

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 164 Number 4538

New York, N. Y., Thursday, October 31, 1946

Price 60 Cents a Copy

Labor Government Progress in Britain

By The RIGHT HON. CLEMENT ATTLEE*
Prime Minister of Great Britain

In address to British Trade Union Congress, British Government leader urges workers to greater productivity, and warns restrictive practices by either employes or employers "are out of place today." Says Labor Government has fulfilled pledges and instituted economic and political reforms both at home and in the Colonies. Scores Russian attitude in international affairs and denounces Communist party philosophy. Commits Britain to support of United Nations, and looks forward to continued cooperation between the two sides of Labor Movement united in service of their fellowmen.

When I had the privilege of addressing the Blackpool Conference last year the Labor Government had only been in power a few weeks. I told you frankly of the difficulties which it was inevitable that the government and the country would have to meet in the coming year and of the spirit in which we intended to meet these difficulties. I knew that the country could count on the leaders of organized labor and on the workers for their full cooperation.



Clement Attlee

More than a year has passed. Many difficulties remain although great progress in reconstruction has been achieved. I should like to say at the outset how much the nation owes to the steadiness and endurance of the workers, men and women alike; and how greatly the leaders of organized labor have contributed to getting through this trying year of transition.

I know very well that foreign observers have been much impressed by the way men and (Continued on page 2274)

*An address by Mr. Attlee before the Annual Conference of Trades Union Congress, Brighton, England, Oct. 24, 1946.

Hits "Global Planning" In Tariff Policy

H. Wickliffe Rose, President of American Tariff League, tells Textile Institute proposed International Trade Organization will make it more difficult for an industry to receive needed tariff protection. Scores export subsidies on cotton.

H. Wickliffe Rose, President of the American Tariff League, in addressing a meeting of the Cotton Textile Institute in New York on Oct. 24,

criticized the Trade Agreements Act of 1945 as providing too rigid tariffs, and predicted that, if an international trade organization is formed, our tariffs would be based on global planning "instead of on the needs of individual industries for protection."

"The Trade Agreements Act of June, 1945, and the moves made in connection with it," Mr. Rose stated, "were designed to hold American producers at arm's length and leave the State Department free to trade away our tariff structure on an international level. The ones who have had the ear of our government on the subject of tariff in all these moves are those who agree with its pol-

(Continued on page 2269)



H. Wickliffe Rose

Controlled versus Uncontrolled Economy

By BRADFORD B. SMITH*
Economist, U. S. Steel Corporation

Stating the question is whether voluntary markets and individual freedom is to be replaced by Statism, Mr. Smith defends a free economy with voluntary markets as affording maximum satisfaction of human wants and the maximum stimulus to individual's productive capacity. Holds we are traveling toward controlled economy and an omnipotent state in field of taxation, money, monopoly and regulation, and urges removal of all government controls that discourage rather than assist economic adjustments required by return to peace. Says there is a labor monopoly and that government has the temptation to delegate its coercive power beyond benevolent purposes.

Among students of economic affairs for whose wisdom and insight I have respect I find a considerable amount of agreement on certain things.



Bradford B. Smith

They agree, for example, on the presence of a backlog of demand for durable goods—a backlog resulting from wartime curtailment of peacetime production and from the presence of an overabundance of money due, in turn, to long continued inflationary monetary policies. They agree on the presence of increased produc-

ive capacity. They agree, also, that strikes and continuation into peace-time of war-time controls, particularly price control, have definitely interfered with production of the most wanted goods. But they observe, also, that prices and wages have been playing leap-frog up the ladder of inflation and that we have thus been in some phase of an inflationary boom. Finally, they agree that inflationary boom must sooner or later be followed by some sort of depression, depending upon the promptness with which corrective action is taken. This is established by sound economic reasoning and verified by historical record. Inflationary boom can be likened to the pleasant excitement of sailing through the air when you jump off the roof. Depression is the thud (Continued on page 2271)

*An address by Mr. Smith before Detroit Economic Club, Detroit, Mich., Oct. 21, 1946.

As We See It

EDITORIAL

Communism and Free Enterprise

The activities of organized communism and closely allied elements in the current political campaign; the increasing evidence of a disposition on the part of the Russian authorities to inject their "ideologies" and their preferences into our domestic scene; and, finally, campaign speeches (via radio beamed to this country) from Moscow are apparently having the political results to be expected of them. At least, such must be the hope of all good and true Americans. The general behavior of the only first class communist power on earth has, without question, tended to intensify the effect of these other developments, and to make doubly sure that they would promptly have the repercussions inevitable sooner or later in any event.

All this is as it should be. Whether or not the weight of direct communist influence and of the potency of its organized activities in this country, is now or ever has been as great as commonly believed, it is an excellent thing for the American people to have an opportunity to see Leninism, Stalinism, or whatever kind of "ism" it now is, in all its naked unpleasantness, and to be aroused fully to the fact that it is directly interesting itself in our domestic political scene virtually without camouflage. It is wholesome for the American people to know who are in effect, if not technically, the spokesmen of the Soviets in this country.

More Subtle Dangers

But we must not make the mistake of supposing that this is the only, or even the most serious, danger to our traditional ways of doing things. Other and far more subtle enemies lurk in the shadows. They are the more dangerous

(Continued on page 2268)

From Washington Ahead of the News

By CARLISLE BARGERON

Politics and Oil

All the Washington political experts being in agreement that a Republican victory next Tuesday is in the bag, many have set about discussing what will be the effect of it. One effect will be the end of such promising careers as that of an assistant in the Department of Justice, John Rogge, just fired by Attorney General Clark, and now embarked upon a profitable lecture tour.

Mr. Rogge who had developed quite a reputation for his prosecution of the Pendergast gang in Missouri, and the Huey Long gang in Louisiana, was assigned several months ago to resurrecting the celebrated Washington sedition trials in which the government early in the war sought to send to the penitentiary, a group of old men and women crackpots who had opposed our entering the war. The whole ridiculous episode ended in a farce shortly after one of the doddering defendants



Carlisle Bargeron

whom the government claimed was a menace to our country, died peacefully in bed. Rogge was delegated to try to revive the prosecutions.

He went off to Germany in the pursuit of tangible evidence, that they were really German agents. He didn't find any of this evidence but in interviews with Nazi high-muck-amucks, such as Goering, he was told how they were very much interested in defeating Roosevelt in 1940, how they would have been willing to spend any amount, as would and did many Americans, and how they discussed such possible aides as Senator Burton K. Wheeler. There was no suggestion that they ever sought to or did contact any of these men, or got any sympathy from them.

Also Mr. Rogge picked up a story which was printed in the (Continued on page 2273)

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"Only the very first steps have been taken to rebuild the intricate network of trade among European countries, by which their economies can complement each other's resources.

"Due to its geographical position, its economic resources and the exploitation of its political power, Germany had, before the war, a central place in this network both as a market for a great variety of commodities and as a supplier of coal, specialized semi-manufactures and industrial machinery and parts.

"At present, Germany is an economic vacuum in the middle of Europe; and other countries have not yet replaced it. As a result of these and other factors, production is still well below prewar levels and consumption precariously maintained.

"It is clear that, with one or two possible exceptions, the available foreign exchange resources will not permit countries to import enough foodstuffs themselves to provide their people with an adequate minimum diet and at the same time to import raw materials and equipment for full industrial employment and agricultural supplies to maximize the 1947 crops.

"Without foreign assistance, Governments will be faced with an inexorable choice. On the one side, immediate malnutrition and intensified shortages of clothing and other essentials; on the other side, prolonged unemployment, delay in the recovery of agricultural and industrial production with its consequent hardships."—Report of UNRRA.

If all this is at length seen not so much as representing a need for "foreign assistance" as pointing up the burning necessity for common sense in dealing with Germany, the battle will be more than half won.

Court Denies NLRB Request: Upholds Employer

In a ruling Oct. 23 by the United States Circuit Court of Appeals in St. Louis a request by the National Labor Relations Board for enforcement of a directive against Montgomery, Ward & Co., Inc., of Kansas City, was denied and the company's right was upheld to present its views to employees before an NLRB collective bargaining election. The Court decided, according to Associated Press advices, that an employer accused of unfair labor practices is "not required to stand mute" because of the National Labor Relations Act and has the right of free speech to defend himself and maintain his employees' loyalty. The Court also refused to order the company to rehire six employees whom the NLRB accused it of having discharged because of union activities. The opinion went on to specifically exonerate the company of anti-union motives in letting the men out. The Court declared, the same advices continued, that one organizer had defaced the company furniture by pasting union propaganda on it, another fought on the premises and neglected his work, and a third was no longer needed because his specialized work was completed and none has been done since his discharge. The Associated Press advices further stated:

Three others, it said, refused to fill mail orders from Chicago during a union strike there although the Kansas City employees were not involved. The issue of free speech was involved by a talk delivered to the 1,600 Kansas City employees by James A. Barr, labor relations manager of the company, Jan. 4 and 5, 1944, prior to an NLRB election to select a collective bargaining representative on Jan. 11. The petition alleged that Mr. Barr's speech, by implication, sought to prejudice the employees against the CIO United Mail Order, Warehouse and Retail Employees Union, Local 131, and that ordering the employees to attend the speech during working hours constituted coercion. In its opinion, the Court stated that "the right of free speech guaranteed by the Constitution is not limited to any class and is not denied to an employer."

The Court pointed out that a union-organizing publication circulated among Montgomery Ward employees termed Sewell Avery, head of the corporation, "Fascist minded," and called the company's working conditions "rotten."

"We think they furnish a setting which indicates that Montgomery Ward was meeting and joining an issue before its own employees with those who were assailing it," the opinion read. "It confessedly had a right to defend its reputation, to speak for itself before its employees, whose loyalty it had a right to ask and a right to prove itself worthy of that loyalty."

U. S.-Brazil-Argentine Rub. Pact Terminated

The State Department at Washington announced on Oct. 16 that the American Embassy at Buenos Aires has advised the Department that notes have been exchanged with the Government of Argentina terminating the Tripartite U. S.-Brazil-Argentine Rubber Agreement. The Department announcement added:

"The United States and Brazil exchanged notes cancelling the Agreement, effective Aug. 29 (press release No. 611, Sept. 4, 1946).

"Changed conditions following the end of hostilities have removed the need for the Agreement.

"The Tripartite Rubber Agreement was concluded May 2, 1945, by representatives of the Governments of Argentina, Brazil and the United States. It established procedures to integrate Argentina into the existing inter-American system covering the supply of rubber and rubber products. The purpose of the arrangement was to conserve the maximum quantities of natural rubber for the prosecution of the war."

American Finance Conference in Chicago

The 1946 Annual Business Convention of the American Finance Conference will be held in Chicago, at the Palmer House, Nov. 12 and 13, it was announced recently by Thomas W. Rogers, Executive Vice-President of the Conference. The two-day meeting will be devoted to discussion of plans for the expansion of instalment sales financing services, which the members of the Conference render to the retail merchants and their customers, the instalment buyers. Speakers at the convention will include leaders from the automobile manufacturing and distribution industries, the banking field, the field of business research, and from the sales financing industry itself. The American Finance Conference, national association of instalment sales financing companies, has a membership of 350 companies whose operations blanket the entire country with more than 1,000 offices. Before the war, the industry handled the financing of purchases by more than six million instalment buyers for an aggregate sum in excess of four billion dollars.

Officers of the conference include: Maxwell C. King, Pacific Finance Corp., Los Angeles, Calif., President; J. I. Edson, National Discount Corp., South Bend, Ind., and H. F. McCool, Chattanooga Discount Corp., Chattanooga, Tenn., Vice-Presidents; J. W. R. Tennant, Chicago, Secretary-Treasurer; and Thomas W. Rogers, Chicago, Executive Vice-President.

Business Failures in August

Business failures in August were higher in number and amount of liabilities involved than in July and in August, 1945. Business failures in August according to Dun & Bradstreet, Inc., totaled 92 and involved \$3,434,000 liabilities as compared with 74 in July, involving \$3,434,000 liabilities and 56 involving \$1,166,000 in August a year ago.

All groups into which the report is divided with the exception of the wholesale group which had the same number; had more failures in August than in July. When the amount of liabilities is considered only the retail group had less liabilities involved in August than in July.

Manufacturing failures in August increased from 36 in July to 37 in August and liabilities were up to \$2,113,000 in August from \$1,948,000 in July. Wholesale failures in August numbered 5 the same as in July but liabilities were up to \$414,000 in August from \$76,000 in July. Retail failures in August rose to 26 from 17 in July but liabilities fell to \$297,000 in August from \$835,000 in July. Construction failures in August numbered 12 with liabilities of \$516,000 as compared with 9 in July with liabilities of \$162,000. Commercial Service failures in August were up to 12 from 7 in July and liabilities were up to \$459,000 in August from \$413,000 in July.

When the country is divided into Federal Reserve Districts, it is found that the Philadelphia, Dallas and San Francisco Reserve districts had fewer failures in August than in July and the Boston and Kansas City Reserve Districts had the same number of failures in August as in July while the remaining districts had more failures in August than in July. When the amount of liabilities involved is considered it is seen that only the New York, Philadelphia, Dallas and San Francisco Reserve districts had less liabilities involved in August than in July.

Clearing House Transactions in Year Ended September 30 Over \$433 Billion

In the annual report of the New York Clearing House Association total Clearing House transactions for the year ended Sept. 30, 1946, are shown as \$433,796,162,823, of which \$364,966,451,954 represented exchanges and \$68,829,710,869 balances. For the previous year the total transactions amounted to \$376,000,693,226 consisting of exchanges of \$318,896,843,205, and balances of \$57,103,850,021. The report was presented at the annual meeting of the Association held on Oct. 1, at which time Alexander C. Nagle was elected Chairman of the Clearing House Committee.

Mr. Nagle, who is President of the First National Bank of New York, succeeds as Chairman of the committee Frank K. Houston, Chairman of the board of the Chemical Bank & Trust Co. The other members of the Clearing House Committee are:

Dunham B. Sherer, Chairman, Corn Exchange Bank Trust Company; James G. Blaine, President, Marine Midland Trust Company; J. Luther Cleveland, President, Guaranty Trust Company, and W. Randolph Burgess, Vice-Chairman of the Board, National City Bank.

The membership of the other committees follows—

Conference Committee: J. Stewart Baker, Chairman, Chairman of the Board, Bank of the Manhattan Company; Walter G. Kimball, Chairman of the Board, Commercial National Bank and Trust Company; Henry C. Von Elm, Vice-Chairman of Board, Manufacturers Trust Company; George Whitney, President, J. P. Morgan & Co., Inc.; George V. McLaughlin, President, Brooklyn Trust Company. Nominating Committee: S. Sloan Colt, Chairman, President, Bankers Trust Company; Benjamin Strong, First Vice-President, United States Trust Company; Carl J. Schmidlapp, Vice-President, Chase National Bank; John E. Bierwirth, President, New York Trust Company; Ralph Peters, Jr., President, Corn Exchange Bank Trust Company. Committee on Admissions: H. Donald Campbell, Chairman, Vice-Chairman of Board, Chase National Bank; Chester R. Dewey, President, Grace National Bank; N. Baxter Jackson, President, Chemical Bank & Trust Company; B. A. Tompkins, Vice-President, Bankers Trust Company; E.

Chester Gersten, President, Public National Bank and Trust Company.

Harry E. Ward, Chairman of the Board of the Irving Trust Company, was reelected President of the Association; Frederick A. Thomas, Vice-President of the Central Hanover Bank & Trust Co., was chosen Secretary. Edward L. Beck continues as Manager, and C. Russell Clark and Charles A. Hinrichs continue as Assistant Managers. Extracts from Mr. Beck's report for the year ending Sept. 30, 1946 are made available by the Clearing House as follows:

Exchanges	\$364,966,451,954.22
Balances	68,829,710,868.78

Total transactions	\$433,796,162,823.00
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The average daily transactions:	
Exchanges	\$1,285,093,140.68
Balances	242,358,136.86

Total	\$1,527,451,277.54
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Largest exchanges on any one day during the year (Dec. 4, 1945)	\$2,237,357,614.75
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Smallest exchanges on any one day during the year (Oct. 8, 1945)	\$487,724,757.00
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Largest balances on any one day during the year (July 1, 1946)	\$441,333,309.70
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Smallest balances on any one day during the year (Oct. 8, 1945)	\$140,335,257.05
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The total amount of the Coupon Exchange was	\$506,532,648.97
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The total amount of the Return Item Exchange was	\$15,304,994.43
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In the past year the Night Exchange Department handled 68% of the total daily exchanges.	
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Total transactions since organization of Clearing House (93 years):	
Exchanges	\$9,933,197,215,185.67
Balances	1,108,633,162,909.28

Total	\$11,041,830,378,094.95
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Largest exchanges on record (Oct. 31, 1929)	\$3,853,043,114.48
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Largest balances on record (March 16, 1944)	\$455,123,140.02
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The figures of the Clearing House for the year ended Sept. 30, 1945, were given in our issue of Oct. 11, 1945, page 1747.

Appeals Court Rules for Friendly Aliens

Reversing a lower court decision, the Circuit Court of Appeals ruled on Oct. 21 that the Alien Property Custodian must return property seized by the government during the war emergency, of which the owner is a friendly foreign national. The case involved was that of the Uebersee Finanz-Korporation, a Swiss holding company, in which arguments turned upon a question of whether a 1941 amendment to the Enemy Trading Act nullified a section of the original act passed by Congress during World War I. The amendment said the New York "Times" Washington advices empowered the Alien Custodian to seize property of any foreign government or alien, friendly or enemy. This provision was superimposed on the previous law, which empowered the United States to seize only the property of enemy aliens; and provided that a non-enemy alien whose property had been seized presumably by mistake could sue for equity. The "Times account continued:

Attorneys for Uebersee argued that Congress, in amending the act the day after the Pearl Harbor attack, did not intend that aliens of friendly powers should be compelled to sue for payment of the seized property. They contended that property should be returned to the owner.

Uebersee, according to counsel, is a \$4,000,000 holding concern with interests in several properties. Among these is a chain of Midwest filling stations, the Harvard Brewing Company of Lowell, Mass., and the Spur Distributing Company of Nashville, Tenn. Uebersee is headed by Fritz von Opel, a citizen of Lichtenstein, who now lives in New York.

In deciding in favor of the

Uebersee Company, Washington advices to the "Times" added, the Appeals Court rejected the position of James E. Markham, Alien Property Custodian, that the seized property could be disposed of for "just compensation." The District Court had found for the Government. The three Appeals justices sitting in the case decided two to one. Chief Justice D. Lawrence Groner was joined in his opinion by Associate Justice E. Barrett Prettyman. Associate Justice Henry W. Edgerton dissented.

Sugar Industry Advisory Committee

At a special meeting on Oct. 21, the Board of Managers of the New York Coffee and Sugar Exchange, Inc. approved the formation of a Sugar Industry Advisory Committee to advise on the prospect of decontrol and prospective sugar legislation, as proposed in a recent letter by James H. Marshall, Director of the United States Department of Agriculture, Production and Marketing Administration. John C. Gardner, Vice-President, was appointed as representative of the Exchange on the above Committee.

Finland's Reparations Excessive: Hoover

Asserting that all of Finland's difficulties traced back to Russia's "aggressive" attack of 1939, and that it was merely the hope of regaining some of the losses to Russia which induced Finland to go to war against Russia in 1941 on the side of Germany, Herbert Hoover on Oct. 13 urged the United States to intervene in the proposal that Finland pay Russia \$300,000,000 in reparations. "They, (the Finns) cannot pay this indemnity and buy the food and clothes they must import to live. If they default they, too, will disappear behind the iron curtain. . . . Is the Atlantic Charter, signed by all the United Nations, really dead?" said Mr. Hoover, according to an item appearing in the New York "Herald Tribune" of Oct. 14. That paper stated:

"Today," Mr. Hoover continued, "Finland had 800,000 destitutes dependent upon the remaining 2,600,000 of its population," and he added:

Mr. Hoover recalled the "fearful losses" the little country had suffered in the 1939 war.

"They were overwhelmed and sacrificed one-fifth of their farmlands and suffered the expulsion of 400,000 of their people to get peace," he said. "In 1941, with the hopes of righting this wrong, they made the mistake of joining the Germans in war on Russia. They were never Nazis. They wanted to regain their homes."

"America never declared war upon Finland. We are the only possible friend they have left. They are now, in addition to all the Russian annexations of their lands, confronted with an indemnity of \$300,000,000 to Moscow. Much of it has to be paid in kind at 1939 prices, which makes it still worse.

"In proportion to their national wealth, this amount would be equal in size to an indemnity of \$200,000,000,000 upon the United States. Italy, with ten times the population, is required to pay little more than Finland. In proportion to their population, the terms are very much more hard than those imposed on Bulgaria and Rumania."

OPA Drops More Controls

Removal of price control of all foods and beverages except sugar and sugar solutions (including syrup and molasses), corn sugar and corn syrup and rough and milled rice was announced on Oct. 23 by the Office of Price Administration. The action became effective at 12:01 a. m., Oct. 24. At the same time, price controls were lifted from all sales of food and beverages by restaurants and other sellers.

The action completes the removal of price control on all raw and processed foods, both domestic and imported, and all beverages including whiskey, beer and soft drinks with the following exceptions:

- *1. Sugar and sugar solutions including all grades of edible syrups and molasses and blackstrap molasses.
- *2. Corn sugar and corn syrup.
- *3. Blended syrups which contain at least 20% by weight or volume of sugar, sugar solutions, corn sugar or corn syrup, either singly or in combination; and
- *4. Rough and milled rice.

The OPA's advice Oct. 23 added:

"Principal food products affected by today's decontrol action are flour, bread and bakery products; canned fish; candy; bananas; oranges; canned tomatoes and tomato products; canned pineapple and pineapple juice; breakfast cereals; macaroni and spaghetti.

"OPA explained that the decontrol of livestock and food and feed products made from livestock coupled with the removal of most edible oils and oil products last week left only a small portion of foods under price control. As a re-

sult it was not feasible or practicable to maintain price control on the remaining few food products except in a few cases where special reasons exist for retaining controls. Moreover retention of control over the products being decontrolled would not make a sufficient contribution to stabilization to warrant its maintenance, OPA said.

