the same earning power as that of the bank which also includes real estate loans in its investment portfolio. Real estate loans are considered to be long term credit—and not desirable for secondary reserves. However, they proved—in Detroit—to be the asset that eventually paid in full the depositors of the two large banks which were closed during the great depression in the 30's.


Roland Benge

Usually the Real Estate Loan Department is under-staffed. A great deal of detail is involved in the every-day mortgage transactions—and the real estate business is also one of continual pressure in that there are conflicting interests not only between the bank and the borrower, but also between mortgage companies, real estate loan brokers, abstract and title companies and real estate salesmen. The business is highly competitive—and it is becoming more so, because the earning rates on other classes of investment assets have been declining for some time.

In a real estate loan department of any size, the men operating in that department become specialists in that field. They must have a background of real estate law and because of the tremendous detail in connection with putting loans on the books, they must be accurate to the last degree and must know their business. A mistake made on a mortgage loan such as legal description, date, names, notarization, title errors, if closed on an attorney's opinion, instead of a title policy, etc., may not be found for ten or fifteen years—and probably will never be found, unless the loan becomes delinquent—or it is necessary to institute foreclosure proceedings. At that time it is usually a very difficult matter to correct any mistakes, that have been made, because of the natural ill-feeling that might creep in during the throes of collection and legal proceedings. I am only pointing all of this out to you, so that you men will get a proper perspective of the importance of accuracy—as well as the importance of a fundamentally sound policy in connection with your real estate loan operations, both at the time the loan is placed on the books and the servicing of it during its life time.

The Need for Practical Judgment

In the banking business we must all be economists. However, remember that no theory is good unless it may be used in a practical application. You cannot overlook theory, but you cannot use it unless it is combined with sound judgment in a practical manner.

There has been much talk about the coming boom in real estate. This has been going on since 1934—and nearly all Government agencies having anything to do with real estate up to this time

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A Tax Program for A Solvent America

By HARLEY L. LUTZ*
Professor of Public Finance, Princeton University,
Economist, Tax Foundation, New York

Urging firm commitment to a balanced budget and halt to government created bank credit, Dr. Lutz sees no evidence of large scale reductions in Federal spending. Decrys need for heavy military outlays because technical training has replaced armed forces as a defense medium, and points out other catagories where expenditures can also be reduced. Advocates elimination of subsidies and a sinking fund for debt retirement.

Notwithstanding the immense improvement which is assured by the consideration of spending and taxing as a single, unified program, we still lack adequate protection against an abnormally high level of spending and taxing, and against the danger of adding further to the public debt because of spending policies which will outrun the current revenues provided.


Dr. Harley Lutz

The most important matter of policy which remains to be introduced is a firm commitment to the principle of a balanced budget as the regular normal condition. The first, a most important step in dealing with inflation, is to halt the expansion of government-created bank credit. The only way to do this is to avoid the need of bank financing by keeping the budget balance.

It is evident that no large-scale reductions of federal spending can be made without some revision of the expenditures for the national defense and for veterans. In approaching each of these subjects, we need a definite basis of policy on which to proceed. In both cases, it may be questioned whether we do have an adequate grasp of the kind of long-range policy that would permit a substantial reduction of current costs without impairing our reasonable goals. As a layman, I venture some sugges-

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*From an address by Dr. Lutz before the Controllers Institute of America, New York City, Sept. 8, 1946.

GENERAL CONTENTS

Editorial

*Not available this week.

As We See It

EDITORIAL

(Formerly "The Financial Situation")

Economics of the Meat Shortage

Much of the discussion at Washington of late concerning the meat situation does little credit to those who take part in it. In a number of instances doubtless it more accurately reflects a very low appraisal of the intelligence of the rank and file of the people of the country. The spree-last-summer explanation of the current state of affairs is rather worse than silly. It places the credulity of even the "common man" under too great a strain on its own account. By comparison some of the old nursery yarns begin to appear rather plausible. The political apologists, moreover, appear to suppose that no one will recall that they—all of them—and not the public are responsible for the "spree last summer."

But some of the other nonsense, since its infirmities are perhaps not quite so obvious, requires closer analysis than this twaddle which can scarcely be regarded as other than an obvious effort "to get out from under." Some of these, indeed some of the most dangerous of these specimens of strange reasoning, are now being almost daily paraded before the public to explain the continuance of the "meat situation." Naturally, a state of affairs in which supplies and production which would have been termed quite abundant only a very few short years ago are accompanied by a persistent and extreme shortage in the retail markets of the nation must somehow be explained. To explain the current scarcity even in part by asserting that full consumption for two short months last summer has seriously depleted stocks is to raise another very fundamental question, which in turn requires a much more satisfying answer—namely, how does

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From Washington Ahead of the News

By CARLISLE BARGERON

The meat situation seen creating panicky feeling among New Deal politicians, although they see opportunity to achieve another campaign victory in "fighting inflation."

Henry Wallace must already be wondering about the fleeting fame of men, not that his name has dropped from the front pages or that there isn't still discussion about the effect of his blow-up on our foreign policy. Where he really expected to cut capers was in domestic politics. He expected to be a tremendous controversy in the current Congressional campaigns, and his appearance on the stump here and there to be as ceremonious as that which attends the President.


Carlisle Bargeron

But a new crisis, a real crisis, not something flimsy and theoretical has arisen in the Democratic ranks. They haven't talked for days on whether Henry's being kicked out of the Cabinet would cost them the left wing vote. What they are talking about, worrying about now, is meat. Meat has even erased the air of confidence from Bob Hannegan's face. He is entertaining doubts, for the first time, as to whether his philosophy that organization is all that counts, will hold good. From all over the country are coming cries of anguish, "For gawd's sake, get us some meat or we are sunk."

Washington correspondents are returning from their periodical surveys and their predictions run all the way from the Republicans picking up a minimum of 19 seats in the House and six in the Senate, to 34 and 10 respectively. It takes 24 seats for the Republicans in the House and 9 in the Senate for them to get control. The great majority of the returning correspondents figure them to get the House easily, and with the tide running as it is, they may very well pick up the Senate. That the country is on a rampage about

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Americans In Persia

By Arthur C. Millspaugh, Washington. The Brookings Institution. 283 pp. $3.00.

(Book Review)

In 1922, when the government of Iran (Persia) sought a financial adviser in this country the State Department recommended Arthur C. Millspaugh, then an expert in petroleum affairs in the Department. He served for five years as administrator general of the finances, resigning as a result of a dispute over the extent of his powers, and returned to this country with considerable prestige and with evident affection for the Persian people. In 1942, when the Persian government again found itself in the mire of economic distintegration and political chaos as a result of the Soviet-British occupation, it again turned to America for advisers and Millspaugh was again selected to head a financial mission.

Dr. A. C. Millspaugh

Apparently appalled by the task he now confronted, affected by the great prestige he enjoyed, and irritated by the confusion he found in governmental circles and the dilatoriness of Eastern ways, he cast aside negotiation and persuasion as methods of carrying forward an enterprise, took more and more authoritarian views of his task, demanded greater and greater powers, and grew more and more irritated by the opposition he met. To the American ambassador he wrote: "Although the actual status of the mission may be camouflaged to some extent to save Iranian feelings, the Mission will have to be in effect the government of the country in financial, economic, and social affairs."

While this would mean in effect an American protectorate in the guise of disinterested service, and stultified our whole international policy, the State Department supported and the Persian government granted his demands to avoid the crisis and loss of prestige that would have been involved in his resignation. Eventually, however, everyone grew weary of the "Millspaugh question" and when Millspaugh attempted to dismiss the head of the national bank for the reason that this official "refused to call on me," the government declined to acquiesce, the State Department withdrew its support, and Millspaugh resigned.

"Americans in Persia" is an account of this misadventure. Embittered, apparently, by the failure of his mission and the loss of prestige, he does not confine himself to a recital of the facts, but devotes the greater portion of his book to unrestrained and undocumented attacks upon the competency of the Persian government. He calls it "a government of the corrupt, by the corrupt, and for the corrupt." (p. 84) "Persia," he says, "never became truly a nation" (p. 11), a statement which is hard to reconcile with the known facts. "Only a few Persians," he says, "exhibit anything which resembles genuine national patriotism or love of country."

He concludes with a typically authoritarian proposal, namely, that "Persia should request organized assistance from the three powers" (Soviet Russia, Great Britain, and the United States), which should proceed to take over the adminisration of the country by a "three power commission." Obviously, Mr. Millspaugh has done little reading in the current news of the results of such three power commissions elsewhere.—ELGIN GROSECLOSE.

Venezuela Needs U. S. Goods

Economic mission emphasizes this rich nation's need for specified items of durable goods. Has export surplus sufficient for $200 millions cash purchases annually.

The long-heralded Economic Mission from Venezuela, headed by that country's Minister of Economic Development and the President of the newly-organized Venezuelan Development Corporation, is for the purpose of facilitating purchases up to $200,000,000 annually of private and governmental agencies in Venezuela through normal commercial channels. They point out that Venezuela's great economic contribution to the world is entirely disproportionate to the world's small contribution to Venezuela.

In their first press interview since arriving here, both Dr. Juan Pablo Perez-Alfonzo, Minister of Economic Development, and Mr. Alejandro Oropeza-Castillo, President of the Venezuelan Development Corporation, emphasized that theirs is not an official mission in the usual sense, nor can it correctly be termed a purchasing mission. Social engagements and sightseeing junkets will be avoided. The visit is "strictly business," instigated by the desperate economic plight of, paradoxically, one of the world's richest nations. Said Dr. Perez:

"Venezuela is the world's greatest exporter of oil—our production is equal to about a quarter of a barrel daily per capita. Our export of coffee and other agricultural production is immense. The total value of these exports during the last 10 years has been $2,850,000,000. But with all our money our imports have been only slightly more than $1 billion. The difference is in excess of our national capitalized wealth.

Their Unused Gold

"Our people cannot eat the excess dollars or the gold and they can't drink the oil. We are desperately poor in food, clothing, housing, transportation facilities—all the basic needs of a country that feels it has earned a normal standard of living.

"We feel that if we can convince the businessman in the United States of the justification of our needs and let him know how easy it is to do business with our own companies that he will see for himself the short and long-term values in selling and shipping to us now the goods we must have."

Concurrent with the visit of Dr. Perez and Mr. Oropeza are business trips by top level Venezuelan industrialists, bankers, agriculturists. They will visit individual firms in the U. S. in search of the following most urgently needed goods:

Agricultural machinery—Immediately needed are about $10,000,000 worth of machinery and tools which will permit the cultivation of about 150,000 acres of land to produce corn, rice, cotton, potatoes and similar basic crops.

Machinery and materials for public works—A minimum of $6,000,000 worth of materials is immediately needed for new construction of roads, demolition, urgent repairs.

Port installations—Machinery and materials to the minimum need of $1,000,000 is required in the form of warehouses, loading and unloading machinery, etc., to relieve Venezuela's badly congested ports.

Silos for storing grain—Because of transportation difficulties, at least $2,000,000 worth of silos to store grain are particularly needed.

Machinery and materials for sugar mills—$14,000,000 worth of equipment is needed to carry forward present development of sugar production in Venezuela.

Sanitation equipment—Thirty cities and towns have requested equipment to serve desperate needs of 37,000 houses.

Motors for fishing vessels—The expansion of Venezuela's important fishing industry calls for large-scale operations in waters some distance from the coast and $500,000 worth of equipment is needed at once.

Truman Economy Plan Fails

The $700,000,000 saving for the current fiscal year which the Administration had hoped to achieve will not be possible, according to Budget Director James E. Webb, the Associated Press reported from Washington on Sept. 21. Mr. Webb indicated that hope had been abandoned for the accomplishment of the program through postponement until after next June 30 of many public works projects. As soon as President Truman directed the public works delay—to conserve materials and labor for private housing and other building programs as well as for economy—protests began rolling in from government agency heads and Congressmen, Mr. Webb said. The agencies, he added, declared strict compliance with postponement orders would be detrimental to the public interest and requested reconsideration.

However, the Associated Press reports, Budget Bureau officials still maintain hope that all-purpose spending can be held within the budget figure of $41,500,000,000 for fiscal 1947. They said that new economy targets would be sought.

W. Aldrich & L. Brown Named Directors of N. Y. Reserve Bank

Winthrop W. Aldrich, Chairman of the Board, Chase National Bank of New York, and Lewis H. Brown, Chairman of the Board and Chief Executive Officer of the Johns-Manville Corporation, have been nominated as Class "A" and Class "B" directors, respectively, of the Federal Reserve Bank of New York by a committee consisting of representatives of the New York, New Jersey, and Connecticut bankers associations.

If elected, Mr. Aldrich will succeed S. Sloan Colt, President of the Bankers Trust Company of New York and Mr. Brown will succeed Donaldson Brown, Director and Member of the Finance Committee of the General Motors Corporation. Directors to be elected to the Federal Reserve Bank of New York this year will be chosen by members of Group 1, as classified by the Board of Governors of the Federal Reserve System. This group includes banks having a combined capital and surplus of $10,000,000 and over, it is noted by the New York State Bankers' Association.

Ail Mail to Sweden

Postmaster Albert Goldman announced on Sept. 16, that effective about September 19, air mail service would be inaugurated by Swedish Intercontinental Airlines from New York to Stockholm, Sweden. The present air mail postage rate of 30 cents per half ounce will apply to the new service.

Increase in Deposits of New York State Banks Shown for First Half of Year—Net Profits Lower

The midyear condition statements of banking institutions under the supervision of the New York State Banking Department show that the major trends during the first half of 1946 were increases in private borrowing and in deposits, on the one hand, and declines in government deposits and security holdings, on the other, Elliott V. Bell, Superintendent of Banks, said on Sept. 6. Net profits, after taxes, of banks and trust companies in the half-year were at a rate 10.7% less than the rate for the full year 1945, said the Banking Department, which further stated:

Elliott V. Bell

"Demand deposits of individuals, partnerships and corporations in banks and trust companies increased by a larger amount than during the last half of 1945. Savings also continued to increase, though at a slower rate than in the second half of 1945. The June 30, 1946, totals of deposits or shares in the various institutions and increases during the first half of 1946 and the last half of 1945 are shown below.

"Resources of savings banks and savings and loan associations increased by amounts corresponding to the increases in deposits and shares and at the end of June, 1946, stood, respectively, at $9,754,130,000 and $407,588,800. Resources of banks and trust companies, however, declined by $1,828,265,000 to a total of $22,340,472,000 between Dec. 31, 1945, and June 30, 1946, because of the debt retirement policy of the United States Treasury. This resulted in a reduction in government deposits in state-chartered banks and trust companies by $2,566,314,000 or by nearly one-half. United States Government securities held by this group of institutions were reduced by $1,383,584,000 to a total of $12,101,229,000. Loans to brokers and dealers in securities and other loans on securities were also reduced. Most of the decrease of $683,074,000 in such loans represented a contraction in loans on government securities."

	Amount June 30, '46	Increase from June 30, '45 to Dec. 31, '45	Increase from Dec. 31, '45 to June 30, '46
	(In thousands of dollars)		
Banks and trust companies—			
Deposits of individuals, partnerships and corporations:			
Demand	$11,804,767	$602,000	$715,000
Time	2,000,854	163,000	178,000
Savings Banks—			
Regular deposits	8,748,000	572,000	476,000
Savings and loan assns.—			
Free shares	351,687	22,000	28,000

Savings and loan associations also reduced their holdings of United States Government securities, but those of savings banks were higher. On June 30, 1946, these institutions held, respectively, $116,087,466, a reduction of $8,641,572 since the first of the year, and $6,214,926,000 an increase of $429,810,000.

All types of private borrowing showed increases. The amounts of the various loan balances outstanding on June 30, 1946, and the increases during the preceding six and 12 months were as follows:

	Amount on June 30, '46	Increases (decreases —) since Dec. 31, '45	Increases (decreases —) since June 30, '45
	(In thousands of dollars)		
Commercial and industrial	$2,207,239	$176,472	$575,753
Agricultural (other than on farm land)	11,176	3,635	—6,525
Consumer	348,368	63,835	76,642
Real estate	277,397	40,285	53,496

Real estate loans outstanding at savings banks and savings and loan associations also increased during the first half of the year. On June 30, 1946, real estate loans outstanding with savings banks amounted to $2,760,000,000, reflecting an increase of $31,000,000, and with savings and loan associations $257,040,225, an increase of $30,000,000.

Half yearly reports of earnings were obtained from commercial banks for the first time. These showed net operating income during the first six months at a slightly higher rate than for the full calendar year of 1945. An indicated drop of 28% in non-operating income, however, combined with somewhat higher taxes, brought about the decline in net profits below the 1945 rate.

The detailed figures on earnings and expenses of New York State banks and trust companies follows:

	First Half of 1946	Full Year 1945
Number of institutions	(264)	(272)
	(In thousands of dollars)	
Current operating earnings	$182,313	$344,159
Current operating expenses	99,288	182,386
Net current operating earnings	83,025	161,673
Net other income	22,607	62,943
Profits before taxes on net income	105,632	224,616
Taxes on net income	32,152	60,015
Net profits	73,480	164,601
Interest and div. on deb. and preferred stock	546	1,790
Dividends on common stock	25,964	49,666
Net profits after interest and div. on capital	46,970	113,145

N. Y. State Savings Banks Report $859 Million in New Savings Since War's End

Robert M. Catharine, President of the New York State Savings Banks Association, announced on Sept. 22 that the gain in savings was $859 million, exclusive of dividends, in this, the first year of peace. He also noted:

"This is a ten-fold increase over the last truly prewar year (1939) which had new net savings gaining at the rate of $87 million. This tremendously increased savings represents money diverted from the spending stream and is a huge fund which can be used constructively for postwar development, particularly for the construction of homes and new housing.

"During the month of August, savings deposits in New York State showed a gain of $49,882,316 excluding dividends, representing the 51st consecutive month in which the savings banks of New York State have experienced a gain, bringing total deposits to $8,874,845,235. New accounts showed a gain of over 20,000 comparing with 25,000 in August, 1945, bringing the total accounts to a high of 6,886,471. Sale of United States Savings Bonds and Stamps during August mounted to $9,929,412, exceeding redemptions by over $700,000."

Export Price Controls Discussed by Webber

Discussing "Export Price Controls" in New York City on Sept. 5 Harold V. Webber, Chief of the Office of Export-Import of the OPA remarked that "most of you already know that our principal purpose in controlling export prices is in order to prevent a price advantage from causing an unwarranted drain from the domestic market of commodities in short supply." Mr. Webber spoke at a meeting arranged by the Foreign Trade Bureau of the Commerce and Industry Association of New York in the Association's Assembly Room in the Woolworth Building. The greater part of the meeting was devoted to a question and answer period, in which Mr. Webber was assisted by Robert H. Frazier, Chief Counsel of the Office of Export-Import. Stating that the new regulation is designed to accomplish its objective without imposing any unnecessary restrictions upon the development of a sound international trade, Mr. Webber said that "it is not my intention to go into the details of the regulation, since it is not only unnecessary, but would not be nearly as helpful to you as will be the questions and answers that are to follow." Briefly he covered changes that have been made, citing the principal changes a follows:

"Base periods. The period from March 1 to April 15, 1942 has been eliminated because it is not practicable in the export field. The period from July 1 to December 31, 1940 has been retained because a number of exporters have already computed their prices under that basis and we do not want to place them in a position of having to recompute their prices. We have added, however, the whole of 1940, 1939 and in some cases the nearest twelve month period prior to 1939.

"Export Markup. This is no longer based upon the average charged in the trade, which has proved so difficult for exporters to determine, but upon the exporter's own base period experience. In addition, there is a list of markups for those who had no base period experience and another list of maximum markups which may not be exceeded, regardless of base period experience.

"Expenses. These have now been clearly listed, so that an exporter need no longer be in doubt as to what he may or may not charge as expense.

"Functions. Certain minimum functions have not been included which must be performed before any markup may be added upon the export sale of any commodity. They have been changed somewhat from those previously applicable to textiles, in order that confirming houses may continue their legitimate operations.

"Foreign Missions. Sales to purchasing missions of foreign governments are no longer defined as export sales and export markups may not be changed upon such sales.

"Exemptions. Those export sales that were exempt under the old regulation are still exempt, but two more types of sales have been added. The export sale of a product that has been processed in bond from imported materials is exempt, as, also, is the export sale of a product made from imported textile or metal commodities, provided the exporter first declares his intention of claiming drawback and of exporting.

"Adjustments. Adjustment provisions have been included in the regulation with criteria clearly set forth. There is also a form of application to be used in applying for adjustment and, last but not least, there is the automatic provision. When an application has been properly filled out and filed, the adjustment asked for is automatically approved and no order from OPA is necessary unless the application is denied or further information requested within 20 days.

Deposits of FDIC Insured Banks Over $151 Billions

Total deposits of all insured commercial and mutual savings banks amounted to $151,628,000,000 on June 29, 1946, Chairman Maple T. Harl of Federal Deposit Insurance Corp. announced on Sept. 2. An increase of more than $16,346,000,000 in the deposits of individuals, partnerships and corporations during the year since June 30, 1945, was partially offset by a $10,537,000,000 reduction in U. S. Government deposits, attributed by Mr. Harl to the excellent progress made recently on the Federal debt retirement program said the announcement, which continued:

Total assets of the 13,335 insured commercial banks amounted to $150,743,000,000 on June 29, 1946. This represented a decline of $6,839,000,000, or 4% from the figure at the end of 1945. The major decline occurred in holdings of U. S. Government obligations. The June 29, 1946 total of $82,998,000,000 was $5,935,000,000 below the total on Dec. 31, 1945. Part of this decrease resulted from the direct retirement of securities held by the banks.

Total capital accounts of insured commercial banks continued to grow during the first half of 1946 and on June 29 they amounted to $9,070,000,000. This growth, together with the decline in total assets, resulted in an average capital ratio of 6.0% as compared with 5.5% at the end of 1945. Mr. Harl pointed out that this is the first time since 1937 that the average capital ratio of insured commercial banks has increased.

Loans of insured commercial banks totaled $26,796,000,000 on June 29, 1946, an increase of $1,028,000,000 over the total at the end of 1945. Increases in real estate loans, consumer loans, and commercial and industrial loans were largely offset by declines in loans to brokers and dealers and in loans to others for the purpose of purchasing and carrying securities. Real estate loans, which have remained fairly constant in recent years, rose 23% in the first six months of this year and amounted to $5,740,000,000 on June 29, 1946. This reflected the increase in bank credit associated with the rise in residential and other construction during the first half of the year.

Consumer loans continued to rise in the first six months of 1946 at an accelerated rate. The total of $3,070,000,000 on June 29 was 30% above the Dec. 31, 1945 total as compared with a 12% increase in the last half of 1945. Commercial and industrial loans increased 9% during the first half of the year as compared with a 26% increase in this category during the last half of 1945.

Total deposits and total assets of the 191 insured mutual savings banks were 6% higher on June 29, 1946 than at the end of 1945. Total deposits on June 29, 1946 amounted to $10,979,000,000 while assets totaled $12,138,000,000. The mutual savings banks were not directly affected to any great extent by the Federal debt retirement program since they held relatively few of the types of securities retired, and the amount of U. S. Government deposits in mutual savings banks was negligible.

Mr. Harl also pointed out that more than 27 months have elapsed without any of the 80,000,000 depositors of insured banks having suffered a loss.

G-I Terminal Leave Bonds

Secretary of Treasury John H. Snyder announced on Aug. 16 that the Treasury had put in motion the machinery necessary for issuing the GI terminal leave bonds under the bill signed by President Truman. Reference to the signing of the measure appeared in our issue of Aug. 22, page 1063, in which provisions of the bill were also noted.

The bonds will be designated as "Armed Forces Leave Bonds," and will bear the portrait of former Secretary of the Treasury Carter Glass, said the Treasury, which in announcing this on Aug. 16 also said:

"The bonds will be turned over to issuing agents of the Army, Navy and Coast Guard for delivery to veterans after applications have been received, verified, and approved by the services.

"The principal amount of the bonds will be in multiples of $25, beginning with $50, with amounts in excess of the nearest multiple of $25 to be paid by check through the disbursing officers of the Army, Navy, and Coast Guard. Thus, a veteran entitled to leave pay of $87.50 will receive a $75 bond and a check for $12.50. Amounts less than $50 will be paid by check.

"It is estimated that bonds will be issued to approximately 13 million veterans, in a total face amount of about $2,100,000,000.

"The bonds will be registered only in the name of the veteran and will bear interest at the rate of 2½% a year until maturity, or until the date of payment if payment is made before maturity. The bonds will not be payable until five years from their date, except in the event of the death of the veteran, in which event the bond may be redeemed immediately at the request of his survivors, as defined in the Act.

"The issue date which will be shown on the bond will be the first day of the quarter following the date of the particular veteran's discharge. The first issue date will be April 1, 1943, which will mean that the bonds will begin to mature, at quarterly intervals, on April 1, 1948.

"The securities cannot be transferred to anyone else or pledged as collateral for loans, nor can they be assigned except to the Administrator of Veterans Affairs in payment of certain insurance premiums, under such regulations as the Administrator may establish. Once such privilege has been exercised, no further change may be made."

The Secretary stressed the fact that the veterans or their survivors will receive at maturity or prior payment of their bonds, interest at 2½% a year, or 12½% for five years; for example, a veteran holding a $100 bond will receive $112.50 when it matures five years from the date of issue. Secretary Snyder said the Treasury even now is considering the problems relative to cashing the bonds when they mature.

