Final Edition ESTABLISHED 1839 In 2 Sections—Section 2

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 165 Number 4560 New York, N. Y., Thursday, January 16, 1947 Price 30 Cents a Copy

President Truman Submits $37.5 Billion Budget

Budget would be balanced for first time since 1930 and if war excise tax rates as well as income tax rates are retained and business activity averages slightly higher than in the calendar year 1946, a surplus of $1.8 billion is forecast.

President Truman on Jan. 10 submitted to Congress his Budget message for the 1948 fiscal year in which under existing and proposed legislation, Federal expenditures are estimated at 37.5 billion dollars, and revenues under existing tax laws at 37.7 billion dollars, resulting in a surplus of 200 million dollars, the first balanced budget since 1930 (18 years).

President Truman

Should Congress concur in the President's recommendations to continue the 1947 tax structure, including excise taxes, and to increase postal rates sufficiently to eliminate the postal deficit, expenditures could be reduced to 37 billion dollars and revenues increased to 38.9 billion dollars, leaving a surplus of 1.8 billion dollars.

The Budget message of the President in part follows:

To the Congress of the United States:

I am transmitting the Budget for the fiscal year 1948. It includes recommendations for the entire Federal program.

Expenditures under existing and proposed legislation are estimated at 37.5 billion dollars and revenues under existing tax laws at 37.7 billion dollars, leaving a very slight margin of surplus.

I strongly recommend that the Congress take early action to continue throughout the fiscal year 1948 the war excise-tax rates, which, under the present law, will expire July 1, 1947. My declaration of the end of hostilities on Dec. 31, 1946, was not issued in order to achieve tax reduction. I

(Continued on page 322)

Calls Budget Most Extravagent in Peacetime

Earl Bunting, NAM President, says if Congress adopts budget, hopes of tax relief "go out of the window." Sees executive branch of government incapable of putting through an economy program.

The $37.5 billion budget estimate submitted by President Truman, according to Earl Bunting, President of National Manufacturers' Association, is the most extravagant and discouraging ever proposed in peace-time. It represents, says Mr. Bunting, an annual expenditure of $1,000—four times the immediate pre-war figure—for every family in the United States.

Earl Bunting

"This increase is not to be found merely in the expenses incident to the war," continues Mr. Bunting. "Leaving out the amount proposed for the Army and Navy, veterans, and interest on the public debt, this budget reflects an increase of 74% over the immediate pre-war year. It is a sad reflection on the administration to assume that in the second year following the end of hostilities, that peace-time expenditures cannot be reduced below this figure.

"However, the principal point that needs to be made is the impact that such a budget must have upon the American public. For months the public has been looking forward to relief from the burdensome load of war taxes. If this budget is adopted these hopes go out the window.

"Not only does the President propose nothing in the way of tax relief and nothing in the way of debt reduction, but, actually, in this proposal the government would spend $2 bililon more than it collects in taxes—this difference being made up by anticipated recoveries from the sale of war surpluses.

"It is unbelievable that the American public, through the Congress will accept such a financial program at this time. As President Truman said in his annual message to Congress, the country today is blessed with full employment, record breaking peace time production, and the largest national income in our history.

"To keep these economic circumstances favorable, certainly the American public has a right to demand sufficient economy in government to make substantial tax relief possible and still leave a surplus from tax revenue adequate to start paying off the public debt.

"By this budget the executive branch of the government shows itself incapable of putting through an economy program in the interest of the American people. Clearly, if the American citizen is to get the tax relief necessary to assure a continuation of full employment and prosperity, it will be up to the new Congress to supply that relief."

Terms Mount Clemens Decision as "Judicial Legislation"

Henry Hazlitt calls on Congress for joint resolution to extricate ourselves from the portal-to-portal mess.