"In addition, most of the commodities exempted are handled by the same distributors as other food products previously removed from control. The confusion resulting from a situation in which the major portion of foods were decontrolled, together with the close relationship of the decontrolled and controlled commodities which would seriously affect maintenance of workable controls were also factors considered before today's action.

"The lifting of restaurant price controls is necessary because the decontrol of almost all foods and beverages would make it impossible to continue enforceable controls.

"Price controls on sugar and rice are being retained because it is necessary to keep them to implement the present rationing and set-aside programs of these critically short commodities. If sugar were taken off price control while the supply is so scarce, it is believed that high bidding by users and buyers would exert too great pressure on the rationing controls. Similarly, failure to maintain price controls on rice would make the present set-aside unworkable and unenforceable. Most of the set-aside rice is committed to domestic and foreign areas producing sugar for the United States."

Economic Council Reports Progress

The three-man Economic Advisory Council headed by Dr. Edwin G. Nourse submitted on Oct. 16 a report to President Truman of progress made in its organization since it was set up by Congress during the last session. Designed to promote maximum employment, production and purchasing power, the Council, according to Associated Press advice of Oct. 16, is to submit a confidential report to the President in December, and Mr. Truman will pass on its recommendations to the new Congress. The preliminary report of Oct. 16 is said to have stated that the Council had selected a staff of seven persons "with broad economic and business training" and that several others soon would be added.

Bank Auditors Elect New Officers

Officers of the National Association of Bank Auditors and Comptrollers elected for the 1946-1947 term at the Association's annual meeting in Oklahoma City, Oct. 25, follow:

President, Arthur R. Burbett, Comptroller, First National Bank, Baltimore, Md.; 1st Vice President, Mills B. Lane, Jr., President, Citizens and Southern National Bank, Atlanta, Ga.; 2nd Vice President, Paul D. Williams, Comptroller, Corn Exchange National Bank and Trust Co., Philadelphia, Pa.; Secretary, Edward F. Lyle, Comptroller, City National Bank and Trust Co., Kansas City, Mo., and Treasurer, Harold E. Randall, Vice President, First National Bank, Boston, Mass.

Credits to Chile By Export-Import Bank

Authorization by the Board of Directors of the Export-Import Bank of two credits aggregating \$10,350,000 to Chile was announced on Oct. 19 by Herbert E. Gaston, Acting Chairman of the Board. The first credit for \$5 million is to the Chilean State Railways for the purchase in the United States of equipment and materials required for general improvements, including diesel electric trains, motor cars, components for railway freight and passenger cars, bridge materials, rails and repair shop equipment. The second credit for \$5,350,000 is to the Fomento Corporation, the Chilean Government agency charged with initiating and assisting private enterprise to carry out a program for the development of industry in Chile. This credit says the announcement will be used to purchase equipment for completion of certain power plants now under construction, additional equipment for copper wire and cement plants and agricultural machinery. The advices from the Export-Import Bank also state:

"Advances under the credit to the Chilean State Railways will be repayable in equal semiannual instalments over a period of five years. Advances under the credit to the Fomento Corporation will be repayable in equal semiannual instalments over a period of ten years. The interest rate on both credits will be 3½% per annum. Both carry the unconditional guaranty of the Republic of Chile.

"Establishment of these credits represents a continuation of a mutually satisfactory financial relationship which was initiated with the extension of a credit to the Fomento Corporation in 1939. Since the time of that initial credit, the Export-Import Bank has extended a series of credits to the Fomento Corporation and Chilean State Railways for the purchase of materials in the United States required in connection with the large scale development program undertaken principally by those two agencies in Chile. Not including the newly announced credits, a total of almost \$70 million in credits to the Fomento Corporation and the Chilean State Railways has been authorized. Of this amount, \$26 million has been disbursed to date and almost \$13 million has been repaid."

Kennedy Heads Land Bank of Louisville

M. S. Kennedy, Jr., on Sept. 17, was elected President of the Federal Land Bank of Louisville, Ky. by the bank's board of directors, it was stated in the Louisville "Courier Journal" on Sept. 18.

An official of the bank since 1933, Mr. Kennedy was Vice-President and Secretary. A native of Pulaski, Tenn., he was a practicing attorney before going to Louisville said the paper indicated, which also stated:

"Mr. Kennedy succeeds Ernest Rice, who after serving 12 years in the dual capacity of President of the bank and General Agent of the Farm Credit Administration, asked to be relieved of his duties as President. Mr. Rice will continue to serve as general agent.

"Elected to succeed Mr. Kennedy as Vice-President and Secretary was John A. Moore, who has been Assistant Vice-President for seven years. C. B. Wunderlich, who came to the Federal Land Bank as Assistant Treasurer in 1934 and has been Assistant to the President since 1943, was elected Treasurer."

The State of Trade

As in previous weeks overall industrial production last week continued to hold at a very high level. There was a moderate increase in order volume and backlogs remained substantial. Some slight tapering off was noted in steel ingot production which declined to 90.3% from the postwar high of 90.5% of capacity. Scheduled output of steel for the current week also indicates a further modest decline. With respect to the ap-

proaching winter months and the progress of steel output for that period grave concern has already been expressed by the steel industry as to the supplies of coal to be available, "The Iron Age," reports. While stocks on hand are not far out of line with 1945 inventories, the most significant factor is the emphasis on the steady production of coal rather than the inventories on hand.

The coal strike earlier this year aggravated the loss of steel sustained during the steel strike and a prolonged tie-up at the mines would again demoralize a steel market which is only now beginning to take on the aspects of a more normal distribution. Steel officials also are not unmindful, the magazine points out, of the current Detroit wage trends, the results of which may form a pattern for steel contracts which will be opened up for negotiations about the middle of January next year.

In the week just passed electric power production rose 1% to a new postwar high, while bituminous coal output also moved upward, advancing 2.5% in the week. Daily average crude oil production, however, declined modestly to 4,732,500 barrels from 4,737,400 barrels a week ago. The recent threat of John L. Lewis, heading the U. M. W. union of an imminent strike in the coal fields, unless the government reopens the miners' wage contract, comes at a very inopportune time when business and industry is at long last emerging from the destructive influences of price control and is beginning to show signs of new life.

The picture for carloadings of revenue freight last week was somewhat brighter and reflected an increase of 32,323 cars or 3.6% above the preceding week. Deliveries of durable goods continued to improve steadily with automobile supplies and accessories more plentiful the past week than in many previous weeks.

Automobile production was estimated to have risen 5.1% in the week and according to Ward's Automotive Reports, output of cars and trucks in the United States and Canada was estimated at 87,240 units. The previous week's revised figure is 89,540. Last week's total includes 61,070 cars and 23,195 trucks built in U. S. plants, together with 1,465 cars and 1,510 trucks turned out in Canada.

October automotive output based on average daily production thus far this month for both United States and Canadian factories should approximate 400,000 units with prospects for November good in establishing another postwar high level of production.

A cheerful note was struck on Monday of the current week with the ending of the most costly transportation tie-up New York City has experienced. With the Settlement of the trucking and maritime strikes. During the fifty-eight day strike period the normal flow of food and merchandise in the metropolitan area was obstructed causing hardship to the populace and heavy financial loss to both business and the strikers themselves.

Mild weather throughout most of the country favored the large number of shoppers who turned out to retail stores last week. Retail volume during the week rose slightly and remained well above that of the corresponding week a year ago. Consumer selectivity

continued to be an important factor along with the rising price of some commodities and the increasing supply of others.

Wholesale volume rose again during the week and was slightly above that of the preceding week. It remained well above that of the corresponding week a year ago. Order volume rose moderately spurred by the quick acceptance of large offerings of cotton textiles and the increased buying of many durable goods.

Steel Industry—Many steel customers in recent weeks, sobered by inventory figures and the probability that some potential demand figures for finished products were inflated, have eliminated their practice of attempting to obtain every available pound of steel regardless of its type, states "The Iron Age," national metal-working paper, in its summary of the steel trade for last week.

Demand for steel products in general continues unabated, but there is a trend among manufacturers to build their production schedules on the basis of the availability of the "hard-to-get items" rather than to continue the policy of further unbalancing inventories by building up to dangerous levels products which are more easily obtained.

This trend in a more orderly steel market is expected to assume much larger proportions over the next several months, and by the first of the year or shortly thereafter considerable headway will be made in cleaning up the duplication of steel orders, reducing carryovers and paring down substantial backlogs. A large segment of steel consumers is expected to continue ordering for inventories after production quotas have been met as a hedge against probable price rises next year, "The Iron Age" notes.

Probably at no other time in steel market history is there less probability of unreasonable price advances than in the coming months. A decontrol of steel prices would find producers primarily interested in re-establishing a sound economical balance between the quotations of various products rather than a move for a general horizontal hike in prices, the magazine observes.

The meeting between the Steel Industry Advisory Committee and the OPA on the general question of steel prices early last week gave little indication of an early decontrol of all steel prices. Even though total price control will be completely eliminated in this country long before what would have been the case had the Administration not changed its course recently, it looked last week as if the steel industry may have to "sweat it out" before steel is established as a free market, states the above trade authority.

Steel industry officials at the OPA meeting in Pittsburgh, however, filed resolutions suggesting the decontrol of all steel prices and also suggesting that the current cost study looking towards an increase in some items proceed at a swifter pace.

The American Iron and Steel Institute announced on Monday of this week the operating rate of steel companies having 94% of the steel capacity of the industry will be 89.4% of capacity for the week beginning Oct. 28, compared with 90.3% one week ago, 90.2% one month ago and 72.9% one year ago. This represents a de-

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As We See It

(Continued from first page)

for a number of reasons. The end result of their influence would in many instances probably be of the same order as that of the Russian brand of communism. In others, the outcome in the long run might be quite different, but would be nonetheless quite destructive. In either event they could be the end of our American system of free enterprise to which we owe so much. Indeed, they could not well fail to be if persisted in long enough. They are particularly dangerous because their approach is insidious, indeed, for many otherwise able men often apparently unrecognizable.

Poisoned policies and programs during the past dozen years or more have been adopted often in the name of, and professedly for the sake of giving aid to the free enterprise system. They have, on more than one occasion for one reason or another, been supported by thousands if not millions of perfectly good Americans who apparently were wholly unaware of the nature of the measures they were acquiescing in if not actively supporting. Not infrequently these programs have taken the form of "aid" to this or that element in the economy, or have been proposed as a means of "stimulating" some department of business which was supposed to be in need of aid. Agriculture, organized labor, veterans, home-owners, and others have been singled out for support—usually by politicians who were looking for votes—but it was not difficult to persuade the putative beneficiaries that it was all quite consonant with the principles of private enterprise, individual initiative and all the rest which have gone to make up the economic and political system under which we have grown to greatness.

Further Nonsense

It is but one more step to the notion that these special aids to one group or element in the economic or social system must inevitably spread their beneficent influence throughout the whole of society, and thus provide a system which has all the benefits of "laissez faire," plus others to be obtained by newly devised schemes. And it is the ease with which this transition in argumentation is made that has been exploited to the full by the visionaries and others in and on the fringe of the political life of the nation—some of whom doubtless have acquired their inspiration from Russia, many of whom have been led

astray by other alien thinkers, but many of whom have merely been followers of native-born "quacks" of which we have always had plenty. One net result is the strange spectacle of practical business men, heretofore consistent believers in the type of rugged individualism which placed them where they are today, supporting and at times even advocating programs wholly at variance with American tradition and commonsense.

It is hardly necessary to list programs of this nature which have been adopted during the past dozen or so years. One of the early measures of the sort was the NRA, which had wide support in the business community until experience taught its basic weakness. It took a decision of the Supreme Court to rid us of this nuisance, but neither that decision nor any other influence to this day has given us relief from some of the notions embodied in that experiment. It was an agency through which the broad doctrine of a "managed economy" was to be given effect. The agency is gone, but many vestiges of the doctrine it was to apply are still with us, and about as vigorous as they have ever been. They have a strong hold, moreover, not only among the professional reformers, the visionaries, but—with deep regret be it said—among practical business men who really ought to know much better.

Campaign "Appearances"

The current political campaign appears to be bringing to light very considerable changes in the thinking of the rank and file of the people about such things. We say "appears" advisedly because it is far from clear whether this is more than mere surface appearance. This aspect of the situation may remain very considerably beclouded even after the vote is counted next week. This "modern" nonsense has bitten so deeply into popular thinking, and has in the past shown such good results in attracting votes, that the professional politician is naturally very reluctant to discard it. Most of them find it safer to get on obvious band wagons—and not look too closely or express themselves too freely or fully about the sort of wagon they are on. They find it to their advantage when they are in a position to do so to repudiate "communism," the "communists," Russian interference and Russian behavior, certain obvious end-results of foolish

programs such as the restoration of meat controls, and other safely unpopular programs and developments. Or at least such are the tactics of those who are supposed to have gained ground and to be gaining ground politically in this campaign. Even some of the others are trying obliquely to disassociate themselves with such unpopular elements in the current situation.

But how much further than this any of them are going it is difficult to be certain—and it bids fair now to remain uncertain when the voters go to the polls on election day. How many of the "opposition" have clearly and unequivocally denounced the labor pampering which has been one of the keystones of the New Deal program from its inception? How many have insisted that agriculture should stand on its own feet henceforth? How many have demanded an end not only of war controls but of the powers under which they are exercised? How many have shown themselves prepared to balance the Federal budget at whatever cost? Who has advocated a freeing of the securities markets or renounced the notion that the Federal Government is responsible for "full employment"? Answers to these questions are not altogether reassuring. We must have more than a mere change in the party in power.

GED Seeks Labor Strife Solution

At an all day session on Oct. 18 of the board of trustees of the Committee for Economic Development a plan was evolved whereby efforts might be made toward reducing labor strife and producing an economic stability which would tend to avert another major depression. The Committee's Chairman, Paul G. Hoffman, President of Studebaker Corp., announced on Oct. 18, according to Associated Press Washington advices, that 13 business and industrial leaders had been assigned the task of striving to:

1. Improve collective bargaining.
2. Reduce strikes by showing how harmful they are to both labor and management.
3. Calm the whole field of labor-management relations.

The group was appointed by the board of trustees. The announcement stated that initial studies for the labor-relations program would be undertaken by a five-man committee of experts consisting of: Douglass V. Brown and Charles Myers, of the Massachusetts Institute of Technology; Dr. George W. Taylor, of the University of Pennsylvania; J. Douglas Brown, of Princeton University, and Summer Slichter, of Harvard University.

Upon completion of this Committee's report the entire group will use it as a basis for working out a policy.

Steel Operations 1% Lower—Union May Demand Wage Increase—Coal Crises Temporarily Off

The temporary but politically slanted postponement of the coal crisis by no means removes the threat of a possible tieup at the mines later this year, according to "The Iron Age," national metalworking paper. This situation which has put a slight damper on the optimistic outlook for a continuation of the high steel ingot rate is expected to have immediate repercussions "Age," which in its issue of today (Oct. 31), further states as follows:

"In recent weeks there had been a definite trend toward a more orderly steel market from the standpoint of the placement of orders and the production of steel. With steel consumers, however, highly vulnerable to any slight change in the steel market and extremely sensitive where the question of future supplies is concerned, it can be expected that many steel users will not resume their pressure tactics in an effort to speed up deliveries.

"Because of the low supply of coal stocks and the precarious position of scrap supplies, a coal mine tieup later this year would have an almost immediate effect on the output of steel in some major plants. Furthermore, such a development would force down a number of blast furnaces some of which might be kept out of blast until the outcome of the steel negotiations in January had crystallized.

"The absolute certainty that the steel union will demand a healthy increase because of the low take-home pay compared with wartime levels and because of the sudden and sharp increase in living costs is also being given serious consideration by those wise consumers who in the past have attempted to anticipate interference with steel output and have accordingly used every effort to increase their inventories before actual conditions have forced a showdown between the steel companies and the union.

"Any effort by large steel consumers to revert to their high pressure methods of attempting to expedite shipments and expand their orders will not meet with much success in steel company sales offices. The strong campaign put on by steel producers in the request that all consumers re-survey orders on the books covered by quotas will practically shake up the delivery picture for 1947. Customers who have assumed that steel companies will deliver commitments due on all orders in addition to new ones will be disappointed if the steel companies find the total of such tonnage exceeds the customer's quota.

"It was apparent last week that if the unbalanced inventory problem isn't corrected soon, customers who have been surmounting one obstacle after another in order to maintain manufacturing schedules will have to consider seriously canceling some deliveries and reducing their production rate to conform with the availability of all steel components.

"The steel price situation was no closer to a settlement this week than it was some weeks ago. Negotiations are still going forward with OPA and the possibility that Congress may throw out price controls before the present controversy between the steel industry and the OPA is settled is by no means remote.

"The steel industry this week was rapidly finding itself placed in the identical position of a few years ago when it was attempting to obtain a price adjustment to cover past increased costs without reference to any subsequent wage raises which might be granted. The government acted so slowly that before any price adjustments were made a substantial wage boost became a fact and the industry was forced to accept a price increase which was supposed to have covered increased costs before the wage raise and after.

"Currently the steel industry is attempting to get specific price

revisions on some products based on its claim of higher costs and lower return. It now appears that before this problem is definitely settled the industry will be in the midst of new wage demands and the entire cycle will again be repeated."

The American Iron and Steel Institute this week announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 89.4% of capacity for the week beginning Oct. 28, compared with 90.3% one week ago, 90.2% one month ago and 72.9% one year ago. This represents a decrease of 0.9 point, or 1.0% from the preceding week. The operating rate for the week beginning Oct. 28 is equivalent to 1,575,600 tons of steel ingots and castings, compared to 1,591,400 tons one week ago, 5,589,700 tons one month ago, and 1,335,300 tons one year ago.

"Steel" of Cleveland, in its summary of the latest news developments in the metalworking industry, on Oct. 28 stated in part as follows:

"Another coal strike this year, as now threatened, would cause curtailment in steel production within a week. While coal output over the past few months has been substantial, a considerable tonnage has been moving abroad and steel producers generally have not been able to build normal inventory since the 59-day suspension last spring. Some steel mills are in a better position than others as to coal, but nearly all would start reducing output promptly in the event of a general walkout at the soft coal mines, especially with winter near at hand.

"A coal strike would further aggravate an already tight situation in metallurgical coke, on which sellers recently have begun to prorate shipments among their customers for the second time this year. Because of coke shortage some foundries are substituting anthracite in egg and broken sizes, with good success, it is said.

"Meanwhile, prospects of general decontrol of the steel industry continue interesting but uncertain. Many steel interests expect lifting of price ceilings by the end of the year or earlier, but so shifting is the attitude of the Administration on various aspects of decontrol that firm conclusions at this time are difficult to draw. Possibility of early action, however, has tended to ease steel demand somewhat and is definitely retarding movement of scrap in some quarters.

"Nevertheless, while there is slight easing in pressure for steel for this and other reasons, the situation in light flat-rolled products continues particularly acute. There still is far more demand for sheets and strip than mills can handle and so difficult is the task of formulating schedules that producers do not yet know where they stand for first quarter.

"Mills now are taking a little new tonnage and before this week is over some producers are hopeful of setting up quotas for first quarter. Some producers believe they may have five to six weeks capacity available for new carbon sheet tonnage in first quarter, but this would appear to be more than average.

"Shape producers, barring at least one important interest, have

set up quotas for the first three months of 1947 and have little capacity left, notwithstanding a further drop in new structural activity because of CPA restrictions and sharply advancing building costs."

Criticism of Verdicts At Nuernberg Trial

According to special advices to the New York "Herald Tribune" from its Washington bureau Oct. 19: "the Army and Navy Journal," unofficial but often authoritative mouthpiece of a large number of this country's professional soldiers and Naval officers, charged that the Nuernberg verdicts have promoted a world armament race. The "Herald Tribune" account went on to say:

"In an editorial bitterly critical of United States participation in the trial and of the role and views of Supreme Court Associate Justice Robert H. Jackson as chief American prosecutor, 'The Journal' held that the Nuernberg condemnations established a precedent under which the President, his entire personal staff and the Army and Navy Chiefs of Staff would be hanged if the United States were ever defeated at war."

"And were the Associate Justice to have his will," the publication commented caustically, "the general staff, too, would be punished."

"Frankly defending the convicted leaders of Junker militarism, 'The Journal' carried its thesis further, arguing that:

"The punishment of officers who merely executed the policies laid down by their Government,"

"The Journal" warned, "will tend to cause acts of brutality in order the more quickly to break the will of an enemy to fight."

"Passing from the military to the legal aspects of the trial, the publication found no international law on which it could have been based. Politically, it held that the British, French and Soviet governments left the dirty work of the trial, including the hanging, to the United States. The other countries, 'The Journal' said, preferred 'naturally to escape German anger and to direct it toward the United States."

"If there is one thing the Nuernberg condemnations show," the editorial stated, "it is that no nation will dare allow itself to become weak, and, therefore, open to defeat. Conquest would mean that the victor would hold it guilty of aggression and conduct a purge, basing its action upon the Nuernberg precedent which Associate Justice Jackson claims accords with fundamental international law. If there were such a thing as international law, Mr. Jackson might be justified in making this claim, but as World War II confirmed, belligerents are not guided by any law and act only as their interests commend. In his report to President Truman, Mr. Jackson further indicated that the effect of the condemnations would be to promote disarmament, whereas the contrary is the fact."

"The Journal" agreed, however, that: "There are, of course, horrors, perpetrated by civilian and military officials, such as some of those committed at Nuernberg that go far beyond military operations and justly are subject to drastic sentences. In our own conduct of war the services are required to observe rules of humanitarian conduct, and any violation of them results in prompt courts martial."

Labor Leaders Should Think Twice Before Renewing Wage Demands Says NAM

Warning management to beware of the second round of wage increase demands coming up in the present economic battle royal, Walter B. Weisenburger, Executive Vice-President of the National Association of Manufacturers, declared on Oct. 5 that labor leaders should think twice before they again renew demands.