The Secretary also said that in order to reduce the costs of the operation to the Government, and to facilitate payment of and accounting for the bonds at maturity, the Treasury had decided upon an innovation in the manner of issuing and the style of the securities. The Armed Forces Leave Bonds will be in the form of distinctively designed punched cards. This follows the pattern of most Treasury checks now being issued, and will enable the Treasury to mechanize many of its accounting operations. In addition to the contemplated savings in operations, the Treasury expects to save about $225,000 in bond production costs by the use of this new form of security. However, distinctively designed, protective paper will be used, and the general design of the face of the bond will be similar to that of other securities.

The State of Trade

According to the latest weekly business barometers total industrial production continues at a high level with steel ingot production touching a new postwar high for last week at 90.4% as compared with 89.1% in the preceding week and 88.5% for the week beginning Sept. 9. For the past week total tonnage amounted to 1,593,200 net tons, or an increase over the previous week when 1,570,300 net tons were produced. A slight falling off in electric power output was noted last week when it eased slightly from its post-war high of the preceding week at 4,521,151,000 kwh. to 4,506,938,000 kwh.

Bituminous coal production also reflected a moderate decline lost by slipping to 12,330,000 net tons from 12,700,000 net tons, representing a loss of 2.9%. On the other hand daily average crude oil production showed no significant change for the week with output placed at 4,775,150 barrels as against 4,773,250 barrels the week before.

The same factors prevailing in past weeks, such as strikes, shortages of skilled labor and raw materials, continued last week to impede full-scale production. For the week ended September 14, total continued claims for unemployment compensation rose 9.8%, while initial claims increased 36.8% reflecting in part a carry-over from the short Labor Day week. Automobile production, it is reported, dropped about 9% last week with total output estimated to be 80,148 units. Many automotive manufactures, it is understood, have placed huge orders for dies in anticipation of future changes in models.

The automobile industry at present is going through a very trying period with industry lay-offs inevitable according to the "American Machinist," a trade publication, based upon its inability to begin with, to get even limited supplies of materials, particularly steel, in quantities sufficient for any sort of efficiency in production; secondly, its inability to further absorb losses by giving steady employment without thought to production costs thrown out of line by uncertain work schedules, and lastly, a realization that labor, at present, does not intend to hold down costs, but instead favors absenteeism (now 10% or better) and aimlessly drifts from one job to another without provocation, causing an abnormal quit rate. The idea of getting out cars regardless of cost or effort must now give way to sober realization of losses entailed.

In its summary of the steel trade for last week "The Iron Age," in its treatment of materials shortages had this to say:

"It is estimated that 250,000 short tons of refined copper has been lost in the past seven months due to strikes and the after-effects are reflected in the exceedingly long delivery promises on motors and electrical equipment necessary to complete the manufactured items. In addition to copper the critical lead situation is making itself felt throughout industry and particularly has threatened shutdowns in the automobile industry. While these shortage factors exist and prevent the completion of finished products, large tonnages of steel are being shipped daily and stored until a balance is obtained in the mass producing industries."

Despite many local variations in retail volume the past week, total dollar volume was reported to be very close to the high levels of the preceding week and was considerably above that of the corresponding week a year ago. Food volume fell fractionally with a rapid decline in meat volume only partially offset by increased consumer interest in substitute items such as fish, poultry and canned foods. Increases in the dollar volume of apparel were spotty as unfavorable weather adversely affected consumer interest in Fall items in many sections of the country. Selections of durable goods generally were up the past week with many items attracting much attention.

Wholesale volume rose slightly in the week and remained well above that of the corresponding week a year ago. Order volume was almost unchanged from the high level of the preceding week. There was a slight improvement in deliveries according to reports from many localities. The supply of many goods continued to expand although apparent shortages in some lines persisted.

Steel Industry—Steel ingot output last week rolled along at the highest peacetime level in the nation's history and was not far below some of the peak levels during the war years, according to "The Iron Age," national metal-working paper in a recent summary of the steel trade.

Steel ingot operations the past week were up 1½ points to 90.5% of rated capacity and despite the immediate scrap situation it is expected that the industry will be able to maintain output at this fast clip for at least the next several weeks. The magazine expressed some concern, however, that for the long pull covering the coming winter months the serious scrap outlook may bring forth an obstacle to a continuation of the high ingot operating rate because of a new scrap crisis.

Despite efforts of the OPA to settle the scrap price controversy once and for all with a definite statement its action in turning down the scrap industry's request for higher prices has apparently served to slow up collections and shipments from dealers throughout the country, states the above trade authority. Some scrap dealers, "The Iron Age" states, insist that scrap is available but not at present prices. The success of the current efforts of the steel industry, steel consumers and the scrap trade to expand the volume of scrap over the next few months will determine whether or not present high output can be continued into the winter months.

Reports in the trade and among steel users that a steel shortage of substantial proportions now exists are not only misleading but are really "begging the issue," the trade publication observes. While it is true that deliveries are far behind and that consumers cannot obtain all the steel they claim they require, fundamental reasons for these conditions exist which do not indicate a general shortage of either capacity or steel production. Rather there is a temporary shortage of certain types of steel during a compressed period of time when practically everyone is clamoring for what he thought he needed yesterday.

The current steel demand includes requirements to take care of products not produced during the war as well as requirements for normal replacements and repairs. Superimposing steel demand, which reflects the manufacture of products which have been made for many years and which the public is said to be clamoring for, upon a relatively high demand for ordinary replacement and repair has produced a temporray situation which could not be met even though capacities and output were to be expanded at a terrific rate, the magazine points out. This temporary tightness in steel deliveries is expected to be relieved

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As We See It

(Continued from first page)

it happen that Americans no longer can have all the meat they want and can pay for, not for two months in the year but for all 12 months in the year?

A Glib Answer

Such a question, of course, cries for an answer, and that answer must be convincing (popularly speaking), for an admission that this country must go meat-hungry, or even half meat-hungry, permanently henceforth would plainly be abject economic defeatism and political suicide. But the politician and his ghost-writers are prepared with a glib explanation. What these beguilers tell us is in effect that the great rank and file of the people of this country are now so much better off than they have ever been before that they cannot get enough meat to eat! Of course the current explanation does not run in precisely these words or phrases. It would in that event be a little too absurd on its face. Upon analysis, however, the doctrine comes down precisely to such evident nonsense.

They say that in the past great numbers of the people—all the "under-privileged third," and perhaps a certain number of the millions which fall somewhere between the lower and the upper thirds according to New Deal measurements—have never had all the meat they wanted in the past. They have not had the means with which to purchase it. They have accordingly done as best they might without it. Now, so this doctrine goes, they have funds for this purpose, and proceed to try at least to spend them in this way. Hence the demand which outruns supply. How plausible all this sounds! How true, mathematically or technically speaking, it is! Yet how utterly silly it really is! Suppose we rephrase this doctrine in some such way as this: The supply of money and the flow of it into the hands of the rank and file has increased much more rapidly than either the supply or the rate of production of meat! How different the situation seems when so stated! Yet in this sentence we find the truth, the whole truth and nothing but the truth.

Inflation!

A good many of our "scarcities"—so far as they are not born of crippling interference by government—are extraordinary only when related to funds available for their purchase. By far the larger part of our stocks of goods have always been far below the abstract desires of the people. The real market has always been limited by what the consumer was willing to buy and was able to pay for. The inflationary policies of the past dozen or so years, particularly the inflationary practices to which the Treasury resorted during the war, has enormously enlarged the volume of funds in the hands of the general public. Production of war materials and other costs of the war have had the effect of distributing most of these funds widely. The excessive labor costs of current production (in relation to prices obtainable or permitted on finished manufactures) are having the effect of placing funds in the hands of the rank and file at a rate in excess of the flow of consumer goods into the markets. Other factors, too numerous to mention, are having about the same effect. If the prices of radios, of automobiles, of sugar, of any of a hundred other articles, were cut in half, who can doubt that demand for them would be very much enlarged? If the same end were reached by doubling the funds available to purchase them, why should we expect a different result? The latter type of change is what has taken place during the past dozen years, particularly during the war years.

There was a time not so very many years ago when inflation was thought of as damaging, as unwholesome, as a thing to be avoided at almost any cost. It now appears to be regarded as a device by which "purchasing power" is put in the hands of the great rank and file. Surprise or worse, moreover, arises when the markets report that this thing that has been created is not purchasing power at all but a counterfeit which the economic system soon recognizes and repudiates. Some of our current scarcities are an inevitable outgrowth of diverted production facilities during the war; some of them are the price we are paying for government meddling, work interruption and other difficulties of a kindred sort; a few result from destruction of former supply sources abroad; many of them probably exist, or exist in the degree imagined, only when measured by the inflated supply of money.

Needed Treatment

This unbalanced situation cries for certain treatments which the politicians—and many others, for that matter—hesitate to give it. Four of the most important of these are (1) higher prices, (2) fuller production—particularly greater production per man hour and per man employed, (3) determined public policy directed intelligently at reduction in the underlying inflationary factors responsible for our difficulties, and (4) a prompt end of all controls, including all those complex maneuvers and tactics commonly referred to as "managed economy."

In the minds of those who really believe in the free enterprise system, the American way of doing things, there is not a shadow of doubt that the economic system would definitely and rather promptly restore its own equilibrium once it was given a real opportunity to do so. It is equally indisputable that it can do so only imperfectly and belatedly, if at all, when shackled by government controls, or constantly harassed by utterly unsound public policy.

These are some of the basic lessons of the "meat situation."

MBA Reports Mortgage Debt Drop By Nation in 1945

The mortgage debt of the country took another drop last year but it was only about half the decrease shown in 1944 as compared with 1943, according to the third annual survey of the nation's mortgage debt published on Aug. 11 by the Mortgage Bankers Association of America. The MBA's report, made available Aug. 11, continued:

"The total city and farm mortgage debt at the end of last year was $30,417,975,387 as against $31,656,850,697, a decline of 3.9%, which compares with a drop of 8% a year earlier. Holdings for both Federal agencies and private interests both showed declines, must most mortgages paid off were those of the Government agencies.

"The total of mortgages owned by private interests at the end of 1945 is set at $28,017,617,096 as against $28,676,135,410 at the end of 1944, a decline of only 2.3%. As against this decrease the report added—and especially in view of the heavy liquidations of mortgage debt because of high national income—the mortgage holdings of Federal agencies showed a decline of 19.5%, or to $2,400,358,291 from $2,980,715,287. This decrease was almost exactly the same as shown in the survey a year ago when Federal agency holdings showed a drop of 19.2%.

"Thus, according to the study, the Federal government is getting out of the mortgage business more rapidly than could have been anticipated a few years ago. Biggest decline in Federal agency holdings of mortgages was shown by the Federal National Mortgage Association, which showed a decrease of 87.7% in loans held and the RFC Mortgage Company which had 61.9% less mortgages than a year ago. These decreases were materially higher than a year ago when both agencies showed declines of slightly over 19% each. The HOLC's decrease of loans held was 21.9% at the end of 1945 as against a decline of 18.5% at the end of 1944.

"In the farm mortgage field, changes in the mortgage holdings of Federal agencies was not so pronounced. The Federal Land Banks showed a decline of 10.7%, the Federal Farm Mortgage Corporation 31% and the Farm Security Administration showed a gain of 2.8%—the only Federal agency to show a gain in farm mortgages owned. At the end of 1945, this latter agency owned $184,034,779 of farm loans.

"As for private investors in farm and city mortgages, the savings and loan associations showed the greatest increase, their holdings increasing to $5,450,000,000 from $4,750,000,000 at the end of 1944, an increase of 14.7%. The fraternal societies and associations showed a gain of 13.4% in mortgage loans held, their holdings on December 31, 1945 amounting to $229,289,637 as against $201,174,731 a year earlier. Mortgage holdings of commercial banks rose 9.8%, or to $4,770,232,000 from $4,344,151,000.

"Life insurance company holdings, however, dropped 1%, or to $6,566,000,000 from $6,683,000,000, but these institutions remained the heaviest private investors in mortgages with the exception of 'others.' This miscellaneous 'others' classification, which includes private individuals, mortgage companies and various other investors, showed the greatest loss of all—a drop of 19% in 1945. At the end of 1945 they are estimated to have owned $6,800,000,000 of mortgages as compared with $8,400,000,000 a year ago."

The survey of U. S. mortgage debt was begun three years ago by L. E. Mahan of St. Louis, a past President of the Association, and published annually since then. Commenting on the study, Mr. Mahan pointed out that one especially significant fact, is that the Federal Government is getting out of the mortgage investment field more rapidly than anticipated several years ago. While Federal agencies still hold $2,400,358,291 city and farm mortgages, the decline in their holdings last year was nearly 20%. The previous year they showed a drop of 19.2%.

Mine Workers' Paper Urges Cessation of Government Controls

An end of all Government controls over the Nation's economy was called for by the United Mine Workers (AFL) Journal on Sept. 24, which at the same time asked for permanent retirement of Henry A. Wallace, former Commerce Secretary, from political life.

This is learned from a United Press dispatch on that date from Washington, appearing in the New York "World Telegram," which also had the following to say:

"The Journal blamed President Truman's support of wage and price controls for continuing 'to muddle labor relations throughout the nation.' It said the meat shortage is the result of 'buck-passing . . . among Washington burrocrats.'

"K. C. Adams, Journal editor, called this pre-convention issue his 'anti-burrocratic edition.' The UMW will meet next week in Atlantic City to formulate a policy 'to free American workmen from burrocratic, political control.'

"The Journal said Mr. Wallace 'has had one foot in the political grave for a long time and, according to leaders of both political parties, the other one has been long overdue.'

"It said Mr. Truman should weed out from all government departments the propagandizing ismites and ideologists who attempt to travel both left and right at one and the same time.'

"Mr. Adams said Mr. Wallace was backed by the UMW, AFL and CIO in 1940 for Vice President to block the nomination of Paul V. McNutt."

Britain to Save Silver In Coinage

Reporting that the British Government has decided to abolish the present silver currency to save large amounts of the high-priced metal, advices to the "Wall Street Journal" of Sept. 27 from its London bureau, said:

"Silver currency now in use will be replaced by coins containing a high content of nickel. Special legislation to authorize this will be placed before the next session of Parliament. Shape and design of the British coins will be unchanged, but they will be much lighter and of a slightly different color.

"As the new nickel currency becomes available, silver coins will be withdrawn from circulation. They will be melted down and the silver extracted.

"Bullion brokers estimate this will release about 250 million ounces of the metal. As an example, silver represents one-sixth of the metal content of shilling coins now used in Britain.

"On the basis of the present British price of 55½ pence an ounce for silver, equal to about 93.29 cents in the U. S., the 250 million ounces expected to be recovered would be worth about $233,225,000. The U. S. Treasury buying price for newly mined domestic silver is 90½ cents an ounce. In New York foreign silver is selling at 90⅝ cents an ounce."

According to special London advices Sept. 29 to the New York "Times" the decision of Britain will go a long way toward solving the British Government's problem of repaying the huge amount of silver obtained during the war from the United States under lend-lease. The "Times" advices added in part:

"There was no prospect of being able to obtain the more than 300,000,000 ounces required for this purpose from the open market, but by the simple expedient of substituting nickel for silver, most of this vast quantity of silver will be obtained at little net cost when allowance is made for the profit that the government will make on the new coinage."

Removal From Blocked Accts. of Bearer Shares Of French Corporations

Advices, dated Sept. 19, from the Financial Counselor of the French Embassy, at Washington, received by the Federal Reserve Bank of New York regarding the removal from blocked accounts of bearer shares of certain French corporations, were received as follows by the Federal Reserve Bank of New York:

"According to the provisions of the French law dated Feb. 3, 1943 the bearer-shares of certain French corporations have to be either registered in the name of the owner or deposited with the "Caisse Centrale de Depots et de Virements de Titres." The shares presently in the United States are subject to those regulations and must be sent to France.

"The United States Treasury Department has issued license No. W-2884 to the French Embassy in Washington authorizing the withdrawal of such shares from blocked accounts.

"The text of this license is available at the French Consulates and at the office of the Financial Counselor of the French Embassy, 1822 Massachusetts Avenue, N.W., Washington, D. C."

Fact-Finding Called Best Labor Peace Aid

A report submitted to Secretary of Labor Lewis B. Schwellenbach by a three-man board headed by Nathan P. Feinsinger of the University of Wisconsin Law School, and released by Mr. Schwellenbach on Sept. 22, according to Washington advices from the Associated Press, advocates the use of fact-finding boards as the best procedure at present for curtailing strife between labor and management. The report, which was prepared by Clark Kerr and John Ernest Roe in addition to Mr. Feinsinger, states that the fact-finding system "in our opinion holds much promise of filling the vacuum" caused by lack of other means for settling labor disputes.

The three men who offered these conclusions had functioned as a fact-finding board in the labor disputes of the Pacific Gas & Electric Co. and the Milwaukee Gas Light Company. "There is strong resistance on the part of both labor and management," their report read, "to a legislatively-imposed system of compulsory arbitration of the terms and conditions of employment to govern the relations of the parties during the (labor) contract period." The Associated Press also quotes the report as saying:

"Governmental control over the collective bargaining process was a necessary evil in war time. That experience, however, demonstrated the essential weakness of a universal system of compulsory arbitration, namely the inevitable failure in many instances to give proper weight to the collective bargaining history and the current problems unique to particular industries"

The plan of voluntary arbitration, under which the parties agree to submit a dispute for a binding decision, is growing in favor in both labor and industry, they said, though is unlikely to become "generally accepted" in the near future. The press advices added:

In lieu of anything else, the three men recommended "the procedure of fact finding and recommendations by a properly qualified government board."

"Even when the parties have not agreed in advance to be bound by the (fact-finding) recommendations," they said, "neither party is likely to assume responsibility for a strike or a lock-out thereafter in the face of public opinion which almost invariable supports the recommendations."

The men said fact-finding will not always provide a "perfect solution," but it is speedy, simple and flexible, and in the two utility cases their Board handled averted a strike in one and settled a strike in the other.

"If these experiences and similar experiences of other boards in different industries are any reliable indication, as we believe they are," the men stated, "the procedure of fact-finding and recommendations may very well prove to be useful on a broad scale as an effective supplement to collective bargaining, conciliation, mediation and voluntary arbitration to the peaceful settlement of labor disputes involving the public interest."

There have been several proposals sponsored by the Administration to have fact-finding procedure receive Congressional backing, but so far Congress has not been very responsive.

Consumer Banking Institute Seeks Repeal Of Reserve Board's Regulation W

Consumer Banking Institute, which is urging the repeal of the Federal Reserve Board's Regulation W, has circulated petitions among businessmen calling for "immediate repeal of the regulation as discriminatory against the veteran and a hamstringing influence on the country's struggle for full production, full employment, and full consumption." In addition to demanding immediate repeal of the Regulation "as an obstructionist regimentation and restriction of needed, sound consumer credit," the petition warns that "any attempt to perpetuate such war-born credit restriction as a permanent part of our peacetime economy would be met with head-on opposition." The Institute also has the following to say;

"The petition charges that Regulation W, instead of being the anti-inflationary measure the Board contends, may have the opposite effect by encouraging purchasers to cash war bonds and to spend bank balances rather than to buy out of income. The petition charges further that:

"1. Regulation W unfairly restricts the needs of veterans. On the one hand, the Federal Government expands credit facilities and credit terms for the purchase of houses (as well as businesses and farms); and on the other restricts the veteran in acquiring the appliances and furnishings to make the house a home.

"2. Regulation W is discriminatory in that it favors the cash purchaser over the less wealthy buyer who must pay out of income; it is undemocratic, in that it supports the Marxian principle that the control of credit is essential to the socialized state; it leads to evasion on the part of hard-pressed individuals who conceal their true reasons when seeking credit in order to avoid the stricter requirements of the Regulation."

Charging further that the Regulation creates a needless expense on the part of thousands of financial institutions and tens of thousands of merchants throughout the country who must attempt to administer the multitude of rules, interpretations and procedures prescribed by the Regulation, the petition sets forth that:

"In a period of peacetime reconversion, consumer credit must be permitted to assume its normal function in the creating of mass markets which will alone lead to mass production, mass distribution, full employment and a maximum national income."

A recent amendment to Regulation W was referred to in our issue of Aug. 29, page 1182.

Fabricated Structural Steel Bookings Up in Aug.

The estimated total bookings of fabricated structural steel for the month of August, 1946, according to reports received by the American Institute of Steel Construction, amounted to 161,567 tons, or some 30,000 tons larger than the bookings for the months of June or July. The estimated total for the first eight months of the year was 1,264,435 tons, or an increase of 32.1% over the average of 956,887 tons booked for the same period in the five prewar years 1936 to 1940.

August shipments totaling 145,137 tons, were the largest for any month reported this year. The shipments for the eight months amounting to 924,953 tons, were practically the same as the average reported for the same months in the five prewar years. The tonnage available for future fabrication at August 31st, amounts to 651,461 tons.

Britain, Argentina Sign Trade Pact

Following an announcement from Buenos Aires on Sept. 16 that the governments of Great Britain and Argentina had finally settled the terms of a four-point trade agreement for which negotiations were nearly broken off on several occasions, the signing of the agreement was made known on Sept. 19. United Press advices from London on Sept. 19 in stating that Prime Minister Atlee, announcing the conclusion of the agreement, said the terms would be published within a few days. A Brazilian source said Britain had agreed to release Brazil's blocked credits of $200,000,000 in pounds sterling. The United Press added:

"This credit was built up during the war when Brazil was sending supplies to Britain with the understanding that an agreement for its spending would be worked out after the war. The Brazilian source said Britain had agreed that the credit could be spent for finished products within the British sterling bloc countries, and outside the bloc in nations including Sweden and Belgium.

"Britain was said to be interested in the status of British capital in Brazil and the future of four British companies taken over in northern Brazil by the government during the war. The British were assured on Tuesday, when negotiations began, that the new Brazilian Constitution amply safeguarded their investments.

"In addition to the purely commercial aspects of the negotiations, British Foreign Ministry officials asked Senhor Joao Neves da Fontoura, the Brazilian Ambassador, whether Brazil would be willing to accept European displaced persons as immigrants. He replied that Brazil would accept up to 100,000 but that they would have to be agricultural workers, technicians or scientists. He also said Brazil could not accept any "considerable number" unless Britain or some other country offered financial assistance. The discussion of immigrants was left at that, pending a scheduled conference in Washington to review the whole situation.

According to Associated Press accounts from Buenos Aires Sept. 16 Argentine Foreign Minister Juan Bramulgia was credited with having "rescued" the ten weeks' negotiations from complete breakdown, by convincing other members of the government that failure to reach an accord would jeopardize the whole future of British-Argentine relations.

Preceding the signing of the pact, which is so vital to assuring Great Britain supplies of Argentine meat, reliable sources were reported to have stated that among the negotiators' chief accomplishments; with both sides making great concessions were:

"A decision to solve the problem of British railways in Argentina, which have not paid dividends since 1935, through a consortium between the railway companies and the Argentine Government.

"An agreement to ship 70 to 75% of Argentina's exportable meat to Great Britain, thus leaving a certain portion for export to other countries.

"A recommendation for the study of a new, over-all trade agreement to replace the British-Argentina trade treaty which expired on Aug. 20. This step probably will not be completed until after the International Trade Conference to be held next year in the United States.

Gas Revenues Gain in Second Quarter

Total revenues from the sale of utility gas to ultimate consumers in the quarter ending June 30, 1946, amounted to $282,033,900, a gain of 0.6% over revenues of $280,436,500 in the like quarter of 1945, the American Gas Association announced on Sept. 30. Revenues from the sale of residential gas totaled $177,232,100, an increase of 3.6% over revenues of $171,155,600 in the like 1945 quarter. Commercial gas sales revenues were $32,593,100, an increase of 1.4% over $32,139,100 a year earlier. Industrial gas sales revenues totaled $72,208,700, a decrease of 6.4% under revenues of $77,141,800 in the June quarter of 1945.

Utility gas customers on June 30, 1946, totaled 20,565,100, an increase of 2.6% over 20,052,000 customers on June 30, 1945. Residential customers aggregated 19,241,200, a gain of 2.3% over 18,809,700 in the previous year. Commercial gas customers totaled 1,223,900, a gain of 6.8% over 1,146,300 a year earlier, while industrial customers totaled 100,000 against 96,000 on June 30, 1945, or a gain of 4.2%.

For the six months ended June 30, 1946, total gas revenues were $654,381,000, an increase of 1.9% over $642,388,300 for the first half of 1945. Residential gas revenues for the 1946 half year, totaled $429,829,900, a gain of 5.6% over $406,905,700 a year earlier. Commercial gas revenues were $84,330,000, an increase of 4.6% over revenues amounting to $80,621,500 in the first half of 1945. Revenues from the sale of industrial gas in the first half of 1946 declined 9.5% from $154,861,100 to $140,221,100.

Broken down by types of gas, revenues from the sale of manufactured gas in the second quarter of 1946 totaled $96,146,400, an increase of 5.4% over $91,223,400 a year earlier. Revenues from residential sales of manufactured gas totaled $72,447,100, a gain of 6.9% over $67,799,000 in the like quarter of 1945. Revenues from commercial sales of manufactured gas, totaled $14,146,900, an increase of 9.3% over $12,943,000 in the previous year. Revenues from industrial sales of manufactured gas in the second quarter of 1946, were down 9.2% from $9,642,400 in the 1945 quarter, to $8,757,300 in the 1946 period.