The first round has already raised the danger signal in our economy, Mr. Weisenburger declared in "NAM News." Employers acceding to further wage increases must realize that such increases mean inescapably higher prices. "Higher wages without higher production means lower sales, and can lead eventually to economic bankruptcy," the NAM official said, adding: "Under the pressure of the times, workers naturally want more pay. Management and union leaders should both help them to realize that increased pay can only come from more production in a control-free economy." Mr. Weisenburger added:

"It is a recognized fact no longer concealable, that wage control has been a history of retreats in which Government has been coerced to serve the special interests of a preferred group at the expense of all the people. Recent strike settlements showed the whole wide world that the Wage Stabilization Board was neither controlling wages nor stabilizing the wage level. The government's impotence in holding any line except the political line is an advertised fact."

"Currently, unions may be reluctant to strike for higher wages in the face of the public's temper against strikes. So they will lean heavily, as usual, on the Administration to make a new wage pattern behind which this can be achieved."

President Truman's advisory committee of OWMR, headed by Dr. George W. Taylor, formerly Vice-Chairman of the National War Labor Board, may come forth with the recommendation, however, said the "NAM News," that the government should keep hands off settlement of wage disputes. "If this should be true, it will be good news not only for management but consumers, wage earners, and every one else except the favored few," the "NAM News" continued. "With the disappearance of the last confusing vestige of wage control, and the discontinuance at the same time of the production-blighting farce of OPA, this country can get back to the stabilizing effect of industrial peace. Thus free markets, free collective bargaining and free competition may yet get a chance to recover the prosperity of peace that the people have been denied."

President Announces Budget Increases

After preliminary announcements of increases in Government spending ceilings during the current fiscal year, President Truman released a statement on Oct. 24 which indicated that Federal spending for civilian public works might exceed the \$900,000,000 he set on Aug. 1 by \$165,000,000. The President's announcement further stated, according to Associated Press Washington advices, that so far as military spending was concerned no additional cutbacks "are under consideration at this time."

Following is the text of the President's statement, as reported by the Associated Press:

"On Aug. 1, I placed an over-all expenditure limitation for fiscal year 1947 of \$8,000,000,000 for the military functions of the War Department, thereby requiring a saving of \$1,000,000,000.

"At the same time a \$5,150,000,000 limitation for the Navy Department required a saving of \$650,000,000 in this fiscal year.

"These limitations have not

been changed and no further military cutbacks for the fiscal year 1947 are under consideration at this time. The responsible officials of the Bureau of the Budget, the War Department, and the Navy Department are working together in effecting the required curtailments.

"At the time expenditure limitations were imposed on non-military Federal public works for the fiscal year 1947, it was necessary to estimate the effect of the screening of construction projects by the Office of War Mobilization and Reconversion. These limitations were very rigid and reduced the over-all Federal public works programs from \$1,600,000,000 to \$900,000,000, requiring a saving of \$700,000,000.

"Further study of the whole public works program by Reconversion Director John R. Steelman and Budget Director James E. Webb has indicated the necessity for increasing the expenditure limitation for the War Department Corps of Engineers from \$95,000,000 to \$130,000,000, with an additional limited provision for new projects approved by Reconversion Director Steelman, and for the Department of the Interior reclamation program from \$85,000,000 to \$110,000,000.

"These, together with an increase for TVA of \$13,000,000 and for the Department of Agriculture of \$5,000,000, are the only increases in expenditure limitations on Federal construction projects which have been authorized to date, and were it not for increases in programs over which I have no authority to place limitations, a saving of \$630,000,000 would be made good.

"In those programs on which I could not impose a limitation, such as public roads grants and rural electrification loans, current expenditure estimates are up \$95,000,000.

"Despite these unavoidable revisions, our savings on non-military public works will be \$535,000,000 below the January budget estimates."

Sweden to Purchase U. S. Fighter Planes

After several months of consideration it was announced on Oct. 23 that the State, War and Navy Departments' Coordinating Committee had approved the sale to Sweden of 90 United States Army fighter planes listed as surplus, which, according to officials at the Swedish Legation are to be used to strengthen this wartime neutral's air force. The planes to be sold, Associated Press Washington advices stated, are P-51 400-mile-an-hour Mustangs, which were used effectively by the American Army Air Forces during the war. Although regulations exist forbidding sale of "military type" surpluses except in "exceptional cases," it is assumed that the planes which Sweden will be permitted to purchase will be left complete with machine guns. The present deal is apparently construed as an "exceptional case."

Although a price of \$3,500 per plane was mentioned early in the negotiations, on which basis Sweden would pay about \$315,000 plus perhaps something extra for spare parts, it has not been announced as yet what the total cost to the Swedish Government would be.

Hits "Global Planning" In Tariff Policy

(Continued from first page)

icy of cutting tariffs down or out. They include theoretical economists, international bankers, foreign traders and those particularly interested in foreign trade, and producers more interested in expanding foreign markets for their goods than in the home market. This group is generally referred to as the 'internationalists.' Their interest in tariff is one-sided, extremely active, but in the minority in total American business."

Continuing, Mr. Rose said, "Many producers in this country produce for export, as well as for home consumption. They are interested in expanding foreign business in many cases, but on the subject of tariff they believe in keeping a proper proportionate relationship between the domestic and the foreign market. In a scientific poll of public opinion, less than a quarter of the people of the country approve our policy of encouraging imports of competitive goods, even at a lower price."

"Current moves affecting tariff are on an international level. The London Conference of nations now in progress is to prepare for an International Trade Organization and for new trade agreements to cut tariffs still further. When that organization is established, it will be more difficult than ever for an industry to receive a sympathetic hearing on the needs of tariff protection."

"The tariff under the Trade Agreements Act is rigid. What is needed is a flexible tariff, with continuous studies of the rapidly changing conditions, a strong Tariff Commission to review them, and changes in rates to meet the conditions from time to time."

"If we are to have tariff, then it should be a just and equitable one. An equitable tariff is one that enables the domestic producer to compete in his home market with the foreign producer. To keep tariff equitable requires flexibility and constant study. Decisions made under such a policy would resolve such problems as the one currently posed, when manufacturers want to import more India short staple cotton and the Department of Agriculture want to place a restriction on such imports. Under a flexible tariff, imports would supplement domestic production, but when directly competitive and damaging, they would be regulated."

"Naturally, foreign producers and firms in the business of foreign trade would want a guaranteed steady business if they could get it and they argue that a rigid tariff gives them something to count on. Business is subject to too many variables for the fixed rate of duty to be of much value and most of them affect the business of foreign trade more vitally."

"The cotton problem as a whole is a serious one affecting the lives of millions of people in this country. One of the best solutions offered so far, that of former Secretary Wickard, in which industrialization of the South was a part, directly involves the tariff. Where cotton mills might be a part of such a development, they would have to have tariff protection."

"The free trade cotton shippers, in a drive to eliminate tariffs to help them sell more cotton abroad, are driving the mills abroad as well. Lack of protection here against low-wage labor abroad, and there is plenty of it in cotton textiles, forces capital here to exploit low-wage labor in other countries. In other words, if a company cannot run a mill profitably in this country, then it must fold or move to some such country as Brazil, Mexico, China, India or

Japan, where it can produce profitably. If our payrolls are driven from this country, who is to buy the goods that is shipped back? When considering tariff, not nearly enough attention has been given to the international flow of the means of production and the results. The flow of goods is only the beginning."

"The cotton problem also involves tariff through subsidies. The artificially high price of cotton has evoked export subsidies, a practice which is against our foreign trade policy. We will undoubtedly deal with the subject in the international trade conferences, and it would be easier for our State Department and delegates if we had the cotton problem settled."

"The Pace Committee is again in session. We suggest the following goals for the committee which take into consideration the fact that producers and manufacturers have been at odds on the tariff:

"1. Unite the views of cotton producers and manufacturers on the ground of mutual vital interest in the best solution of our economic problems.

"2. Solve the cotton problem by permitting it to find a natural price.

"3. Remove subsidies gradually.

"4. Remove farmer benefits gradually.

"5. Industrialize the South further in cotton regions; where cultivation might decline or migrate.

"6. Maintain an equitable tariff on textile goods.

"7. Fight for a flexible tariff, so that equitable and just rates can be maintained. If current global planning is consummated, it may be too late. A strong Tariff Commission is the best place for the subject of tariff rates to be handled, not in the State Department."

World Bank Receives Loan Applications

Announcement has been made of the application by France to the World Bank for a \$500,000,000 loan for reconstruction purposes. The French Finance Minister, Robert Schuman, stated three weeks ago, according to Washington advices to the New York "Times" on Oct. 21, that his country would seek the loan in American dollars to ease the French balance-of-payments deficit in the coming year. The loan would be in addition to the \$1,400,000,000 credits which the United States has already agreed to advance to the French government for its program of reconstruction. In announcing France's formal request for a loan, Eugene Meyer, President of the World Bank, said that the French Government had stated that the purpose of the loan "is to meet the cost of purchasing and importing into France certain equipment and materials required as part of a general plan of reconstruction and modernization."

It has also been announced that two earlier applications were received by the Bank before that of France: One from Denmark for \$50,000,000, the second from Chile for a loan of \$40,000,000. The advices to the "Times" added:

Letters from two other countries have stated their intent to seek loans. Czechoslovakia said it intended to apply for a loan of \$350,000,000 and Poland for a loan of \$600,000,000 over a three-year period.

Agricultural Department General Crop Report As of September 1

An all-time record volume of crops continues in prospect, despite adverse growing conditions for late maturing crops in important areas during August. The largest wheat crop in history is practically harvested. The 1946 corn crop will still top all others but adverse weather in the Corn Belt and Great Plains States reduced the estimated production by 125 million bushels since Aug. 1. Prospects also declined for other late crops such as soybeans, sorghums, cotton and peanuts. In contrast, gains were shown by tobacco and rice in southern areas where growing conditions generally improved, and by small grains, flaxseed and potatoes, in northern areas, where harvesting conditions were almost ideal. These changing prospects lowered the indicated aggregate production about 1% below that of Aug. 1. But the estimated volume is still 2% above the previous peak attained in 1942 and 26% larger than the 1923-32 average.

Growing conditions were less favorable than usual in most of the North Central and North Atlantic regions. August temperatures were considerably below normal. Instead of usual "corn weather," cool nights and even light frosts were experienced; as a result crops could not develop very well in much of the main Corn Belt. Some late corn has been delayed so that it faces a frost hazard. Rainfall was deficient in other areas, one centering in southern Michigan and adjacent areas, another in the Plains States. Not until the last few days of August was the dry situation relieved in Kansas, Oklahoma and western Texas, and by that time serious, often irreparable, deterioration of corn and sorghums had occurred. Some salvaging of the crop as silage or forage was under way. Conditions were more nearly normal in most of the South, an improvement over previous wet months, and favored cotton, late corn, and the harvesting of all crops. Harvest of small grains was nearing completion in all northern and western areas as a result of extremely favorable conditions. The large volume of grain to be moved often exceeded the capacity of transportation facilities. In some areas, grain had to be temporarily piled on the ground. Because of good weather, most of this grain has been moved with a minimum of damage. Drought in New Mexico, Arizona and adjacent areas was relieved to some extent.

During the month pears were added to the list of record crops. Still at record levels were corn, wheat, tobacco, peaches, plums, and truck crops. Among the near-record crops, oats, rice and potatoes moved up closer to the record. Others in this near-record group are peanuts, grapes, cherries and sugar cane. Average or better crops of hay, soybeans, dry peas, prunes, apricots, and sugar beets are still in prospect, with slight changes from a month ago. Cotton and rye are far below average. Other below-average crops are sorghum grain, flaxseed, buckwheat, dry beans, sweetpotatoes, and pecans. Oil crops as a group are well below last year, with slightly lower prospects for soybeans and peanuts and an improved but still relatively small flaxseed crop. But for both food grains and feed grains, aggregate production is the largest ever.

Feed-crop prospects as a whole are above average. Feed grains are well above average, but hay, forage and pastures tend to hold down the group prospects in some areas. The poorest outlook is in the Great Plains region, particularly north central and west central North Dakota, central Nebraska, most of Kansas and Oklahoma, northwestern Texas and adjacent parts of New Mexico. Other dry spots are in southwestern Michigan, northern Georgia, and northeastern Mississippi. Moving out from these

poorest centers conditions change rapidly to good or excellent in most of the country. On the basis of current estimates, of 3.4 billion bushels of corn, 1.5 billion bushels of oats, 256 million bushels of barley, but only 79 million bushels of sorghum grain, feed-grain production would be about 127 million tons, 4% above the previous high mark set in 1942. The 96 million tons of hay being harvested is well above average production and, augmented by a large carryover, indicates an ample supply of forage, though areas that depend heavily upon sorghum forage may have local shortages. Feed grain supplies per animal unit are expected to be the most liberal in the 27 years of record. Pastures as a whole are reported above average for this data but below a year ago. Again the Great Plains and Lakes States are a notable exception. Range pastures continued to decline as a whole, though August rains relieved the very dry condition in Kansas, Oklahoma, New Mexico, Arizona and parts of Utah and Colorado. Range cattle and sheep held up well, with some shrinkage in the dry areas of the Southwest.

The largest quantity of food grains in history is being harvested—over 37 million tons. Winter-wheat production reached an all-time record of 880 million bushels. Production prospects for spring wheat improved in August as harvest neared completion under favorable circumstances. All wheat production amounts to 1,167 million bushels, 44 million bushels larger than any other wheat crop ever produced in this country. The expected 69.6 million bushels of rice is close to the record. Rye production of 21.4 million bushels is only half of average, but the 7 million bushels of buckwheat is near average. The aggregate of the 8 grains (4 feed and 4 food) is about 164 million tons, largest in history. This would be 9 million tons above the previous high mark set in 1942, which was closely approached in 1944 and 1945, and 19 million tons more than in other years.

Sugar crops nearly maintained their August 1 level, with sugar beets down slightly. Tobacco of all types increased in weight under August conditions, which favored both growth and harvesting. The new record output of 2,221 million pounds is 3% above the August 1 forecast and would exceed that of 1945 by 223 million pounds, or 11%. Broomcorn prospered with improved growing conditions and production is now indicated at 40,800 tons, about 8% below average.

Egg production, both per hen and total, was lower in August than in August 1945; nevertheless, about one-sixth more eggs were laid than the average for the month. Not only is the number of layers on farms 4% less than a year earlier, but the number of potential layers is 7% less than last year. Milk production in August was second only to that attained in August 1945. Milk flow per cow was the highest for the month in 22 years of record, but was not enough to offset the smaller milk cow numbers. Heavy feeding and careful culling of dairy herds is reflected in this performance.

Total production of principal deciduous fruits is at a near-record level. Improvement in August brings the total to 17% more than 1945 and 12% above

average. The commercial apple crop improved with favorable August conditions and is now only 4% below average. Peaches, pears and plums are breaking previous production records, grapes and cherries approach the records, while prunes and apricots are above average. Prospects are favorable for citrus in all producing areas. Almonds and filberts are record crops, walnuts near-record, but the pecan crop will be below average. Harvest of cherries and apricots was completed and plums nearly completed in August. Peach picking continues only in late areas. Harvest of Bartlett pears will be completed by mid-September, but supplies will move out of cold-storage for some time. Harvest of California grapes has started and will be in volume during September. Apples are moving in volume and harvest will be at a high level in September and early October.

An aggregate of approximately 9.2 million tons of commercial truck crops for the fresh market will be produced on about 2.1 million acres in 1946. Acreage and production both are about 10% above the previous records set in 1945, and, for the first time, they exceed 2 million acres and 9 million tons, respectively. Prospects for summer season production changed but little during August. Later plantings of green peas failed to yield up to expectations and prospective tomato yields were reduced, by blight in some areas and by continued dry weather in others. Onions, on the other hand, improved materially in most eastern and central areas. For the fall season, production is expected to run slightly above that of 1945. Substantial increases are indicated for early fall snap beans, celery, spinach, and fall lettuce. Cabbage and carrots are the only fall crops estimated to date with smaller acreages than last year.

Production prospects for processing vegetables decline about 4% during August. Blight caused serious losses of tomatoes in the North Atlantic States, and dry weather reduced yields of processing crops in Wisconsin, Arkansas, Missouri, Oklahoma, Tennessee, Kentucky and Virginia. In other States, conditions remained favorable. Despite setbacks, the supply of processing vegetables—in sight on September 1 was the second largest of record, exceeding production in 1945 by 9% and falling only 2% short of the 1942 high. The prospective aggregate supply is about a third larger than average. The outlook is for record-high crops of green peas and green lima beans, near records for sweet corn and tomatoes, and a crop of snap beans two-fifths above average.

Corn

Despite a 4% drop from August 1 prospects, the indicated 1946 corn crop at 3,371,707,000 bushels is still the largest of record. It is 12% more than last year and 29% larger than the 1935-44 average. The indicated average yield per acre of 36.9 bushels, also a record high, is 3.8 bushels larger than that of 1945 and 8.4 bushels more than average.

The decline of 125 million bushels in the production outlook was caused chiefly by a continuation of late July dry weather into mid-August in the Great Plains and northern Lake States. As August ended, conditions still were dry in some areas of the Lake States, central Nebraska, central and southern Kansas and unseasonably cool. While the unseasonably cool weather of late August tempered the effects of drought to some extent it also delayed maturity. There appeared to be some frost hazard in an area embracing the southeastern half of Illinois, southern Indiana and parts of Ohio and Kentucky. However warm sunny weather during

the early part of September has been ideal for maturing corn and especially so in the States east of the Mississippi River where most of the late acreage is located.

Dry weather during the first half of August and in some areas throughout the month reduced yield prospects in all the North Central States except Illinois and Iowa. In Michigan where dry weather still prevails in much of the State, yield per acre prospects dropped 8 bushels. Frost damaged the crop in the northern half of that State. The estimated yield per acre dropped 7.5 bushels from last month in North Dakota, 6 bushels in Minnesota and Nebraska. In Nebraska high temperatures and hot winds rather than lack of moisture may have caused more of the decline. There was a decline of 5 bushels in South Dakota, 3 bushels in Kansas (which followed an 8 bushel drop during July) and one bushel in Missouri, Indiana, and Ohio.

The Iowa yield shows no change from August 1 but the Illinois yield is up 2 bushels. A warm September would mature what promises to be the biggest Illinois corn crop in its history. Ohio and Indiana also need favorable weather during September. West of the Mississippi River development is ahead of the usual. Corn is denting in Iowa and Minnesota and on September 1 needed only about two weeks of frost-free weather to assure merchantable quality. Silo filling is in progress throughout the North Central States.

In the Northeastern States production prospects are up about 1% from August 1 and this indicates the largest corn crop in that area since 1925. A considerable acreage is late. Light frosts in August caused only slight damage. Pennsylvania and New Jersey need favorable weather for their large acreage of late corn. Silo filling is underway throughout the area.

The production outlook in the South Atlantic States indicates a 3% gain over August 1 prospects. This would give the area the largest production since 1921, with the exceptions of 1938 and 1945. Harvesting for grain has started in the southernmost States of this group. In the South Central States a substantial August gain in Kentucky more than offset a decline in Oklahoma where drought earlier in the month damaged late corn. A large acreage of late corn in Kentucky, however, needs warm weather in order to escape frost damage. Harvesting for grain is general in Texas and has started in Alabama.

In the West dryland corn in Montana and Colorado was injured by dry August weather with the heaviest damage occurring in Montana. The September 1 estimate indicates the smallest corn crop in this group of States since 1940.

Wheat

Farmers have practically completed the harvest of a new record wheat crop of 1,167,319,000 bushels. This is 44 million bushels above the previous high of 1,123,000,000 bushels. New high records of all-wheat production were made in Nebraska, Oklahoma, Idaho and Washington. The preliminary estimate of the 1946 winter wheat crop of 880 million bushels also set an all-time record.

All spring wheat is estimated at 287,425,000, an increase of 7 million bushels over a month ago. This estimate is 4% below last year's production of 300 million bushels, but is 27% above the 1934-44 average. Estimates for half of the spring-wheat States were higher than those of a month ago. The September 1 production of 212,810,000 bushels of all spring wheat in the three leading States—the Dakotas and Minnesota—while 7% below that of last year is 47% above the 10-year average.

Durum wheat production in the Dakotas and Minnesota, estimated at 37,578,000 bushels on September 1, exceeds last year's crop slightly and is 18% above average. Production of other spring wheat, estimated at 249,847,000 bushels, is about 6% below last year, but is 56 million bushels (29%) above the 10-year average.

The average yield of all spring wheat is 15.6 bushels per acre as compared with 15.2 bushels indicated on August 1. The yield is one bushel per acre below that of 1945 but nearly 2 bushels above average. The yields per acre of both durum and other spring wheat are the same this year at 15.6 bushels. Last year, with a more favorable moisture situation in the Northern Great Plains States, durum wheat yield was 17.8 bushels while the other spring wheat yield was 16.5 bushels per acre. As a result of early dry weather this year, yields for both durum and other spring wheat in North Dakota are 2.5 bushels lower than last year. The 25-bushel spring wheat yield in Washington has been exceeded only twice, and the yield of 32 bushels in Idaho only once.

Harvesting and threshing was largely completed by September 1. Only a small part of the threshing of shocked grain remained. Harvesting was completed under favorable conditions. Rains which occurred before August 1 were generally sufficient to carry the crop through to maturity. Showers and the relatively moderate temperatures during August were of material benefit, particularly in filling of late grain. The grain is reportedly of high quality. Because of the predominance of short straw and the favorable harvesting weather, harvesting losses were very low. In some areas, unusually large quantities of spring wheat were piled on the ground after harvest owing to the large crop and shortage of cars. As in the case of winter wheat piled on the ground, dry weather held losses at a minimum.

Oats

An oats crop second only to the record breaking 1945 production is indicated for 1946. The current estimate of 1,520 million bushels is only 2% below the 1,548 million bushels harvested last year and is over a third larger than the 1935-44 average of 1,129 million bushels.

In the 12 North Central States which have 79% of the U. S. acreage, yields well above average are being realized except in North Dakota where rainfall was short in July and August. Total production estimated for these 12 States alone amounts to 1,255 million bushels, or 83% of the nation's estimated 1946 total production. Yields per acre range from 26 bushels in North Dakota to the season's highest yield of 45 bushels in Ohio and Michigan. For the United States as a whole the average yield per acre of 35.3 bushels has been exceeded only 4 times in 81 years of record. Only in 1921 and 1925 has the current oats acreage been exceeded.