Manufactured gas customers on June 30, 1946 totaled 8,936,100, an increase of 1.9% over 8,769,200 a year earlier. Of this total, 8,367,100 were residential gas customers, an increase of 1.7% over 8,226,300 customers on June 30, 1945. Commercial customers using manufactured gas, totaled 523,500, an increase of 4.9% over 499,200 commercial users of manufactured gas a year earlier, while industrial customers using manufactured gas totaled 37,500 on June 30, 1946, an increase of 6.5% over 35,200 customers a year earlier.

Total sales of manufactured gas in MCF for the quarter ended June 30, 1946, amounted to 99,337,300, an increase of 3.6% over 95,874,500 MCF of manufactured gas sold in the June 30, 1945 quarter. Of this volume, 66,856,400 were sold for residential use, an increase of 8.7% over 61,521,100 MCF sold a year earlier. Commercial sales amounted to 15,610,000 MCF, a gain of 10.1% over 14,184,100 MCF sold in the June 1945 quarter. Industrial gas sales for the quarter totaled 15,695,900 MCF, a decline of 17.0% under the comparable period in 1945 when 18,910,400 MCF of manufactured gas was sold for industrial use.

Natural gas revenues for the second quarter of 1946, totaled $159,852,800, a decline of 2.2% under $163,413,100, a year earlier. Revenues from the sale of natural gas for residential use totaled $85,177,300 for the second quarter, an increase of 0.9% over $84,412,000 in the 1945 quarter. Commercial natural gas revenues were $15,259,800, a decrease of 5.6% under $16,166,100 in the like period in 1945. Industrial natural gas revenues were $57,005,200, a decrease of 3.6% under $59,149,700 a year earlier. Total customers using natural gas on June 30, 1946, numbered 9,171,000, a gain of 3.5% over 8,859,000 natural gas customers on June 30, 1945. Natural gas sales in MCF for the second quarter amounted to 508,140,900 MCF, a decline of 5.0% under 535,011,600 MCF sold in the second quarter of 1945.

Revenues from the sale of mixed gas in the second quarter of 1946 amounted to $26,034,700, an increase of 0.9% over $25,800,000 in the like 1945 quarter. Total customers for mixed gas on June 30, 1946 were 2,458,000, an increase of 1.4% over 2,423,800 mixed gas customers on June 30, 1945. Sales of mixed gas in the second quarter of 1946 amounted to 34,017,400 MCF, an increase of 0.2% over 33,941,400 MCF sold in the second quarter of 1945.

Turkey Seeks Admiss'n To World Bank

While Turkey has applied for membership in the International Monetary Fund and World Bank, none of the other so-called neutral countries of World War II has expressed even the slightest interest, it was learned on Sept. 24, according to United Press advices from Washington on that date, appearing in the New York "World Telegram." These advices went on to say:

"An official of the fund revealed that Sweden, Switzerland and Argentina have failed to communicate with either the fund or the bank.

"Russia, it was said, has remained entirely aloof. The Bank and the Fund have had no correspondence with Moscow since the spring organization meetings in Savannah.

"A Bretton Woods signatory nation, Russia has until Dec. 31 to sign up and retain her charter membership rights. The Soviets will be invited to send an observer to the Board of Governors' meeting opening here Friday.

"Other signatory nations which also have until the year end to align themselves are Australia, Haiti, Liberia, New Zealand and Venezuela. Colombia is a member of the Fund but not of the Bank.

"Sweden, Switzerland and Argentina will not be invited by the institutions to join, but will be expected to make the first move.

"One of the important matters to be decided at the meeting of the Governors will be whether to allow Turkey, Syria, Lebanon and Italy to enter the Bank and Fund."

In advices Oct. 1 to the "Wall Street Journal" from its Washington bureau it was stated that the U. S. delegation to the World Bank meeting which opened in Washington, Sept. 27 expected to recommend to a special membership committee of Governors that Turkey, Italy, Trans-Jordan, and Syria be admitted to the Bank and Fund.

Redeem Buenos Aires Bonds Oct. 1

Holders of Province of Buenos Aires, Argentine Republic 4¾-4⅜% external readjustment sinking fund dollar bonds of 1935, due April 1, 1976, are being notified that $74,000 principal amount of these bonds outstanding have been drawn by lot for redemption on Oct. 1, 1946 at par. Payment may be received at the head office of the National City Bank of New York, or at the principal trust office of the Chase National Bank of the City of New York.

Hourly Earnings at All-Time High in July Conference Board Reports

Hourly earnings in July reached new peak levels for the sixth consecutive month, while real weekly earnings (the value in goods and services of the weekly dollar earnings) showed a sharp drop in the 25 manufacturing industries surveyed monthly by the National Industrial Conference Board. Reporting this on Sept. 19, the Board said:

"The July average of $1.193 for hourly earnings of production and related workers was 0.3% over June, bringing the July figure to the highest point ever reached in the series. This represents the ninth successive month in which hourly earnings rose above the previous month's level. All payroll statistics (except real weekly earnings) rose from June to July. Wage rate increases reported to The Conference Board amounted to only 0.2%. Since October, 1945, the percentage of women workers in manufacturing dropped from 22.8% to 18.9%.

"The Conference Board's summary of labor statistics for the 25 manufacturing industries for July, 1946, with comparisons with earlier dates, follows:

"Hourly Earnings: Average July hourly rate $1.193. Up 0.3% over June, 1946 and 7.9% over July last year. Other comparisons: Since January, 1941 (Base Date of Little Steel Formula)—up 57.2%; Since August, 1939 (Start of World War II)—up 65.7%; Since 1929 "prosperity peak"—up 102.2%.

"Weekly Earnings: The July, 1946 average was $47.58, an 0.8% rise over June. Other comparisons: 2.9% less than July, 1945; 55.4% greater than January, 1941; 66.7% over 1929.

"Real Weekly Earnings, or the amount of goods and services that can be bought with weekly dollar earnings, declined 4.8% over the month, and 9.3% over the past 12 months. Other comparisons: 16.8% greater than in January, 1941; 27.9% over the August, 1939 level; 45.7% over 1929.

"Hours Per Week: Increased 0.5%, or 0.2 hour from June to July. Since January, 1945, when the work week averaged 46.2 hours—high point of the war years—working hours have been reduced 13.4%.

"Employment: A rise of 0.8% over June, 1946. This represents a rise of 14.7% over September, 1945, when manufacturing employment was at its lowest point since before the war. Other comparisons: 3.3% lower than year ago (July, 1945); 39.3% over August, 1939; 17.9% higher than 1929.

"Payrolls: An increase of 1.6% over June, 1946. Other comparisons: 6.1% less than July, 1945; 24.5% above February, 1946 low point; 22.7% less than November, 1943 peak; 96.5% increase over 1929.

"Man Hours: Rose 1.3% from June to July, 1946. 12.7% below July of last year. July, 1946 shows an increase of 5.8% over January, 1941, and 47.1% over August, 1939. Current figure is 2.4% below the 1929 level."

Moore Named Officer Of N. Y. Reserve

Effective Oct. 1, the board of directors of the Federal Reserve Bank of New York recently appointed O. Ernest Moore an officer of the bank with the title of Manager. Mr. Moore joined the bank's staff in February 1926. He left the bank in April 1930 and for the next five years served with the Bank for International Settlements at Basle, Switzerland. Upon his return to the Federal Reserve Bank in 1935 he was assigned to the Foreign Department. Since September 1939 he has served as Chief of the Foreign Research Division of the Research Department. Mr. Moore will serve as Manager of the Research Department.

Takes Issue on Rights Of Unions in Strikes

A clearer definition of the national labor policy was called for on Sept. 11 by William K. Jackson, President of the United States Chamber of Commerce, who declared that in the maritime and trucking strikes "the question of whether one element in the economy can disregard the national welfare and disrupt the entire economy rises above the issue of whether that element has just cause in striking." Mr. Jackson's comments were made at the annual convention in Atlantic City of the Printing Industry of America, attended by 600 members, and special advices to the New York "Times" from Atlantic City, in indicating what he had to say above, further reported him as follows:

"The maritime strike is a strike against the Government—against a decision of the Wage Stabilization Board," he said. "It cuts to the heart of the stabilization program and the attempt of Government to control wages and prices.

"One destructive round of strikes has shown the folly of trying to hold the line on prices without holding the line on wages also. If the Government yields on the issue of wage stabilization, it will be hypocrisy to maintain that prices can be stabilized by bureaucratic fiat."

Mr. Jackson called upon labor and management to team together and keep production rolling "as the way that leads to plenty and rising living standards for everyone;" adding: "We need more goods, not more dollars. Take care of production and the dollars will take care of themselves."

Immigration Committee Head Opposes Increase

Chairman Richard B. Russell (D.-Ga.) of the Senate Immigration Committee told reporters on Sept. 2 that he was opposed to President Truman's plan for admitting a limited number of displaced Europeans, including Jews, to the United States because the plan would establish a "dangerous precedent." Mr. Russell, United Press Washington advices stated, expressed the hope that the President would not push the plan as it was certain to meet with stiff opposition in Congress. Any relaxation of immigration bars would set a "dangerous pattern for the rest of the world," Senator Russell declared, adding that the United States could not open its doors to large numbers of hungry or displaced persons. The United Press further said:

"Accepting a limited number of homeless Europeans would not aid in settling 'larger world problems of human want and misery,' he added.

"On the other hand, Mr. Russell urged the filling of present immigration quotas. He pointed out that regulations drafted last December permit entry of 3,900 additional persons and said this quota had not been exhausted.

"He called attention to Justice Department figures showing that in the years 1341 to 1945 only 170,952 persons, a little more than one year's quota, have entered this country. By using available quotas, he said, some relief for displaced persons could be assured without touching immigration regulations."

Labor Dep't Names Seven Committees

The Labor Department in Washington on Sept. 5, announced the formation of seven labor-management committees to advise regional conciliation directors as a step in the direction of a return to completely free collective bargaining. This is learned from advices to the New York "Journal of Commerce" from its Washington bureau on Sept. 5, which also had the following to say:

The committees include two representatives each from the National Association of Manufacturers, the CIO, United States Chamber of Commerce, and the AFL.

The seven advisory bodies were given the initial task of selecting lists of eligible mediators for future labor disputes. By having the committees pick candidates for mediation jobs, parties to future disputes can be assured that mediators have the approval of labor and management alike, Director Edgar L. Warren, of the Conciliation Service asserted.

The new committees are set up on the same plan as the National Conciliation Service advisory committee. There are approximately 300 Government conciliators in each of the seven regions who are to be augmented by approved panels of mediators.

Appointment of these committees is part of our effort to decentralize responsibility for settling disputes," Mr. Warren said. "First responsibility in any system of free collective bargaining rests with management and labor. If they are unable to settle their own affairs, certainly they can receive the best advice and counsel from men in their own community."

The following were appointed to the Advisory Committee for the second region, which includes New York, Pennsylvania, New Jersey, Delaware, Maryland and the District of Columbia, with headquarters in New York City:

AFL—Harold Hanover, Secretary of New York State Federation of Labor, Albany 6, N. Y.

James McDevitt, President of Pennsylvania State Federation of Labor, Harrisburg, Pa.

CIO — John J. Grogan, Vice-President, Industrial Union of Marine and Shipbuilding Workers of America, Camden, N. J.

Douglas L. MecMahan, International Secretary-Treasurer, Transport Workers Union of America, 153 West 64th St., New York 23, N. Y.

NAM—Forrest E. McGuire, Executive Vice President, Manufacturers Association of Syracuse, 351 South Warren St., Syracuse 2, N. Y.

R. K. Heineman, attorney, Aluminum Company of America, Pittsburgh, Pa.

USCC—Rudolph F. Vogeler, manager, Ind., Coun., Philadelphia Chamber of Commerce and Board of Trade, Philadelphia, Pa.

Bernard H. Fitzpatriek, director of industrial relations, Commerce and Industry Association of New York, 233 Broadway, New York 7, N. Y.

Anglo-Russian Pact For Debt Settlement

Under date of Sept. 10 Associated Press advices from London said: "The Board of Trade announced today Anglo-Russian agreement on a formula for settling a Soviet debt of approximately 40,000,000 pounds ($160,000,000) for civilian goods bought in Britain since 1941, and expressed hope the pact 'will prepare the way for further discussions on the subject of the wider development of Anglo-Russian trade.'"

Dealings in Bonds By Realty Dealers

A ruling to the effect that a taxpayer buying and selling bonds in the course of his real estate business was not entitled to take advantage of the capital asset tax provisions, since the bonds were his "stock in trade" has been handed down by the United States Tax Court at Washington, it is learned from advices Sept. 11 to the New York "Journal of Commerce" from its Washington bureau, which further said:

Harry Dunitz and Max Dunitz, Detroit, Mich., purchased and sold bonds aggregating hundreds of thousands of dollars over a period of years, according to the statement of facts given in the case. The primary purposes of their buying bonds secured by mortgages on various buildings was described as intended to enable them to acquire the property, to control it in order to secure its management, to hold the bonds in anticipation of a rise in price, or to sell them for cash.

The taxpayers, in their income tax returns, gave their principal occupation as "real estate" and they said they were engaged in the building and real estate business.

The principal issue in the Tax Court case was whether amounts realized by these two individuals from the disposition of bonds which unlike some of the bonds in which they traded had been originally executed by them for the purposes by obtaining construction funds constituted ordinary income or a capital gain. The bonds were secured by mortgage on a Detroit building.

It was the position of the Internal Revenue Commissioner that the taxpayers were not entitled to the more favorable capital assets tax treatment because the purchase and sale of bonds secured by mortgages on buildings that they managed through such purchases constituted an "essential and integral part of their business."

The Tax Court accepted this reasoning. "The purchase of the bonds in question and other similar securities was inherent and necessary to the taxpayers' business," the Court said.

The Court said the bonds obviously were not purchased nor held as an investment. Under the circumstances of the case, it was held the bonds may be said to have constituted the taxpayer's stock in trade or property of a kind which would properly be included in inventory.

Nomburg in Post of Comm. & Industry Assn.

Appointment of Mack A. Nomburg, former Secretary of the New York State Transit Commission, as Manager of the Bureau of Public Relations of the Commerce and Industry Association of New York was announced on Sept. 9 by Thomas Jefferson Miley, Secretary of the Association. The announcement says:

"Starting with the New York 'Globe,' Mr. Nomburg was a reporter and editor on several metropolitan newspapers, including the "Telegram" and "Tribune," before entering the public relations field. He was press representative for Mayor James J. Walker and Attorney-General John J. Bennett in their election campaigns and was director of publicity for the New York State Democratic Committee in the 1944 Presidential elections. Mr. Nomburg was a co-founder and for six years Secretary-Treasurer of The Inner Circle. He is a member of The Salurians and for four years was Chairman of the House Committee of the National Democratic Club.

RFC Mtge. Co. Provides Market for Housing Loans to Veterans

A market for veterans' home loans that have been guaranteed or insured by the Veterans' Administration has been established by the Reconstruction Finance Corporation Mortgage Company, an affiliate of the RFC. These loans will be purchased only from the original lenders, at par and accrued interest, and the loans must conform to certain general requirements of the Company said an announcement on Sept. 9, released through the regional office of the RFC at 44 Pine Street, New York, which also had the following to say:

"This action is being taken because many private financial institutions have indicated that in order to continue making loans to veterans for the purchase or construction of homes they must have a dependable market, where, if necessary, they can sell the loans.

"The RFC Mortgage Company will not itself make any loans to veterans for the purchase of a home. Such loans to veterans will be made by banks or other lending institutions. The function of the RFC Mortgage Company under this program is to provide a market for the guaranteed or insured mortgages which will be done through its purchases direct from the bank or other lending institution making the original loan. General Omar N. Bradley, Administrator of Veterans' Affairs, has stated that this move will be an important factor in the success of the veteran's home program."

Following are the principal requirements of the Company, with respect to the purchase of loans:

(1) the loan shall not exceed $10,000, must bear interest at 4% must be secured by a first mortgage, and must be guaranteed by the Veterans' Administration to the extend of $4,000, or 50% of the face amount, or must be insured under the provisions of Section 508(a) of the Servicemen's Readjustment Act of 1944, as amended;

(2) the note and mortgage must be on standardized forms which will be supplied by the Veterans' Administration as soon as printing is completed;

(3) the loan must not be delinquent;

(4) the seller must continue to service the loan, for which it will be paid a service fee of ½% per annum on the unpaid balance.

A circular setting forth the requirements under which these loans will be purchased by The RFC Mortgage Company will be mailed to any interested lending institutions, or others, upon request to the Company at its principal office, 811 Vermont Avenue, Washington 25, D. C., or to the New York or any other regional loan agency of the RFC.

Merritt Named Assoc. Comm. of Public Debt

Secretary Snyder announced on Sept. 10 the appointment of Donald M. Merritt as Associate Commissioner of the Public Debt. Mr. Merritt, a native of Iowa City, Iowa, has been with the Treasury Department since 1935, and comes to Washington from Chicago, where for the last 12 months he served as Acting Deputy Commissioner in charge of Public Debt's field office. The Treasury Department's advices added:

"Prior to his Chicago assignment Mr. Merritt spent several years in San Francisco as fiscal representative of the Treasury Department."

From Washington Ahead of the News

(Continued from first page)

meat, they all agree. The New Dealers among them express a hope that the tide can be checked short of an overturn. Such tides are not usually brought up short. Invariably they run beyond expectations.

Mr. Truman has been beseeched all around to decontrol meat. He is represented as being determined not to do so, for three reasons: It would be considered a cheap political stunt; his abiding faith in continuation of controls as necessary to the welfare of the people, and third and quite important, the probability that meat wouldn't get to the market in time if the controls were lifted. The politicians who have waited upon him, are inclined wearily to accept the latter proposition, and this is the assurance of the meat spokesmen.

In the meantime, the Democrats have launched a frenzied campaign to put the blame on the Republicans. The returning correspondents are in agreement, though, that regardless of where the blame should lay, the Administration is getting it.

It is interesting that Walter Reuther and his CIO cohorts, those who held a blackjack over the Decontrol Board and forced it to make its ridiculous compromise, are keeping quiet. Presumably, they would just as soon have their part in the awful mess forgotten.

It isn't simply a question of people not getting meat. Men are being thrown out of work in leather, hide, soap and kindred industries. As the politicians become more panicky you can expect all sorts of statements about the amount of meat we have sent to Europe, and demands for investigations. The sparks are going to fly.

The whole situation is plenty ironic. The New Dealers began making a political term of "inflation" in 1943. It has been that in this country, instead of an economic term, ever since.

They were not satisfied with holding down prices in war-time, a very prosaic thing for a wartime government to do. They wanted to dramatize it for long range purposes. Thus, we were told by the billion dollar ballyhooers that what they were doing for us, was preventing something far more terrible than war—inflation. They told us all about what happened in Germany after the last war. They were really a two-fisted bunch, these fellows. They were winning the war abroad and preventing a terrible disaster at home. Rising prices are good or bad, according to the view. We can remember back there in the early 30's when the prayer was for higher prices. But inflation is terrible, and preventing it was what the New Deal propagandists decided they were doing. This gave them something glamorous to sell, and not just for the forthcoming Presidential campaign of '44, but for a long time after the war.

Preventing this terrible thing constituted a long range job. It didn't end with VJ-day. Why, we were reminded that our troubles were then just beginning and instead of getting out from the shackles of the bureaucrats, we were more dependent upon them than ever. Of all the frightening things with which the bureaucrats have been frightening us for 14 years, they worked hardest at this. They even went in for siphoning off the savings of the people, and the result was that the people came not to count the siphoned off money as part of their wages at all an began to strike for more "take-home" pay. Then the Bureaucrats switched temporarily from preventing inflation to preventing deflation. In the shenanigans the Leftists were, of course, working in their confused way, to bring about a redistribution of wealth, a term we haven't heard for a long time, but that's what they were working for.

More recently, the conservative advisers of Mr. Truman, agreeing privately that we must move to a "higher plateau of prices," nevertheless have believed that there was a n o t h e r c a m p a i g n victory in "preventing inflation," just as Hoover believed there was another one in prohibition. In those days it was the fanatical Drys who blinded him to realities. Now it is the vociferous Walter Reuthers. But the farmers have apparently decided that if a domestic in the city making $50 a week doesn't want to pay a little more for meat, he can do without the meat. Meat, apparently, is to bring the house of the bureaucrats toppling down. And with the country voting conservative, the Reuthers will topple soon thereafterwards.

Houston of Chemical Bank Honors Mission

Frank K. Houston, Chairman of the Board of the Chemical Bank & Trust Company of New York gave a luncheon in the private dining room of the Bank on Sept. 27 in honor of the Venezuelan Mission, which is presently in the United States for the purpose of conducting surveys and to purchase equipment to further the agricultural and industrial development of their country. The guests of honor were: Dr. Juan Pablo Perez Alfonso, Minister of Economic Development, and Dr. Alejandro Oropeza Castillo, President of the newly-formed Venezuelan Development Corporation. A number of prominent guests attended the lunch, including Frank C. Corrigan, United States Ambassador to Venezuela, Dr. M. A. Falcon-Briceno, Venezuelan Charge d'Affaires and Acting Ambassador, Dr. Asdrubal Urdaneta, Venezuelan Commercial Attache, Mr. Knox, Aide to the American Ambassador, Dr. Gonzalez-Navas, Consul General of Venezuela, and Dr. Rodolfo Montolfi, Secretary to the Mission. Other guests at the luncheon included leading officers of the foreign departments of several New York banks. A. B. Foy, C. C. Johnson, C. E. Rance and G. G. Jimenez of the Foreign Department of the Chemical Bank assisted Mr. Houston as host.

Mr. Houston welcomed the Mission and assured them in the name of the banks represented that they would have our wholehearted cooperation. Dr. Oropeza, in a brief extemporaneous speech, stated that the needs of Venezuela for machinery were dire as its entire economy and future program depended on it. Chester Dewey, President of the Grace National Bank of New York also assured the Mission that the banks were ready and willing to help in every way possible.

In New Zealand Post

Announcement was made by the State Department on Sept. 23 that John S. Service had been transferred from the staff of Gen. Douglas MacArthur to the post of first secretary in the American Legation at Wellington, New Zealand, according to Washington Associated Press advices. Mr. Service, who is 37 years old, has been in the diplomatic corps for 13 years, most recently as an aide to Ambassador George Atcheson, General MacArthur's adviser.

N. Y. Savings Banks to Meet at Quebec

A record attendance of 600 people is expected at the 53rd Annual Convention of the Savings Banks Association of New York State at the Chateau Frontenac, Quebec, Oct. 14 to 16, it was announced on Sept. 29 by Robert M. Catharine, President of the Association. In addition to savings bank officers and trustees, guests at this first postwar convention will include officials of the Treasury Department, the Federal Deposit Insurance Corporation, the State Banking Department, Preston Delano, Comptroller of the Currency, and numerous commercial and investment bankers. The Convention will open with an address on Sunday evening by the Very Rev. Edmund A. Walsh, Vice-President of Georgetown University and founder and regent of the University School of Foreign Service. Father Walsh is now on a special mission in Europe. The business sessions will be keynoted in the opening address Monday morning by Robert M. Catharine. He will stress "service to the public" as the main concern of savings banking.

To Discuss Anglo-U. S. Trade Relations

Hugh Dalton, British Chancellor of the Exchecquer who has been in Washington this week attending the first annual meeting of the Governors of the International Bank and Monetary Fund, will come to New York on Friday, Oct. 4 to address the monthly meeting of the Chamber of Commerce of the State of New York on that day at 65 Liberty Street. The subject of Mr. Dalton's address will be "Anglo-American Trade Relations." Peter Grimm, President of the Chamber, will preside at the meeting.

For the convenience of Mr. Dalton, the date of the Chamber's meeting was changed from the customary first Thursday of the month to the following day and the time of the meeting was changed from 12 o'clock noon to 12:30 p.m.

Czech Plans on Payment On Dollar Bonds

Czechoslovakia, the first National Government in Europe to undertake readjustment of its National Dollar Bonds following the war, announced on Oct. 1 the terms under which it plans to pay principal and interest on its outstanding Dollar Bonds of 1922 (First Series and Series B). The Foreign Bondholders Protective Council, Inc. has already announced it will recommend the plan to the favorable consideration of the holders of the Dollar Bonds. The announcement also says:

"Under the plan the Czechoslovak Government will resume payment of interest on Oct. 1, 1946, at the rate of 6%. The bonds originally paid 8%. In addition, the Government has arranged a time schedule for the full payment of arrears. The maturity of the bonds of the first series, due 1951, and the series B bonds, due 1952, will be extended to Oct. 1, 1960. Bonds of these two issues held outside of Czechoslovakia are estimated to total about $1,723,300. It is intended that all of the bonds will be retired by maturity through the operations of a sinking fund, as well as provisions for optional redemption at 101.

"Payment of arrears, also starting on Oct. 1, 1946, will be made over a period of 8½ years, the coupon originally due April 1, 1940 being paid first and that due on April 1, 1946, to be paid on April 1, 1955."

Government Competition with Private Institutions Opposed by Indiana Bankers

Support to the Indiana State Chamber of Commerce in a campaign of opposition to governmental competition with private institutions was pledged on Sept. 19 by representatives of Indiana bank and life insurance companies.

The Agricultural Committee of the Indiana Bankers Association meeting in Indianapolis and the Indiana Association of Life Insurance Companies in session at Frankfort appointed sub-committees to meet with the State Chamber following an examination of "socialized credit" trends. The State Chamber in making this known said:

"The decision to work out a State plan of action is the first of its kind in the nation, according to officials of the Indiana State Chamber of Commerce who have been interested in the problem from the standpoint of the plight of Indiana financial institutions forced to compete with agencies of the Federal Government in the field of commercial credit.

"The plan is to develop a 'blueprint' for private financial institutions to meet all demands for sound credit which can be worked out on a State-wide basis and then adapted to fit conditions in other states. Other business organizations will be invited to participate in the program.

"Opposition to the Federal Government policy of making a gift of operating capital and then granting tax exemption to its many lending agencies was in line with a recent resolution of the Indiana State Chamber of Commerce condemning the practice. The State Chamber action followed the publication of a research report, 'The High Road to Socialized Credit,' by Howard Friend, research director.

"The report shows that some 22 Governmental lending corporations have incorporated units totalling 77 different agencies which over the years have received $6,424,000,000 of U. S. capital. To date their losses have eaten up $3,743,000,000 of that total.

"The 514 production credit associations with 1,460 full and part-time offices, 1,736 farm loan associations, and the 1,952 county offices of the Farm Security Administration along with numerous other agency branches are cited by the report to reveal the extent of the Government's activity and the scope of 'socialized credit.'"

Employm't Stabilization Program of NAM

A nationwide program to stabilize employment in industry was launched on Sept. 16 by the National Association of Manufacturers, representing 16,000 industrial firms. The program was worked out by the NAM Industrial Relations Program Committee in cooperation with the National Industrial Council and its more than 330 affiliated associations, which represent 40,000 employers. Ever since 1938 it is noted NAM has been urging employers to work toward the goal of continuous employment, but the announcement just made constitutes the first frontal attack on the problem by organized industry.

"This employment stabilization program has an objective worthy of all businessmen and business groups, all laboring men and their organizations," Clarence Randall, Vice-President of the Inland Steel Co., Chicago, and Chairman of the NAM Industrial Relations Program Committee, said in announcing the plans. "It is in the public interest, and should command the support of all Americans. It will be one of the major activities of the NAM for the next 12 months."

Mr. Randall declared that labor, industry, and the nation as a whole stand to gain immeasurably from greater regularity of employment.

"There is no better way," said Mr. Randall, "to promote security and higher living standards for employees, greater public confidence in the soundness of our American system, and more efficient, profitable management."

In launching the campaign, said the announcement, NAM is urging management to give priority attention to measures which will help flatten production curves and thereby stabilize employment. Employers who have employment stabilization programs in effect are being asked to search for methods of improving and extending their techniques. Factual data regarding plans that have proved successful will be supplied to industry by the NAM. Employers who have no stabilization programs will be urged to study the problem and take aggressive action.

Mr. Randall took pains to distinguish between NAM's program for employment stabilization and the "annual wage" plans discussed recently by labor unions and in government studies. "While believing in the objective of greater security of income the NAM feels that there is only one sound way to assure steady pay, and that is to take steps to make jobs in industry year-around jobs," he said. "Without this first step, there can be no year-around pay or year-around security." There are also a number of employment factors obviously outside the employer's control, Mr. Randall pointed out. Practical limitations, he said, are imposed by government fiscal and economic policies, the impact of international developments, swings in the general business cycle, and similar potent influences. Mr. Randall further declared:

"There are also innumerable factors of business itself which seem to militate against stabilized employment, but the time has come when progressive employers refuse to accept these as completely insurmountable. Concentrated efforts to search for and apply practical methods to reduce these ups and downs in production have yielded notable results. When the employee realizes that his welfare, job security, and peace of mind are a serious and real concern of industry, greater harmony will appear on the industrial scene. A solid foundation for improved relations between labor and management—a crying need of our day—is laid down when workers can count on a steady job at good wages."

Senator Andrews Dies

The death was announced on Sept. 18 of Senator Charles O. Andrews (D.-Fla.), 69 years old, at the Naval Hospital, Bethesda, Md., according to Washington advices from the Associated Press. Mr. Andrews, who had been in ill health for some time, entered the Senate in 1936 to serve out the term of the late Senator Park Trammell, Democrat, and in 1940 was elected to a six-year term which would have expired next January. In May of this year at the Florida primary, S. L. Holland, a former Governor, was nominated to succeed Mr. Andrews, at the expiration of his term.

Bankers, Watch Your Real Estate Lending!

(Continued from first page)

have been sponsoring inflationary tendencies in real estate. Since 1933 there have been many steps taken to see that inflation would be held in check and that the same mistakes would not be made in the future that were made in the past, but this is always assumed to be security speculation and inflation. We have the Securities Exchange Commission, the Federal Reserve Bank, the Federal Deposit Insurance Corporation and other various Government Agencies directed toward this source of future trouble. Yet today real estate loans are encouraged by the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Banks, the insurance companies, the savings and loan associations and the banking laws of the State and the Nation which are being constantly revised on a more liberal basis. These loans have no restrictions, no quoted markets, no control of appraisals, and as appraisals are only opinions, there is bound to be a wide divergence of opinion which can cause the amount of a mortgage offered by various lenders to be a very liberal percentage of loan to a more conservative appraisal policy. Mortgages made under high appraisal policies can be as much as 25 to 30% above a reasonable value and oftentimes equal the approximate sales price on a highly inflated market. It appears in the light of these happenings that we have a situation where security loans are being checked from every angle and real estate loans are being encouraged. This leads us to the conclusion that the next possible source of trouble in this country may be in the real estate business.

The Danger from the Money Over-Supply

During the past several years all mortgage lenders have encountered a period when re-payments exceeded or offset the new mortgage loans. This is the period about which we have been warning ourselves since 1936. At this time with the desire to put additional funds to work, it is very easy to take the stand that more loans will mean more earnings and that it would be unprofitable to have too much idle funds. We should not be willing to gamble with other people's money until we have some further assurance than a war created housing shortage that prices will remain considerably higher than they were previous to the beginning of the war. Already lenders are losing their perspective. They are encouraging borrowers to buy beyond their means—raiding each others accounts—and paying increased commissions for real estate loans.

As I see it, it is the mortgage lender's obligation not to be led into these extremes. We must have both a sound policy and a sound philosophy. We are all anxious to meet the public needs for home ownership and have our loans further it. From a social standpoint we want to see as many homes as possible—and help the business related to it. But—under no circumstances—must we confuse this with the proper protection given the lending of other people's money. Our first responsibility should be to our depositors.

Speculative booms are caused by loans arising from excess funds and bank credit and the way that loans are used in total contribute to the inflationary cycle. It is our responsibility to see that our policies do not contribute to this condition. We must do our part to be sure that mortgage loans do not contribute to the creation of false real estate and building values.

Factors of Control

There are three factors that must be used to control real estate lending from an asset viewpoint. They are—the maximum investment in this type of asset—the policies of the lending institution at the time the loan is placed on the books and the care used in servicing the asset after the loan is made—and proper defenses in the form of well thought out policies and practices are essential.

The size of your mortgage account must be related not only to the quantity—but also to the quality of your deposits. I can remember when savings deposits were more vulnerable to withdrawal than were commercial deposits. Of course, this was caused by the hysteria sweeping the country in the early 30's. I prefer to limit investment in real estate loans to a certain percentage of total deposits—rather than a certain percentage of savings deposits. Bank investment policy must provide for the funds to transact daily business—the reserve requirements of the particular institution—a percentage of highly liquid low interest bearing securities as a quick primary reserve—then a secondary reserve investment and finally the long term investment of mortgage loans. Incidentally, our experience during the past ten years has been that motgage loans have had nearly as fast a turnover as the ordinary commercial loans — but do not be deceived. This was occasioned by flush war-time earnings and the inability to purchase goods—which people were forced to do without. The tendency from now on will be for a lesser number of pre-payments on your real estate loan portfolio and we must return to the realization that your real estate loan investments from this time on will be definitely so classed and will be actually long term investments. As to the amount of money to be invested in mortgage loans—an analysis should be made of your savings accounts—and a sufficient quick reserve set aside to take care of any large or abnormal deposits—so that in case of sudden withdrawal—your total investment in the long term mortgage credits would not be disproportionate to the remainder of your investment portfolio.

The Appraisal of Sound Real Estate Values

As mortgage lenders—we are vitally concerned with what are sound real estate values. They are the fundamental basis of a good investment — and a good mortgage loan — as well as the basis of a sound lending policy. Contrary to the prevailing belief—there is no common meeting of the minds in relation to the value of property—unless the appraiser is trained, studies and follows a uniform pattern of thought with the institution for which he works. I have often heard a mortgage executive say that he will not tell his appraiser for what purpose the loan is to be used. Now, there can be many uses for an appraisal—and according to the use for which the appraisal is put—it may vary to a considerable extent. For instance—on today's market an appraisal for sales purposes could conceivably be larger than for loan purposes. It would obviously be unfair to the purchaser or seller of a piece of property to use a conservative loan value as the asking price. Appraisers must know the reason for which they are appraising—and the use to which the appraisal will be put in order that the institution for whom the appraisal is made may rely fully and with confidence on their judgment.

There are some good books on appraisals. Good appraisers need years of experience before they are properly qualified to act as such. There are many appraisers today who can get by, but it is a long, arduous road to become completely qualified as a top-rate appraiser. Appraising property is a very important part of the mortgage lending business—and usually not sufficient recognition has been given to developing men for this type of work.

The highly specialized job of appraising is more important to the mortgage banking business than is generally credited. Whatever the appraiser says is sure to look all right for awhile. It may even help make loans—but it is how well he judges the situation now for the future that controls the collection cost and possible loss in future years. He is judging the future usability of property—whether its improvements are in keeping with the district—and what the district changes will be over a long period of time. He is the man, who will or will not keep lenders from over-valuing land—letting it be too large a percent of total valuation—capitalizing abnormal income into an indefinite loan future—lending on old homes as potential apartment sites or large loans on single family residences and other similar common errors of the past. That is—he will—if he knows his business and is allowed to function—but competition steps in and the appraiser is overruled. First—interest rates are cut—then appraisals are liberalized—and one by one all of the defenses are laid aside—or weakened by a steady increasing volume of exceptions.

Let me suggest that there has been entirely too little of the right kind of information prepared and used by the real estate appraisers and lenders. There has been too little care taken in laying the technical groundwork of the mortgage lending policies and procedures—and relating them to the general background of fundamental real estate conditions. Here is a field of operation worth developing. A little money spent on it will produce worthwhile returns. The real estate lending officers and appraisers will be more than willing, because it helps their work. Most of them have had little encouragement and help toward a recognition of the importance of their work—and in developing a really constructive, up-to-the-minute, and completely effective lending operation.

Back in 1935 when I first entered the real estate loan department in my bank—we found that there had been no accurate information prepared—so that when an appraisal was made—we could relate the value of that appraisal to any other particular period in the past. It was our feeling that appraisals were fundamentally the basis of a good mortgage loan—and the basis of a sound lending policy. Judgment of values in real estate depends upon information. To safeguard against overly optimistic appraisals and correspondingly poorer loans—it is necessary to have some sort of appraisal control. There should be a fair standard set with which to measure values. At that time taking 1936 as a normal year with respect to costs and land values—we established such a control in this way. We chose an average home—which was under construction at the time. This "Selected Standard Home" is a house in the average price class—located in a good American neighborhood—built of good materials and better than average workmanship. It is a two story brick veneer single dwelling 27x35.6 over all—with a full basement, which contains a recreation room, laundry tubs and air conditioning unit. On the first floor landing is a lavatory, and on the first floor there are a living room, dining room, kitchen with tiled sink and a wood panelled breakfast nook. On the second floor there are three substantial bedrooms and bath with the walls of the bathroom tiled to a height of 4 feet 6 inches. There is a tiled floor in the vestibule. Windows are cased with steel frames and the house is insulated with rock wool and the windows and doors caulked and weather-stripped. The house is roofed with concrete tile and the garage with shingles. There is a side drive—and a frame two car garage with overhead doors. Periodically, at least once each six months, we make a detailed appraisal of the cost of reproducing this building—which appraisal also reflects the change, if any, in the land valuation. We estimated as nearly as we could the reproduction cost of this property from 1920 to 1945 and have charted this information.

Because the construction of this type of house has been forbidden since 1941—we are not able to prove our cost figures for the past four years—but we are sure that they are reasonably accurate. By drawing an average, we have determined what the cost of this type of building should be in a normal year—and have created a base accordingly. From this base—we are in a position to determine how much above and below the normal cost—our appraisal can be allowed to fluctuate—before they become dangerously high or low—and in that way we are able to expand or contract our policies accordingly. In the 1920's it was not unusual for the land on which a house was built to be valued at or nearly as much or more than the residence erected thereon. As a defense against a recurrence of this phenomenon, it is well to limit land valuations to a predetermined percentage of the total valuation of land and buildings of a residential nature.

Thus we have a basis for comparison of current costs against a normal year. Quite often much effort is consumed in making analyses and comparisons merely for the sake of a comparison—which can not be used after the effort is expended. One caution to be observed is that conditions may change rapidly—and figures or measuring charts do not possess the measuring value they once had. Above all, decisions can not be based on figures that do not represent the same conditions today—that they did when they were compiled. To be effective—there must be a yardstick by which to measure—a standard with which to compare.

Past experience has shown that one of the most frequent mistakes in connection with past lending policies with respect to commercial properties has been that appraisals were based on actual costs and credit extended on the basis of that cost. The mistake was that lenders failed to take into consideration the more or less special purpose nature of many of these buildings and the almost prohibitive cost of alterations of such buildings. Lenders should never make a mortgage—if they feel there is a very great possibility that they will have to foreclose—but it is always a possibility that can not be overlooked in any analysis. Consequently, loans made on this type of property should be studied from the standpoint of their resale possibility.

As to the Servicemen's Re-Adjustment Act loans, you will recall that originally there was a phrase known as "reasonable normal value"—and there were many inquiries—and much misunderstanding about the definition of this phrase. Of course, since that time the rules have been amended—and the phrase deleted—so that a GI loan is now appraised upon the basis of a reasonable value.

From our Selected Standard Home Chart—I have concocted the following definition of "reasonable normal value"—which may or may not be right. Reasonable normal value could cover any number of circumstances or contingencies — depending upon the purpose for which the appraisal is to be used. For the purpose of mortgage lending—present costs should not be construed as being reasonable normal values. Rather it is better to use a reasonable normal value of an average of the values of property for a great number of years. This value of property should be based on the costs and should be so averaged—that an appraisal at any time would equal the mean of the extremes of as long a period as possible. The longer the period—the longer the analytical information can be set up—the more refined becomes your reasonable normal value base. Of course, this pertains only to the value of the structure and does not include lot values or land values—which must be appreciated or depreciated according to the individual circumstances in the surrounding neighborhood location.

The Amount of The Loan as a Proportion of the Appraisal

Now, the next phase of this discussion will concern the amount of loan to appraisal. There are two lines of thought on this matter. One is that mortgages should not exceed a certain percentage of the appraisal. Then there is the school of thought about the "prudent man" method of lending. I favor the first method mentioned. The prudent man method would make any size mortgage regardless of appraisal—where the circumstances indicated that the loan could be liquidated without loss to the lending institution. It seems to me that this latter method is highly inflationary—and also there are so many things that can happen to change the factors—which were present at the time that the loan is made on that basis—because of the long term nature of the transaction. During the period of a long term mortgage loan—it is quite possible that the individual will experience the ups and downs of several business cycles before his loan is paid in full. If, shortly after the loan is made, the trend is down, it is possible that he can run into trouble on his payments—before he has reduced the loan to a safe amount from a security standpoint by his regular payments. It may be brought out that this is not important—if the moral risk reposed in the character of the borrower has been properly taken into consideration—even if at the time of making the mortgage the value of the property fell below the amount of the loan. Even if the moral character of the borrower is of the highest—it sometimes becomes a financial impossibility to carry out all of his financial promises. Usually the mortgage commitment on a home is the last to be taken care of by the borrower at this crisis in his life. This is so because usually on the down swings in the business cycle—an individual is definitely confronted by losses in other assets—besides his real estate investments—and because of the greater latitude allowed on the payment of mortgage indebtedness. In Michigan, which is a common-law state, and I understand in some 12 or 14 other states in the Union, the Courts treat the rights of the property owners with considerable jealousy. We found that even when deficiencies on mortgage judgments could have been collected—that the Courts were very chary about allowing these judgments. This brought up the question of the sales price of the property—and in most instances — appraisers could be found—who would testify in Court that the value of the property was much greater than the actual sales price—which could be obtained. There was also the time element of a law suit to be judged. It became so difficult to obtain quick service on a case of this kind that usually the depreciation of the property because of ill care or vandalism exceeded the amount of this judgment which in itself became of doubtful value because of the continuation of time.

As to the first method—the percentage you loan on the mortgage property should not be governed by the maximum amount allowed under the law. You should determine your own policies—so that you will always be on a comparatively safe basis. For instance—in settled thriving communities — it is usually safe enough to loan the maximum amount allowed by law of the appraisal—in nearly all cases. However, it is well in industrial cities to study the situation and districts carefully and to limit your percentage of loan to appraisal according to the rate of rapidity with which neighborhood changes occur. You must also study this situation in this type of city—and limit your amortization periods to compensate for the sectional trends. You must remember that real estate loans are, generally speaking, long-term loans. It is possible for value to decline so rapidly that the return on the investment and the amortization on the mortgage do not keep pace with the depreciation in the value of the security. This is particularly true in the older sections—and in the sections where the character of the tenancy is changing. The construction of new modern homes always depreciates the value of the older obsolete ones—and the greater the rate of new construction the greater the depreciation in value of the older homes.

Importance of Care in Servicing the Asset

As to the care used in servicing the asset after it is placed on the books of the bank, there is always the danger of assuming that because the loan was good at the time it was made, it will continue to be good to maturity. Loans made on real estate are long-term loans. They do not come due every 90 days or six months and therefore are not reviewed by a loaning officer before a renewal of the note is made. They are usually made and then forgotten until they become delinquent or taxes are unpaid or foreclosure proceedings are instituted. To guard against this danger, principal amortization should be insisted upon and equal stress should be placed upon collecting principal payments, as well as interest payments. Properties covering mortgages in your portfolio should be re-appraised periodically so that the value of your collateral may be determined and amortization policies maintained which will reduce the loan as the age of the asset increases.

As to the use of your mortgages as collateral—in case of need—many types of mortgages may be used as collateral for loans. I am thinking in particular of the FHA loans—which at the present time are readily salable at premiums ranging at 2½ to 4%. However, you must remember that these loans probably might not be acceptable as collateral in case they were in default—and while I feel that they may be carried in the bank's portfolio in a reasonable percentage to the total mortgage account—too much dependence should not be placed in their use as collateral. The same might be said for the so-called G. I. loans, Section 501 and Section 505—which are made under the rules and regulations of the Servicemen's Readjustment Act of 1944. Although today mortgages may be readily used as collateral, the time may come that because of their past-due nature their use as collateral might be restricted.

An 11-Year Rising Real Estate Market

Remember, that for a period of 11 years we have been in a rising real estate market. There are some indications that it will continue to rise and that we have not yet reached the peak. How long it will continue and when we will reach the peak are questions that are unanswerable. There will be many predictions—and some will be right and some wrong—but it will be a period of time before we will be able to definitely determine whether or not present costs are above or below a reasonable normal value. In establishing your mortgage lending policy, it should be your aim to provide sound loans to home owners and at the same time carefully protect other people's money. By doing this you have given the greatest possible service to and met the fundamental needs of the greatest number of people.

U. S., Britain Reaffirm Air Pact

Both the United States and Great Britain have reaffirmed adherence to the freedom-of-the air principles specified at the Anglo-American Aviation Conference in Bermuda last February, according to statements of both countries on Sept. 20. In Washington, the United Press reported, James M. Landis, Chairman of the Civil Aeronautics Board, announced that Britain had promised there will be no further violations of the accord such as her two-way air treaties recently signed with Argentina, Greece, France and other countries. The United Press further said:

Many of these treaties provided for a 50-50 split of the air traffic among the two countries involved as well as sharp limitation of the right to pickup passengers and freight in intermediate nations.

These, Mr. Landis said, were distinct violation of the Bermuda agreement.

In London, according to word received here from the Associated Press, the Ministry of Civil Aviation announced that both Britain and the United States had reaffirmed adherence to the pact and had agreed to follow its basic principles in negotiating any new interim bilateral agreements with other countries. The press advices added:

"Both parties are in accord that experience since the Bermuda agreement (signed Feb. 11, 1946) has demonstrated the principles enunciated . . . are sound and provide, in their view, a reliable basis for the orderly development and expansion of international air transport," the Ministry said.

$56 Million Invested In Veterans' Homes by N. Y. Savings Banks

In spite of continued shortages and upheaval in industry, the savings banks of New York State have invested over $56 million in financing homes for veterans during the first eight months of 1946, it was announced recently by Robert M. Catharine, President of the Savings Banks Association. During August alone it is stated 1,463 veterans received an average loan of $7,019 totaling more than $10,269,931 towards easing the housing shortage.

However, Mr. Catharine cautioned house-hunting veterans to "Look before you leap!" He added:

"Due to the present highly inflated values approximately 60% of all GI loans are, of necessity, being disapproved. So plan your financing carefully. The GI bill of Rights provides a government guaranteed loan on easy terms, but this is only a loan and must be paid back. Your GI credit can only be used once and any liability incurred continues even if you move away or sell the house."

A Tax Program for A Solvent America

(Continued from first page)

tions, in order to avoid mere generalities:

War, in the future, will be a matter of scientific and technical skills, and of industrial resources, in far greater degree than heretofore. Granted that, for a large-scale invasion and occupation of an enemy country, great masses of troops would be required, it seems far more likely that the issues will be decided primarily by long-range operations in which the resources of science, technology and industry are utilized.

No Large Military Force Required

The essential preparation for such a war must occur in the laboratories, the machine shops, the scientific proving grounds, where the advances in military technology must be made. After our immediate commitments for the occupation and policing of former enemy countries have been discharged, the best training of our young men is not to be provided by a year of so-called training in barracks and on the drill grounds, but in the sciences and techniques which they will be called upon to apply in combat. Fortunately, this training can largely be provided in civilian occupations—where there would be a contribution to the supply of useful goods and services while the technical skills were being acquired.

A nation which considers that a huge number of men under arms is, in itself, the best protection or the best resource for aggression, is thinking in terms of past, rather than future, wars. Such a policy merely withdraws more of the most efficient members of the community from the creation of those resources and the development of those skills upon which success in war, as in peace, depends. A Russian army of 5,000,000 men, or a Yugoslav army of 750,000 men, is that much more of a drain upon the productive resources of these respective countries. In my opinion, the more men Russia, for example, keeps under arms and out of production, the less serious is the menace that Russia can offer.

It follows that our defense plans and our defense expenditure should be concentrated very largely upon the research and developmental aspects. For this purpose it is extremely doubtful if we shall need anything like 1,000,000 men under arms. It is extremely doubtful if we need to spend anything like as much as the $8 billion which is budgeted for the army alone in 1947. The most efficient jobs of killing in war have been done by soldiers who used, in war, the implements with which they had become thoroughly familiar in peace. Examples are the archers of the middle ages and the backwoodsmen with their rifles in our early history.

The history of military pensions in this country provides ample warrant for profound pessimism with regard to the outlook as to the cost of this item. Since the lush days of the Grand Army of the Republic, veterans' organizations have proved to be powerful and efficient pressure groups. The pressure has been exerted, not so much to secure proper care and provision for the disabled, the sick and their dependents, as to secure more and more liberal benefits for all veterans. It is no longer necessary to fight for the provision of protection and security for the ill and the disabled, for this has become an accepted policy. The only hope for greater reasonableness in the demands for bonuses and pensions on a general, wholesale basis, lies in the fact, recently cited by Senator George, that the eligible group is now so large a proportion of the labor force as to involve a substantial burden upon them in order to pay themselves larger benefits.

Opportunities for Reduced Expenditures

There is room, of course, for substantial reductions in the other categories of federal expenditure. For one thing, the civilian personnel is still too large, mainly for the reason that there still exists a large number of federal agencies. Every effort should be made to close up and eliminate a substantial number of these agencies and thus to shrink the scope of the federal organization more nearly into its pre-war proportions. Many hundreds of millions could be saved, and no serious impairment of useful federal functions would result.

Another large class of federal expenditures is the subsidies and grants which are made. In large part these subsidies originated during the early 1930's, as a means of dealing with conditions peculiar to the depression. Although these peculiar conditions have disappeared, the subsidies continue, and strong vested interests have been created in their further continuance. It is my judgment that neither agriculture, nor the states, nor any group or section requires doles or handouts or help from the federal government. In any event, a careful, unbiased review of the entire subsidy program should be made. It would, I am sure, lead to drastic curtailment all along the line.

A defense total of $7 to $8 billion would be enough to leave the cost of the Navy close to its present level and still afford some $3 to $4 billion for the kind of military defense program that I propose, together with a sizeable number of men in the regular Army. With respect to veterans' pensions and benefits, an extension of the scale of such payments as that which has already been established for those eligible to the probable larger number who would qualify after the Second World War would indicate that, for the next few years, $2 billion would suffice. With respect to all other federal costs, I would eliminate the subsidies for agriculture, and allow, roughly, $1 billion each for general government, for social security and for public works. The last-named amount is really too large for present conditions of scarcity of labor and materials.

A Sinking Fund for Debt Retirement

Fiscal preparedness is quite as important as the steps in this direction to be taken elsewhere. I suggest, therefore, a sinking fund appropriation of $5 billion annually, plus the interest on unretired debt. This would give us an over-all expenditure, in general and special accounts of $22 to $25 billion, including debt retirement.