While production in the North Central States will largely account for this year's tremendous crop, yields in the 17 Atlantic States were also substantially above average and a crop for the area 34% above average and 22% larger than 1945 has been harvested. Production in the Western region will be nearly 1% above the region average and about the same as in 1945. In the South Central area total production is above average but below the good 1945 crop.

Except for small scattered sections of relatively minor importance in oats production, prevailing weather during August was favorable for harvesting the large oats crop in the more Northern

States. In the South threshing and combining of oats had been practically completed by August 1.

Barley

Production prospects for barley improved about 5½ million bushels during August. The crop is now estimated at 256,334,000 bushels, compared with 263,961,000 bushels produced in 1945 and the 1935-44 average of 289,598,000 bushels. The indicated acreage for harvest is only 1% less than last year, but 20% less than average. The indicated yield of 25.5 bushels per acre is one of the 5 highest since 1915. Last year's yield per acre was 25.9 bushels while the 1935-44 average was 22.8 bushels.

Harvesting was practically completed by September 1 under conditions unusually favorable for good yields and high test weights. Yields were maintained or improved in all the heavy producing States and harvesting losses were slight. Current yields per acre in Minnesota, South Dakota and Nebraska are up sharply from the 10-year average. A record harvest of 44.6 million bushels in California places that State in first place for 1946 barley production, about 1.1 million bushels ahead of North Dakota, the 1945 leader.

Buckwheat

The indicated production of 7,061,000 bushels of buckwheat is above last year's crop of 6,701,000 bushels, but close to the 1935-44 average. Because the acreage this year is somewhat lower than a year ago, the larger crop is due primarily to this year's yield of 17.6 bushels per acre, compared with 16.2 bushels last year.

The season in general has been favorable for buckwheat. Comparatively cool August temperatures occurred when the larger part of the early planted acreage was in the blossoming stage. This had the effect of improving yield prospects in the important buckwheat States of New York and Pennsylvania, as well as in Maine, Maryland and Virginia. The moderate August temperatures were particularly fortunate for the buckwheat crop in a number of other States where August was too dry for best development. Yields in prospect September 1 are a bushel lower than a month ago in Michigan, Wisconsin and Minnesota, and 3 bushels less in North Dakota. Further deterioration was checked by cool days. The crop is well advanced and is comparatively safe from frost damage.

Rice

Prospects for harvesting a near-record crop of rice improved during August. Production is now estimated at 69.6 million bushels, about 1% more than was indicated on August 1 and only 1% below the 1945 record. Improvement during August occurred in Texas. Other States were unchanged. The crop made good progress toward maturity, and harvesting of early fields was started in August in all three southern States.

Much of the Arkansas rice acreage is grassy. Much also was seeded late and is susceptible to damage if early frosts should occur. A few early fields were harvested in late August, but harvest is not expected to become general before mid-September. Harvesting of early varieties is well along in Louisiana and yields are satisfactory, but the outlook for late varieties is less promising. The Texas harvest is well under way, and is in a volume that is taxing the capacity of driers. Yields are good. To date, no loss has occurred from tropical storms such as those that have reduced production in several recent years. Good growing weather has favored California rice prospects. Harvest will be earlier than usual and may be started soon after

mid-September. A few fields have been drained.

Potatoes

The indicated potato crop of 455,137,000 bushels exceeds the Aug. 1 estimate by 10.1 millions bushels and lacks only 9.9 millions bushels of equalling the record crop of 464,999,000 bushels harvested in 1943. The increase occurred despite considerable deterioration in the central section of the country, because conditions in the East were quite favorable. Production in 1945 was 425,131,000 bushels and the 1935-44 average is 372,756,000 bushels. The new record yield of 167.0 bushels per acre indicated for 1946 exceeds last year's record-high by 16.4 bushels.

Although the crop indicated for 1946 exceeds 1945 production by 30 millions bushels, prospective production of 335,553,000 bushels in the 30 late producing States is only 6.6 millions bushels larger than the production of last year. Indicated production in these States is 28.5 millions bushels lower than the record crop of 364,011,000 bushels harvested in 1943.

In each of the three eastern surplus producing States (Maine, New York and Pennsylvania), prospects improved during August. In Aroostook County, Maine, rains during the latter part of August furnished an abundant supply of moisture. Aphis infestation is generally very light and damage from other insects is insignificant. Late blight does not seem likely to cause any material damage to the Maine crop this season. In the New England States, outside of Maine, the prospective crop is uncertain. Recent rains, which at first caused considerable improvement, now threaten to bring about the development of late blight and rot in some areas.

On Long Island, where a record-large crop is indicated, harvest of Cobblers nears completion and digging of Green Mountains has started. In both upstate New York and Pennsylvania, most commercial growers have carried out adequate dust and spray programs. Where such programs have been used, the crop is green and continuing to grow but most unsprayed vines are dead.

Prospects have declined in each of the four heavy producing late States in the central part of the country—Michigan, Wisconsin, Minnesota, and North Dakota. Moisture was inadequate in certain areas of these States during much of the past month and there was some frost damage the last few days in August. Further frost damage occurred on Sept. 3. In Michigan, freezes have damaged potatoes in most of the area north of Big Rapids with spotted damage in Montcalm County. In Wisconsin, damage was limited primarily to the late varieties, but a little more growth would have benefited some of the mid-season varieties such as Chippewas and Katahdins. The prospective crop in North Dakota was reduced sharply by dry weather during the first three weeks of August. In the southern half of Minnesota, most of the crop is mature but diggings have been made only to meet current needs. The South Dakota crop is being harvested under satisfactory conditions. The crop improved during August in Ohio and West Virginia and held its own in Illinois, Indiana, and Iowa.

Except in Colorado where prospects improved during August there was little change in potato prospects in the western part of the country. Oregon showed a slight improvement and Wyoming, Nevada, and New Mexico showed declines. Production of the late crop in the 12 western States is placed at 120,788,000 bushels, compared with 123,440,000 bushels harvested in 1945.

Condition of the Colorado crop is excellent. Idaho had some hot

weather in August but water supplies were ample in all of the important commercial producing districts. The late crop in Idaho is several days earlier than usual. In Utah, harvest of Cobblers and Triumphs in Weber and Davis Counties progressed rapidly during August. Digging of the White Rose variety in Skagit and Whatcom counties, Washington, is at the peak. Digging of the late (Russet Burbank) crop in Washington has just started. Peak harvest is expected about Oct. 1. Harvest of the early crop in Malheur County, Oregon is about complete. There have been some light frosts in Central Oregon and in the Klamath area but yields have not been reduced. In California, digging of the late crop has begun with good to excellent yields harvested in both the Delta and the Coastal Counties.

Indicated production of 38,273,000 bushels in the 7 intermediate States is somewhat higher than the August 1 estimate of 36,892,000 bushels. The crop in all of these States except Kansas made good progress in August. But the sharp increase in the New Jersey estimate accounts for most of this increase. With at least 90% of the crop harvested by Sept. 1, it is apparent that the New Jersey crop is yielding higher than expected earlier in the season.

The increase in the crop estimated for the 12 early producing States reflects a higher yield for the Texas Panhandle crop.

US Allots Wheat to Aid So. American Countries

The United States has arranged special allotments of wheat and wheat milled into flour for Brazil, Bolivia, Peru and Uruguay, the Department of State announced on Oct. 17. Its announcement added:

"The allotments were authorized and handled by the Department of Agriculture under the recently announced worldwide quarterly wheat and flour export program. They were made through the Department of State at the request of the four nations, who are in dire need of wheat. The new global quarterly program of allotments is designed to replace the old monthly shipment program."

"Covering the fourth quarter of 1946, the allotments were arranged as follows:

"Brazil—120,000 long tons of wheat and wheat milled into flour; Peru and Bolivia—17,000 long tons each of wheat and wheat milled into flour; Uruguay—17,000 long tons of wheat.

"In addition to the above, other amounts of wheat and wheat milled into flour, still undelivered because of the ship strike, will be shipped to the South American nations as follows:

"Brazil—approximately 60,000 long tons of wheat and wheat milled into flour; Uruguay—17,000 long tons of wheat; Peru—10,600 long tons of wheat milled into flour and Bolivia—10,000 long tons of wheat milled into flour."

Guests of NY Stock Exch.

Col. Clarence S. Irvine, pilot and commander of the Pacusan Dreamboat's recent non-stop 10,000-mile flight over the top of the world, and his eleven-man crew, were luncheon guests on Oct. 25 of Emil Schram, President of the New York Stock Exchange, and John A. Coleman, Chairman of the Board. Accompanying Col. Irvine were Deputy Mayor Thomas L. J. Cochran, Lt. Gen. G. E. Stratemeyer, Maj. Gen. Robert Douglas, Frank Tichenor and William Murphy. Following the luncheon the guests made a tour of the Exchange, including inspection of the trading floor from the gallery.

Controlled versus Uncontrolled Economy

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when you hit the ground. But it is the jump, not the ground, that causes the concussion. The ground is harmless if you will only keep your feet on it.

The Problem

So much for the current situation. Beyond that point prospects are dimmer, but the problems are bigger. What puzzles the thoughtful and worries the conscientious is what is going to happen when the bloom is off the boom and fear of depression becomes rampant. At the root of the problem is the question of whether the American system of voluntary markets and individual freedom is going to be replaced by one or another form of state-ism such as has been sweeping across the world. If we should arrive at the onset of serious depression, it will be after having been habituated for more than a decade to a step-by-step, but ever increasing, assumption by government of paternalistic authority. Government has assumed authority to dictate such things as wages, hours, prices, products, crops and credits; authority to tax-take from the more productive for the supposed benefit of the less productive or the idle; authority to distribute billions of dollars as subsidy inducement; and authority to undermine the incentives to undertake private, job-creating production as I shall show in a moment.

In the light of our habituation to this long evolution of coercive intervention into how much of what is to be produced and how much who is to get—or not get—for producing it, is it not probable, should depression come, for the evolution to be speeded rather than retarded—that is, for pressure to be exerted upon the government then in power to start large-scale public works, try to support prices and wages, step up spending, increase incentive-destroying taxation, multiply bureaucracy anew and compound its regulatory restrictions?

Perhaps the kind of country which would result from such measures is the kind that some people think they would prefer to one in which production is free of direct or delegated government coercion. That is a judgment which each man must make for himself as a matter of philosophical conviction or moral faith. But it is an economist's job to point out, as best he can, the economic consequences of adhering to each attitude so that judgment between them may be as broadly based and intelligent as possible.

Voluntary vs. Coercive Society

The fundamentally conflicting attitudes at the very root of the matter are as follows: You either believe in a framework of law in which your neighbor is entitled to the possession of his property and the fruits of his productive exertions, to consume or to dispose of as he sees fit in voluntary exchange for the fruits of other's efforts; or else you believe that you have a right through the government to take from your neighbor what he produces without his consent because you or somebody else needs it or wants it, or because he produces more than you do. In one case the warrant for having something is working to produce it or its equivalent. In the other, the warrant for having something is wanting it, plus the power to take it.

The first concept is expressed in the Commandment, "Thou shalt not steal." It is the one upon which the American system of voluntary markets and free individuals was founded. The other concept lies at the roots of the collectivistic societies and their

recent war-making. Let us take the first concept and explore the body of its meaning, its corollaries and economic consequences.

If exchanges of goods and services are voluntary, then he who would sell is free to choose among all buyers, and he who would buy is free to choose among all sellers. No seller can command the buyers; no buyer can command the sellers. Voluntary markets are necessarily competitive markets. They are also the only known way of achieving fair prices. It is unfair to compel a seller to take less than competing buyers are voluntarily willing to pay. Similarly, it is unfair to compel a buyer to pay more than competing sellers are voluntarily willing to accept. *Voluntary markets eliminate the unfair by opening up all buyers to each seller, and all sellers to each buyer. Fairness is achieved by eliminating the unfair.* The test of fairness is never in comparing the dollar result with this or that other dollar amount; the test is always in the extent to which coercion has been eliminated in achieving the dollar result, whatever it is.

For those who believe in the greatest good for the greatest number—without, of course, knowing how to measure it—here can be great satisfaction in contemplating voluntary markets. Thus in those markets the terms of exchange will balance at the point where those who are least willing to buy, but nevertheless do so, and those least willing to sell, but nevertheless do so, are satisfied to make the exchange as evidenced by their performance of it. This means that buyers who would have paid more are more than satisfied with their purchase; while those who would have sold for less are also more than satisfied with their sale. Hence all who make the exchange get more in terms of their own satisfaction than they give up. Those who retain what they have, preferring it to that which they can get in exchange, retain the thing which gives them the greater satisfaction of their wants. Satisfaction of human wants in terms of the very wants themselves is raised to the maximum. *The voluntary society thus results in the maximum satisfaction of human wants in terms of the exertion required to gratify them.*

But this is only the beginning of the economic consequences of adherence to the concept of a voluntary society. For if the only way that one man may obtain the results of another's productive effort (aside from gift, of course) is to proffer something that satisfies the other, then there is a automatically brought to bear on each individual those two greatest incentives, hope of having and fear of not having. Thus, each man knows that he can have everything he produces, or its equivalent in the combined judgment of all those voluntarily and competitively buying and selling it. On the other hand, since none can secure what others produce without their consent, then fear of not having compels each to produce for himself. *The voluntary society provides the maximum possible stimulus to each individual's productive capacity without undermining a similar stimulus to other individuals.* Break that principle—as collectivistic societies do—so that some can take without paying for it what others produce, and individuals tend to be diverted from the pursuit of individual productivity to the competitive practice of getting something for nothing with the aid of the State—that is, from exploita-

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tion of natural resources and processes to despoliation of each other.

Note next that in the voluntary society human exertion is constantly guided into the most efficient production of the most wanted goods. That means maximum human happiness in a material sense in terms of the very wanting to have and not wanting to work with which we are born. As the nation's wants shift from horse and buggy to Detroit-made automobiles, for example, the production of automobiles is automatically encouraged while buggy sales disappear. It becomes more profitable to produce automobiles than buggies; horsepower than horses. Shifts in production are thus automatically induced. Production is pushed up in automobiles, pulled down in buggies. In the meantime, as you all know very well, producers are under continuous competitive pressure to be productively efficient and progressive—or else be liquidated. Under voluntary markets production is thus continuously guided into the hands of the most efficient, and people are continuously guided into pursuits in which they find the greatest rewards, while total effort is continuously apportioned to producing the most wanted goods in terms of their cost. It is a beautiful and awe-inspiring piece of three-way, automatic, miracle-producing machinery, the contemplation of which would, I suspect, make, let us say, designers of automatic gear-shifts feel a bit humble.

Price and production regulations prevent that machinery from performing its vital functions. Of this there has recently been spectacular illustration. When buyers are prevented from paying what they are willing to pay then the incentive to produce what is most wanted is denied expression. Production is kept out of balance with true demand. At the present time, moreover, the price fixers have nothing substantial to go on except the war-time or the pre-war prices. But the war-time pattern of production, and the prices to evoke it, represent an unwanted, rather than the now-wanted pattern. The pre-war pattern is irrelevant by reason of the war-time wrenching of the economy which has intervened. The exercise in peace-time of war-time powers must thus inevitably hamper and prevent rather than aid and encourage the great economic readjustments called for by the return to peace. Their exercise must inevitably degenerate into a bureaucratic taking from some for the supposed benefit of others, instead of taking from all to win the war for everybody. Such war-time powers, untied from the "win the war" purpose, become the politician's paradise—of whatever party—for power means patronage. But, to pursue the metaphor to the end, they simultaneously constitute the nation's economic perdition. Eliminating coercive emergency powers once the emergency is over should assume the character of a religious habit if a people desires to be prosperous and free. All can regard with gratification the widening perception and official recognition of this truth.

I take time for only one more aspect of the voluntary society—the most important. Strict adherence to the conviction that each is individually entitled to the fruits of his exertion and to the voluntary exchange is the very essence of individual freedom. You just cannot have one without the other in any meaningful sense. Abolish one and you have abolished the other. How, for example, can you compel anyone to do or not do anything, in the last analysis, unless, aside from physically injuring or confining him, you have power to deprive him of

something against his will? Is there not a saying to the effect that control a man's bread and he is your slave?

In this connection a frequent, but fallacious, contention is that you can refuse to buy a man's goods or services, and so exert so-called economic coercion upon him. But such refusal to buy is practicing, not rejecting, the voluntary society. In fact to suppose otherwise is to deny its voluntary nature. Remember, instead, that each who would sell is free to choose among all buyers. Attempted coercion through non-buying thus becomes the buyer's own voluntary self-denial, while the attempted coercion merely diverts rather than prevents the sale. No competing producer—or seller for that matter—can exert coercion in voluntary markets. Each man's economic freedom rests in mutual practice by all of the simple doctrine that each is entitled to do business, or not to do business with others as voluntarily agreed—with emphasis on the "voluntarily."

It is simple economics rooted in human nature, as I have attempted to show, that voluntary markets mean the maximum of production, justice, progress and freedom. There is only one entity which can destroy those markets. It is government. In other times and places it always has. The coercive or collectivistic, rather than the voluntary, society is the typical one in history. It is the one toward which all others tend to revert. And that brings me to the heart of the matter.

There are many roads by which we have been travelling toward controlled economy and the omnipotent state. In some respects the broadest are the least perceived. I tag them with the names, "Taxation," "Money," "Monopoly," and "Regulation." I have already dealt with regulation as exemplified in price control. With your permission, I should like to say a few words about the others.

Taxation

Take taxation. He who would adhere to the voluntary exchange of goods and services must answer this question: How can each man have what he produces, or its equivalent, if something must be taken from him to support the government? The answer to that question was discovered and written into the Constitution by our forefathers; it was forgotten and written out of the Constitution by their descendants. Our forefathers understood it so well they even had a slogan. It was, "No taxation without representation." But how many people today grasp the full body of meaning for which that phrase stood? It meant, of course, that taxes were to be determined by the voluntary consent of taxpayers expressed through their elected representatives—and that is what taxation must always mean in a voluntary society if such a society is to endure.

But that raised another technical question with which statisticians, but not too many others, are thoroughly familiar. It is the question of the representativeness of the sample selected. In this case the question was how to assure that elected representatives do, in fact, constitute a truly representative sample of taxpayers. Our forefathers found the answer to that also, and wrote it into the Constitution. It was an ingenious answer too. Instead of trying to give representation in the tax-instituting body in proportion to the taxes to be collected they provided that direct taxes voted had to be distributed according to the representation in the body. If I may lapse into the technical for an instant instead of selecting a sample to represent the universe from which drawn, they changed the universe to accord with the

sample drawn from it. The reasoning could have been something like this: Since everybody equally has one vote in choosing the Legislature, then everyone must equally pay any direct tax voted. That way taxation must always represent a burden voluntarily voted by the majority upon itself rather than a burden imposed upon a dissenting minority which the majority itself escapes.

The principle can be simply stated: In a society of free men taxation must always equally burden the members of the electorate. In voting taxes, the representative must know that he distresses those of the majority which elected him as much as those in the minority opposing him.

Break that principle, as we did in the XVI Amendment which gave majorities in Congress unlimited power to despoil minorities, and see what the economic results must inevitably be! At times great pressure will be brought to bear upon the Legislature relatively to concentrate taxes upon the more productive minority to the supposed relief of the majority. This was feared by Madison when the Constitution was written, and it was prophesied by Lord Macaulay in 1857. It has now happened.

The levying of taxes on minorities by those elected by majorities has certain ominous moral aspects which are very important. But I am on this occasion seeking, instead, to point out the cold economic consequences to American productivity. Those economic consequences are almost shockingly simple and direct. Let me cast them, for example, in terms of the creation of productive jobs.

Think as you will, but there is no other way in which a self-sustaining productive job can come into existence except for someone, in the hope of profit, to save and invest his money in providing the tools of production. When some John Jones builds a corner store then there is a clerking job for some John Smith thenceforth to fill. By productive investment alone the environment is created in which men may go to work and produce the marketable values to cover their continuing wage and the employer's profit. But if the majority decides to tax away large amounts of that hoped-for profit either directly, or by progressive taxation of individual income, then the incentive and ability to save and invest in the job-creating tools of production is diminished. The creation of new jobs fails to keep pace with the release of workers from existing jobs as efficiency increases and with the normal additions to the working force. So chronic unemployment as in the '30s is obviously invited.

The second economic consequence is to injure the mechanism for adjusting production to the changing patterns of demand. Consider, for example, how shifting production from buggies to automobiles would have been hampered if the profit in producing automobiles had been taken in taxes for subsidizing, in effect, the lesser profits or losses of buggy-makers. The inducements and the pressures to make production conform to demand would have been diminished. Maladjustment would have remained and that, again, means less production.

Breaching the principle of equal tax burden in a voluntary society means that the so-called "common man" in pursuit of seeming tax advantage is in deadly reality writing off his own economic opportunities. That is the economics of it; that is the pathos in it. More than that, the chronic unemployment thus engendered soon becomes, as in the 1930's, the excuse for Government to "step in," for "deficit spending" and mone-

tary inflation. In short, by travelling one hidden road to collectivism, we seemingly must next set our feet upon another broad but even more hidden road, and so double the speed of our progress, without knowing where we are going. That brings me to the matter of money.

Money

The economics of money is obscure to most people. That is one reason for believing that political manipulation of the money supply is the most deceptive and devastating of all the means for transforming the highly productive voluntary society into the sterile authoritarian state—while at the same time it is the most popular and seemingly plausible means for preserving private enterprise by supposedly stabilizing over-all production. That only makes it the more dangerous.

There are certain things we must understand. The stuff we use to pay bills—that is, money—consists first, of the coins and printed currency we carry in our pockets and, secondly, of bank deposits subject to check, the deposits being about four-fifths of the total. Most of us can only get this money by ourselves concurrently selling something—whether it be our property or our labor. If that were always true for everybody, there would be no problem. No one could go into markets and purchase something out of them except by having equivalently contributed something to them. The money one had, as a command over other people's products, would match one's own products made available to others. The money claims against goods would match the goods to be claimed. Money would truly be, then, a stable medium of exchange.