We are now collecting taxes at an annual rate of $35 to $36 billion on this national income, by retaining tax rates that are not much below the wartime peaks. We have no assurance that national income will continue to flow at its present rate, and we should be prepared for the possibility of some recession in this tide.

Since the total taxable income is assumed to be $62 billion, we find that with a total revenue requirement of $22 billion, of which $9.5 billion is to be produced by the individual income tax, the first bracket rate can be 12%, and if the total revenue requirement be $25 billion, of which $12.5 billion must come from the individual income tax, then the first bracket rate must be 17%, stating both rates in the nearest round figure to avoid fractions. If the first bracket rate were 12%, then the top rate, on taxable income in excess of $100,000, would be 42%, while it would be 47% if the starting rate were 17%.

The difference between $25 billion and $22 billion is $3 billion. Since the taxable income is assumed to be $62 billion, each percentage point in the basic or initial rate would produce about $620 million. Each individual with taxable income can readily figure out his share of the $3 billion by multiplying his taxable income by 5%. There are other interesting calculations of this sort that can be made. For example the agricultural aids and subsidies in the 1947 budget are now estimated at $1,346 million. This is equivalent to more than 2 percentage points in the first bracket rate, and each taxpayer can readily compute his share of these unnecessary payments.

In conclusion, this point should be emphasized. No one of us would cavil at a difference of 5% in our income tax if we were sure that this extra 5% really meant the difference between adequate and inadequate national defense, or national well-being. All of us have every reason for objecting, even to 5%, when we lack conclusive assurance on this point.

New A.I.B. Course in Savings Banking

An expansion in the program of banking education carried on by the American Institute of Banking, educational section of the American Bankers Association, will be the new course in Savings Banking which will be available through more than 300 chapters and study groups and by correspondence beginning October 15, according to William A. Irwin, national educational director of the Institute.

The new course in Savings Banking is designed primarily for employees of mutual savings banks and savings departments in commercial banks. It may be substituted for Fundamentals of Banking as one of the courses required for the Pre-Standard Certificate of the Institute.

The new text material was written by some of the leading savings bankers in the United States. Planning of the material was under the general supervision of a committee of the A.B.A. Savings Division of which Myron F. Converse, President of the Worcester Five Cents Savings Bank, Worcester, Mass., is President. The Text Committee includes: Philip A. Benson, The Dime Savings Bank of Brooklyn, Brooklyn, N. Y., Chairman; Ralph W. Chapin, State Savings Bank, Hartford, Conn.; Edgar A. Craig, Dorchester Savings Bank, Dorchester, Mass.; Fred F. Lawrence, Maine Savings Bank, Portland, Maine; Roy R. Marquardt, The First National Bank of Chicago, Chicago, Ill.

Miles Poindexter Dies

Announcement was made from Greenlee, Va., on Sept. 21, according to the Associated Press, of the death of Miles Poindexter, former United States Senator from the State of Washington and at one time this country's Ambassador to Peru. Mr. Poindexter, who was 78 years old at the time of his death, had spent much of his time in Washington since his return from Peru, practicing law and representing various interests at the Capital. In 1920, said the New York "Herald Tribune" of Sept. 22, Mr. Poindexter was candidate for the Republican nomination for President, but received only nineteen votes and threw his support to Warren G. Harding. He was defeated for a third term as Senator in 1922 by Clarence C. Dill, a Democrat, who campaigned against Mr. Poindexter's conservative record.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Sept. 25 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 Sept. 7, 1946, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately fromother sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 7 (in round-lot transactions) totaled 3,907,310 shares, which amount was 16.33% of the total transactions on the Exchange of 11,961,710 shares. This compares with member trading during the week ended Aug. 31 of 2,551,025 shares, or 16.45% of the total trading of 7,751,440 shares.

On the New York Curb Exchange, member trading during the week ended Sept. 7 amounted to 882,050 shares, or 16.58% of the total volume on that exchange of 2,659,720 shares. During the week ended Aug. 31 trading for the account of Curb members of 549,200 shares was 15.81% of the total trading of 1,737,170.

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

WEEKS ENDED AUG. 17, AUG. 24, AUG. 31 AND SEPT. 7

	Week Ended Aug. 17, 1946 Total for week	†%	Week Ended Aug. 24, 1946 Total for week	†%	Week Ended Aug. 31, 1946 Total for week	†%	Week Ended Sept. 7, 1946 Total for week	†%
A. Total Round-Lot Sales:								
Short sales	92,130		132,170		168,540		294,020	
‡Other sales	4,037,120		4,962,250		7,582,900		11,667,690	
Total sales	4,129,250		5,094,420		7,751,440		11,961,710	
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	385,090		513,560		935,090		1,372,710	
Short sales	61,480		73,450		116,600		189,810	
‡Other sales	311,630		456,680		772,880		1,203,530	
Total sales	373,110	9.18	530,130	10.24	889,480	11.77	1,393,340	11.56
2. Other transactions initiated on the floor—								
Total purchases	44,020		61,700		93,800		175,550	
Short sales	6,600		14,400		7,200		18,200	
‡Other sales	103,760		93,820		100,850		186,150	
Total sales	110,360	1.87	108,220	1.67	108,050	1.30	204,350	1.59
3. Other transactions initiated off the floor—								
Total purchases	312,540		349,680		248,485		389,030	
Short sales	18,910		23,700		10,850		22,300	
‡Other sales	375,640		368,380		265,270		350,030	
Total sales	394,550	8.56	392,080	7.28	276,120	3.38	372,330	3.18
4. Total—								
Total purchases	741,650		924,940		1,277,375		1,937,290	
Short sales	86,990		111,550		134,650		230,310	
‡Other sales	791,030		918,880		1,139,000		1,739,710	
Total sales	878,020	19.61	1,030,430	19.19	1,273,650	16.45	1,970,020	16.33

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

WEEKS ENDED AUG. 17, AUG. 24, AUG. 31 AND SEPT. 7

	Week Ended Aug. 17, 1946 Total for week	†%	Week Ended Aug. 24, 1946 Total for week	†%	Week Ended Aug. 31, 1946 Total for week	†%	Week Ended Sept. 7, 1946 Total for week	†%
A. Total Round-Lot Sales:								
Short sales	6,935		9,535		11,470		32,725	
‡Other sales	1,019,285		1,109.715		1,725,700		2,626,995	
Total sales	1,026,220		1,119,250		1,737,170		2,659,720	
B. Round-Lot Transactions for Account of Members:								
1. Transactions of specialists in stocks in which they are registered—								
Total purchases	79,715		122,435		207,295		326,515	
Short sales	3,070		3,130		6,425		21,675	
‡Other sales	87,355		117,165		198,340		295,830	
Total sales	90,425	8.29	120,295	10.84				
2. Other transactions initiated on the floor—					204,765	11.86	317,505	12.11
Total purchases	4,200		6,750		19,300		26,825	
Short sales	600		1,600		500		1,100	
‡Other sales	6,100		6,100		16,200		25,425	
Total sales	6,700	0.53	7,700	0.65	16,700	1.04	26,525	1.00
3. Other transactions initiated off the floor—								
Total purchases	44,995		45,090		56,720		127,610	
Short sales	1,400		1,995		1,070		4,140	
‡Other sales	40,985		37,310		43,350		52,930	
Total sales	42,385	4.26	39,305	3.77	44,420	2.91	57,070	3.47
4. Total—								
Total purchases	128,910		174,275		283,315		480,950	
Short sales	5,070		6,725		7,995		26,915	
‡Other sales	134,440		160,575		257,890		374,185	
Total sales	139,510	13.08	167,300	15.26	265,885	15.81	401,100	16.58
C. Odd-Lot Transactions for Account of Specialists—								
Customers' short sales	0		0		0		0	
§Customers' other sales	62,666		65,615		92,011		119,311	
Total purchases	62,666		65,615		92,011		119,311	
Total sales	49,797		65,113		96,217		151,383	

*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."

Shields Leaves Agri. Dept.

Robert H. Shields has resigned from the Department of Agriculture as Administrator of Production and Marketing, and as President of the Commodity Credit Administration, it was announced in Washington on Sept. 23, according to special advices to the New York "Times." A statement by Secretary of Agriculture Clinton P. Anderson, accompanying the announcement, declared that the government's inadequate salary scale is costing his Department a top man who will be difficult to replace. Mr. Shield, who has been in government service since 1934, is to be Executive Vice-President and General Counsel of the United States Beet Sugar Association.

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite during the week ended Sept. 21, 1946, as estimated by the United States Bureau of Mines, was 12,335,000 net tons, a decrease of 365,000 tons, or 2.9%, from the preceding week. In the week ended Sept. 7, soft coal output totaled 11,160,000 tons, and in the week ended Aug. 31, it amounted to 12,565,000 tons. Production in the week ended Sept. 22, last year, was 11,778,000 tons. During the calendar year through Sept. 21, 1946, the cumulative output of soft coal was approximately 376,961,000 net tons, which was a decrease of 12% when compared with the 428,186,000 tons mined in the comparable period of 1945 through Sept. 22.

Production of Pennsylvania anthracite for the week ended Sept. 21, 1946, as estimated by the Bureau of Mines, was 1,280,000 tons, an increase of 25,000 tons (2%) over the preceding week. The current figure also compares with 1,032,000 tons produced in the week ended Sept. 7 and 1,278,000 tons in the week ended Aug. 31. When compared with the output in the week ended Sept. 22, last year, the current figure showed an increase of 131,000 tons, or 11.4%. The calendar year to Sept. 21, 1946 shows an increase of 9.8% when compared with the corresponding period of 1945.

The Bureau also reported that the estimated production of beehive coke in the United States was 114,000 tons, compared with 117,000 tons in the preceding week, 100,900 tons in the week ended Sept. 7, 1946, was 120,000 tons in the week ended Aug. 31, 1946. Total beehive coke produced in the week ended Sept. 22, 1945 was 68,100 tons.

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

Bituminous coal and lignite—	Week Ended Sept. 21, 1946	Week Ended Sept. 14, 1946	Week Ended Sept. 22, 1945	Jan. 1 to Date *Sept. 21, 1946	Jan. 1 to Date Sept. 22, 1945
Total, including mine fuel	12,335,000	12,700,000	11,778,000	376,961,000	428,186,000
Daily average	2,056,000	2,117,000	1,963,000	1,708,000	1,921,000

*Revised. †Subject to current adjustment.

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

Penn Anthracite—	Week Ended Sept. 21, 1946	Week Ended §Sept. 14, 1946	Week Ended Sept. 22, 1945	Calendar Year to Date Sept. 21, 1946	Calendar Year to Date Sept. 22, 1945	Calendar Year to Date Sept. 25, 1937
*Total incl. coll. fuel	1,280,000	1,255,000	1,149,000	43,725,000	39,836,000	36,887,000
†Commercial produc.	1,231,000	1,207,000	1,105,000	42,039,000	38,302,000	35,043,000
Beehive Coke—						
United States total	114,000	117,000	68,100	2,906,000	4,251,500	2,592,500

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Includes 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.)

State—	Week Ended Sept. 14, 1946	Week Ended Sept. 7, 1946	Week Ended Sept. 15, 1945
Alabama	391,000	341,000	414,000
Alaska	7,000	6,000	5,000
Arkansas	36,000	32,000	33,000
Colorado	154,000	112,000	146,000
Georgia and North Carolina	1,000	1,000	1,000
Illinois	1,420,000	1,262,000	1,435,000
Indiana	556,000	457,000	515,000
Iowa	32,000	27,000	40,000
Kansas and Missouri	140,000	121,000	130,000
Kentucky—Eastern	1,161,000	1,042,000	1,045,000
Kentucky—Western	460,000	406,000	407,000
Maryland	28,000	44,000	36,000
Michigan	1,000	3,000	3,000
Montana (bituminous and lignite)	76,000	76,000	74,000
New Mexico	30,000	24,000	29,000
North and South Dakota (lignite)	62,000	35,000	41,000
Ohio	731,000	641,000	762,000
Oklahoma	51,000	59,000	55,000
Pennsylvania (bituminous)	3,040,000	2,742,000	2,926,000
Tennessee	142,000	123,000	147,000
Texas (bituminous and lignite)	1,000	1,000	2,000
Utah	151,000	125,000	122,000
Virginia	431,000	345,000	368,000
Washington	20.000	13,000	20,000
†West Virginia—Southern	2,435,000	1,937,000	2,224,000
‡West Virginia—Northern	952,000	1,049,000	1,154,000
Wyoming	190,000	135,000	185,000
§Other Western States	1,000	1,000	1,000
Total bituminous and lignite	12,700,000	11,160,000	12,320,000

†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.

Soft Coal in Consumers Hands Up 15.4%

Stocks of bituminous coal in consumers' hands on Aug. 1 were estimated at 43,611,000 tons, which was an increase of 15.4% over the stockpiles of July 1, J. A. Krug, Solid Fuels Administrator, announced recently. Stockpiles are still low, however, never having recovered from the strike last spring, and are estimated to be 25.4% below April 1.

Consumption of bituminous coal during July increased 15.3% as compared to June, almost the same figure as the percentage increase in stocks. Consumption in July was estimated at 39,222,000 tons compared with the burn in June of 34,012,000 tons. Under encouragement by SFA to householders to store coal during the summer months, retail dealer deliveries in July increased 45.4% over those of June.

Electric Output for Week Ended Sept. 28, 1946 11.9% Ahead of That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 28, 1946 was 4,517,874,000 kwh., an increase of 11.9% over the corresponding week last year when electric output amounted to 4,038,542,000 kwh. The current figure also compares with 4,506,988,000 kwh., produced in the week ended Sept. 21, 1946, which was 12.1% higher than the 4,018,913,000 kwh. produced in the week ended Sept. 22, 1945. The largest increase was reported by the Southern States division which showed a gain for the week ended Sept. 28, 1946 of 17.3% over the same week in 1945.

PERCENTAGE INCREASE OVER SAME WEEK LAST YEAR

Major Georgraphical Division—	Week Ended Sept. 28	Sept. 21	Sept. 14	Sept. 7	Aug. 31
New England	9.7	11.2	7.8	10.0	9.4
Middle Atlantic	8.9	7.0	6.7	6.3	5.8
Central Industrial	9.6	11.6	11.8	9.2	8.6
West Central	9.0	9.6	9.3	7.1	7.3
Southern States	17.3	18.0	12.4	7.1	7.0
Rocky Mountain	1.2	3.5	2.3	0.6	0.4
Pacific Coast	16.8	14.6	10.9	4.6	3.7
Total United States	11.9	12.1	10.1	7.0	6.5

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1946	1945	% Change under 1945	1944	1932	1929
June 1	3,741,256	4,203,502	—11.0	4,144,490	1,435,471	1,689,925
June 8	3,920,444	4,327,028	— 9.4	4,264,600	1,441,532	1,699,227
June 15	4,030,058	4,348,413	— 7.3	4,287,251	1,440,541	1,702,501
June 22	4,129,163	4,358,277	— 5.3	4,325,417	1,456,961	1,723,428
June 29	4,132,680	4,353,351	— 5.1	4,327,359	1,341,730	1,592,075
July 6	3,741,006	3,978,426	— 6.0	3,940,854	1,415,704	1,711,625
July 13	4,156,386	4,295,254	— 3.2	4,377,152	1,433,903	1,727,225
July 20	4,293,280	4,384,547	— 2.1	4,380,930	1,440,386	1,732,031
July 27	4,352,489	4,434,841	— 1.9	4,390,762	1,426,986	1,724,728
Aug. 3	4,351,011	4,432,304	— 1.8	4,399,433	1,415,122	1,729,667
Aug. 10	4,411,717	4,395,337	+ 0.4	4,415,368	1,431,910	1,733,110
Aug. 17	4,422,242	3,939,195	+12.3	4,451,076	1,436,440	1,750,056
Aug. 24	4,444,040	4,116,049	+ 8.0	4,418,298	1,464,700	1,761,594
Aug. 31	4,404,192	4,137,313	+ 6.5	4,414,735	1,423,977	1,674,588
Sept. 7	4,184,404	3,909,408	+ 7.0	4,227,900	1,476,442	1,806,259
Sept. 14	4,521,151	4,106,187	+10.1	4,394,839	1,490,863	1,792,131
Sept. 21	4,506,988	4,018,913	+12.1	4,377,339	1,499,459	1,777,854
Sept. 28	4,517,874	4,038,542	+11.9	4,365,907	1,505,216	1,819,276

New York Stock Exchange Odd-Lot Trading

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

The Securities and Exchange Commission made public on Sept. 25, a summary for the week ended Sept. 14, 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.

We give below the Commission's figures for the latest four weeks:

Week Ended—	Aug. 24, 1946	Aug. 31, 1946	Sept. 7, 1946	Sept. 14, 1946
Odd-lot Sales by Dealers:				
(Customers' Purchases)				
Number of orders	25,585	40,742	61,934	69,595
Number of shares	712,588	1,105,876	1,717,373	1,927,452
Dollar value	$34,623,065	$46,384,954	$65,333,436	$69,105,288
Odd-lot Purchases by Dealers:				
(Customers' Sales)				
Number of orders:				
Customers' short sales	148	237	426	449
*Customers' other sales	20,061	31,142	46,156	49,308
Customers' total sales	20,209	31,379	46,582	49,757
Number of shares:				
Customers' short sales	6,383	9,050	16,469	18,585
*Customers' other sales	565,751	884,747	1,395,191	1,539,490
Customers' total sales	572,134	893,797	1,411,660	1,558,075
Dollar value	$26,935,155	$38,960,115	$57,806,330	$61,264,222
Round-lot Sales by Dealers:				
Number of shares:				
Short sales	60	100	90	70
†Other sales	141,300	158,830	247,160	270,880
Total sales	141,360	158,930	247,250	270,950
Round-lot Purchases by Dealers:				
Number of shares	251,450	368,310	510,830	654,130

*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."

The State of Trade

(Continued from page 1699)

considerably by June 1947, or sooner.

Despite denials, there appears also to be ample reason for believing that a considerable quantity of steel is being ordered today as a hedge against possible steel price increases both before and after the OPA goes out of existence. Having even more bearing on the so-called steel shortage problem is the fact that nonferrous metals are restricting the use and output of finsihed steel in the manufacture of finished producer and consumer goods.

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 90.2% of capacity for the week beginning Sept. 30, compared with 90.4% one week ago, 84.5% one month ago and 79.7% one year ago. This represents a decrease of 0.2 point or 0.2% from the previous week.

This week's operating rate is equivalent to 1,589,700 tons of steel ingots and castings and compares with 1,593,200 tons one week ago, 1,489,200 tons one month ago and 1,459,800 tons one year ago.

Electrical Production—The Edison Electric Institute reports that the output of electricity decreased to 4.506,988,000 kwh. in the week ended Sept. 21, 1946, from 4,521,151,000 kwh. in the preceding week; 4,184,404,000 kwh. in the week ended Sept. 7 and 4,404,192,000 for the week ended Aug. 31. Output for the week ended Sept. 21, 1946, was 12.1% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 192,000,000 kwh. in the week ended Sept. 22, 1943, compared with 168,000,000 kwh. for the corresponding week of 1945, or an increase of 13.9%. Local distribution of electricity amounted to 181,900,000 kwh. compared with 167,300,000 kwh. for the corresponding week of last year, an increase of 8.7%.

In the week ended Sept. 15, 1946 output amounted to 191,500,000 kwh. and 175,500,000 kwh. for the week closing Sept. 8, 1946.

Railroad Freight Loadings—Car loadings of revenue freight for the week ended Sept. 21, 1946, totaled 899,053 cars, the Association of American Railroads announced. This was a decrease of 8,116 cars (or 0.9%) below the preceding week and 61,760 cars, or 7.4% above the corresponding week for 1945. Compared with the similar period of 1944, an increase of 1,170 cars, or 0.1%, is shown.

Paper and Paperboard Production—Paper production in the United States for the week ended Sept. 21, was 105.8% of mill capacity, against 105.1% in the preceding week and 94.3% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 100% against 101% in the preceding week, and 93% in the corresponding week a year ago.

Business Failures Increase—Commercial and industrial failures rose to 28 in the week ended September 26, reports Dun & Bradstreet, Inc. This represented an increase from the 19 reported in the previous week and the 10 in the corresponding week of 1945. For the past five weeks, failures have fluctuated irregularly, never continuing in the same direction for more than a week at a time.

The increase this week was sharpest among small failures with losses under $5,000. In this size group, concerns failing numbered 10, more than doubling the 4 occurring both last week and a year ago. Large failures involving liabilities of $5,000 or more, at 18, were up only 3 from the prevoius week's level but were three times as numerous as in the same week of 1945 when only 6 large concerns failed.

In all industry and trade groups except wholesaling, failures were higher than a week ago. The largest number were concentrated in retail trade where 9 concerns failed. In manufacturing and construction, they were also high, numbering 7 and 6 respectively. In fact, concerns failing in all three of these groups were three or more times as numerous as in the comparable week last year.

Two Canadian failures were reported, as compared with none last week and one a year ago.

Food Price Index Advances—Up for the third straight week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., went to $5.15 on September 24, a rise of 2.4% for the week. It was 5.5% above the recent low of $4.88 recorded on September 3, but comparison with the August 27 record high of $5.42 still showed a drop of 5.0%. On the corresponding 1945 date, the index registered $4.04. There were no declines in the week. Advances included wheat, corn, rye, oats, butter, cheese, sugar, eggs, potatoes, rice, sheep and lambs.

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

Daily Wholesale Commodity Price Index—Continuing its gradual upward movement, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., rose to 229.26 on September 24, from 224.35 a week previous. The current index represents a rise of 3.2% from the recent low of 222.17 recorded on September 4, and compares with 176.94 on the corresponding date a year ago.

Grain markets scored substantial gains last week, led by wheat which rallied sharply from recent lows. Strength in the latter grain stemmed from large sales of flour put through on the new ceiling price basis, and active government buying of the cash article for the export program. Reports indicated that about 36,000,000 bushels of cash wheat have been purchased by the CCC so far, towards its season's export program of approximately 260,000,000 bushels. Trading in corn was more active and prices advanced, aided by a strong cash market and reports of numerous inquiries from European countries for that cereal. Other factors were the fear of damage to the maturing crop by colder weather and rains over parts of the corn belt, and the possibility that price controls on livestock may be removed. Trading in cocoa was at a standstill pending announcement of new ceiling prices. Butter prices moved upward as storage stocks remainned low and production continued well below the average for the period. Cheese and eggs were likewise firmer under the stimulus of a strong demand. Livestock markets were firm, with receipts far below demand.

After early weakness influenced by profit-taking and liquidation, cotton markets developed a stronger tone and both spot and futures prices reached new high levels for the season. Aiding in the rise were the expectation of an upward adjustment of cotton textile ceiling prices next month, and the generally favorable domestic statistical position of the staple. Excessive rains throughout the belt were said to be retarding picking and injuring the quality of the crop. Consumption of cotton during August, as reported by the Bureau of the Census, totalled 855,511 bales, as compared with 729,958 in July, and 738,449 in August last year. Last month's use of cotton indicated a daily rate of consumption of about 38,900 bales, or approximately 9,900,000 for the entire current season. Registrations of cotton under the government export program in the week ended September 14 increased sharply to 85,830 bales, the largest since the week of July 27.

Although conditions were somewhat spotty, activity in the Boston market improved last week and a fair to good volume of business in domestic wools was recorded. Trade in foreign wools has been quiet due to uncertainties over new pricing regulations by the OPA. Labor difficulties have hindered the movement of foreign wool imports at the three leading Eastern ports of Boston, New York, and Philadelphia. Sales of wool by the CCC during the week ending September 14 totalled 6,465,422 pounds, slightly larger than the volume for the preceding week.

Wholesale and Retail Trade—Total retail volume during the past week was almost unchanged from the high level of the preceding week despite wide fluctuations in some areas, states Dun & Bradstreet, Inc. in its current summary of trade. Dollar volume continued to compare favorably with that of the corresponding week a year ago. Many of the reports indicated that increased selectivity, unfavorable weather, store closings on account of labor difficulties in some cities, and shortages of certain goods were among the factors affecting current consumer buying.

Food volume declined slightly. The supply of meat fell sharply during the week, while demand for fish and poultry rose rapidly as many consumers sought substitute items to replace the lack of meat. Stocks of fresh fruits and vegetables remained plentiful. Soap, sugar and oils continued to appear scarce in almost all localities.

There was a noticeable decline in consumer interest in children's wear from the high level attained during the last two weeks. Rain and rising temperatures were accompanied by a slight decline in the dollar volume of Fall apparel in some localities. The number of requests for men's clothing remained very high and slight increases in the supply of suits were reported. Selections of shoes declined moderately last week, though the pressure of consumer demand remained high.

Stocks of durable goods continued to increase slowly the past week with only a few exceptions. Electrical appliances and hardware were more plentiful than during the previous week. Home furnishings remained high on the list of current best sellers. Interest in jewelry and luggage was rising. Selections of toys were reported to be well above the 1939 level. The population increase over the last five years has resulted in a high demand for these items.

Retail volume for the country last week was estimated to be from 26 to 30% above that of the corresponding week a year ago. Regional percentage increases were: New England 19 to 23, Middle West 32 to 36, Northwest 28 to 32, South 26 to 30, Southwest 27 to 31, and Pacific Coast 25 to 29. Despite the adverse effects of the electric power strike in Pittsburgh and of the trucking strike in New York and nearby areas, retail volume in the East was estimated to be below recent weeks but still from 23 to 27% above a year ago.

Wholesale volume continued to increase fractionally last week and remained considerably above that of the corresponding week a year ago. Deliveries improved generally and order volume was close to the high levels of the previous weeks. The shortage of some goods persisted although the supply of many commodities increased this week.