But our money isn't that way. It can be printed instead of earned. The first step is for the government to print bonds—promises to pay. The next step is to take those bonds to the commercial banks. There these government promises to pay in the future are swapped for the bank's promise to pay on demand—that is, for a bank deposit. That is what a bank deposit is: it is the bank's liability to pay in gold if called upon to do so. Since everyone expects that the bank would pay if called upon and allowed by law to do so, these liabilities or deposits are themselves used as money. We transfer them to each other by writing checks in exchange for the goods and services we get from each other. The significant thing is that simply by making entries in its books banks can create deposits for use as money. The process is the monetary equivalent of the paper money printing press, and in fact it actually starts with a printing press—the one which prints the Government's promises to pay sometime in the future. This is something that people must understand because the process has been employed to multiply the supply of money sixfold since 1933, and three times since 1939, while the right of people themselves to police the inflation by converting their money into gold has been denied them.

There are certain moral aspects of this process and there are opportunistic rationalizations of excuses to justify the process. I do not have time to discuss them. But there are certain economic consequences to voluntary markets and free individuals which should be observed.

Please note that the new money to spend in markets is obtained without concurrently contributing goods or services to the markets. The balance between money going to market and goods going to market is thus destroyed. The extra money competing for goods bids prices up. That is inflation, and that is the only possible way it can occur. Then the inflation becomes the excuse for jumping

over onto another road to statism—the road of price control, rationing, allocation, production directives, priorities, etc., all of which directly destroy the voluntary market, and undermine the maximum production of the most wanted goods it otherwise promotes. Just to close the spiral for an instant at this point, it may be noted that the resulting unemployment in turn becomes the excuse for printing and spending more money, while the increased spending and rising debt become the excuse for increasing incentive-destroying taxes. The spiral becomes self-stimulating.

The fact that printing money adds money to markets but not goods to match it means that the money is more of a tax receipt for goods taken away than it is a command over goods to be had. Subsequent spenders of the money find this out in two ways: By price control and rationing they find themselves with money left over which they can't spend to buy what they want. Money you can't spend is relatively worthless. Or in the absence of those controls, the prices go up and each dollar buys less. There is no reliable way that printed money, once issued, can ever be redeemed in goods equivalent to those taken when it was issued. Printing of money is not the creation of purchasing power. It is, instead, the cruelest and most deceptive form of taxation with the longest lasting evil aftermaths. The burden falls most heavily upon those with pensions, bequests or otherwise fixed income, and often least able to bear the burden.

There is one final, truly vicious aspect of printing press money that should be noted. When the money enters the market, the market responds. It shifts capital, manpower and materials towards greater production of the particular goods taken. The market does not know the demand is false. The demand is not the expression of competitive expenditure by those whose income derives from producing for each other what they want most in exchange. The demand is, instead, the result of someone getting something for nothing without having to measure his getting with giving of goods competitively acceptable in markets. Production is diverted to synthetic demand instead of being governed by exchange for equivalent values. In short, the boom financed by inflating the money is the relative wastage of scarce manpower, capital and resources. In wartime, this is readily apparent: printed money is exchanged for goods which are then destroyed under compulsion. In peacetime, the process is similar though less readily apparent. The appearance of prosperity that attends this wastage is only the reflection of the takings of those whose demand is unlimited so long as they can gratify it for nothing.

But buying with printed money must eventually end. It ends either when check deposit expansion reaches the limit under the gold standard, if we have a gold standard, or when the Federal Reserve Board otherwise decides to call a halt, or eventually when so much money is printed that it becomes substantially unacceptable as a medium of exchange. When it ends the maladjustment between production and demand is exposed. Unwanted production accumulates in inventories, liquidation sets in and spirals of recession are inaugurated. That is why bust follows boom. The boom is the wastage of manpower and resources; the bust the idleness of manpower and resources. The starting of a boom by printing press techniques is the guarantee of the bust to follow. We had a taste of that in the "we planned it that way" boom of '36 and the bust in '37. We shall, I fear, have bigger and better examples in the days to come un-

less more people learn that government monkeying with money is playing with dynamite which on explosion can extinguish the voluntary society.

Monopoly

I come now to the monopoly road to stateism. There is one type of monopoly that is currently a serious threat—it is labor monopoly. I need only say a word or two about it because its nature is daily becoming clearer to more and more people. The laborer is not a commodity, but the service he renders cannot escape economic law. That means quite simply that if the service is made artificially costly, then just like anything else, customers will buy less of it than otherwise. Labor, like anything else, can price itself out of its market, if given monopoly status. It has achieved monopoly status. In actual practice this means that in determining the price paid for labor—the wage rate—many employers are permitted to deal with but one entity, subjected to neither individual nor group competition. This is monopoly obscured but monopoly price control nonetheless. It is tantamount to saying to each one of you that the price you must pay for bread from whom-ever purchased is nevertheless to be set by one baker, no other being permitted to offer a lesser price in the hope of getting your business. It is the exercise of great power, and like all power it tends to feed upon itself and to be abused to the injury of the innocent.

I think tolerance of the growth of this power springs from two great misconceptions. The first one is a false identification of the individual's right to escape enforced servitude by quitting a job in search of a better one with the legal privilege of a number of workers collusively to stop working without quitting the job in order to exert monopolistic pressure. The one is the practice of individual freedom in a system of voluntary markets; the other is the denial of individual freedom by the substitution of monopolistic for competitive markets. The right to quit and the privilege of striking are not equivalents but opposites in the functioning of voluntary markets.

The second great misconception is that workers are in competition with employers, instead of with each other; in short, that in employer-employee relations competition suddenly runs vertically instead of horizontally, and that "bargaining power" must somehow therefore be equalized. The fact is, of course, that when I buy a General Motors car it is not my relative bargaining power which protects me. If it were, I would be quite unprotected! It is the presence of Chrysler, Ford and other manufacturers which keeps me from being exploited. Similarly it is the presence of a lot of other little fellows with whom I must compete to get a car which keeps me from exploiting the motor companies regardless of their bargaining power. It always is the competition of sellers that protects buyers; the competition of buyers that protects sellers; sellers are never in competition with buyers.

The same is true in labor. The only and everlasting protection of the worker's independence and economic freedom is the presence of competing buyers for his service, that is, competing employers, just as competing sellers are his protection when he spends his wage as a buyer. As workers form monopoly groups against particular employers, they may be shutting off each employer from other sources of supply to the monopoly group's own seeming benefit; but by that very act they are also shutting off other workers from access to these employers. Thus step-by-step the workers are shutting each other out and so losing the very roots of their in-

dependence. They become the prisoners of the monopolies they create. As such side-by-side labor monopolies employ their coercive power to obtain above market-price wages, then some of the workers are priced out of jobs and find themselves with nowhere to go—except to charity. They are shut out from other employment by reason either of the same overpricing elsewhere that is responsible for their own unemployment, or by the presence of seniority and other rules designed to protect these monopolies against worker competition. Such monopolies operate most brutally against competition of the non-working with those working. They tend to create unemployment and render it chronic. That is the simple economics of it. That, once again, is the pathos in it.

With this understood, the nature of monopoly as one of the great roads to state-isms becomes readily apparent. Thus when recession comes these monopolies will certainly strive with all their power to maintain existing wages. Wage cost is at least three-quarters of all costs. This cost rigidity will hamper and hinder the realignment of employment and production to meet the changing pattern of demand as the war-born shortages are made good. It will act as a destroyer of the profit incentive to create new jobs. It means, in short, that we may have to take our licking in pronounced and prolonged unemployment instead of in swift-moving, flexible price, profit and wage adjustments that will keep most people working most of the time. That, in turn, permits those who wish to do so, however untruthfully, to scream out that private enterprise has failed, and that government must step in—with multiplied bureaucracy and a bigger printing press, together with their unlimited capacity to perpetuate, rather than cure, maladjustments in production, employment, prices and costs.

Often have I asked myself why some people who profess to believe in individual freedom and voluntary markets, nevertheless often subscribe to measures which mean state-ism. I think a good deal of the reason is just plain, good-hearted thoughtlessness, which takes the form of "Let's give the other fellow a break," not realizing that this is the giving of power to undermine free institutions. I think some more of the reason is just untrammelled strife for personal or group power without regard to the cost to the community. Still more of it is ignorance of the inconsistency and danger involved. And there may be some who, knowing better, have not the courage to act and speak on their convictions.

Perhaps underlying all of these is something inherent itself in the marvelous mechanism of production and distribution which has arisen from the practice of individual freedom in America. I refer to the extreme division of labor, the high degree of productive specialization, the singleness of each person's source of income and the ever-widening area covered by his expenditures. I think that this has resulted in tremendous bias in economic perception and political judgment. For example, ask anyone which he would prefer, a 10% raise in salary, or a 10% decrease in living cost. He will usually choose the first, figuring if he can get his single-source income up, he can somehow manipulate his multipurpose expenditures to come out with a net advantage. He is deeply concerned about changes in his income; but changes of much greater proportions in items of his expenditure often fail even to get over the threshold of his perception. Yet accumulations of such unnoticed changes can mount up to far greater consequence than changes in the single item on the other side of the

book to which he is so perceptively allergic. And so it is for the economy as a whole; our economy operates under a double-entry system. For any advantage here, there is a cost there. But the trouble is that the costs can be widely dispersed in time and space and so go unperceived and untotaled in balancing the books for net gain or loss; whereas the advantages can be appealingly single and apparent.

Take, for example, the matters I have already mentioned: In taxation the apparent advantage of "soaking the rich" is that they have enough to get along on anyhow, and the doing of it seems to leave more in the pockets of the ill-fed, ill-clothed and ill-housed. Yet count the whole cost through time and space, and that cost in ultimate suffering far outweighs, as I have shown, the gain in its seeming alleviation. So also for printing press money, labor monopoly and price control.

Let's look next at another consequence of high-level, specialized production. Let's look right into the heart of the family where children grow up. More and more of those children fail to see their fathers at work. The father goes away in the morning to come back at night. Children are kept out of contact with the competitive struggle where the rule is that the warrant for having something is working. Instead, they are confined to the equality phases of family life. When the candy is passed everyone takes one apiece. If the children need something, the parents provide it within their ability to pay for it—not because the children have earned it. We are a rich nation because of our specialization in productive occupation. So we keep our children at home and in school, longer and longer. The academically proficient often go on to college and to graduate work and then become teachers in jobs financed by the state or by charity. For many of them their whole experience in formative years drives home the theory that the warrant for having something is needing it or wanting it to the extent of somebody else's ability to pay for it. They have had had no real contact, as in farm life, with working as the warrant for having. Is it any wonder that many of them should, in all sincerity, think and teach the children that we ought all to be one great big family under a benign, paternal government, clothed with authority to redistribute production according to need and with responsibility for keeping everyone happy?

To the cynical these considerations mean that we should fold our hands and accept with resignation the departure of individual freedom from earth. I am not ready to do that. Instead, I remember being spanked as a child for having swiped a piece of chalk from the school room. I realize now that no one cared particularly about the chalk and no one was greatly inconvenienced by its removal—except myself! It was the principle of the thing that was at stake. The stealing of the chalk represented a small leak in the dike of moral conviction behind which we live. And leaks must be quickly plugged lest they become torrents. So it is also with the principles of a free society. I think that there is some chance that apathy towards small leaks in the dike can be overcome before they become torrents by identifying them as violations of those principles that should be regarded as something sacred—principles derived from having counted all the costs however dispersed—principles derived from having read and learned the lessons of history—principles that in their derivation cover not only economic well being, but also individual rights and moral convictions. Then I hope the small leak, instead of going neglected, will automatically bring to bear upon itself the corrective force of ac-

cepted principle—just as such a corrective force came rather disconcertingly to bear on the chalk stealer's anatomy.

Such principles, and adherence in word and deed to them, have to come, I guess, out of each man's own conscience. So it is with some diffidence that I close my remarks with a few suggested principles:

(1) Government is the superior instrument to coerce. The economic purpose of government in a free America must, therefore, always be exclusively and solely to employ its superior compulsion to prevent fraud, predation, coercion and monopoly abuse among those governed.

(2) To that end, determination of the kind and amount of whatever non-harmful goods are to be produced, where, when, by whom and at what price or wage, must ever be left to the voluntary and competitive decision of those concerned. For government to dictate in these matters is for government itself to engage in the very coercion or monopoly abuse which it is government's function to prevent. For the same reason, government itself should never engage in or subsidize production for competitive sale.

(3) It is the function of government to keep honest the nation's money. This means it should not in peacetime tolerate, or itself ever practice, the alternate expansion and contraction of the money supply.

(4) Taxation by representation

From Washington Ahead of the News

(Continued from first page)

"Saturday Evening Post" in 1939 about the oil operations of one Davis, a Pennsylvania operator, and of the efforts of John L. Lewis to help him. Davis tried to arrange an oil barter between Germany and Mexico, the Mexican government, then a bosom friend of the Washington Leftists, having expropriated American-owned oil properties and had plenty of oil to dispose of.

Mr. Rogge reported to Clark that he didn't find out anything about the alleged seditionists but he had come across this whale of a story, and only seven years old. Clark refused to permit the report to be published. Whereupon Rogge sought to peddle it to newspapermen all over Washington and succeeded in peddling it to a widely syndicated columnist. With this start, Rogge embarks upon a profitable lecture tour to expose the "Fascists" within our midst, and he doesn't intend to be stilled, not as long as the lecture fees hold out anyway, by any Tories or by Tom Clark.

Mr. Rogge is imposing a fraud on his audiences. If he really never heard of the Davis story, with Lewis' implication, until he went to Germany, he is not a very close student of public affairs. Furthermore, if he is to relate it now as something new, he should tell the whole story, and particularly the part played by Senator Joe Guffey of Pennsylvania, who is slated to go down to defeat Tuesday by at least 300,000 votes.

Davis, now dead, had his idea of getting oil for Germany, a legitimate idea at the time, incidentally, as early as 1936. He went to see Guffey. Guffey took him to Roosevelt. Davis got the impression that Roosevelt was behind his plan. Whereupon, he contributed \$250,000 to the New Dealers' campaign of 1936. This was the year that Lewis gave some \$600,000. Roosevelt, Guffey, Lewis and Davis were all happy New Dealers at the time, out to improve all mankind. It has never been fully established to what extent the New Dealers encouraged the Mexican Government to expropriate American properties so they would have oil to barter to Germany, but it is a definite fact they did nothing to prevent the seizure or recover the properties. Guffey, one of the top New Dealers, took

means that taxation must equally burden the members of the electorate. It means that government should grant no tax-offsetting gifts or subsidies. It means government should not seek to lay tax burdens on minority groups which majorities escape.

(5) My final principle is not really a principle—it is merely a personal definition of what freedom means in America. To me it means not only that no man must physically injure another or take property from him, without his consent; but also and most especially it means that not even government must do these things except to punish those who do them to others.

Freedom is definable only as the absence of coercion between men. It is obtainable when government's superior power, to coerce is employed to cancel out coercion between men. The ever-present and awful temptation of government is to employ or delegate its coercive power beyond that point for seemingly benevolent purposes. But government can give nothing to some without taking something from others. But taking without paying replaces freedom with despoilation and invites the predatory to entrench themselves in the enjoyment of the spoils. That is where selfdom to the State begins. That is where it has begun in America. That is where it must be stopped if America is to remain productive and free.

Davis to Mexico City to meet the Mexican officials, and Lewis contacted his labor friends there to have them help.

Senator Styles Bridges exposed the whole affair on the Senate floor, in the summer of 1939 and the New Dealers sought to take him off his feet. The late Senator Borah intervened and Bridges was permitted to finish. But the story is there in the record. With or without encouragement from the Washington government, the Mexican government had seized American-owned oil properties. Guffey and Lewis had intervened to help Davis get this oil to Germany and the New Dealers' campaign coffers had profited to the extent of \$250,000.

Davis up until the time of his death claimed Roosevelt double-crossed him, and he was so bitter in 1940 that he contributed heavily to the Republican campaign. One of his contributions was for \$66,000 to pay for the broadcast which Lewis made in support of Wilkie. Lewis, too, had soured on the Great Man.

It is quite an old story, fully publicized in this country not once, but many times. It is a story that Mr. Rogge did not have to go to Germany to get. But if he insists on bringing it up now, he should tell it all. It would be far more interesting to his audiences. Now that we are beginning to see the New Deal in retrospect, maybe they would be inclined to believe stories of some of the things that went on.

Lewis, incidentally, seems not to be annoyed in the slightest by Rogge's disclosure. He simply counters by threatening another national coal strike.

We see no particular reason why Rogge should not re-tell this story, if he will tell it all, and right. But his bandying around of the names of other Americans, mentioned by Germans as people they thought might be sympathetic, is an example of the smear tactics to which citizens of this Republic have been exposed for 14 years. When the Republicans have been voted in, it will be notice that the Americans are fed up. The marketeers of the mears will soon learn that their market has gone. Thus there will be nothing to support the smearers.

Labor Government Progress in Britain

(Continued from first page) women in every walk of life have faced the many inconveniences and hardships inevitably arising from the continued shortages of many desirable things and by the fact that the difficult adjustments of the postwar period have been attended by so few stoppages of work.

The Minister of Labor recounted in detail to you on Tuesday many of the matters which are of immediate concern to you as representatives of the wage-earners of this country. He has himself, as all who knew him expected that he would, brought to the arduous tasks of his department energy, commonsense and imagination backed by his long experience of the Trade Union Movement.

He has on the basis of the plans worked out by another great trade unionist, Ernest Bevin, carried through demobilization the reverse process to that which his predecessor so brilliantly directed during the war.

The changeover from a war to a peace economy in this country has been a very remarkable achievement reflecting credit on all participants, the civil and military authorities, the workers and the employers.

But what has been accomplished so far in reconstruction is only a beginning. We still have great problems to solve. George Isaacs has spoken to you of the shortage of manpower. There are also world shortages of food, timber and raw materials while the flow of consumer goods, largely as it has increased during the past year, cannot yet overtake the deficiencies due to six years of war. While a good start has been made in rehousing, the task is immense and cannot be accomplished in a few months.

I have read with great interest and admiration the speeches by the President and Lord Citrine. They were full of wisdom and breadth of view. They were speeches of men of long experience who have, nevertheless, kept their minds young. They showed a vivid appreciation of the changed conditions in which we are living in the present age, of the practical problems that result from this and of the need for us all to adjust our minds and actions in order to solve them.

There was more practical statesmanship in these two speeches than in all the orations delivered at the Conservative Conference at Blackpool.

Welfare Depends on Production

There is today in this country a far wider appreciation of economic truth than ever before. I think that everyone realizes now that our standard of life depends on what we can produce. Labor is the source of our well-being. It must be applied intelligently and economically and energetically if we are to produce for all our people the material basis of a good life. I can remember not so long ago when our rulers told us that it was more economical to keep men idle than to find work for them. No one says that today. We are living in a period when there is a pronounced shortage of labor. Full employment is a policy not only socially desirable, but economically necessary. This fact requires a new outlook from those engaged in industry, employers and employed alike.

To match the economics of full employment we need the ethics of full employment. Employers have to realize that those they employ are a national asset that must not be wasted. Labor must not be misdirected owing to failure to use up-to-date methods.

On the other side, workers also must realize that whether they work for the State or for a pri-

vate employer they are producing the stock of goods and services from which we all derive the necessities and amenities of life. Restrictive practices on either side which often had a justification in the conditions of a past economy are out of place today. The provision of houses, coal, capital and consumer goods to the extent which the nation requires depends on the earnest efforts of all those engaged in production and distribution. Unless they give of their best the nation will go short.

It is, therefore, natural that I, as the head of the government, should ask all of you as leaders of labor to do your utmost to impress on all the simple truth that every worker is concerned not just with his own wage, still less with somebody's profit, but with the standard of life of the nation and, indeed, the very life of our country.

Pledges Fulfilled

When I addressed you last we had just had the King's Speech setting out labor's program. You know how the promise of that speech has been implemented. Great social reform measures have been passed. Labor's policy of nationalization has been applied to the coal industry, to the Bank of England, to cables and wireless. The Trade Disputes Act has been repealed. The session now coming to an end will be memorable in history for the extent of its achievements and for its having seen the first great acts of socialization passed into law.

We have in this been faithful to the pledges which we gave at the general election though for some reason unknown to me our opponents seem to think this very dreadful and that we ought to have carried out a Conservative policy.

We have also, in bringing forward our measures, legislative and administrative, consulted as fully as possible with the Trade Union Movement just as we have also consulted with other organizations such as the medical profession over the Health Bill and local authorities and Friendly Societies over national insurance. It is, of course, a thing any sane government would do; yet, here again, we have not escaped criticism. The less responsible organs of the Conservative press seek to discover a sinister conspiracy, while even papers of some weight talk of the dangers of a State within a State. We shall not be deterred by this kind of talk from continuing the close cooperation of the State with organized labor which is not less essential in peace than in war where it met with no such strictures.

I cannot tell you today of our future legislative program because the new session has not yet begun, but you may be assured that Labor's program, based on a well-thought-out plan, will be steadily implemented. It is no hasty improvisation of measures designed to appeal to sectional interests, nor is it a collection of platitudes such as was recently served up instead of a program to the Conservatives at Blackpool—the hungry sheep looked up, but were not fed—but a coherent plan for adapting our economic and social structure to the needs of this nation in the modern world.

I stress the point in the modern world. We have a double task, the one to deal with our internal problems, the other to play our part in establishing the political and economic conditions in the world whereby we and other nations may advance in peace and prosperity.

The International Situation

I would like to say a few words on the international situation. As I stated in the House, we shall continue to do our utmost to make

the United Nations Organization a success. Our objective is to establish peace on sure foundations, but we cannot ignore disturbing features in the world today. We must, until we have made greater progress in building up a world organization, maintain the armed forces necessary to fulfill our obligations. It is never easy to do this in the years that follow a great war, but I would ask all of you to do your utmost to help us in these difficult times to get the men which we must have for the Navy, the Army and the Air Force. We have already done much despite the stringencies of the present time to make conditions for the fighting forces more attractive. We have the lessons of two great wars to take to heart. We cannot afford to run risks.

We have just had a two days' debate in the House of Commons, opened by a very notable speech by the Foreign Secretary. There is not very much left to add to what has already been said. But there is a small but vociferous section in this country that seek on every occasion to attack the policy of this government, and which seems resolved to declare that whatever is done, Britain is always wrong. I claim that we are carrying out the principles of Labor's international policy. That policy is based on our belief in freedom and democracy and the right of nations to decide freely for themselves the kind of government and society they desire. Let me say democracy is becoming a much-abused word. It is often used by those who have never understood or practiced democratic principles to mean the achievement of power by hook, or more often by crook, by the Communist Party, while freedom means the denial of liberty to all those who refuse to accept the Communist philosophy. Everyone who does not take his orders from the Communists is described as a Fascist. The criterion by which these people judge their action is a simple one. If in any part of the world the Communist Party by no matter what means is in power, that is democracy. If anywhere the Communists fail, then, however fair the conditions, it is regarded as Fascism. Thus, an election in Greece supervised internationally which results in an anti-Communist majority is at once denounced. On the other hand, a plebiscite taken where the Communist Party is in power is regarded as the sacred voice of the people. We, as democrats, are not concerned to decide for other people how they should vote. We are concerned to see that the method of arriving at the conclusion should be just and fair.

During this past year we have put our principles into practice. In the Colonial Empire new constitutions giving wider powers of self-government have been introduced in Ceylon and in other colonies. In Transjordan we have given complete independence in place of the mandate. In Burma, even prior to the elections, a government which is designed to be more in harmony in its composition with the aspirations of the people has been formed. In India, we have formed a government, after great difficulties, in which two great rival communities are represented. We have invited the elected representatives of the people to choose freely the kind of government they desire and to decide whether they will continue in association with Britain or not. The action of the government in this regard was received with approval throughout the whole world except in those areas where the people were not allowed to hear of it.

And yet there are still people, including some in this country, who continue with their shrill

cries of denunciation of Britain. I say that no country has given greater and more practical proof of its desire to put these principles into practice than has Britain. No great power has any record comparable to it. I notice on your agenda that the only resolution on foreign affairs is one which is filled with the kind of misrepresentation to which we have become accustomed from the members of the Communist Party, their dupes and fellow travelers.

As the Foreign Secretary said in the House on Tuesday, no one can expect that all the difficulties of a tortured world can be straightened out in 15 months. Nor is it possible that we should pass from the disorders of the past decade to a complete and orderly international structure. But we have set ourselves to try to work with all other nations in building up the authority of the United Nations Organization. We are not following selfish and imperialistic aims, but that does not mean that at every point we should concede the claims of others.

Sir, you may be sure that the government will do its utmost to try to promote harmony in the world, but the task of building on secure foundations the fabric of peace cannot be accomplished by the actions of governments alone.

There must also be a union of hearts between peoples.

Soviet Policy

It is one of the tragedies of the world situation that the Soviet Government appears deliberately to prevent intercourse between the Russian people and the rest of the world. They are not allowed to know what is being done and thought by their fellows in other parts of the world. The growth of personal friend-

ship between individuals is frowned upon. The Russian newspapers give fantastic misrepresentation of the world outside Soviet Russia. A wall of ignorance and suspicion is built up between the nations.

One would have thought that the rulers of Russia, proud of their achievements in peace and war, believing that their system is the best for the workers, would have welcomed every opportunity of closer intercourse between the workers, but a contrary course is followed. I deeply regret this policy, as I am sure you do. We must hope for a change.

In the meantime, wherever it is possible, we must do our utmost to promote understanding. Here is one of the ways in which, in the present as in the past, the great world Trade Union Movement can be a powerful instrument for promoting peace.

The discussion with men and women of other countries of matters of common interest, the giving and receiving of hospitality, the joining in games and competitions and the visits paid to foreign countries, all serve to bring home to us the great truth that in the simple things of life there is far more to unite than to separate the members of the human family.

In this trade union movement we address each other as brothers. This is no meaningless phrase, but a continued reminder of the basic principle of the movement, that the cause of one worker is the cause of all.

I look forward in the years ahead of us to a continuation of the fruitful cooperation between the two sides of the labor movement which are united in a common cause—the service of our fellow men and women.

Electric Output for Week Ended Oct. 26, 1946 16.9% 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 Oct. 26, 1946 was 4,601,767,000 kwh., an increase of 16.9% over the corresponding week last year when electric output amounted to 3,937,420,000 kwh. The current figure also compares with 4,539,712,000 kwh., produced in the week ended Oct. 19, 1946, which was 16.0% higher than the 3,914,738,000 kwh. produced in the week ended Oct. 20, 1945. The largest increase was reported by the Southern States division which showed a gain for the week ended Oct. 26, 1946 of 31.3% over the same week in 1945.

Major Geographical Division	PERCENTAGE INCREASE OVER SAME WEEK LAST YEAR				
	Oct. 26	Oct. 19	Oct. 12	Oct. 5	Sept. 28
New England	8.3	10.9	12.8	9.9	9.7
Middle Atlantic	7.9	7.7	9.7	7.8	8.9
Central Industrial	15.4	13.3	10.1	8.1	9.6
West Central	13.4	14.7	11.7	9.3	9.0
Southern States	31.3	28.4	24.1	19.5	17.3
Rocky Mountain	7.0	7.4	6.5	4.3	1.2
Pacific Coast	19.1	16.5	17.7	12.2	16.8
Total United States	16.9	16.0	14.3	11.2	11.9

Week Ended—	DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)					
	1946	1945	% Change under 1945	1944	1932	1929
July 6	5,741,066	3,978,426	+6.0	3,940,854	1,415,704	1,711,625
July 13	4,156,386	4,293,254	-3.2	4,377,152	1,433,903	1,727,225
July 20	4,293,280	4,364,547	-2.1	4,380,920	1,440,386	1,732,031
July 27	4,352,489	4,434,841	-1.9	4,390,762	1,426,986	1,724,228
Aug. 3	4,351,011	4,432,304	-1.8	4,399,433	1,415,122	1,729,627
Aug. 10	4,411,717	4,395,337	+0.4	4,415,368	1,431,910	1,761,594
Aug. 17	4,422,242	4,399,195	+0.5	4,451,076	1,436,440	1,750,056
Aug. 24	4,444,040	4,116,409	+8.0	4,418,298	1,464,700	1,761,594
Sept. 7	4,404,192	4,137,313	+6.5	4,414,735	1,423,977	1,674,588
Sept. 14	4,184,404	3,909,408	+6.9	4,227,900	1,476,442	1,806,259
Sept. 21	4,521,151	4,106,817	+10.1	4,394,839	1,490,863	1,792,131
Sept. 28	4,506,988	4,018,913	+12.1	4,377,339	1,499,459	1,777,854
Oct. 5	4,517,874	4,038,542	+11.9	4,365,907	1,505,216	1,819,276
Oct. 12	4,478,092	4,028,286	+11.2	4,375,079	1,507,503	1,806,403
Oct. 19	4,495,220	3,934,394	+14.3	4,354,575	1,528,145	1,798,633
Oct. 26	4,601,767	3,937,420	+16.9	4,358,293	1,525,410	1,815,749

Weekly Lumber Shipments 14.4% Below Production

According to the National Manufacturers Association, lumber shipments of 413 mills reporting to the National Lumber Trade Barometer were 14.4% below production for the week ending Oct. 19, 1946. In the same week new orders of these mills were 6.9% below production. Unfilled order files of the reporting mills, amounted to 61% of stocks. For reporting softwood mills, unfilled orders are equivalent to 25 days' production at the current rate,

and gross stocks are equivalent to 40 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 0.6%; orders were 0.3% below.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 7.0% above; shipments were 5.9% below; orders were 9.4% above. Compared to the corresponding week in 1945, production of reporting mills was 64.4% above; shipments were 53.7% above; and new orders were 73.3% above.

Moody's Bond Prices and Bond Yield Averages

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

1946— Daily Averages	U. S. Govt. Bonds	Avg. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*			
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Oct. 29	121.83	116.41	121.04	119.20	116.02	109.97	112.00	117.60	119.82	
28	121.83	116.41	121.04	119.20	116.02	110.15	112.00	117.60	120.02	
26	121.77	116.41	121.04	119.20	116.02	110.15	112.00	117.60	120.02	
25	121.77	116.61	121.04	119.20	116.22	110.34	112.19	117.80	120.02	
24	121.55	116.61	121.04	119.20	116.22	110.52	112.19	117.80	120.02	
23	121.36	116.61	121.04	119.20	116.22	110.52	112.37	117.80	120.02	
22	121.36	116.61	121.04	119.20	116.22	110.34	112.19	117.80	120.02	
21	121.43	116.61	121.04	119.20	116.22	110.34	112.37	117.80	120.02	
20	121.43	116.61	121.04	119.20	116.22	110.34	112.37	117.80	120.02	
19	121.43	116.61	121.04	119.20	116.22	110.34	112.37	117.80	120.02	
18	121.43	116.61	121.04	119.20	116.22	110.34	112.37	117.80	120.02	
17	121.45	116.61	121.04	119.20	116.22	110.34	112.37	117.80	119.82	
16	121.30	116.61	121.04	119.20	116.41	110.34	112.37	117.60	119.82	
15	121.20	116.61	121.04	119.00	116.41	110.34	112.37	117.60	119.82	
14	121.11	116.61	120.84	119.20	116.41	110.15	112.19	117.60	119.82	
12	Stock Exchange Closed									
11	121.08	116.41	120.84	119.00	116.22	110.15	112.19	117.60	119.82	
10	121.05	116.41	120.84	118.80	116.41	110.34	112.00	117.60	119.82	
9	121.05	116.61	121.25	118.80	116.61	110.34	112.37	117.80	119.82	
8	121.08	116.80	121.25	118.80	116.61	110.34	112.37	117.80	119.82	
7	121.02	116.80	121.25	119.00	116.61	110.34	112.37	117.80	120.02	
6	121.02	116.80	121.25	119.00	116.61	110.52	112.56	117.80	120.02	
5	121.05	116.61	121.25	119.00	116.61	110.34	112.56	117.80	119.82	
4	120.77	116.80	121.25	119.00	116.61	110.52	112.37	118.00	120.02	
3	120.70	116.61	121.25	119.00	116.61	110.34	112.37	118.00	119.82	
2	120.83	116.61	121.25	119.00	116.61	110.34	112.37	117.80	119.82	
1	121.08	116.61	121.04	119.00	116.61	110.52	112.75	117.80	119.61	
Sept. 27	121.14	116.61	121.04	119.00	116.61	110.52	112.75	117.80	119.61	
20	121.80	117.20	121.46	119.41	117.00	111.44	113.89	118.00	120.22	
13	122.52	118.00	122.29	120.02	117.80	112.19	114.46	118.60	120.84	
6	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	
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	120.70	116.41	120.84	118.80	116.02	109.97	112.00	117.60	119.61	
1 year Ago	122.84	116.41	120.84	119.20	116.22	109.79	112.93	116.41	120.02	
Oct. 29, 1945	119.36	112.56	118.40	116.61	112.93	103.47	107.62	113.31	117.20	
2 Years Ago										
Oct. 28, 1944	119.36	112.56	118.40	116.61	112.93	103.47	107.62	113.31	117.20	

1946— Daily Averages	U. S. Govt. Bonds	Avg. Corpo- rate*	Corporate by Ratings*				Corporate by Groups*			
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.	
Oct. 29	1.59	2.83	2.60	2.69	2.85	3.17	3.06	2.77	2.66	
28	1.59	2.83	2.60	2.69	2.85	3.16	3.06	2.77	2.65	
26	1.60	2.83	2.60	2.69	2.85	3.16	3.06	2.77	2.65	
25	1.60	2.82	2.60	2.69	2.84	3.15	3.05	2.77	2.65	
24	1.62	2.82	2.60	2.69	2.84	3.14	3.05	2.76	2.65	
23	1.63	2.82	2.60	2.69	2.84	3.14	3.04	2.76	2.65	
22	1.63	2.82	2.60	2.69	2.84	3.15	3.05	2.76	2.65	
21	1.63	2.82	2.60	2.69	2.84	3.15	3.04	2.76	2.65	
20	1.63	2.82	2.60	2.69	2.84	3.15	3.04	2.76	2.65	
19	1.63	2.82	2.60	2.69	2.84	3.15	3.04	2.76	2.65	
18	1.63	2.82	2.60	2.69	2.84	3.15	3.04	2.76	2.65	
17	1.63	2.82	2.60	2.69	2.84	3.15	3.04	2.76	2.66	
16	1.63	2.82	2.60	2.69	2.83	3.15	3.04	2.77	2.66	
15	1.64	2.82	2.60	2.69	2.83	3.15	3.04	2.77	2.66	
14	1.65	2.82	2.61	2.69	2.83	3.16	3.05	2.77	2.66	
12	Stock Exchange Closed									
11	1.65	2.83	2.61	2.70	2.84	3.16	3.05	2.77	2.66	
10	1.65	2.83	2.61	2.71	2.83	3.15	3.06	2.77	2.66	
9	1.65	2.82	2.59	2.71	2.82	3.15	3.04	2.76	2.66	
8	1.65	2.82	2.59	2.71	2.82	3.15	3.04	2.76	2.66	
7	1.65	2.82	2.59	2.70	2.82	3.15	3.04	2.76	2.65	
6	1.65	2.81	2.59	2.70	2.82	3.14	3.03	2.76	2.65	
5	1.65	2.82	2.59	2.70	2.82	3.15	3.03	2.76	2.66	
4	1.65	2.82	2.59	2.70	2.82	3.15	3.03	2.76	2.66	
3	1.67	2.81	2.59	2.70	2.82	3.14	3.04	2.75	2.65	
2	1.68	2.82	2.59	2.70	2.82	3.15	3.04	2.75	2.66	
1	1.67	2.82	2.59	2.70	2.82	3.15	3.04	2.76	2.66	
Sept. 27	1.65	2.82	2.60	2.70	2.82	3.16	3.04	2.76	2.66	
20	1.65	2.82	2.60	2.70	2.82	3.14	3.02	2.76	2.67	
13	1.63	2.79	2.58	2.68	2.80	3.09	2.96	2.75	2.64	
6	1.58	2.75	2.54	2.65	2.76	3.05	2.93	2.73	2.61	
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	
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	2.68	2.94	2.78	2.64	2.55	
Feb. 21	1.33	2.67	2.49	2.56	2.70	2.94	2.83	2.64	2.55	
Jan. 25	1.31	2.70	2.50	2.59	2.70	2.99	2.87	2.68	2.55	
High 1946	1.68	2.83	2.61	2.71	2.85	3.17	3.06	2.77	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. 29, 1945	1.56	2.83	2.61	2.69	2.84	3.18	3.01	2.83	2.65	
2 Years Ago										
Oct. 28, 1944	1.68	3.03	2.73	2.82	3.01	3.54	3.30	2.99	2.79	

*These prices are computed from average yields on the basis of one "typical" bond (3% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

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

Daily Average Crude Oil Production for Week Ended Oct. 19, 1946, Decreased 4,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 19, 1946, was 4,732,600 barrels, a decrease of 4,800 barrels per day from the preceding week. It was, however, an increase of 495,750 barrels per day over the output in the corresponding week of 1945. The daily average figure, as estimated by the United States Bureau of Mines as the requirement for the month of October, 1946, was 4,771,000 barrels. Daily output for the four weeks ended Oct. 19, 1946 amounted to 4,746,000 barrels. The Institute's statement further adds:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,779,000 barrels of crude oil daily and produced 14,874,000 barrels of gasoline; 1,890,000 barrels of kerosene; 5,666,000 barrels of distillate fuel, and 7,509,000 barrels of residual fuel oil during the week ended Oct. 19, 1946; and had in storage at the end of the week 85,930,000 barrels of finished and unfinished gasoline; 21,207,000 barrels of kerosene; 64,761,000 barrels of distillate fuel, and 60,512,000 barrels of residual fuel oil.

	*B. of M. Calculated Requirements October	State Allowables Begin. Oct. 1	Actual Production Week Ended Oct. 19, 1946	Change from Previous Week	4 Weeks Ended Oct. 19, 1946	Week Ended Oct. 20, 1945
**New York-Penna.	48,200		50,800	- 1,450	51,650	46,850
Florida					100	150
**West Virginia	8,400		8,650	+ 50	8,200	7,950
**Ohio-Southeast	7,600		5,500	- 450	5,650	4,700
Ohio-Other			2,900	+ 200	2,450	3,300
Indiana	19,000		18,750	+ 50	18,700	13,550
Illinois	214,000		204,550	- 4,400	207,200	209,350
Kentucky	30,000		30,300	- 350	30,650	28,950
Michigan	47,000		45,500	- 5,000	47,450	42,100
Nebraska	800		770	+ 50	700	800
Kansas	264,000	270,000	267,050	- 4,250	270,400	273,950
Oklahoma	384,000	353,625	353,650	+ 1,000	354,150	361,250
Texas						
District I			19,450		19,450	
District II			144,800		146,100	
District III			443,300		454,850	
District IV			214,300		216,300	
District V			39,600		40,250	
East Texas			316,000		319,550	
Other Dist. VI			102,450		102,850	
District VII-B			33,500		33,250	
District VII-C			27,450		27,350	
District VIII			484,650		487,000	
District IX			129,700		129,450	
District X			84,950		84,950	
Total Texas	2,120,000	2,064,032	2,090,350		2,061,350	2,141,000
North Louisiana			89,200	+ 100	88,650	71,400
Coastal Louisiana			305,600		305,200	285,000
Total Louisiana	383,000	436,000	394,800	+ 100	393,850	396,400
Arkansas	77,000	80,284	73,350	- 400	73,500	75,000
Mississippi	60,000		76,250	+ 2,250	74,300	52,000
Alabama	2,000		1,050	+ 50	1,000	50
New Mex.-So. East	100,000	106,000	99,100	- 99,150	99,500	
New Mexico-Other			450	- 50	450	400
Wyoming	100,000		110,600	+ 2,100	108,700	102,400
Montana	24,000		24,850	+ 650	24,250	20,300
Colorado	32,000		37,600	- 50	38,600	17,900
California	850,000	842,500	880,200	+ 5,100	873,550	818,300
Total United States	4,771,000	4,732,600	4,732,600	- 4,800	4,746,000	4,236,850
**Pennsylvania Grade (included above)			64,950	- 1,850	65,500	59,500

*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 October. 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., Oct. 17, 1946. ‡This is the net basic allowable as of Oct. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 7 to 10 days, the entire State was ordered shut down for 7 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 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILL; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSENE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED OCT. 19, 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 Still Daily Av. erated	Gasoline Produced at Ref. Blended	Unfin. Gasoline Stocks	Kerosene	Gas Oil & Fuel Oil	Stks. of Dist. Fuel	Stks. of Resid. Fuel
East Coast	99.5	749	83.3	1,919	20,462	9,038	23,985	12,754
Appalachian								
District No. 1	76.3	101	70.6	307	2,278	529	620	357
District No. 2	84.7	52	83.9	169	814	84	133	247
Ind., Ill., Ky.	87.4	755	89.8	2,744	15,211	2,914	8,840	5,613
Okl., Kans., Mo.	78.3	373	79.5	1,397	2,790	483	3,592	1,282
Inland Texas	59.8	224	67.9	744	8,726	1,450	637	775
Texas Gulf Coast	89.2	1,187	96.8	3,497	13,158	3,491	10,270	7,929
Louisiana Gulf Coast	97.4	353	111.8	1,054	4,426	1,878	3,526	2,192
No. La. & Arkansas	55.9	60	47.6	151	1,660	350	461	225
Rocky Mountain								
District No. 3	19.0	9	63.2	26	90	15	43	42
District No. 4	70.9	114	69.1	354	1,354	216	564	706
California	85.5	793	80.1	2,312	14,961	759	12,090	28,390
Total U. S. B. of M. basis Oct. 19, 1946	85.8	4,779	86.0	14,874	85,930	21,207	64,761	60,512
Total U. S. B. of M. basis Oct. 12, 1946	85.8	4,867	87.6	14,993	86,585	21,131	63,412	59,753
U. S. B. of M. basis Oct. 20, 1945		4,585		13,854	70,402	12,888	44,332	46,420

†Includes unfinished gasoline stocks of 8,600,000 barrels, ‡Includes unfinished gasoline stocks of 8,900,000 barrels, §Includes stocks at refineries, at bulk terminals, in transit and in pipe lines. ¶In addition, there were produced 1,890,000 barrels of kerosene, 5,666,000 barrels of gas oil and distillate fuel oil and 7,509,000 barrels of residual fuel oil in the week ended Oct. 19, 1946, which compares with 1,940,000 barrels; 6,166,000 barrels and 8,454,000 barrels, respectively, in the preceding week and 1,555,000 barrels, 4,408,000 barrels and 8,802,000 barrels, respectively, in the week ended Oct. 20, 1945.

The State of Trade

(Continued from page 2267)

crease of 0.9 point or 1.0% from the previous week.

This week's operating rate is equivalent to 1,575,600 tons of steel ingots and castings and compares with 1,591,400 tons one week ago, 1,589,700 tons one month ago and 1,335,300 tons one year ago.

Electric Production — The Edison Electric Institute reports that the output of electricity increased to 4,539,712,000 kwh. in the week ended Oct. 19, 1946, from 4,495,220,000 kwh. in the preceding week. Output for the week ended Oct. 19, 1946, was 16.0% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 198,700,000 kwh. in the week ended Oct. 20, 1946, compared with 171,600,000 kwh. for the corresponding week of 1945, or an increase of 15.8%. Local distribution of electricity amounted to 185,500,000 kwh. compared with 171,000,000 kwh. for the corresponding week of last year, and increase of 8.4%.

Railroad Freight Loadings — Car loadings of revenue freight for the week ended Oct. 19, 1946, totaled 931,766 cars, the Association of American Railroads announced. This was an increase of 32,323 cars (or 3.6%) above the preceding week and 157,959 cars, or 20.4% above the corresponding week for 1945. Compared with the similar period of 1944, an increase of 25,761 cars, or 2.8%, is shown.

Paper and Paperboard Production — Paper production in the United States for the week ended Oct. 19, was 105.1% of mill capacity, against 105.9% in the preceding week and 96.5% in the like 1945 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 98% against 99% in the preceding week, and 96% in the corresponding week a year ago.

Business Failures Increase — Commercial and industrial failures in the week ending Oct. 24 rose to 33, the highest number in any week in over two years, reports Dun & Bradstreet, Inc. Up from 23 in the previous week, concerns failing were twice as numerous as in the corresponding week of 1945 when 17 were reported.