Department store sales on a country wide basis, as taken from the Federal Reserve Board's index for the week ended Sept. 21, 1946, increased by 26% above the same period of last year. This compared with an increase of 37% in the preceding week and 49% (revised figure) and 45%, respectively, for the weeks ending Sept. 7 and Aug. 31, 1946. For the four weeks ended Sept. 21, 1946, sales increased by 39% and for the year to date by 31%.

Activity in both retail and wholesale trade in New York last week showed a marked falling off as compared with the previous week. The current trucking and United Parcel strike affected adversely the delivery of heavy merchandise to customers, while activity in the wholesale market was hampered by the religious holiday. Furniture and floor covering sales likewise suffered from the trucking strike. Meat sales in the week declined due to the continued scarcity of meat in the New York area. Such independent grocery stores and chains which have reached a settlement with the trucking companies reported heavy sales of food.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Sept. 21, 1946, increased 9% above the same period last year. Work stoppages in the trucking industry and the religious holiday accounted for the reduced sales in the week. In the week ended Sept. 14, 1946 an increase of 40% was registered compared with 52% for Sept. 7 and 51% for Aug. 31. For the four weeks ended Sept. 21, 1946, sales rose by 36% and for the year to date by a like percentage.

Laws Against Mob Violence Urged

President Truman on Sept. 19 received a delegation representing the National Emergency Committee Against Mob Violence, who urged him to call a special session of Congress to pass laws against mob violence. The group contended, according to a special dispatch from Washington to the New York "Times," that at present there were not sufficient laws to prevent violence, and urged that Federal law enforcement agencies "concentrate" upon bringing lynchers and "other defenders of mob violence" to justice.

The delegation, headed by Walter White, Secretary of the National Association for the Advancement of Colored People, consisted also of: Dr. Channing H. Tobias, director of the Phelps-Stokes Fund; Frederick E. Reissig of the Federal Council of Churches of Christ in America; James Carey, Secretary of the CIO; Boris Shishkin of the AFL; Dr. Benjamin E. Mays, President of Morehouse College, Atlanta, and Arnett Murphy of the National Negro Publisher's Association.

The delegation's petition asserted that: "Unchecked mob violence can do more to injure our country at home and abroad than any other single evil."

Mrs. Feil Appointed Editor Of "The Woman Banker"

At the Twenty-fifth Annual Meeting of The Association of Bank Women, held in Chicago, Ill. from Sept. 23-25, Mrs. Helen R. Feil, Assisatnt Secretary of The Dime Savings Bank of Brooklyn, N. Y., was appointed Editor of "The Woman Banker."

"The Woman Banker," published bi-monthly, is the official publication of The Association of Bank Women, whose membership numbers more than 500 women in the field of banking throughout the United States. Mrs. Feil, active worker in civic and war drives, has been associated with The Dime Savings Bank of Brooklyn for the past 15 years.

Civil Engineering Construction Totals $84,074,000 for Week

Civil engineering construction volume in continental United States totals $84,074,000 for the week ending Sept. 26, 1946, as reported by "Engineering News-Record." This volume is 28% below the previous week, 5% below the corresponding week of last year and 9% below the previous four-week moving average. The report issued on Sept. 26, added:

Private construction this week, $34,007,000, is 59% below last week and 51% below the week last year. Public construction, $50,067,000, is 47% above last week and 155% greater than the week last year. State and municipal construction, $30,128,000, 8% below last week, is 111% above the 1945 week. Federal construction, $19,939,000, is 1,795% above last week and 273% above the week last year.

Total engineering construction for the 39-week period of 1946 records a cumulative total of $4,083,161,000, which is 173% above the total for a like period of 1945. On a cumulative basis, private construction in 1946 totals $2,484,195,000, which is 342% above that for 1945. Public construction, $1,598,966,000, is 71% greater than the cumulative total for the corresponding period of 1945, whereas State and municipal construction, $1,058,849,000 to date, is 309% above 1945. Federal construction, $540,117,000, dropped 20% below the 39-week total of 1945.

Civil engineering construction volume for the current week and four preceding periods, and the 1945 week are:

(000's Omitted)	9-26-'46	9-19-'46	9-12-'46 (5 Days)	9-5-'46 (4 Days)	8-29-'46 (5 Days)	9-27-'45
Total U. S. Construction	$84,074	$116,751*	$86,166	$86,065	$79,905	$88,817
Private Construction	34,007	82,796*	54,387	58,432	52,786	69,218
Public Construction	50,067	33,955	31,779	27,633	27,119	19,599
State and Municipal	30,128	32,903	31,779	24,919	19,671	14,247
Federal	19,939	1,052	1,663	2,714	7,448	5,352

*These figures have been adjusted due to contract termination.

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

Non-Ferrous Metals—Lead Allocations Higher—Export Copper Stronger—August Tin Stocks Up

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 26, stated: "Market circles took what comfort they could from the enforced resignation on Sept. 20 of Henry A. Wallace as Secretary of Commerce and the appointment by President Truman of W. Averell Harriman to that position on Sept. 22. Elsewhere there was little change in the present confused situation. Nothing definite can be learned about the pending zinc price increase; there is 'nothing to report' on the meeting held to discuss with OPA a higher price for special copper shapes; lead supplies have improved somewhat; the OPA added copper to 'positively no price increase' list." The publication further went on to say in part as follows:

Copper

At the meeting with OPA representatives held on Sept. 24 to discuss raising premiums on special shapes, the industry's position was made clear. The OPA will review the situation, but no action is likely for some time. Meanwhile, business in special shapes of copper is practically at a standstill.

Foreign copper was purchased in good quantity last week at prices ranging from 16½¢ to 17¢, f.a.s. New York. With regard to the domestic price, the OPA announced on Sept. 20 that no price increase was planned "in the foreseeable future" for primary and secondary copper, copper scrap, copper base alloy scrap, or brass mill scrap. This action is aimed at loosening a tight position in copper supply, which the OPA has been advised is caused by the industry's anticipation of a higher copper ceiling.

Lead

At the Industry Advisory Committee meeting held on Sept. 24 to allocate lead for October, business was concluded in faster time than heretofore and an atmosphere of optimism seemed to prevail. Requests were received from consumers for about 55,000 tons of lead, but the government had only about 22,000 tons available for allocation. This, was, however, an improvement over the position in recent months, and it seemed apparent that the government would be able to fill about 75% of what it calls the "allowable consumption" of lead.

Imports of lead have increased recently, both because of increased mining abroad and because the government is paying the price necessary to get the metal. It is reported that the government has agreed to a purchase of foreign lead for the fourth quarter at the equivalent of 10¼¢ per pound. At that rate, the subsidy paid by the government to protect local consumers against a price increase is in itself increasing, which is counter to the stated policy of the government. However, consumers are likely to receive about 47,000 tons of lead for October. Lead sales for the week totaled 3,725 tons.

The stockpile of lead in the hands of the Office of Metals Reserve contained only 24,742 tons of foreign lead at the end of August, against 33,751 tons a month previous. The stockpile was permitted to drop because of assurances that imports would increase in the near future. It will be recalled that the government purchased some 22,500 tons of foreign lead for third-quarter delivery early in August.

General Electric Co. announced on Sept. 22 that its cable plant at Schenectady, N. Y., had been shut down for more than a week because its quota of lead had been used up. The shutdown was expected to last several weeks.

Zinc

The latest report on the long-awaited zinc ceiling increase is that the order is prepared but is held up for lack of an unspecified but important signature. Demand continues good. A strike of power-company employees in Pittsburgh is cutting production at the Josephtown, Pa., smelter of St. Joseph Lead Co.

Consumption of zinc scrap in July totaled 15,169 tons, against 16,125 tons in June, the Bureau of Mines reports. Receipts of purchased zinc scrap and residues in July amounted to 16,780 tons. Stocks at the end of July amounted to 34,845 tons, against 33,234 tons a month previous.

Manganese

Consumption of manganese ore during the second quarter of 1946 totaled 274,089 short tons, compared with 176,056 tons in the first quarter of the current year and an average of 371,465 tons quarterly in 1945, the Bureau of Mines reports. Production of ferromanganese rose sharply in April-June period and was chiefly responsible for the increase in the use of ore.

General imports of manganese ore, containing (natural) 35% or more manganese, amounted to 370,252 tons, containing 177,812 tons of manganese, in the second quarter. This compares with general imports of 383,516 tons, containing 176,056 tons of manganese, in the first quarter. The Gold Coast supplied 21% in the second quarter period; India 19%; Russia 18%; Union of South Africa 15%; Brazil 10%; Cuba 8%; Chile 5%; and Mexico 4%.

Domestic production of manganese ore, containing 35% or more manganese, during the second quarter was 31,800 tons, against 38,800 tons in the first quarter.

Production of domestic manganese ore containing (natural) 5 to 35% manganese amounted to 128,500 tons in the second quarter, which contrasts with only 16,000 tons in the first quarter.

Stocks of manganese ore (35% or more Mn) in the United States, in tons:

	June 30	Mar. 31
Metals reserve	*1,088,789	1,234,602
Consumers-producers	714,672	647,829

*July 31 stocks.

Production of ferromanganese during the second quarter of 1946 totaled 117,798 tons, an increase of 73% over the first quarter. Production of ferromanganese in the first half of the year amounted to 185,940 tons, against 332,815 tons in the January-June period of 1945.

Platinum

In the first half of 1946 the United States imported 45,600 oz. of refined platinum. Of this total the United Kingdom supplied 18,230 oz., Canada 13,341 oz., Russia 14,002 oz., and other countries 27 oz. Imports of unrefined platinum metals in the January-June period totaled 39,917 oz. Stocks of platinum in the hands of dealers, importers, and refiners at the end of June amounted to 114,259 oz., against 159,173 oz. Jan. 1, 1946.

Tin

The government's stocks of tin at the end of August totaled 59,884 tons, of which 28,455 tons was refined metal and 31,429 tons in concentrates. This compares with a total of 58,096 tons at the beginning of the year, of which 25,558 tons was in metal and 32,538 tons in concentrates. The RFC on Sept. 20 raised the export price of tin to 64¢ a pound for September deliveries.

Bolivia exported the equivalent of 3,889 metric tons of tin during July, against 2,483 tons in June. Exports during the first seven months of the year totaled 21,542 tons, which compares with 24,718 tons in the same period last year.

There were no price developments in the domestic market. October, November and December quotations for Straits quality tin continued at nominally 52¢ per pound.

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

Quicksilver

Reports were current last week that a shipment of Spanish quicksilver amounting to 4,000 flasks had entered the country. It was further, and reliably, reported, however, that this shipment was in firm hands and would have no effect on domestic prices. Some observers believe that these recent large shipments of mercury from abroad presage a rise in the European price of the metal. Prices in the domestic market held at $96 to $99 per flask.

The average price of quicksilver for August was $97.556 per flask, against $98.308 in July.

Silver

Production of silver in Canada in July totaled 1,266,925 oz., against 1,174,600 oz. in June and 951,348 oz. in July last year, according to the Dominion Bureau of Statistics. Output in the first seven months this year totaled 7,947,138 oz., against 7,474,904 oz. in the January-July period last year.

The New York Official price of silver was unchanged last week at 90⅛¢. London continued at 55½d.

[During July, the imports of refined silver into the United States totaled 4,670,140 oz., of which 4,500,180 ozs. originated in Mexico. Imports during the first half of 1946 totaled 5,433,875 ozs., of which 2,502,262 ozs. was from Mexico. The agitation for a higher price that disturbed the market throughout the first six months of 1946 resulted in a general withdrawal of offerings of the metal, which was also reflected in reduced imports.]

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
Sept. 19	14.150	16.550	52.000	8.25	8.10	8.25
Sept. 20	14.150	16.550	52.000	8.25	8.10	8.25
Sept. 21	14.150	16.450	52.000	8.25	8.10	8.25
Sept. 23	14.150	16.525	52.000	8.25	8.10	2.25
Sept. 24	14.150	16.675	52.000	8.25	8.10	8.25
Sept. 25	14.150	16.825	52.000	8.25	8.10	8.25
Average	14.150	16.596	52.000	8.25	8.10	8.25

Average prices for calendar week ended Sept. 21 are: Domestic copper f o.b. refinery, 14.150¢; export copper, f.o.b. refinery 16.483¢; Straits tin, 52.000¢; New York lead, 8.250¢; St. Louis lead, 8.100¢; St. Louis zinc, 8.250¢; and silver, 90.125¢ The average price of export copper, f.o.b., refinery compares with 16.357¢ for the week ended Sept. 14; 16.325¢, for the week ended Sept. 7; and 16.250¢, for the week ended Aug. 31.

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 dimension; 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.

US '45 Debt a Record

A Commerce Department report of Sept. 24 gives the total debt in the United States, both governmental and private, at the end of 1945, as $400,500,000,000, according to Associated Press Washington advices. This would mean, roughly estimated, $2,660 for each of the 150,600,000 men, women and children in the nation and its possessions, on the basis of the 1940 census. Setting a record, the total debt at the end of 1945, however, does not represent as great an increase over that for 1944, which was $35,400,000,000, as does the $62,000,000,000 increase in 1944 over 1943. The Associated Press accounts of Sept. 24 added:

"Although the war-time rate of increase in the Federal government debt was considerably reduced during 1945," the Department said, "the Federal debt in the year the war was brought to a successful conclusion increased $42,000,000,000. This increase was partially offset by debt reductions in other spheres, notably a decline of $8,800,000,000 in corporate short-term debts, largely made possible by decreased Federal income tax liabilities. Short-term corporate debt totaled $46,500,000,000 at the year's end.

"Other declines were in state and local government debt, down $349,000,000 to a total of $13,700,000,000 at the year's end; long-term corporate debt, down $950,000,000 to a total of $39,300,000,000, and farm mortgages, down $190,000,000 to a $5,100,000,000 total, the lowest level since 1915."

The Department reported "notable increases" in noncorporate urban mortgage debt, up $162,000,000; short-term commercial and financial debt, up $2,521,000,000, and short-term consumer debts, up $957,000,000.

The Department predicted that the downward trend of farm-mortgage indebtedness, continuous since the early 1920s, may be halted soon. It noted that in twenty states farm mortgages increased in 1945, as compared with only eight states showing increases in 1944.

Mail for Former Polish Territory Under Soviet

Postmaster Albert Goldman announced on Sept. 25 that regular-mail articles and parcel-post packages for delivery in the Union of Soviet Socialist Republics may include those addressed to places in the portion of Poland which is now under the administration of the Soviet Government. Mail accepted for those places shall be subject to the rates and conditions applicable to articles for the Soviet Union, and the addresses thereof should include "U.S.S.R.", as country of destination, said the announcement, which also stated:

The territory concerned includes the following: All of the provinces of Wilno, Nowogrodek, Wolyn, Tarnopol, and Stanislawow. The eastern portion of the province of Bialystok. The boundary extends southward from the Lithuanian frontier, west of Grodno and east of Jalowka, to a point immediately east of Bialowieza. The province of Polesie, except the extreme northwest portion. The boundary extends southwestward from a point immediately east of Bialowieza to a point immediately east of Niemirow. The southeastern portion of the province of Lwow. The boundary extends along the Bug and Solokija Rivers to a point north of Rawa Ruska; thence southwestward, west of Rawa Ruska and east of Przemysl, to the San River; and thence southeastward along the San River to its source and the Czechoslovak frontier.

Daily Average Crude Oil Production for Week Ended Sept. 21, 1946, Increased 1,900 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Sept. 21, 1946, was 4,775,150 barrels, which compares with 4,773,250 barrels per day in the preceding week, 4,799,950 barrels per day in the week ended Sept. 7, and 4,833,450 barrels per day in the week ended Aug. 31. During the week ended Sept. 22, 1945, average daily production was 4,527,550 barrels. The daily average figure, estimated by the United States Bureau of Mines as the requirement for the month of September, 1946, is 4,790,000 barrels. Daily output for the four weeks ended Sept. 21, 1946, averaged 4,795,450 barrels.

Gasoline production, the Institute states, totaled 14,538,000 barrels during the week ended Sept. 21, 1946, a decline of 258,000 barrels from the preceding week, while gasoline stocks decreased 964,000 barrels during the week to 85,854,000 barrels.

Reports received by the Institute from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,785,000 barrels of crude oil daily, as against 4,892,000 barrels per day the week before.

Stocks of kerosene increased in the Sept. 21 week by 213,000 barrels to 20,245,000 barrels, stocks of distillate fuel oil was 1,702,000 barrels to 57,906,000 barrels and stocks of residual fuel oil was up 1,178,000 barrels to 56,914,000 barrels.

The Institute's statement showing oil statistics for the week ended Sept. 21, 1946, follows in detail:

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements September	State Allowables Begin. Sept. 1,	Actual Production Week Ended Sept 21, 1946	Change from Previous Week	4 Weeks Ended Sept. 21, 1946	Week Ended Sept. 22, 1945
**New York-Penna.	49,000		51,100	— 600	51,300	47,200
Florida	----		400	+ 300	200	200
**West Virginia	8,400		8,200	— 750	8,050	8,300
**Ohio—Southeast }	7,600		5,850	— 600	5,550	4,800
Ohio—Other }			2,500	+ 100	2,400	3,100
Indiana	19,000		18,850	— 550	19,400	13,200
Illinois	214,000		205,500	+ 1,300	206,800	202,350
Kentucky	31,000		31,300	+ 200	31,050	29,550
Michigan	47,000		45,950	— 6,600	47,950	45,100
Nebraska	800		†700	----	700	850
Kansas	264,000	270,000	†277,800	+ 6,800	277,000	273,450
Oklahoma	386,000	387,220	†353,500	+ 1,500	368,800	394,600
Texas—						
District I			19,400	----	19,450	----
District II			148,400	----	150,300	----
District III			464,850	----	471,050	----
District IV			220,000	----	221,200	----
District V			41,000	----	41,600	----
East Texas			326,000	----	323,400	----
Other Dist. VI			103,550	----	104,150	----
District VII-B			32,850	----	32,800	----
District VII-C			27,200	----	27,400	----
District VIII			491,200	----	491,000	----
District IX			129,000	----	130,050	----
District X			85,000	----	84,950	----
Total Texas	2,120,000	‡2,102,476	2,088,450	----	2,097,350	1,883,000
North Louisiana			86,900	— 300	86,800	71,800
Coastal Louisiana			304,000	----	303,900	292,000
Total Louisiana	384,000	431,000	390,900	— 300	390,700	363,800
Arkansas	78,000	79,969	73,250	— 650	73,600	78,000
Mississippi	61,000		74,550	+ 1,700	73,050	51,050
Alabama	2,200		1,050	----	1,050	250
New Mexico-So. East }	100,000	106,000	99,400	----	99,550	103,900
New Mexico—Other }			450	----	450	400
Wyoming	108,000		108,800	— 3,250	107,650	108,050
Montana	24,000		24,250	— 1,150	24,600	20,100
Colorado	31,000		37,650	+ 2,350	37,600	12,200
California	855,000	§843,000	874,700	+ 2,100	870,650	884,100
Total United States	4,790,000		4,775,150	+ 1,900	4,795,450	4,527,550
**Pennsylvania Grade (included above)			65,150	— 1,950	64,900	60,300

*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 September. 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., Sept. 17, 1946.

‡This is the net basic allowable as of Sept. 1 calculated on a 30-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 6 to 9 days, the entire State was ordered shut down for 6 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 6 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 SEPT. 21, 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.	% 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	763	90.9	1,889	21,212	8,868	20,989	11,756
Appalachian—								
District No. 1	76.3	101	70.6	298	2,229	460	562	313
District No. 2	84.7	43	69.4	141	739	76	138	206
Ind., Ill., Ky.	87.4	769	88.4	2,705	15,445	2,962	8,402	5,270
Okla., Kans., Mo.	78.3	368	78.5	1,408	8,170	1,436	3,555	1,394
Inland Texas	59.8	213	64.5	946	2,676	498	599	693
Texas Gulf Coast	89.2	1,222	99.7	3,384	12,667	2,874	8,517	7,330
Louisiana Gulf Coast	97.4	367	114.3	1,055	4,404	1,699	3,029	1,830
No. La. & Arkansas	55.9	60	47.6	149	1,624	307	432	234
Rocky Mountain—								
District No. 3	19.0	12	92.3	36	83	15	45	40
District No. 4	70.9	133	80.6	414	1,368	206	555	777
California	85.5	734	73.8	2,113	15,237	844	11,083	27,071
Total U. S. B. of M. basis Sept. 21, 1946	85.8	4,875	86.1	14,538	*85,854	20,245	57,906	56,914
Total U. S. B. of M. basis Sept. 14, 1946	85.8	4,892	88.0	14,796	86,818	20,032	56,204	55,736
U. S. B. of M. basis Sept. 22, 1945		4,448		14,248	†80,342	13,902	44,963	48,117

*Includes unfinished gasoline stocks of 8,269,000 barrels. †Includes unfinished gasoline stocks of 9,183,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §In addition, 1,929,000 barrels of kerosine, 5,450,000 barrels of gas oil and distillate fuel oil were produced during the week ended Sept. 21, 1946, which compares with 1,985,000 barrels, 5,687,000 barrels and 8,419,000 barrels, respectively, in the preceding week, 1,840,000 barrels, 5,625,000 barrels and 8,313,000 barrels, respectively, in the week ended Sept. 7, 1946, 1,847,000 barrels, 5,630,000 barrels and 8,539,000 barrels, respectively, in the week ended Aug. 31, 1946, and 1,460,000 barrels, 4,698,000 barrels and 8,135,000 barrels, respectively, in the week ended Sept. 22, last year.

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. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Oct. 1	120.83	116.61	121.25	119.00	116.61	110.34	112.37	117.80	119.82
Sept. 30	120.86	116.61	121.25	119.00	116.61	110.34	112.37	117.80	119.82
28	Stock Exchange Closed								
27	121.08	116.61	121.04	119.00	116.61	110.15	112.37	117.80	119.82
26	121.05	116.61	121.04	119.20	116.41	110.15	112.37	117.80	119.61
25	121.08	116.61	121.04	119.20	116.41	110.15	112.37	117.80	119.61
24	121.08	116.61	120.84	119.20	116.61	110.15	112.56	117.80	119.61
23	121.11	116.61	120.84	119.20	116.61	110.52	112.93	117.80	119.61
21	Stock Exchange Closed								
20	121.14	116.61	121.04	119.00	116.61	110.52	112.75	117.80	119.61
19	121.17	116.80	121.04	119.20	116.80	110.70	113.12	117.80	119.82
18	121.42	117.00	121.25	119.41	117.00	111.07	113.12	118.00	120.02
17	121.64	117.20	121.46	119.41	117.00	111.44	113.50	118.00	120.22
16	121.74	117.20	121.46	119.41	117.00	111.44	113.70	118.00	120.22
14	Stock Exchange Closed								
13	121.80	117.20	121.46	119.41	117.00	111.44	113.89	118.00	120.22
12	121.86	117.40	121.67	119.41	117.20	111.62	113.89	118.00	120.22
11	121.89	117.40	121.67	119.41	117.20	111.62	113.89	118.20	120.22
10	121.92	117.60	121.88	119.41	117.60	112.00	114.08	118.40	120.43
9	122.14	117.80	122.09	119.82	117.60	112.00	114.27	118.60	120.63
7	Stock Exchange Closed								
6	122.52	118.00	122.29	120.02	117.80	112.19	114.46	118.60	120.84
5	122.61	118.00	122.29	120.02	117.80	112.37	114.66	118.60	120.84
4	122.74	118.00	122.50	120.02	118.00	112.19	114.66	118.60	120.84
3	122.86	118.20	122.71	120.22	118.00	112.37	114.85	118.80	121.25
2	Stock Exchange Closed								
Aug. 30	122.92	118.40	122.71	120.43	118.00	112.37	114.85	118.80	121.25
23	123.30	118.40	122.92	120.84	118.20	112.37	115.04	119.00	121.46
16	123.49	118.40	122.92	120.63	118.20	112.37	115.24	119.00	121.25
9	123.49	118.60	123.13	120.84	118.20	112.56	115.24	119.00	121.46
2	123.45	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	123.09	118.80	122.92	121.46	118.40	112.56	116.22	119.00	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	120.83	116.61	120.84	119.00	116.41	110.15	112.37	117.80	119.61
1 year Ago									
Oct. 1, 1945	122.25	116.02	120.63	118.80	116.02	108.88	112.19	116.02	119.82
2 Years Ago									
Sept. 30, 1944	119.50	112.56	118.60	116.80	112.56	103.13	106.74	114.08	117.00

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

1946— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Oct. 1	1.67	2.82	2.59	2.70	2.82	3.15	3.04	2.76	2.66
Sept. 30	1.66	2.82	2.59	2.70	2.82	3.15	3.04	2.76	2.66
28	Stock Exchange Closed								
27	1.65	2.82	2.60	2.70	2.82	3.16	3.04	2.76	2.66
26	1.65	2.82	2.60	2.69	2.83	3.16	3.04	2.76	2.67
25	1.65	2.82	2.60	2.69	2.83	3.16	3.04	2.76	2.67
24	1.65	2.82	2.61	2.69	2.82	3.16	3.03	2.76	2.67
23	1.65	2.82	2.61	2.69	2.82	3.14	3.01	2.76	2.67
21	Stock Exchange Closed								
20	1.65	2.82	2.60	2.70	2.82	3.14	3.02	2.76	2.67
19	1.64	2.81	2.60	2.69	2.81	3.13	3.00	2.76	2.66
18	1.63	2.80	2.59	2.68	2.80	3.11	3.00	2.75	2.65
17	1.61	2.79	2.58	2.68	2.80	3.09	2.98	2.75	2.64
16	1.60	2.79	2.58	2.68	2.80	3.09	2.97	2.75	2.64
14	Stock Exchange Closed								
13	1.63	2.79	2.58	2.68	2.80	3.09	2.96	2.75	2.64
12	1.62	2.78	2.57	2.68	2.79	3.08	2.96	2.75	2.64
11	1.62	2.78	2.57	2.68	2.79	3.08	2.96	2.74	2.64
10	1.62	2.77	2.56	2.68	2.77	3.06	2.95	2.73	2.63
9	1.61	2.76	2.55	2.66	2.77	3.06	2.94	2.72	2.62
7	Stock Exchange Closed								
6	1.58	2.75	2.54	2.65	2.76	3.05	2.93	2.72	2.61
5	1.57	2.75	2.54	2.65	2.76	3.04	2.92	2.72	2.61
4	1.56	2.75	2.53	2.65	2.75	3.05	2.92	2.72	2.61
3	1.55	2.74	2.52	2.64	2.75	3.04	2.92	2.71	2.60
2	Stock Exchange Closed								
Aug. 30	1.55	2.73	2.52	2.63	2.75	3.04	2.91	2.71	2.59
23	1.52	2.73	2.51	2.61	2.74	3.04	2.90	2.70	2.58
16	1.51	2.73	2.51	2.62	2.74	3.04	2.89	2.70	2.59
9	1.51	2.72	2.50	2.61	2.74	3.03	2.89	2.70	2.58
2	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	1.43	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
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	268	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	1.67	2.62	2.61	2.70	2.83	3.16	3.04	2.76	2.67
Low 1946	1.31	2.65	2.45	2.53	2.67	2.93	2.77	2.63	2.53
1 year Ago									
Oct. 1, 1945	1.61	2.85	2.62	2.71	2.85	3.23	3.05	2.85	2.66
2 Years Ago									
Sept. 30, 1944	1.84	3.03	2.72	2.81	3.03	3.56	3.35	2.95	2.80

*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.