All except three of this week's failures involved liabilities of \$5,000 or more.

Manufacturing continued to have twice as many failures as any other trade or industry group.

Almost half the week's failures were concentrated in the Middle Atlantic States. The New England and Pacific States were next highest. Canadian failures numbered 5, as compared with 3 in the previous week and 2 in 1945's corresponding week.

Food Price Index Moderately Higher

The trend in food prices continued upward in the past week but the overall rise was considerably less than that recorded during the preceding week. The Dun & Bradstreet wholesale food price index advanced 3.1% to \$6.34 on Oct. 22, from \$6.15 on Oct. 15. This represented a new alltime high, and compared with \$4.10 for the corresponding date a year ago, an increase of 54.6%. This index, based on authoritative quotations in legitimate markets, has not at any time reflected black market or under-the-counter prices. Aiding in this week's rise were higher prices for coffee, lard, hams, bellies, cottonseed oil and steers. On the down side were corn, oats, barley, butter, cheese, eggs, sheep, lambs and hogs. The index represents the sum total of the price per pound of 31 foods in general use.

Daily Wholesale Commodity Price Index — Uncertainties

created by the movement to decontrol prices on a broad scale resulted in highly erratic price swings during the past week. Fluctuations in the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., were less severe, however, after the initial sharp rise to 243.90 on Oct. 15, which followed the decontrol of meats and livestock. The index closed at 236.73 on Oct. 22, off 7.17 points from the recent peak, and compared with 178.46 at this time last year.

Activity in grains increased considerably last week with total sales on the Chicago Board of Trade the heaviest in more than six months. Price trends were mixed and covered a wide range. Wheat and rye scored advances for the week, while the feed grains, corn and oats, suffered substantial losses. Rye continued in short supply. Strength in wheat reflected limited offerings and the belief that ceilings on flour and bakers' products would be removed shortly. Weakness in corn and oats was attributed to the record supply of these grains and the prospect of lessened demand due to increased livestock marketings. Hog receipts at western markets jumped to 360,600 head last week, compared with only 46,600 in the preceding week. Prices rose sharply following the removal of ceilings but lost considerable of the initial gain as market receipts rose. Steers were strong throughout the week, although down moderately from early peaks. Lambs advanced sharply at midweek but later turned downward and closed slightly lower than a week ago. Lard prices skyrocketed while butter declined following the decontrol of edible fats and oils. Trading in coffee and cottonseed oil futures was resumed during the week. Business in flour came to a standstill pending OPA action on the removal of price ceilings.

Distress selling, caused by the reported liquidation of one large account, resulted in a sharp break in leading cotton markets last week. Declining the permissible limit on four consecutive days, prices generally were down about 6 cents per pound for the week, but there were signs of stabilizing at the close. Activity in cotton textiles quickened. Substantial offerings of leading descriptions of gray and finished goods on spot and contract sales were quickly absorbed at ceiling prices.

Trading in domestic wools in the Boston market last week fell to a minimum, following the upward adjustment of prices under the new schedule put into effect by the CCC on Oct. 15. This was equal to an advance of from 3 to 5% over former selling prices. Buyers found considerable difficulty in obtaining desirable foreign wools. In foreign markets, keen competition from European buyers hindered purchasing by United States importers. Arrivals of foreign wools at the ports of Boston, New York, and Philadelphia during the week ended Oct. 11, totaled \$6,608,100 pounds, clean basis, as against 5,825,200 in the preceding week. Domestic wools appraised for purchase by the CCC for the week ended Oct. 11 amounted to 4,346,502 pounds, making a total of 245,385,412 pounds appraised for the season to date.

Retail and Wholesale Trade — Retail dollar volume continued to increase during the past week as higher prices and larger consumer purchases of some commodities combined in raising the level slightly above that of the preceding week, states Dun & Bradstreet, Inc., in its current survey of trade. Volume was substantially above that of the corresponding week a year ago. Consumer selec-

tivity was directed mainly toward those items which have recently risen sharply in price.

Food volume remained high with some consumer resistance to the high prices of meat. Additions to the limited supply of meat were small, while poultry, fish and dairy products were plentiful and were frequently requested as meat replacements. The supply of fresh vegetables remained abundant but that of fresh fruits declined slightly, though they continued to be adequate.

Consumer interest in Fall apparel dropped fractionally as mild weather beguiled shoppers from thoughts of frost and snow. Women's suits and coats held to the previous high demand but a large share of attention was attracted to sportswear, evening dresses, blouses and millinery. Interest in men's wear was centered mainly on suits, slacks, underwear, shirts and topcoats.

The demand for housewares continued to exceed that for most other lines in the durable goods field. The selection of many small electrical appliances such as toasters, irons, waffle irons and mixers had increased appreciably over that of a month ago. Furniture stocks remained low with almost no change in consumer demand from the high levels of previous weeks. Automobile parts were frequently listed among the current shortages, according to reports from many cities.

Retail volume for the country in the week was estimated to be from 21 to 25% above that of the corresponding week a year ago. Regional estimates exceeded those of a year ago by the following percentages: New England 18 to 22, East 19 to 23, Middle West 21 to 25, Northwest 26 to 30, South 27 to 31, Southwest 20 to 24 and Pacific Coast 19 to 23.

Wholesale volume, up fractionally during the past week, continued to be at a level considerably above that of the corresponding week a year ago. Deliveries were improved noticeably with order volume at a very high level. Buyers, generally, insisted upon quality goods and frequently refused substitute items.

Department store sales on a country wide basis, as taken from the Federal Reserve Board's index for the week ended Oct. 19, 1946, increased by 24% above the same period of last year. This compared with an increase of 15% in the preceding week. For the four weeks ended Oct. 19, 1946, sales increased by 19% and for the year to date by 29%.

Mixed trade conditions obtained in New York last week due to the trucking and United Parcel Service strikes. This condition, however, should be alleviated to a large extent the present week with the termination of the trucking and maritime tie-ups on Monday last. Caution prevailed in the women's garment trade, it was reported, with retail buyers not availing themselves of the full allotments granted by manufacturers. Some existing orders on uncut merchandise were also cancelled with the ending of order L-85. Sales of cotton goods early in the week ran exceptionally heavy with the plummeting of cotton prices, but the volume tapered off as prices of the staple gave evidence of rallying.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Oct. 19, 1946, increased 4% above the same period last year. This compared with a decrease of 4% in the preceding week. Work stoppages in the trucking industry accounted for the reduced sales for the week in the cities of New York and Newark. For the four weeks ended Oct. 19, 1946, sales rose by 3% and for the year to date by 32%.

Civil Engineering Construction Totals \$55,203,000 for Week

Civil engineering construction volume in continental United States totals \$55,203,000 for the week ending Oct. 24, 1946, as reported by "Engineering News-Record." This volume is 49% below the previous week, 6% below the corresponding week of last year, and 46% below the previous four-week moving average. The report issued on Oct. 24, added:

Private construction this week, \$29,871,000, is 63% below last week and 23% below the week last year. Public construction, \$25,332,000, is 9% below last week and 29% greater than the week last year. State and municipal construction, \$24,090,000, 8% below last week, is 89% above the 1945 week. Federal construction, \$1,242,000, is 32% below last week and 82% below the week last year.

Total engineering construction for the 43-week period of 1946 records a cumulative total of \$4,462,233,000, which is 157% above the total for a like period of 1945. On a cumulative basis, private construction in 1946 totals \$2,701,546,000, which is 265% above that for 1945. Public construction, \$1,760,687,000, is 77% greater than the cumulative total for the corresponding period of 1945, whereas State and municipal construction, \$1,206,124,000 to date, is 300% above 1945. Federal construction, \$554,563,000, dropped 20% below the 43-week total of 1945.

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

	Oct. 24, 1946	Oct. 17, 1946	Oct. 25, 1945
Total U. S. Construction	\$55,203,000	\$108,205,000	\$58,418,000
Private Construction	29,871,000	80,215,000	38,798,000
Public Construction	25,332,000	27,990,000	19,620,000
State and Municipal	24,090,000	26,160,000	12,734,000
Federal	1,242,000	1,830,000	6,886,000

In the classified construction groups, bridges, highways, and public buildings gained this week over the previous week. Three of the nine classes recorded gains this week over the 1945 week as follows: sewerage, bridges, and highways.

New Capital

New capital for construction purposes this week totals \$7,087,000, and is made up of \$6,687,000 in State and municipal bond sales and \$400,000 in corporate securities. New capital for construction purposes for the 43-week period of 1946 totals \$2,936,790,000, 71% more than the \$1,714,499,000 reported for the corresponding period of 1945.

Wholesale Prices Rose 7.2% in Week Ended October 19, Labor Department Reports

Following a rise of 0.7% in wholesale prices during the week ended Oct. 12, prior to the President's statement on decontrol of meats and other products, average primary market prices rose 7.2% during the week ended Oct. 19, as meat prices nearly doubled on Tuesday, Oct. 15 after their removal from price control. In making known the prices for the week ended Oct. 19, the Bureau of Labor Statistics, U. S. Department of Labor, stated on Oct. 24 that the index that week of commodity prices prepared by the Bureau, reached 135.1% of the 1926 average, 19.9% higher than at the end of June and 28.1% above last year. Effects of removal of livestock controls are not reflected in the index for the week since the Bureau prices livestock on Mondays, said the Bureau's advices of Oct. 24 from which we also quote:

"Farm Products and Foods—Primary market prices of foods increased 27.5% during the week with an advance of nearly 100% for meats and sharp increases for lard and tallow. Increases for meats ranged from 75 to 125%. Dressed poultry prices dropped, reflecting decreased demand following the decontrol of meats. Prices of dairy products continued to advance. Cereal products averaged slightly higher with sharp increases for macaroni, reflecting an earlier ceiling increase to cover higher costs and removal of the flour subsidy, and decreases for oatmeal and rye flour. Fresh fruits and vegetables were slightly lower with decreases for white potatoes, sweet potatoes and citrus fruits and increases for onions and apples. On the average food prices were 54.9% above the end of June and 66% higher than a year ago.

"The group index for farm products declined slightly. Live poultry prices were down reflecting decreased demand. Most grain quotations increased because of short supplies due to the box car shortage and the tendency to withhold shipments pending decision on ceiling increases, or decontrol of flour. Corn quotations declined with larger shipments of the new crop. There were increases in CCC selling prices of domestic wools to cover parity. Quotations for foreign wools also advanced to meet higher prices in Australian and South American markets. On the average, prices of farm products were 26.2% higher, than in the corresponding week of last year.

"Other Commodities — Average prices of all commodities other than farm products and foods advanced 0.2% during the week. OPA ceiling increases were reflected in higher prices of some cotton goods and suitings. Zinc prices rose 11½% with OPA ceiling adjustments following increases in world prices. There also were advances for common brick, maple flooring, gray iron castings, and farm machinery, reflecting earlier ceiling adjustments. Higher costs resulted in increased prices for tissue paper. Lubricating oils, coconut oil and rosin, which are exempt from OPA control, were up. Shellac prices were higher under mark-up regulations because of increased import costs. Prices of zinc oxide declined and Douglas fir lath was lower with partial cancellation of an earlier ceiling increase. The group index for all commodities other than farm products and foods was 0.6% above a month ago and 7.0% higher than at the end of June."

In view of the fact that the Bureau's report of wholesale prices for the week ended Oct. 12 has not appeared in these columns (the last which we gave having been that for the week ended Oct. 5, in our issue of Oct. 24, page 2146) we give here in part the Bureau's report for the week ended Oct. 12:

"Farm Products and Foods—Primary market prices of farm products increased 1.4%—the fifth consecutive weekly advance—bringing the group index for farm products to 160.2% of the 1926 average, 1.9% below the mid-August 1946 peak. Grain quotations were up 2.3% during the week with higher prices for corn, oats and rye, reflecting light shipments and continued good demand. There were fractional declines for barley and for wheat in some markets. Prices of sheep and live poultry advanced. Receipts of cattle and hogs in-

creased fractionally but prices remained unchanged from the high levels of the previous week. Prices of white potatoes rose following announcement of higher government support prices. Oranges, onions and apples also increased. Prices of sweet potatoes and lemons declined. Egg prices and cotton quotations continued to advance.

"Average prices of foods rose 1.6% during the week. Opening prices for the new pack of dried fruits, exempt from OPA control, were up sharply from old pack ceiling levels. There were also continued advances for manufactured dairy products. Prices of cocoa beans, powdered cocoa and oleomargarine advanced following ceiling increases. Prices of cereal products averaged slightly higher. Food prices have increased 7.5% during the last four weeks, reaching a level of 21.4% above the end of June.

"Other Commodities — Prices of most other commodities were unchanged during the week. There were increases in prices of cotton drills, artificial leather and oil cloth following ceiling adjustments to cover higher raw cotton costs."

CHANGES IN WHOLESALE PRICES BY COMMODITY GROUPS FOR WEEK ENDED OCT. 5, 1946 (1926=100)

Commodity Groups—	1946				Percentage changes to Oct. 19, 1946, from—			
	10-19	10-12	10-5	9-21	10-20	10-12	9-21	10-20
All commodities	135.1	126.0	125.1	123.8	105.5	+ 7.2	+ 9.1	+ 28.1
Farm products	160.1	160.2	159.0	155.1	126.9	- 0.1	+ 3.2	+ 26.2
Foodstuffs	175.6	137.7	135.5	131.9	105.8	+ 27.5	+ 33.1	+ 66.0
Hides and leather products	141.5	141.3	141.1	139.4	119.1	+ 0.1	+ 1.5	+ 18.8
Textile products	125.3	126.1	125.9	123.7	99.9	+ 0.2	+ 2.1	+ 26.4
Fuel and lighting materials	95.0	95.2	95.0	95.3	84.5	0	- 0.3	+ 12.4
Metals and metal products	114.4	114.2	114.2	114.2	105.1	+ 0.2	+ 0.2	+ 8.8
Building materials	134.2	134.1	134.1	133.9	118.1	+ 0.1	+ 0.2	+ 13.6
Chemicals and allied products	98.8	98.8	98.6	98.4	95.5	0	+ 0.4	+ 3.5
Household goods	115.7	115.3	115.1	114.7	106.3	+ 0.3	+ 0.9	+ 8.8
Miscellaneous commodities	102.5	102.2	102.2	101.8	94.6	+ 0.3	+ 0.7	+ 8.4
Raw materials	146.3	146.3	144.5	142.5	116.9	0	+ 2.7	+ 25.1
Semi-manufactured	117.5	117.1	116.9	116.2	93.6	+ 0.3	+ 1.1	+ 21.6
Manufactured products	133.7	118.6	118.1	117.1	101.9	+ 12.7	+ 14.2	+ 31.2
All commodities other than farm products	129.7	118.4	117.8	116.9	100.8	+ 9.5	+ 10.9	+ 28.7
All commodities other than farm products and foods	112.8	112.6	112.6	112.1	100.1	+ 0.2	+ 0.6	+ 12.7

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM OCT. 12, 1946 TO OCT. 19, 1946

Increases		Decreases	
Meats	92.9	Brick and tile	0.4
Other foods	12.8	Cereal products	0.4
Dairy products	1.5	Furnishings	0.3
Grains	1.0	Other miscellaneous	0.3
Woolen & worsted goods	1.0	Leather	0.2
Nonferrous metals	0.8	Agricultural implements	0.1
Furniture	0.7	Cotton goods	0.1
Oils and fats	0.6	Iron and steel	0.1
Paper and pulp	0.6	Shoes	0.1
Fruits and vegetables	0.7	Other farm products	0.1
Livestock and poultry	0.5	Paint and paint materials	0.1

*Based on the BLS weekly index of prices of approximately 900 commodities which measures changes in the general level of primary market commodity prices. This index should be distinguished from the daily index of 28 basic materials. For the most part, the prices are those charged by manufacturers or producers or are those prevailing on commodity exchanges. The weekly index is calculated from one-day-a-week prices. It is designed as an indicator of week-to-week changes and should not be compared directly with the monthly index.

Bank Debits for Month of September

The Board of Governors of the Federal Reserve System issued on Oct. 10 its usual monthly summary of "bank debits" which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS (In millions of dollars)

Federal Reserve District—	Sept.		3 Months Ended	
	1946	1945	Sept. 1946	Sept. 1945
Boston	3,706	3,153	11,217	10,017
New York	34,085	30,678	107,292	98,413
Philadelphia	3,633	2,971	11,327	9,496
Cleveland	5,427	4,303	16,540	13,794
Richmond	3,442	2,843	10,101	8,299
Atlanta	3,111	2,421	9,490	7,386
Chicago	11,838	10,158	36,381	30,996
St. Louis	2,510	1,923	7,482	6,052
Minneapolis	1,924	1,654	5,579	4,509
Kansas City	2,854	2,420	9,114	7,693
Dallas	2,706	2,054	8,264	6,323
San Francisco	8,052	6,585	24,605	20,582
Total, 334 centers	83,288	71,169	257,392	223,540
*New York City	31,397	28,545	98,970	91,523
*140 other centers	43,155	35,718	131,855	110,771
193 other centers	8,736	6,906	26,568	21,246

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

Curb Short Positions Lowest in 16 Months

The total short position in stocks traded on the New York Curb Exchange stood at 84,202 shares on Sept. 13, 1946, the lowest point since May 1945 when the short position was 83,022 shares, the exchange announced on Sept. 19. "The Sept. 13 total represented a decrease of 6,215 shares from Aug. 15, 1946, when the Curb short position had reached 90,417 shares, then the lowest figure since August, 1945," said the Curb announcement, which further stated:

"The report reveals that only two issues of the total of 850 issues traded on the Curb Exchange on Sept. 13, 1946, showed a short position in excess of 5,000 shares, compared with three issues on Aug. 16, 1946. While the total Curb short position declined during the month, the number of issues showing a short position had increased to 195 at Sept. 13, as against 179 on Aug. 15, 1946. As was the case last month, no short position existed in bonds on Sept. 13, 1946."

The report in part follows:

Security	Short Position		In-crease	De-crease
	Sept. 13, 1946	Aug. 15, 1946		
Claude Neon Lights, Inc., common	8,972	6,400	2,572	
Pan American Airways Corp. (Wts)	11,200	8,900	2,300	
Total Short Position (Stocks)	84,202	90,417		6,215
Total Short Position (Bonds)	0	0		

ABA Mid-Continent Trust Conference

Current developments in the fields of Government and business, and present-day problems connected with the administration of trusts and operation of trust departments will be discussed at the 15th Mid-Continent Trust Conference of the American Bankers Association to be held at the Drake Hotel in Chicago on Nov. 7 and 8. An advance program of the two-day conference was announced in New York by Evans Woollen, Jr., President of the ABA Trust Division, who is also President of the Fletcher Trust Company, Indianapolis, Ind.

Wilbert Ward, Vice-President of the National City Bank of New York, New York City, and past President of the Bankers Association for Foreign Trade; Edward C. King, dean of the School of Law, University of Colorado, Boulder, Colo.; and J. K. Langum, Vice-President, the Federal Reserve Bank of Chicago, will be among the speakers during the two days. On Thursday evening Nov. 7 the guest speaker at the annual dinner will be Dr. George D. Stoddard, President of the University of Illinois, Champaign-Urbana, Ill.

The Mid-Continent Trust Conference will be held under the auspices of the ABA Trust Division. The Corporate Fiduciaries Association of Chicago will act as hosts. The conference territory includes the following states: Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, and Wisconsin.

Kellogg Municipal Airport At Battle Creek, Mich.

A brochure in which the Kellogg Municipal Airport is described as "an airport which means new industrial, social and economic horizons for Battle Creek, Mich.," has recently been issued. Referring to the airfield as giving promise "to be one of the greatest commercial airports in the midwest," H. F. Conklin, Vice-President and Cashier of the Security National Bank of Battle Creek, who has favored us with a copy of the brochure says:

"Conceived many years ago by a number of our forward-looking citizens and with a strong boost from W. K. Kellogg; enlarged and expanded many times over by U. S. Army Air Corps, it is today one of the largest and finest airports in the United States." Mr. Conklin adds that "about 15 minutes ride from downtown Battle Creek to the latter has possibilities for those looking for industrial or commercial locations."

From the brochure we quote: "Now unveiled from the secrecy of war, Kellogg Field emerges as one of the leading airports in the world. Intense civic pride is the result of the airport development throughout the years. In 1924 the Chamber of Commerce rented 116 acres as a beginning; in 1928 W. K. Kellogg acquired additional land and increased the field to a quarter of a mile square, deeding the land to the city in 1933. By 1940 the Civic Improvement Corporation had increased the field to a square mile with runways developed under the Civil Aeronautics Administration. In 1942 the field was turned over to the Government for \$1.00 per year. Today with improvements made by the U. S. Army Air Corps, Kellogg Municipal Airport is an all weather Class Five field capable of handling large four engined planes."

Trading on New York Exchanges

The Securities and Exchange Commission made public on Oct. 23 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 Oct. 5, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 5 (in round-lot transactions) totaled 1,754,920 shares, which amounted to 15.79% of the total transactions on the Exchange of 5,556,880 shares. This compares with member trading during the week ended Sept. 28 of 3,435,875 shares, or 18.48% of the total trading of 9,297,750 shares.

On the New York Curb Exchange, member trading during the week ended Oct. 5 amounted to 421,630 shares or 15.42% of the total volume on that Exchange of 1,367,295 shares. During the week ended Sept. 23 trading for the account of Curb members of 648,685 shares was 16.37% of the total trading of 1,981,095 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
WEEK ENDED OCT. 5, 1946

A. Total Round-Lot Sales:	Total for Week	%
Short sales	182,430	
Other sales	5,374,450	
Total sales	5,556,880	
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	611,940	
Short sales	124,220	
Other sales	485,240	
Total sales	609,460	10.99
2. Other transactions initiated on the floor—		
Total purchases	73,770	
Short sales	9,500	
Other sales	61,080	
Total sales	70,680	1.30
3. Other transactions initiated off the floor—		
Total purchases	169,525	
Short sales	14,870	
Other sales	204,675	
Total sales	219,545	3.50
4. Total—		
Total purchases	855,235	
Short sales	148,690	
Other sales	750,995	
Total sales	899,685	15.79

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
WEEK ENDED OCT. 5, 1946

A. Total Round-Lot Sales:	Total for Week	%
Short sales	15,885	
Other sales	1,351,410	
Total sales	1,367,295	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	150,425	
Short sales	9,460	
Other sales	123,880	
Total sales	133,340	10.38
2. Other transactions initiated on the floor—		
Total purchases	22,165	
Short sales	4,000	
Other sales	13,975	
Total sales	17,975	1.47
3. Other transactions initiated off the floor—		
Total purchases	66,045	
Short sales	400	
Other sales	31,280	
Total sales	31,680	3.57
4. Total—		
Total purchases	238,635	
Short sales	13,860	
Other sales	169,135	
Total sales	182,995	15.42
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
Customers' other sales	66,338	
Total purchases	66,338	
Total sales	87,038	

*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."

Non-Ferrous Metals - Foreign Copper Prices Moderately Higher - November Lead Allocated

"E. & M. J. Metal and Mineral Market," in its issue of Oct. 24 states:

"Prospects for early decontrol of major non-ferrous metals are not encouraging. According to advices from Washington received Oct. 23, OPA plans to decontrol a long list of commodities by Nov. 1, but no action is contemplated on lumber, paper, and metals. Lead consumers were disturbed on learning that a strike closed down the Southeast Missouri mines of St. Joseph Lead Co. So far as prices were concerned, foreign copper was moderately higher than a week ago. Refined platinum was unsettled, but the official price remained unchanged. London reports that silver obtained from Russia was included in recent sales to Indian buyers, now that British restrictions on export sales have been relaxed."

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

Copper

Foreign copper sales were limited chiefly because few producers were in a position to take on business this side of January. Prices paid during the last week on round lots covered a range of 17c. to 17.50c. per pound, f.a.s. New York equivalent. January forward sold as high as 17 3/4c. De-

mand for copper from all quarters, domestic and foreign, remains active.

Consumption of refined copper by fabricators in September amounted to 112,486 tons, which compares with 119,644 tons in August. Fabricators had 381,791 tons of refined copper on hand at the end of September, against 358,866 tons a year ago.

Lead

To complicate matters for the lead industry further, all the Southeast Missouri mines of St. Joseph Lead Co., including Mine Lamotte, were shut down by a strike that began on Oct. 22, involving 3,400 men. If operations are not quickly resumed, the company's smelter at Herculeum will be forced to close down, as only a few days' supply of concentrates is on hand.

The Government will release 21,700 tons of lead from its holdings and the "kitty" during November. A date has not yet been set for the first meeting of the advisory committee to discuss the price situation.

Sales of lead during the last week amounted to 1,926 tons.

Zinc

Beginning with November, the Government will no longer limit the grade of zinc available to manufacturers from its stockpile to Regular High Grade. All six grades will be released.

With the price situation in the metal no longer a major problem, the industry was concerned with developments in the ore market. Smelters offered \$50 per ton for Tri-State concentrate, unchanged from the old level, which was unsatisfactory to producers. The result was a temporary stoppage in sales in the Joplin market. An adjustment in quotas is viewed as a possible solution.

Consumption of slab zinc in July was estimated by the Bureau of Mines at 64,503 tons, against 65,206 tons in June. During July galvanizers absorbed 28,591 tons; zinc-base alloys 16,662 tons; brass mills 9,975 tons; ingot makers and foundries 706 tons; rolling mills 6,173 tons; zinc oxide, etc., 2,396 tons.

Imports of zinc during 1945 and the first six months of 1946, in tons, according to the Department of Commerce.

	Cal. Yr. 1945	Jan. 1 to June 30, 1946
Ore (zinc content)	381,719	148,716
Slab zinc	97,116	70,319
Old, dress, etc.	7,331	2,713

Exports of slab zinc in the first half of 1946 totaled 10,414 tons. During all of 1945 the exports totaled 7,782 tons.

Tin

Jobbers and distributors of tin acquired from the Office of Metals Reserve for export have been granted permission by OPA, effective Oct. 26, to make sales of such tin on the basis of "cost of acqui-

sition plus certain quantity differentials." On lots of 1 ton but less than 5 tons, 1.7% may be added to cost. On lots of less than 500 lb. the increase allowed is 5.2%.

So far as the base price for tin was concerned, the market was unchanged. Straits quality tin for shipment was nominally as follows:

	Oct.	Nov.	Dec.
Oct. 17	52.000	52.000	52.000
Oct. 18	52.000	52.000	52.000
Oct. 19	52.000	52.000	52.000
Oct. 21	52.000	52.000	52.000
Oct. 22	52.000	52.000	52.000
Oct. 23	52.000	52.000	52.000

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

Platinum

Despite the sharp decline in prices that has occurred this month, no buying of consequence from consumers has come into the market. So-called official quotations remained unchanged during the week that ended yesterday, refined metal holding at \$72 per ounce troy on wholesale lots and at \$75 on sales to consumers.

Labor difficulties closed the plant of Baker & Co., Newark, N. J. The work stoppage, now in its third week, has had little or no influence on the market.

Quicksilver

Pending definite indications on the state of the market abroad, consumers here are purchasing quicksilver in a moderate way at unchanged prices. The supply situation is generally viewed as easy. Offerings of Spanish, Italian, and Mexican metal appear to be increasing, but prices asked cover a wide range and frequently the prospective sellers are not identified with the firms known to the trade. Indications that the shipping situation will improve shortly may result in increased activity in the metal. Quotations on spot were unchanged at \$96 to \$99 per flask.

Silver

Consumers at present are experiencing no difficulty in satisfying their needs. The price situation was unchanged, the New York Official quotation holding at 90 1/2c. throughout the week. The London quotation was maintained at 55 1/2d. London reports that India is again obtaining silver from British sources. Silver in the British market for which dollar payment is not required has been declared eligible for sale to Indian buyers.

Canada's Mineral Output

Production of minerals in Canada during July and June, according to the Dominion Bureau of Statistics:

	July	June
Asbestos, ton	45,733	47,353
Copper, lb.	31,008,539	30,885,633
Feldspar, ton	2,449	3,414
Gold, fine oz.	239,554	234,383
Lead, lb.	31,659,550	30,927,636
Nickel, lb.	16,240,647	15,189,844
Silver, fine oz.	1,266,925	1,174,600
Zinc, lb.	39,550,943	39,261,780

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

	Electrolytic Copper—	Straits Tin,	Lead	Zinc
	Dom. Refy.	Exp. Refy.	New York	St. Louis
Oct. 17	14.150	16.925	52.000	8.25
Oct. 18	14.150	16.925	52.000	8.25
Oct. 19	14.150	17.050	52.000	8.25
Oct. 21	14.150	17.300	52.000	8.25
Oct. 22	14.150	17.300	52.000	8.25
Oct. 23	14.150	17.300	52.000	8.25
Average	14.150	17.133	52.000	8.25

Average prices for calendar week ended Oct. 19 are: Domestic copper f.o.b. refinery, 14.150c; export copper f.o.b. refinery 16.967c; Straits tin, 52.000c; New York lead, 8.250c; St. Louis lead, 8.100c; St. Louis zinc, 9.250c; and silver, 90.125c.

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

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

Effective March 14, the export quotation for copper reflects prices obtained 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 lighters, 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.

Ferguson to Address Insurance Federation

Senator Ferguson, ranking member of the Senate Judiciary Committee will address the members and guests at the Insurance Federation's 32nd Convention and Annual Luncheon, to be held in the Grand Ballroom of the Commodore Hotel, New York, on Dec. 11. Senator Ferguson, graduate of the University of Pittsburgh and the University of Michigan, a lawyer by profession, was judge of the Circuit Court of Wayne County, Mich., for a number of years. He was elected in 1930 to the Senate and has been re-elected consecutively since. The announcement regarding the meeting also says:

"The Insurance Federation was founded in 1914 by a small group of agents to combat threats to our industry by unwise 'Compulsory Health Insurance Bills.' Many bills sponsored by the Federation in the interest of the public have been introduced and now have become laws. The prestige of the Federation has been enhanced through 32 years of existence built on sound principles of Private Enterprise and its years of opposition to Legislation, if enacted would have put the entire insurance industry on a defense line of really serious proportions. At no time in the past has the insurance industry faced a greater deluge of unsound legislation than at the present time and it is apparent that unless the insurance industry, including the executives, agents, brokers and employees, stands united serious on-roads will be made in its economic structure."

The National Association of Insurance Commissioners will be in session during the week of the Federation luncheon and the Federation has extended to them an invitation to sit on the dais as the Federation's guests. It is anticipated that reservations this year will exceed those of any of the Federation's previous annual luncheons.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 23 a summary 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 for the week ended Oct. 12, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Oct. 12, 1946	
Odd-Lot Sales by Dealers—	Total
(Customers' purchases)	Per Week
Number of orders	38,611
Number of shares	1,128,536
Dollar value	\$40,041,252
Odd-Lot Purchases by Dealers—	
(Customers' sales)	
Number of Orders:	
Customers' short sales	488
Customers' other sales	27,476
Customers' total sales	27,964
Number of Shares:	
Customers' short sales	19,243
Customers' other sales	853,468
Customers' total sales	872,711
Dollar value	\$32,551,207
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	0
Other sales	193,270
Total sales	193,270
Round-Lot Purchases by Dealers—	
Number of shares	449,370
*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."	

Items About Banks, Trust Companies

Frank K. Houston, Chairman of the Chemical Bank & Trust Co. of New York announced on Oct. 24 that Thomas Di Dominica has been appointed as Assistant Treasurer of the bank.

Following a meeting of the board of directors of the Colonial Trust Co. of New York, Arthur S. Kleeman, President of that institution, addressed a communication to all members of the bank's staff (made public Oct. 28), in which he said:

"Doubtless it will interest and please you to know that at a meeting held on Wednesday, Oct. 23, the board of directors of the bank unanimously approved my writing to the New York State Bankers Association, to state that we would be glad to see the adoption of permissive legislation which would authorize banks to close on Saturday throughout the year. Our directors are thoroughly appreciative of the untiring efforts of the members of our staff; we hope that Saturday holidays will soon be authorized, for it would give us great satisfaction if we could find it possible to provide two complete days of rest out of every week."

For the next month the three exhibition rooms in the west wing of The Bank for Savings of New York, at 4th Avenue at 22nd Street, are being used to display the hobbies of the employees of the bank. In its entirety the show reflects the varied interests of a well-integrated group of people who know how to use their leisure time pleasantly and profitably—an interesting show which the public is invited to view. Several of these hobbies are creative, made by the exhibitors themselves.

The directors of the Security Trust Co., Rochester, N. Y., on Oct. 17 elected Edward P. Curtis, Jeremiah G. Hickey, Carl F. W. Kaelber and Nelson L. Whitaker to the board of directors, it was made known in the Rochester "Times Union" of Oct. 17, which adds:

"Mr. Curtis, a native Rochesterian, is Vice-President of the Eastman Kodak Co. Mr. Hickey, also a native Rochesterian, has been President of Hickey-Freeman Co. since its formation in 1899.

"Mr. Kaelber is a member of the law firm of McLean, Duffy and Kaelber.

"Mr. Whitaker is President of Graflex Inc. For 16 years he was director and President of the Oswego County Trust Co. of Fulton, N. Y."

A month ago promotions of employees of the Security Trust Co. were announced by Bernard E. Finucane, President. The changes were noted in the "Times Union" of Sept. 19, and were as follows:

"William D. Schumann, Comptroller since 1943, was made Secretary of the bank, succeeding the late George F. Stone. He joined Security in 1941 after being connected with several New York banks and with an accounting firm. Edward L. Kelly, since 1945 head of the tax department, succeeds Schumann as Comptroller. Adolph P. Hamann, who had been associated with the bank's accounting and auditing divisions since 1917, was advanced to Assistant Secretary. William F. Farrell, who joined the bank in 1945, was named Assistant Comptroller."

An increase of \$50,000 in the capital of the First National Bank

of Bennington, Vt., increasing it from \$150,000 to \$200,000, effected by the sale of new stock, was announced by the Office of the Comptroller of the Currency on Oct. 21.

Edward J. Donahue, Treasurer of the Union County Savings Bank, Elizabeth, N. J., died on Oct. 19. The Newark "News" in announcing Mr. Donahue's death, said in part:

"He joined the bank in 1914, and held positions as Secretary, Secretary-Treasurer and Treasurer and was a member of the board of managers. He served as President of the Savings Banks Association of New Jersey from 1936 to 1937, on committees of the National Association of Mutual Savings Banks, etc."

An innovation occurred in Philadelphia on Oct. 19 when Land Title Bank and Trust Company introduced to its clients its four new customer service girls. It is the first bank in Philadelphia, and one of the first in the country, it is said to inaugurate a service of this nature. The four girls have been given an intensive training in all departments of the bank as well as a thorough schooling in banking fundamentals and practice. They will be on duty on the banking floor throughout the banking day to answer any and all questions regarding banking procedure.

The First National Bank & Trust Co. of Bethlehem, Pa., according to the bulletin issued by the Comptroller of the Currency on Oct. 21, has increased its capital stock (effective Oct. 11) from \$500,000 to \$1,000,000 by sale of new stock.

The Bank of Commerce and Savings of Washington, D. C., has increased its capital stock on Oct. 14 from \$100,000 to \$300,000 by sale of new stock, it was announced in the bulletin, by the Office of Comptroller of the Currency on Oct. 21.

The bulletin of the Comptroller of the Currency reported on Oct. 14 that the National Bank of Commerce of Charleston, W. Va., has increased its capital stock from \$200,000 to \$300,000 by sale of new stock.

The Bank of Chicago, of Chicago, Ill., to be located at Wilson Avenue near Broadway, has been issued a permit for organization by the State Auditor, the Chicago "Journal of Commerce" announced on Oct. 12. The bank is to have capitalization of \$200,000, surplus of \$50,000 and reserves of \$50,000, said the paper indicated, which further stated:

"Marshall Corns, management engineer, will be President. Other organizers include Byron Cain of Cain & Culhane, Bernard Epstein, attorney; Harold Sullivan, Master in Chancery; Howard Hager of Baird & Warner, and Carl G. Bergman.

"It is expected the bank will be open for business early in December. The address is 1050 Wilson Avenue, former quarters of the Uptown National Bank."

Through a stock dividend, the First National Bank of Cicero, Ill., has increased its capital from \$300,000 to \$350,000, according to advices from the Office of the Comptroller of the Currency.

E. F. Swinney, Chairman of the Executive Committee of the First National Bank of Kansas City, Mo., died on Oct. 24. Mr. Swin-

ney, who was 89 years of age, had long been nationally known. In the Kansas City "Star" of Oct. 24 it was stated that Mr. Swinney began his career in banking at Fayette, Mo., in 1877. In 1882 he went to a bank at Rich Hill, Mo., and the following year took a similar position at Colorado City, Texas. The "Star" added that in 1886 that the young banker made a trip to Kansas City and the visit resulted in the offer of the job of Cashier of the First National Bank, which had then been organized only a year. Mr. Swinney accepted and took over the post on March 1, 1887. He was just 30 years old at the time. From the "Star" we also quote:

"In 1900 he was accorded the title of President, an office then held by Col. J. L. Abernathy, capitalist and furniture manufacturer. Mr. Swinney continued as President until Aug. 15, 1927, when he became Chairman of the Board, passing the office of President to Harry T. Abernathy, who unlike his father had made a career of banking.

"As President of the bank, Mr. Swinney was the recipient of many honors, among them his election as President of the American Bankers' Association. That was in 1904, and at the time Mr. Swinney was the youngest man ever chosen to that position. In the succeeding years he grew in stature among the great bankers of the nation, and on many occasions he was offered various executive posts by banking interests in other cities. He often remarked that his decision to remain at the bank which had been his choice as a young man was one of the most important of his life.

"In September, 1941, more than half a century after he had become associated with the First National Bank, he retired as Board Chairman to assume the Chairmanship of the bank's Executive Committee."

Mr. Swinney was born in Marysville, Va., near Lynchburg.

The Mercantile-Commerce Bank and Trust Co. of St. Louis announced on Oct. 21 the appointment of F. C. Lexa, Assistant Cashier, as Assistant Vice-President.

The Federal Reserve Bank of St. Louis announced on Oct. 25 that the Broadway National Bank of Quincy, Ill., opened for business Oct. 23. The officers of the new bank are: Walter Chatten, President; J. E. Kline, Cashier.

The Fair Park National Bank of Dallas, Texas, was granted a National Bank charter on Oct. 15 by the Comptroller of the Currency. The primary organization, which has a capital stock of \$200,000, will be headed by Gus Cook and H. C. Chalk as President and Cashier, respectively.

Frank L. King, President of California Bank, at Los Angeles, Calif., on Oct. 17 was elected President of the California Trust Co. of Los Angeles, succeeding the late Arch W. Anderson. The Los Angeles "Times" in noting this said:

"California Trust Co. is a wholly owned affiliate of California Bank. Chairman of the board of the trust company is Allan Hancock. Mr. Anderson's death was reported in our issue of Oct. 17, page 2004.

L. M. Giannini, President of the Bank of America, Los Angeles, Calif., announced eight new promotions, according to Sidney P. Allen, Financial Editor of the San Francisco "Chronicle" of Oct. 5, which said:

"O. G. Wilson, South San Francisco branch, was advanced to Assistant Cashier and Chief Clerk at that branch. Advanced to Assistant Cashier posts were: J. W. Beatty, Humboldt branch; Marvin Cardoza, San Francisco head-

quarters; Elvin Centenaro, Excelsior branch; Joseph Masolino of the Clay-Montgomery branch, and Lou Gazzano of the 29th and Mission branch."

The appointment of A. B. Nordling as Vice-President and Manager of the new Fresno, Calif., office of the Anglo California National Bank of San Francisco, was indicated by Sidney P. Allen, Financial Editor of the San Francisco "Chronicle" on Oct. 5. President Allard A. Calkins announced. The same advices said that Laurence J. Robin and William Von Elm have been appointed Assistant Managers.

Govt. Foreign Loans Up In 2nd Quarter

The United States balance of international payments during the second quarter of 1946 was characterized by a very sharp increase in Government loans to foreign countries and a smaller, yet substantial, increase in the liquidation of foreign gold and dollar holdings, according to an article in the October issue of the Survey of Current Business, monthly publication of the Department of Commerce on Oct. 16. Goods and services transferred to foreign countries during the second quarter totaled about \$4.2 billion, an increase of \$800 million over the first three months, according to the article which was prepared in the International Economics Division. The article likewise says:

"The value of goods and services received from abroad was estimated at \$1.6 billion, a decline of \$100 million from the first quarter. The reduction in payments for services rendered to our armed forces abroad more than offset slightly higher imports of merchandise.

"Exports during the second quarter reached an annual rate of nearly \$10 billion. This rise is credited to improvements in the domestic supply situation of many manufactured goods, larger shipments of foodstuffs, particularly wheat, to famished European countries and, to a lesser extent, to price rises.

"Total sales and other transfers of goods to foreign countries, including transfers of lend-lease material, surplus goods, and civilian supplies by our armed forces, rose to an annual rate of \$13.8 billion. This figure was higher than transfers in 1945 and only \$3 billion less than the wartime peak of commodity transfers reached in 1944.

"Private exports showed a gain of \$350 million, or 24%, over the first quarter of this year. Notwithstanding the setback brought about by the shipping strike, exports are expected to continue an upward trend as controls are relaxed and the long waiting period between the placing of orders and resulting deliveries is shortened.

"If private exports continue to increase at the rate exhibited since V-J Day," the article states, "they would more than offset the decline in Government-procured exports under the lend-lease and UNRRA programs expected for the second half of this year. It is less likely, however, that the rise of private exports will be sufficient to balance also the expected decline of Government transfers from overseas stocks."

It is further stated that "imports for consumption rose from the first to second quarter of this year by about \$70 million or 6.5%, to annual rate of \$4.6 billion. The small setbacks in May and June were followed by a sharp rise of

imports in July to the annual rate of almost \$5.2 billion.

With continued reconstruction abroad and increased production and with rising prices in this country, imports should show a faster rise in the near future than during the first half of the year—assuming uninterrupted shipping services, the article states, adding:

"The excess of goods and services transferred to foreign countries over those received amounted to about \$2.6 billion during the second quarter. This was larger than in any quarter since the beginning of 1945, but less than during 1943 and 1944. However, part of the second quarter export surplus—as recorded for balance of payments purposes—does not represent currently produced goods and services. More than \$500 million of our transfer consisted of surplus goods located abroad and perhaps as much as \$200 million included under lend-lease transfers represented bookkeeping entries for transfers actually made some months earlier.

"The export surplus represents the net extent to which foreign countries were not able to finance their imports from the United States through current proceeds from sales of goods and services to the United States. During the second quarter foreign countries were able to finance less than 40% of total goods and services transferred to them through current earnings. This percentage was considerably less than during the first quarter of 1946 or during 1945.

"Compared to the first quarter of 1946 the major change was primarily in the outflow of long-term capital. The increase in loans was due entirely to larger Government loans, most of which merely reflected the Government transfer of goods. This applies particularly to lend-lease and surplus property credits. Of the total Government loans authorized or anticipated, amounting to nearly \$10 billion, excluding our investments in the Monetary Fund and the International Bank, about \$2.5 billion had been disbursed by June 30.

"At the rate at which these loans were utilized during the second quarter of 1946, the total volume of credit authorized or anticipated would be exhausted before the middle of 1948. Additional aid to foreign countries for reconstruction and development would thereafter depend upon increased foreign investments and loans by private capital, including loans negotiated through the International Bank."

In conclusion the article states:

"Foreign short term balances in the United States at the end of June still amounted to about \$6.4 billion. In view of the need for gold and dollar balances by foreign countries as legal reserves and working capital, the liquidation of these assets could not long continue at an annual rate of nearly \$2 billion without forcing these countries into retrenchment of expenditures in the United States.

"It appears, however, that reductions of foreign dollar balances may have been unusually high during the first six months of this year. The need for imports from the United States was very urgent and certain lines of credit were not yet available. With the passage of the British loan in July, the conclusion of the Export-Import Bank loan to France in May, and the increased deliveries of goods financed through Export-Import Bank loans, the pressure on gold and dollar reserves may be eased for at least the near future."