NOTE—The list used in compiling the averages was given in the Sept. 5, 1946 issue of the "Chronicle" on page 1321.

Weekly Lumber Shipments Continues Below Output

According to the National Lumber Manufacturers Association, lumber shipments of 409 mills reporting to the National Trade Barometer were 13.3% below production for the week ended Sept. 21, 1946. In the same week new orders of these mills were 8.9% below output. Unfilled order files of the reporting mills, amounted to 64% 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 Sept. 21, shipments of reporting identical mills exceeded production by 1.5%; orders by 0.5%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 5.3% above; shipments were 5.9% below; and orders were 5.7% below.

Result of Treasury Bill Offering

The Secretary of the Treasury announced on Sept. 16 that the tenders for $1,300,000,000 or thereabout of 91-day Treasury bills to be dated Sept. 19 and to mature Dec. 19, which were offered on Sept. 13, were opened at the Federal Reserve Banks on Sept. 16.

Total applied for, $1,777,250,000.

Total accepted, $1,304,827,000 (includes $34,640,000 entered on a fixed price basis at 99.905 and accepted in full).

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

Range of accepted competitive bids:

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

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

(71% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Sept. 19 in the amount of $1,310,352,000.

With respect to the previous issue of $1,300,000,000 of 91-day Treasury bills dated Sept. 12, and maturing Dec. 12, the Treasury on Sept. 9 disclosed these results:

Total applied for, $1,801,999,000.

Total accepted, $1,305,337,000 (includes $34,649,000 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. 12 in the amount of $1,310,138,000.

Yugoslav-Swiss Pact

A trade agreement was signed between Yugoslavia and Switzerland on Sept. 21, the Yugoslavia Government announced, according to special advices from Belgrade, Yugoslavia, to the New York "Times" Sept. 22, which also had the following to say:

"It is effective Oct. 15 for a period of a year, with automatic one-year renewals. The agreement calls for delivery by the Swiss of machinery, surgical and medical instruments and supplies, aniline dyes and farm animals to Yugoslavia. Switzerland will get ores, lumber, metals, fruits and wines. The exchange will be at a rate of 100 dinar to 8.6 Swiss francs."

Moody's Daily Commodity Index

Tuesday, Sept. 3, 1946	326.6
Wednesday, Sept. 4	326.5
Thursday, Sept. 5	327.0
Friday, Sept. 6	327.1
Saturday, Sept. 7	327.2
Monday, Sept. 9	327.4
Tuesday, Sept. 10	326.4
Wednesday, Sept. 11	326.7
Thursday, Sept. 12	326.5
Friday, Sept. 13	327.4
Saturday, Sept. 14	327.7
Monday, Sept. 16	327.9
Tuesday, Sept. 17	328.3
Wednesday, Sept. 18	332.8
Thursday, Sept. 19	333.2
Friday, Sept. 20	334.5
Saturday, Sept. 21	335.3
Monday, Sept. 23	335.5
Tuesday, Sept. 24	336.3
Wednesday, Sept. 25	336.4
Thursday, Sept. 26	337.1
Friday, Sept. 27	337.3
Saturday, Sept. 28	337.6
Monday, Sept. 30	337.6
Tuesday, Oct. 1	337.7
Two weeks ago, Sept. 17	328.3
Month ago, Aug. 30	337.1
Year ago, Oct. 1, 1945	259.8
1945 High, Dec. 27	265.0
Low, Jan. 24	252.1
1946 High, Aug. 1	356.3
Low, Jan. 2	264.7

Steel Output Continues at Highest Peacetime Levels—Better Balance With Demand in Sight

"Steel activity continued to swing at more than a normal peacetime rate in spite of all the shortages and production difficulties," according to "The Iron Age," national metalworking paper." That some of the tension being forced upon the industry may soon be relieved to a small extent is reflected in a most recent, realistic atitude on the part of consumers that their production schedules must be gaged to steel shipments," continues the "Age" in its issue of today (Oct. 3), which further states in part:

"While pressure for deliveries continued this week, steel consumers as a whole have appreciated the necessity for delaying or revamping their 1947 production plans and have dispensed with the idea that somehow steel and other materials can be obtained to support a program entirely out of relation with available supplies.

"Manufacturers in recent weeks have closely scrutinized their unbalanced inventories and to some extent show a serious concern over this situation. It can be expected that future orders will be concentrated on an attempt to obtain the materials which are in far shorter supply in order to balance out total stocks and thus produce finished products at an accelerated rate. Because most manufacturers are short of the same type of steel products, it may take several months before current manufacturing inventories can be leved out into a balanced supply.

"It is recalled in the trade that the same type of thinking took place in 1937 when many manufacturers were aghast at the magnitude of their unfinished stocks of steel. Today's conditions, however, differ sharply with that period because unfulfilled demand from the public is of far greater magnitude that existed in the fall of 1937. Nevertheless the scrutiny of inventories, the stock market drop and the enforced increase in the price of many finished products because of higher costs has produced one of the most sobering influences apparent since the end of the war.

"Steel companies report that most large manufacturing firms are maintaining their orders for equipment and materials covering the balance of this year, but are not committing themselves as to the amount of their steel quotas which they will want shipped in 1947. Only one major steel company has opened its books for 1947 but most large consumers are fully aware of the proportion of steel output to which they will be entitled in that period.

"Besides the scare of unbalanced inventory and the hesitancy of bankers in extending further credit in the case of many small companies, management is nervously watching for the possible renewal of labor disputes and for further evidence of weaknesses in the stock market. Continued price increases will serve to strengthen the present mood of restrained optimism (or restrained pessimism) among management. Postponement of steel deliveries which will by nature precede cancellation has already started on a very small scale but may increase soon in some areas.

"The far reaching effects of isolated strikes are causing considerable concern in the manufacturing industries because of enforced curtailments at plants not even remotely connected with the tieups. The power strike at Pittsburgh, involving an independent union, not only closed down a great number of manufacturing plants but indirectly curtailed operations at a steel works and at an electrical equipment firm because of union sympathy walkouts. The 6-day walkout at Carnegie-Illinois Steel Corp.'s Gary Sheet and Tinplate plant caused a loss of 12,000 tons of tinplate and 24,000 tons of sheets.

"Despite the tendency displayed in recent weeks toward a closer control over steel order volume steel users are still placing business at a rate exceeding shipments. The present thinking does not involve what is currently considered to be postwar peaks in new business, but presumes to cover what may be conditions in the latter part of the first half of 1947. September figures are expected to reflect an exceedingly high volume of production and shipments and it is practically certain that barring unusual labor conditions October will establish a new postwar high."

The American Iron and Steel Institute this week announced that the operating rate of steel companies having 94% of the steel capacity of the industry will be 90.2% of capacity for the week beginning Sept. 30, compared with 90.4% one week ago (the highest rate for the post-war period), 84.5% one month ago and 79.7% one year ago. This represents a decrease of 0.2 points or 0.2% from the preceding week. The operating rate for the week beginning Sept. 30 is equivalent to 1,589,700 tons of steel ingots and castings, compared to 1,593,200 tons one week ago, 1,489,200 tons one month ago and 1,459,800 tons one year ago.

"Steel" of Cleveland, in its summary of latest news developments in the metalworking industry, on Sept. 30 stated in part as follows:

"Some signs—small though they are—have been appearing in the steel market picture which indicate a sharp change in the situation, probably within the next six months. Demand for steel from manufacturers is a shade lighter, and there have been some cancellations of tonnage placed for delivery next year. There are numerous factors which have probably influenced this action, but the primary one is uncertainty on the part of manufacturers in regard to their future expansion programs.

"The primary cause of this uncertainty is the near impossibility of completing any plant expansion, due to shortages of both materials and labor. Continually rising costs have also entered the picture, altering the market for new products to a considerable extent.

"Present output of the steel mills if sustained will bring supply and demand into balance early next year in a number of products, and there now seems to be no real grounds for any substantial reduction in steel output. Even in the tightest products there should be some measure of relief by late spring. This situation, coupled with a tendency on the part of buyers to pull in their horns and buy more conservatively for future needs, will probably bring an end to the sellers' market.

"Among nonferrous metals, the picture is not so clear. Shortages in all nonferrous metals except aluminum and magnesium appear to be growing rather than diminishing. Price ceilings are the primary cause, and according to OPA there is no action contemplated in the near future. This will have an important effect on steel markets, because it will reduce output in many products which also require steel and will provide an added reason for buyers to go slow on future steel needs."

August Freight Traffic Exceeded July by 5%

The volume of freight traffic handled by Class I railroads in the first eight months of 1946, measured in ton-miles of revenue freight, was approximately 21.6% under 1945 and about 23.7% less than in the corresponding period in 1944, according to a preliminary estimate based on reports received from the railroads by the Association of American Railroads. Freight traffic in the first eight months of 1946 totaled approximately 377,900,000,000 ton-miles compared with 482,236,205,000 ton-miles in the same period last year. Compared with two years ago, the decrease was 118,000,000,000 ton-miles.

August traffic amounted to about 54,000,000,000 ton-miles, a decrease of 5% compared with August, 1945. The amount of traffic handled by the Class I railroads in August this year, however, was 88% greater than the volume carried in August, 1939.

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

	1946	1945	% Dec.
1st 6 mos.	272,359,422	364,692,318	25.3
Mo. of July	*51,500,000	60,720,580	15.2
Mo. of Aug.	†54,000,000	56,823,307	5.0
Tot., 8 mos.	377,900,000	482,236,205	21.6

*Revised estimate. †Preliminary estimate.

Revenue Freight Loadings Declined in Sept. 21 Week

Loading of revenue freight for the week ended Sept. 21, 1946, totaled 899,053 cars, a decrease of 8,116 cars, or 0.9%, below the preceding week, according to the American Association of Railroads. The current figure, however, was an increase of 61,760 cars, or 7.4%, over the corresponding week in 1945, and an increase of 1,170 cars, or 0.1%, above the same week in 1944.

The loading of revenue freight for the week ended Sept. 14, 1946, showed an increase of 112,686 cars, or 14.2% over the week ended Sept. 7, 1946 (which included the Labor Day holiday).

Revenue Freight Car Loadings During Week Ended Sept. 7, 1946 Exceeded 1945 by 8.9%

Loading of revenue freight for the week ended Sept. 7, 1946 totaled 794,483 cars, the Association of American Railroads announced on Sept. 12. This was an increase of 64,629 cars, or 8.9%, above the corresponding week in 1945, but a decrease of 30,683 cars, or 3.7%, below the same week in 1944.

Loading of revenue freight for the week of Sept. 7 decreased 113,957 cars, or 12.5%, below the preceding week, due to Labor Day holiday.

Miscellaneous freight loading totaled 341,732 cars, a decrease of 58,221 cars below the preceding week, but an increase of 35 897 cars above the corresponding week in 1945.

Loading of merchandise less than carload lot freight totaled 108,083 cars, a decrease of 15,342 cars below the preceding week, but an increase of 15,152 cars above the corresponding week in 1945.

Coal loading amounted to 166,900 cars, a decrease of 23,220 cars below the preceding week, but an increase of 22,343 cars above the corresponding week in 1945.

Grain and grain products loading totaled 42,746 cars, a decrease of 5,322 cars below the preceding week and a decrease of 8,752 cars below the corresponding week in 1945. In the Western Districts alone, grain and grain products loading for the week of Sept. 7 totaled 32,348 cars, a decrease of 3,216 cars below the preceding week and a decrease of 5,001 cars below the corresponding week in 1945.

Livestock loading amounted to 9,777 cars, a decrease of 5,442, below the preceding week and a decrease of 7,033 cars below the corresponding week in 1945. In the Western Districts alone loading of livestock for the week of Sept. 7 totaled 8,111 cars, a decrease of 3,172 cars below the preceding week and a decrease of 5,089 cars below the corresponding week in 1945.

Forest products loading totaled 45,941 cars, a decrease of 5,560 cars below the preceding week, but an increase of 9,185 cars above the corresponding week in 1945.

Ore loading amounted to 66,392 cars, an increase of 843 cars above the preceding week, but a decrease of 4,079 cars below the corresponding week in 1945.

Coke loading amounted to 12,912 cars, a decrease of 1,693 cars below the preceding week, but an increase of 1,916 cars above the corresponding week in 1945.

All districts reported increases compared with the corresponding week in 1945, except the Northwestern and Centralwestern. All reported decreases compared with 1944, except the Eastern 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	852,832	886,623
Week of Aug. 24	884,957	853,426	904,871
Week of Aug. 31	908,440	860,342	897,603
Week of Sept. 7	794,483	729,854	825,166
Total	27,695,892	29,488,196	30,044,069

The following table is a summary of the freight carloadings for the separate railroads and systems for the weeks ended Aug. 31 and Sept. 7. During the first period 70 roads showed increases when compared with the corresponding week in 1945, while during the second period 89 railroads reported gains over the week ended Sept. 8, 1945.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEKS ENDED AUG. 31 and SEPT. 7

Railroads	Week Ended Aug. 31					Week Ended Sept. 7				
	Total Revenue Freight Loaded			Total Loads Received from Connections		Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1946	1945	1944	1946	1945	1946	1945	1944	1946	1945
Ann Arbor	318	360	258	1,336	1,401	309	212	257	1,413	1,349
Bangor & Aroostook	1,400	1,607	1,175	369	855	1,326	1,369	1,226	331	792
Boston & Maine	7,253	6,788	7,204	11,992	13,618	6,380	5,439	5,967	11,585	12,175
Chicago, Indianapolis & Louisville	1,388	1,079	1,512	2,213	2,101	1,391	943	1,273	2,218	1,582
Central Indiana	34	36	30	56	57	28	24	28	56	32
Central Vermont	1,134	1,093	1,149	2,239	2,325	925	1,034	924	2,119	2,336
Delaware & Hudson	5,354	4,957	4,985	10,802	11,534	4,478	3,948	4,427	10,438	10,167
Delaware, Lackawanna & Western	8,027	7,913	8,268	8,862	8,948	6,513	6,013	7,346	7,564	8,501
Detroit & Mackinac	396	285	261	315	156	315	246	231	222	150
Detroit, Toledo & Ironton	2,675	1,690	1,825	2,016	1,305	2,414	1,343	1,788	1,420	809
Detroit & Toledo Shore Line	395	380	422	2,921	2,451	327	301	302	2,519	2,151
Erie	12,998	12,056	13,524	15,874	14,503	10,995	9,603	11,610	14,100	13,922
Grand Trunk Western	4,742	3,529	3,904	7,555	7,782	3,756	2,618	3,421	7,232	7,156
Lehigh & Hudson River	133	154	191	3,064	2,665	154	157	151	2,760	2,354
Lehigh & New England	2,147	2,451	2,186	1,761	1,599	2,128	1,886	1,710	1,492	1,496
Lehigh Valley	9,540	9,265	8,969	8,882	10,052	7,694	7,468	7,503	7,492	9,110
Maine Central	3,149	2,593	2,541	2,702	3,770	2,683	2,385	2,147	2,540	3,447
Monongahela	6,162	6,095	6,023	350	235	6,549	4,836	4,936	310	291
Montour	2,936	2,795	2,381	30	30	2,492	2,265	2,043	36	26
New York Central Lines	52,845	48,585	53,549	52,873	49,606	45,632	41,341	47,038	47,053	41,798
N. Y., N. H. & Hartford	11,116	9,542	9,822	14,598	15,975	8,982	7,605	8,330	13,202	13,692
New York, Ontario & Western	978	974	1,307	2,759	2,992	923	947	1,131	2,811	3,329
New York, Chicago & St. Louis	7,665	5,984	6,788	13,675	13,884	5,830	4,928	6,433	12,407	12,136
N. Y., Susquehanna & Western	381	402	507	1,839	1,880	369	300	428	1,629	1,899
Pittsburgh & Lake Erie	7,732	7,280	8,091	9,362	8,035	5,505	5,552	7,167	9,284	8,255
Pere Marquette	6,859	5,107	5,264	7,372	6,589	5,701	4,327	4,435	6,313	5,560
Pittsburg & Shawmut	1,352	763	873	42	27	1,000	715	865	31	17
Pittsburg, Shawmut & Northern	308	205	291	170	192	238	170	283	212	205
Pittsburgh & West Virginia	980	1,311	1,171	2,518	2,464	999	1,108	1,064	1,959	2,145
Rutland	422	371	340	1,198	1,125	379	409	329	1,198	1,082
Wabash	6,219	5,962	6,135	11,237	10,429	5,358	4,592	5,162	9,790	9,295
Wheeling & Lake Erie	5,867	5,458	5,519	4,276	3,861	5,133	4,656	5,927	3,542	3,452
Total	173,005	157,070	166,465	205,258	202,446	146,906	128,780	145,882	185,278	180,711
Allegheny District—										
Akron, Canton & Youngstown	758	642	801	1,507	1,129	659	566	808	1,311	1,113
Baltimore & Ohio	44,880	47,528	46,482	26,295	25,174	41,431	39,969	42,088	23,135	21,885
Bessemer & Lake Erie	6,432	4,808	5,157	2,390	1,934	5,984	6,277	5,569	2,223	1,494
Cambria & Indiana	1,418	1,545	895	21	9	1,325	1,145	1,309	4	4
Central R. R. of New Jersey	7,056	6,338	7,424	18,556	17,503	6,064	4,873	6,235	16,680	16,481
Cornwall	475	487	575	54	71	374	435	459	38	57
Cumberland & Pennsylvania	322	207	206	9	5	341	170	185	13	12
Ligonier Valley	85	110	147	12	97	45	56	121	11	63
Long Island	2,367	2,455	2,158	4,837	3,796	1,782	2,072	1,790	4,739	3,891
Penn-Reading Seashore Lines	2,271	1,727	2,118	2,034	2,078	2,045	1,597	1,842	1,892	2,168
Pennsylvania System	93,535	82,915	92,600	64,346	58,722	79,576	71,285	82,243	57,081	52,294
Reading Co.	17,307	14,163	16,407	26,176	26,619	14,356	11,899	14,522	22,620	24,032
Union (Pittsburgh)	19,662	14,198	19,863	6,601	4,980	18,301	12,540	19,175	6,589	5,613
Western Maryland	4,653	3,892	4,538	11,704	11,108	4,162	3,670	3,836	10,568	10,462
Total	201,221	181,015	199,371	164,542	153,225	176,445	155,554	180,182	146,904	139,569

Railroads	Week Ended Aug. 31 — Total Revenue Freight Loaded 1946	1945	1944	Total Loads Received from Connections 1946	1945	Week Ended Sept. 7 — Total Revenue Freight Loaded 1946	1945	1944	Total Loads Received from Connections 1946	1945
Pocahontas District—										
Chesapeake & Ohio	35,065	30,282	29,989	15,359	14,049	29,001	24,753	28,897	13,168	11,660
Norfolk & Western	5,128	4,305	4,325	1,533	2,066	21,658	17,574	21,538	6,403	6,012
Virginian	26,168	20,405	21,746	6,908	6,722	3,938	3,564	4,209	1,326	1,752
Total	66,361	54,992	56,060	23,800	22,837	54,597	45,891	54,644	20,897	19,424
Southern District—										
Alabama, Tennessee & Northern	384	486	337	380	328	383	396	311	642	184
Atl. & W. P.—W. R. R. of Ala.	791	895	809	2,074	2,213	764	734	769	1,916	2,000
Atlanta, Birmingham & Coast	†	†	777	†	†	†	†	775	†	†
Atlantic Coast Line	13,211	10,788	10,688	8,114	9,521	11,614	9,709	10,429	7,692	8,541
Central of Georgia	3,819	4,038	3,590	3,741	4,556	3,804	3,544	3,346	4,064	3,735
Charleston & Western Carolina	481	514	418	1,465	1,605	466	391	428	1,395	1,367
Clinchfield	1,893	1,682	1,781	3,445	2,823	1,661	1,279	1,749	3,104	2,341
Columbus & Greenville	363	275	226	300	233	374	246	243	288	227
Durham & Southern	106	116	116	882	756	96	90	108	591	607
Florida East Coast	950	891	832	1,339	1,151	688	675	731	1,276	1,068
Gainesville Midland	106	52	49	89	121	100	47	47	88	121
Georgia	1,165	1,351	1,200	2,043	2,495	1,307	1,133	1,038	1,957	2,086
Georgia & Florida	466	377	448	811	347	405	500	457	664	534
Gulf, Mobile & Ohio	4,764	4,857	4,415	3,964	4,404	4,719	3,968	4,258	3,583	3,944
Illinois Central System	27,181	26,592	29,012	15,032	14,815	23,154	21,545	27,365	13,775	14,298
Louisville & Nashville	29,155	26,073	25,670	9,856	10,385	26,256	21,893	23,068	9,304	9,143
Macon, Dublin & Savannah	290	223	180	744	703	258	186	198	694	609
Mississippi Central	475	335	358	337	686	330	315	337	254	478
Nashville, Chattanooga & St. L.	3,741	3,369	3,176	3,746	3,895	3,380	3,141	3,139	3,364	3,572
Norfolk Southern	1,191	1,186	1,008	1,820	1,804	1,043	871	1,024	1,555	1,586
Piedmont Northern	451	434	456	1,780	1,275	345	401	383	1,674	1,368
Richmond, Fred. & Potomac	431	463	474	7,298	7,525	404	426	425	6,981	7,039
Seaboard Air Line	10,960	9,069	9,382	8,132	7,512	10,211	7,484	8,185	7,371	7,030
Southern System	28,147	24,361	24,644	24,597	22,775	25,149	21,607	23,849	22,315	20,013
Tennessee Central	694	660	706	880	962	679	557	598	702	701
Winston-Salem Southbound	130	164	142	1,093	1,087	138	124	115	914	1,059
Total	131,345	119,241	120,894	103,962	103,979	117,728	101,263	113,375	96,163	93,651
Northwestern District—										
Chicago & North Western	20,624	20,751	21,658	14,697	14,193	17,928	17,766	19,018	13,936	13,738
Chicago Great Western	2,354	2,583	2,496	3,129	3,177	1,788	2,086	2,149	3,348	2,976
Chicago, Milw., St. P. & Pac.	24,398	25,204	23,979	13,007	11,777	18,665	19,707	19,682	9,188	8,617
Chicago, St. Paul, Minn. & Omaha	3,798	4,061	3,471	4,629	4,841	3,347	3,431	3,071	4,547	4,204
Duluth, Missabe & Iron Range	23,358	26,747	24,703	351	668	24,871	26,056	26,314	303	429
Duluth, South Shore & Atlantic	698	1,353	1,587	670	504	648	916	1,181	564	417
Elgin, Joliet & Eastern	9,417	7,629	9,687	9,035	7,927	7,972	6,499	8,917	8,337	6,848
Ft. Dodge, Des Moines & South	514	449	396	112	111	402	388	362	102	66
Great Northern	21,708	24,752	26,775	7,731	7,458	22,128	22,680	26,228	6,268	6,405
Green Bay & Western	523	496	496	749	825	451	401	467	773	706
Lake Superior & Ishpeming	2,503	2,424	2,658	56	62	2,256	2,148	2,921	45	65
Minneapolis & St. Louis	2,721	2,490	2,109	2,655	2,217	2,023	2,122	2,096	2,351	2,434
Minn., St. Paul & S. S. M.	7,590	8,643	7,637	3,699	3,311	6,835	7,178	7,216	3,574	3,059
Northern Pacific	12,227	13,426	13,337	4,591	5,776	11,486	11,516	12,113	4,215	5,159
Spokane International	210	247	197	567	502	154	138	169	409	413
Spokane, Portland & Seattle	2,401	2,601	2,445	2,519	3,224	2,124	1,998	2,813	2,633	2,768
Total	135,044	143,856	143,631	68,197	66,573	123,078	125,030	134,717	60,593	58,304
Central Western District—										
Atch., Top. & Santa Fe System	26,470	25,734	24,959	12,333	11,320	23,092	21,566	23,858	11,023	10,581
Alton	3,042	3,532	3,835	3,376	3,505	2,478	2,758	3,152	3,204	3,272
Bingham & Garfield	238	380	431	48	60	191	275	400	59	63
Chicago, Burlington & Quincy	21,522	21,786	19,940	11,523	11,222	17,667	18,898	18,931	10,473	11,209
Chicago & Illinois Midland	3,323	3,268	2,863	678	786	2,828	2,598	2,848	696	854
Chicago, Rock Island & Pacific	13,684	13,718	12,841	12,696	12,962	11,331	11,523	11,773	11,921	11,841
Chicago & Eastern Illinois	3,030	2,651	2,716	3,472	4,073	2,604	2,247	2,283	3,287	3,195
Colorado & Southern	826	825	969	1,796	1,904	774	694	856	1,685	2,004
Denver & Rio Grande Western	5,142	5,493	5,804	4,878	5,294	3,531	4,116	5,025	4,590	5,737
Denver & Salt Lake	514	640	889	76	46	609	562	775	84	42
Fort Worth & Denver City	940	1,072	985	1,619	1,621	761	937	712	1,140	1,570
Illinois Terminal	2,190	1,891	2,483	2,295	2,367	1,707	1,390	1,991	2,046	1,802
Missouri-Illinois	1,406	1,409	1,341	596	660	1,204	1,159	1,347	467	689
Nevada Northern	1,191	1,551	1,627	123	120	1,095	1,303	1,520	109	75
North Western Pacific	1,102	1,087	1,401	677	937	875	979	1,239	653	811
Peoria & Pekin Union	6	1	0	0	0	4	2	2	0	0
Southern Pacific (Pacific)	33,518	33,751	33,336	10,397	12,884	29,473	29,665	30,550	9,739	11,096
Toledo, Peoria & Western	0	321	229	0	1,672	0	258	234	0	1,661
Union Pacific System	17,557	19,518	19,153	15,484	18,129	16,378	16,433	17,993	14,022	15,609
Utah	726	598	497	2	5	780	508	430	8	2
Western Pacific	2,143	2,202	2,179	3,434	4,540	2,026	1,636	2,147	3,040	3,720
Total	138,570	141,428	138,484	85,503	94,107	119,408	119,507	128,066	78,246	85,833
Southwestern District—										
Burlington-Rock Island	242	254	1,057	506	501	360	251	872	551	452
Gulf Coast Lines	3,765	3,126	5,156	2,697	2,122	3,203	3,003	4,874	2,347	2,260
International-Great Northern	2,060	2,106	2,956	3,045	2,673	1,918	1,956	2,187	3,133	2,744
‡K. C. & G.-M. V.-O. C.-A.-A.	1,335	1,483	952	1,605	1,063	1,124	1,222	973	1,557	1,401
Kansas City Southern	3,327	3,561	5,356	3,287	2,819	3,003	2,679	5,215	2,708	2,573
Louisiana & Arkansas	2,506	2,747	4,004	2,249	2,498	2,232	2,356	4,208	2,153	2,529
Litchfield & Madison	428	308	252	1,178	1,197	287	293	212	1,238	1,026
Missouri & Arkansas	182	135	204	365	328	143	97	160	295	292
Missouri-Kansas-Texas Lines	5,197	5,378	6,093	4,195	4,173	4,658	4,509	5,679	3,708	3,766
Missouri Pacific	17,353	17,453	16,530	14,873	16,979	15,122	15,606	16,539	13,795	16,204
Quanah Acme & Pacific	122	123	70	318	194	145	118	81	198	162
St. Louis-San Francisco	10,257	10,580	9,867	8,452	8,975	8,711	8,222	8,392	7,733	7,433
St. Louis-Southwestern	2,584	2,644	3,130	4,807	5,373	2,431	2,286	3,322	4,417	4,116
Texas & New Orleans	8,830	8,097	11,282	5,891	4,982	8,629	7,582	10,170	5,643	5,319
Texas & Pacific	4,606	4,625	5,640	6,291	6,168	4,235	3,596	5,296	6,277	6,085
Wichita Falls & Southern	75	85	107	55	56	85	82	94	56	69
Weatherford M. W. & N. W.	25	35	42	2	25	35	11	26	17	6
Total	62,894	62,740	72,698	59,816	60,126	56,321	53,869	68,300	55,826	56,457

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

NOTE—Previous year's figures revised.

Freight Cars on Order Again Higher in August

The Class I railroads on Sept. 1, 1946, had 50,169 new freight cars on order, the Association of American Railroads announced on Sept. 23. This included 13,042 hopper (including 2,114 covered hoppers), 4,273 gondolas, 1,099 flat, 16,841 plain box, 6,558 automobile, 8,056 refrigerator and 300 miscellaneous freight cars. New freight cars on order Aug. 1, last, totaled 49,078 and on Sept. 1, 1945, amounted to 38,249.

They also had 556 locomotives on order on Sept. 1, this year, which included 69 steam, six electric and 481 Diesel locomotives. This compared with 512 on the same date last year, which consisted of 107 steam, and 405 Diesel.

The Class I railroads installed 26,825 new freight cars in service in the first eight months of 1946, which included 5,257 put in service in August, the largest number in any calendar month since May, 1942, when 6,805 new freight cars were built for American railroads. The number installed in service has fluctuated this year from a low of 2,350 in February to 3,650 in May. New freight cars put in service in the first eight months of 1945 totaled 27,740.

Those installed in the first eight months of this year included 10,522 hopper including 2,772 covered hoppers; 3,793 gondolas, 621 refrigerator, 119 flat, 1,775 automobile box and 9,995 plain box freight cars.

They also put 322 new locomotives in service in the first eight months this year, of which 73 were steam, and 249 were Diesel. New locomotives installed in the same period last year totaled 408 of which 59 were steam, and 349 were Diesel.

$20 Million Paid by Australia on Lend-Lease

Norman J. O. Makin, Australia's new Ambassador to the United States, paid a check for $20,000,000 to Under-Secretary of State William L. Clayton on Sept. 5 as his first official act in this country, said Associated Press advices from Washington on that date, which also stated:

"Mr. Makin, former Australian Minister of Navy and Production, told reporters the check was intended as partial payment on Australia's lend-lease settlement, leaving a balance of $7,000,000 due. This will be paid in the form of real estate needed by United States Embassy and consular offices and in scholarships for United States students studying in Australia."

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 REPORT—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1946—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
June 1	142,001	139,693	567,068	85	96
June 8	186,073	160,607	591,496	96	96
June 15	136,211	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
Aug. 31	160,074	173,064	564,299	100	95
Sep. 7	192,978	138,189	615,865	83	95
Sep. 14	151,407	172,476	593,213	101	95
Sep. 21	156,822	169,143	579,500	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.

Rayon Costs and Shipments Rose in August

Total domestic rayon shipments in August at 69,400,000 pounds were 3% above July and eight months' deliveries this year aggregated 555,300,000 pounds or 10% above those in the corresponding 1945 period, states the **"Rayon Organon,"** published by the Textile Economics Bureau, Inc. In indicating this on Sept. 11, the Bureau also said:

"Filament yarn shipments in August increased 3% over the previous month. This increase was due to the larger deliveries of viscose-cupra yarn. In contrast, acetate yarn deliveries remained essentially at the July level because of the continuation of a strike at one acetate yarn plant. August staple fiber shipments at 16,000,000 pounds were 2½% above July.

"Rayon stocks held by producers at the end of August amounted to 8,500,000 pounds of filament yarn and 2,000,000 pounds of staple fiber. Total filament yarn stocks were composed of 6,500,000 pounds of viscose-cupra and 2,000,000 pounds of acetate yarn."

In an article analyzing the trends of labor productivity and unit labor cost in the rayon producing industry from 1939 to 1946, the publication states that, in the first half of 1946, unit labor cost was 29% above 1942, while output per man-hour was 6½% below 1942. Although unit labor cost in the 1940-1942 period was 6% below the 1939 level, it has risen sharply in subsequent years. By 1945 unit labor cost was 23% above 1939 and 31% above 1942. In the first half of 1946 unit labor cost declined slightly, but was still 29% above the 1942 figure. The advices add:

"Total rayon output per manhour, on a standard denier basis, reached a peak in 1942, subsequently declined from 1943 to 1945 and then partially recovered during the first half of 1946 to about the 1943 level. Despite the increase this year, output per manhour today is still 6½% below the 1942 level. Similarly, the output per wage earner has decreased since 1942 in spite of the longer hours worked per week during the war. The output per wage earner during the first half of this year was 9% below 1942.

"It is believed, states the publication, that the principal reasons for the decline in rayon productivity, especially during the war period, were the large increase in the number of women employees and learners, as well as a high rate of labor turnover. These factors, together with a higher hourly wage structure explain the substantial increase in unit labor cost.

Wages And Employment

"Hourly earnings of wage earners in the Rayon and Allied Products Industry have risen uninterruptedly since 1939. This increase has resulted primarily from upward revisions in the basic wage rates, although overtime earnings during the war also contributed to this increase. But despite the decline in hours worked per week since the end of the war, average hourly earnings have continued to rise. By May this year, average hourly earnings in the industry were 102.5c or 59% above the 1939 level of 64.6c. A similar rise in average weekly earnings has also occurred. In May this year, average weekly earnings amounted to $40.43 as compared with a prewar average of $24.52 or an increase of 65%. Related to the 1942-1945 war period average of $36.90 per week which included considerable overtime premium pay, May weekly earnings were 9½% higher.

An average of 48,300 wage earners were employed by the industry in 1939. After an increase to a peak of 54,300 in mid-1941, the number of wage earners employed declined until late 1945 when the number again began to increase. After the end of the war, employment rose sharply and by February, 1946 had reached an all-time peak of 59,700 persons. While the percentage of female to total employees in the rayon industry was 25% in 1939, the percentage of female employees increased to over 35% of the total during the war. Since last September, however, the percentage has rapidly returned to near the 1939 figure.

Redman Director of St. Louis Reserve Bank

Russell L. Dearmont, Chairman of the Board of the Federal Reserve Bank of St. Louis, announced on Sept. 24 that the Board of Governors of the Federal Reserve System has appointed J. P. Redman, Cairo, Ill. as a director of the bank. His appointment is for the unexpired portion of the Class C term ending December 31, 1948. Mr. Redman operates Redman Farms near Cairo. He has been active in agricultural affairs in Southern Illinois. The Federal Reserve Bank has nine directors, three of whom, designated Class C, are appointed by the Board of Governors in Washington, and six, Classes A and B, are chosen by the member banks.

Items About Banks, Trust Companies

Bankers Trust Company of New York announces that, effective Sept. 19 its Consumer Credit Department will make "Working Capital" loans at reasonable rates to manufacturers, wholesalers, jobbers and importers on the security of accounts receivable, inventories, machinery and equipment. The announcement further said:

"The bank will lend money on accounts receivable on a non-notification basis with advances up to 85%. It will finance inventories under factors' liens or warehouse receipts, and up to 80% of the cost of new or used machinery under conditional sales agreements on monthly terms. The Consumer Credit Department, under the new plan, is prepared to analyze unusual business problems with a view to making special financing arrangements in as many cases as possible. The Department, located in Bankers Trust Company's Fifth Avenue office at 44th Street, is under the direction of officers experienced in this field of banking."

E. Chester Gersten, President of The Public National Bank and Trust Co. of New York, has announced the election of Philip L. Glass as a Vice-President. Mr. Glass, formerly an Assistant Vice-President, heads the Credit Division handling branch office loans. Mr. Gersten also announced the following appointments in the Branch Office Credit Division: Lewis H. Semel, Assistant Cashier, was elevated to an Assistant Vice-President; Jacob Booth and Samuel Dorfman were appointed Assistant Cashiers. J. Harold Rodman was appointed an Assistant Cashier at the Broadway office.

At a meeting held on Sept. 19, at its 81st Street office, the Irving Savings Bank of New York introduced a visual educational method of training its employees in public relations. With the opening of a new branch office shortly at 111th Street and Broadway the officers of the Bank decided that an intensive course in training was necessary and the best way to give that course was to hold demonstrations of actual conditions. This course will be covered in weekly meetings over a period of eight weeks. Equipment has been set up and demonstrations will simulate as near as possible actual banking conditions. Experienced tellers and clerks will give the training and the staff will ask questions and make comments during the demonstrations. Officers in charge of departments will supervise the courses and demonstrations and as a result will prepare manuals for correct procedure to be followed for new employees. Other courses in practical training will follow this course in public relations and will deal with the operational and administrative work of the Bank.

The Banco De Ponce, Ponce of Puerto Rico, on Sept. 11, was licensed by the New York State Banking Department to maintain an agency in New York State at 67 Broad Street, New York.

The Chemical Bank & Trust Company of New York reported as of Sept. 30, 1946, deposits of $1,180,428,700 and total assets of $1,300,305,977 compared respectively with $1,327,454,154 and $1,470,212,722 on June 30, 1946. Cash on hand and due from banks amounted to $231,644,595 compared with $343,959,027; holdings of United States Government securities to $576,955,650 against $594,226,779; bankers' acceptances and call loans to $91,166,919 against $135,827,012; and loans and discounts to $252,473,363 against $253,058,835. Net operating earnings for the nine months amounted to $5,367,976 as compared to $5,305,385 for the same period a year ago. Net profits and recoveries on securities amounted to $1,450,800 against $3,294,637 for the same period of 1945.

Capital and surplus were unchanged at $25,000,000 and $65,000,000 respectively and undivided profits were $13,097,453 against $12,271,934 as of June 30th. The indicated net earnings on the bank's 2,500,000 shares (par $10.00) amount to $.78 per share for the third quarter of 1946 as compared with $.75 per share a year ago.

The Public National Bank & Trust Co. of New York announced in its Sept. 30 statement of condition that total deposits as of Sept. 30, 1946, amounted to $538,964,396 and total assets to $575,322,523, compared respectively with $540,965,686 and $576,936,653 on June 30. Cash on hand and due from banks in the recent statement was $116,369,584 against $109,538,651 on June 30, 1946; holdings of U. S. Government securities amounted on Sept. 30 1946, to $288,604,141 compared with $296,294,365 June 30; loans and discounts are now $153,341,394 against $155,058,827 on June 30. The capital and surplus on Sept. 30, 1946, total $22,000,000, the same as on June 30, 1946.

Undivided profits Sept. 30, 1946, were $6,180,257 as compared with $5,664,730 on June 30, 1946.

The Continental Bank & Trust Company of New York reported as of Sept. 30, 1946, total deposits of $187,279,109 and total assets of $201,551,853, compared respectively with $194,260,150 and $209,209,199 on June 30, 1946. Cash on hand and due from banks amounted to $50,429,691, against $53,507,515; holdings of U. S. Government obligations to $74,979,641, against $72,257,086; loans and discounts to $54,915,105, against $61,940,461. Capital and surplus were unchanged at $5,000,000 each. Undivided profits were $1,781,920, compared with $1,681,673 at the end of the second quarter of 1946.

J. P. Morgan & Co., Inc., New York City, reported as of Sept. 30, 1946, total deposits of $623,308,576 and total assets of $706,787,328 compared respectively, with $623,284,253 and $705,296,253 on June 30, 1946. Cash on hand and due from banks is shown at $131,607,136 in the present statement against $127,650,223 three months ago. Holdings of U. S. Government securities are now $407,536,259 compared with $393,781,164 in June; loans and bills purchased are shown at $123,574,979 against $143,135,297 three months ago. Capital and surplus remained unchanged from June 30 at $20,000,000 each, while undivided profits increased to $17,361,647 in the current report from $7,149,596 three months ago.

The statement of condition of Guaranty Trust Company of New York as of Sept. 30, 1946, shows total resources of $3,164,349,805.97, as compared with $3,489,673,319.99 at the time of the last published statement, June 30, 1946. Deposits are $2,773,265,419.63, as compared with $3,100,757,646.76 on June 30; U. S. Government obligations total $1,768,219,333.89 as compared with $1,946,239,729.41; and loans and bills purchased total $716,219,359.56, as compared with $737,594,522.21. Total capital funds of $319,634,595.29, comprising capital of $90,000,000, surplus fund of $170,000,000, and undivided profits of $59,634,595.29, compare with a total of $317,476,732.61 on June 30.

The statement of condition of Manufacturers Trust Company as of Sept. 30, 1946, shows deposits of $2,217,309,885 which include U. S. Government War Loan deposits of $141,127,570. Resources are $2,365,465,475. These figures compare with deposits of $2,343,557,026 and resources of $2,489,524,759 shown on June 30, 1946. On Sept. 30, 1945, the respective figures were $2,055,637,528 and $2,188,548,677. U. S. Government War Loan deposits on June 30, 1946, were $241,461,153 and on Sept. 30, 1945 they were $225,113,354. Cash and due from banks is listed on Sept. 30, 1946, at $523,928,052 as against $560,937,087 shown on June 30, 1946, and $393,840,495 shown a year ago. U. S. Government securities now stand at $1,221,787,131; three months ago they were $1,360,049,030 and one year ago they were $1,294,612,871. Loans, bills purchased and bankers' acceptances are now $521,056,713, which compare with $490,061,485 on June 30, 1946, and $395,050,989 on Sept. 30, last year. Capital funds as of Sept. 30, 1946, are shown as: capital, $41,250,000; surplus, $41,250,000; and undivided profits, $35,127,080. Net operating earnings for the nine months ending Sept. 30, 1946, after amortization, taxes, etc., were $8,202,215, or $3.98 a share, which compares with $7,240,032, or $3.51 a share, for the nine months ended Sept. 30, 1945. Of this amount, $3,712,496 was paid in dividends and $4,489,719 was credited to undivided profits.

The Central Hanover Bank & Trust Co. of New York announced in its statement of condition as of Sept. 30, 1946, that total deposits were $1,554,825,054, against $1,767,706,438 on June 30, 1946; the total resources for the same two periods respectively were $1,689,165,097 and $1,902,366,206. Cash on hand and due from banks on Sept. 30 was $363,018,677 against $452,470,634 on June 31, 1946, holdings of U. S. Government obligations were $810,427,806 against $931,610,352 and loans and bills purchased amounted to $450,106,408 on Sept. 30, against $468,166,927 on June 30. Capital, $21,000,000 and surplus $80,000,000 on Sept. 30 were unchanged from June 30 report, but undivided profits advanced to $18,836,297 Sept. 30 from $18,310,986 June 30, 1946.

The Corn Exchange Bank Trust Company of New York announced in its statement of condition as of Sept. 30, 1946, that deposits and other liabilities amounted to $802,015,217 as compared with $819,695,278 on June 30, 1946. Total resources were announced at $845,745,648 in the most recent report while they stood at $862,966,008 on June 30, 1946. Holdings of U. S. Government securities are now $557,551,731 as compared with $576,541,409 three months ago; cash in vaults and due from banks at the end of September was shown to be $199,103,083 against $194,137,662 at the end of June. Loans and discounts are now announced at $62,599,052 as compared with the figure for last June of $66,531,798. Capital has remained unchanged at $15,000,000 while surplus and undivided profits rose from $26,089,428 on June 30, 1946 to $26,663,919 at the present time.

Frank K. Houston, Chairman of the Chemical Bank & Trust Company of New York, announced on Sept. 18 the appointment of Walter M. Hawkins as Manager of the Times Square office of the Bank. Mr. Hawkins has had 22 years service with the institution and spent four years in the Armed Forces, attaining the rank of Major.

On Sept. 26 Mr. Houston announced that Arthur C. Krymer has been appointed Assistant Manager of the Foreign Department of the Chemical Bank & Trust. Mr. Krymer has been associated with the Foreign Department of the Bank since 1934.

Brown Brothers Harriman & Co., private bankers, in their statement of condition of Sept. 30, 1946, report record highs in deposits and total assets. Deposits on that date totaled $202,661,492 compared with $185,992,884 on June 30 of this year and $180,665,748 on Sept. 30, 1945. Total resources on Sept. 30 of this year amounted to $231,389,364 compared with $212,633,722 three months ago and $202,845,069 a year ago. Loans and discounts were $54,411,616 against $51,945,475 on June 30, 1946, and $45,330,805 on Sept. 30, 1945. Other important asset items compare as follows with figures for three months and a year ago: cash, $55,043,109 against $46,106,706 and $40,112,514; United States Government securities, $61,021,062 against $50,988,714 and $66,738,506; state, municipal and other public securities, $42,073,286 against $47,342,871 and $37,868,975.

W. Neal Fulkerson, Jr., Assistant Vice-President of the Bankers Trust Co. of New York, has been elected a Trustee of Greater New York Savings Bank of Brooklyn.

The directors of the Lafayette National Bank of Brooklyn in New York announce the election of Col. Walter Jeffreys Carlin as President of the Bank and John Dalrymple as Executive Vice-President and Director. Colonel Carlin, who was one of the organizers of the bank and one of its original directors, in 1929 became Chairman of the board of directors. Since the death of the former president, in February of this year, he has been acting as President. In addition to his association with the Lafayette National Bank, Colonel Carlin has been associated with a number of other banking institutions during the past 30 years. Mr. Dalrymple, who was President of the First National Bank of Roselle, N. J., for the past seven years, has resigned that position to accept the Vice-Presidency of the Lafayette National Bank. He was formerly President of the First National Bank of Northport, L. I., and prior to that had been a National Bank Examiner for some years. Mr. Dalrymple, who was formerly a resident of Brooklyn, plans to return there to live.

Phillip R. Tuthill, President of the Mattituck National Bank & Trust Company of Mattituck, Long Island, died on Sept. 20, at the age of 67. Mr. Tuthill, who has been President of the bank for the past 22 years, and who has been active in Suffolk County business, civic and political affairs, was a former member of the Republican County Committee, and past President of the Suffolk Chamber of Commerce and Suffolk Bankers Association.

Earl W. Haffa, Assistant Treasurer of the Marine Trust Company of Buffalo, N. Y., died on Sept. 15 at the age of 50. Mr. Haffa, who has held the post of Assistant Treasurer for 15 years, had been in the employ of the bank for 31 years.

George R. Wein, Vice-President and Manager of the Back Bay branch of the New England Trust Company, Boston, Mass, according to the Boston "Herald" of Sept. 3, is retiring on the bank's pension fund. Mr. Wein, who was with the bank 48 years, will be succeeded as Manager of this branch by Frederick W. Huntington, newly appointed Assistant Vice-President.

The Waltham Citizens National Bank of Waltham, the first new national bank organized in Massachusetts since 1930, opened on Sept. 5 for business in banking quarters at 95 Moody Street. This was made known in the Boston "Herald" of Sept. 5, which went on to say:

"The new institution with capital and surplus of $300,000, will provide complete checking, loan and other banking services to business and individuals. The officers and directors comprise many prominent Waltham citizens. Paul W. Bartel, President and a Director of the bank, is a lifelong resident of this city. He is President and Treasurer of the J. L. Thomas Manufacturing Co., a Trustee of the Waltham Savings Bank and a member of that institution's Board of Investment.

"Other directors include William V. Bridgeman, Vice-President and Cashier; Stephen R. Casey, President and Treasurer of the Blue Seal Extract Co.; John A. Curtin, Vice-President and Treasurer of the Waltham Foundry Co.; Oscar F. Falling, President of the Waltham Federal Savings & Loan Association; William E. Hays, attorney and member of the Massachusetts Legislature; John P. McQueen, insurance broker; Lester Perrine, President of the Perrine Quality Products Co. and of the Hartford Battery Sales Corp.; Alexander T. Skakle, publisher of the 'News-Tribune' of Waltham; George H. Stone, President and Treasurer of H. L. Stone Dairy, Inc., and Charles A. Whipple, President and Treasurer of Parke Snow, Inc.

"Officers, in addition to Messrs. Bartel and Bridgeman, are John A. Curtin, Vice-President, and William D. Rhodes, Assistant Cashier."

Beginning on Aug. 23, a dividend of 5% was made available to the savings depositors of the Broadway Bank & Trust Company, New Haven, Conn., it was stated on Aug. 23 in the New Haven "Register," which added that "this will be the ninth liquidating dividend, and which added to previous dividend payments, will total an 80% payment to savings depositors."

The total distributed to the 3,765 depositors in the ninth dividend is $66,052.

"The final dividend to be declared by Union Trust Company of Pittsburgh, Pa., preliminary to its merger with Mellon National Bank, was ordered by directors on Sept. 9," said the Pittsburgh "Post Gazette," which added:

"The $10 dividend, payable Sept. 19 to record Sept. 12, is the Oct. 1 payment advanced to an earlier date."

Lewis A. Park, for 30 years a Director of the Union Trust Company of Pittsburgh, Pa., died on Sept. 7, it was stated in the Pittsburgh "Post Gazette" of Sept. 9.

The Comptroller of the Currency has approved the establishment and granted a charter to a new national bank in Chicago to be located at 8 North Ogden Avenue, the quarters formerly occupied by the Reliance National Bank. The new bank will be known as the Peoples National Bank. The Chicago "Journal of Commerce," in reporting this on Sept. 11, said:

"Leroy A. Listug, now Vice-President of Central National Bank of Chicago, will be President of the new institution, which will have capital of $250,000, surplus of $100,000, and undivided profits of $50,000. No listing of the expected directorship was given."