The Supreme Court's decision in the Mount Clemens Pottery case is condemned as "a glaring case of judicial legislation" by Henry Hazlitt in his column, "Business Tides," appearing in "Newsweek" of January 13. As a simple way to extricate ourselves from the resulting "portal-to-portal mess," and as an effective rebuke to such judicial usurpation, Mr. Hazlitt recommends that the Congress pass a joint resolution whose wording would follow the dissenting opinion of the Court's minority. This would read somewhat as follows:

Henry Hazlitt

"In using the word 'work-week' in the Fair Labor Standards Act Congress did not mean to redefine this common term or to set aside long-established contracts or customs which had absorbed in the rate of pay of the respective jobs recognition of whatever preliminary activities might be required of the workers for that particular job. 'Work-week' is a simple term used by Congress in accordance with the common understanding of it. For the courts to include in it items that have been customarily and generally absorbed in the rate of pay but excluded from measured working time is not justified in the absence of affirmative legislative action."

GENERAL CONTENTS

As We See It

EDITORIAL

In the course of three major messages to the new Congress last week, the President has made his policies, his programs and his attitudes as clear as one could expect of a man in his position. His annual message on the State of the Union on Monday has been described as "conciliatory," "temperate," and as definitely altering his former course several points to the right. The mid-week report on the nation's economy, a strange medley of naivete, super-sophistication and economic nonsense, somewhat further developed points which the earlier documents had implicitly set forth. Then at the end of the week came the financial accounting showing what these policies of the past and the future had cost us or are expected to cost us in dollars and cents. As such an accounting is very likely to do, this last message cast some of the ideas and plans implicit in the earlier documents into bold relief.

It is evident enough that the President has taken into some account what the people of this country had to say last November. At a good many points his ideas are in rather marked contrast to those he repeatedly evinced as recently as a year ago. But the change falls far short of meeting requirements. The President either suggests or apparently is willing to accept some alterations, some "improvements," some redecoration of the New Deal structure, but when all this is done it would still be the "New Deal" edifice, and nothing else. Unless the opposition (or is a majority in Congress to be termed "the opposition"?) understands or comes quickly to a full realization of this basic fact, and proceeds to act accordingly with vigor and understanding, it will presently have great difficulty in convincing the thoughtful citizens of this nation that the country

(Continued on page 320)

From Washington Ahead of the News

By CARLISLE BARGERON

Your correspondent had occasion sometime ago to study the liquor set-up in a particular State where the question of a wholesaler or who should operate a tavern had become distinctly a matter of patronage. When the Democrats are in power, Democrats are the license holders. When the Republicans come in, there is a complete turnover and Republicans become the license holders. It is accepted as a part of the political game. To the victor goes the spoils and the spoils in this State have come to include not only the jobholders, the ordinary patronage, but alcoholic beverage dispensers.

Carlisle Bargeron

In the course of the investigation we were amazed to find out how much plush a bottle of beer can stand. It seems amazing that it could support so many parasites. Roughly, we figure, that if the taxes and the graft, what is called the honest graft, were eliminated, a bottle would sell for about three cents.

Similarly, it is amazing how many parasites the Wagner Labor Act supports. Most every industry of any size nowadays has to have a labor relations expert, not only a set-up at the plant, but one in Washington. It has, in addition, to have a flock of labor lawyers. The labor unions, themselves, have to have these lawyers, and stretching out over the country are the young NLRB lawyers.

All of these men have a vested interest in the question of what Congress now does about labor legislation. And you can rest assured that their desire is not that labor-management relationship be simplified. It is dollars and cents to them that it continue to be confused. An accomplishment on their part will be increased confusion. And that is just exactly what, from the way things are going, you may expect to get.

These men have classified as experts on labor relations. They are the men who are being consulted by the members of Congress trying to work the problem out. But in addition to these who are being consulted, countless

(Continued on page 327)

Why?

"Removal of emergency price and wage controls has restored the main responsibility for prices and wages to business, labor, farmers and consumers. The government can point out dangers seen from the perspective of the whole economy, but the correctives must largely be applied by others.

"Business should reduce prices wherever possible in order to bring about the necessary increase in consumer purchasing power to bolster their markets. Price reductions are especially needed in the case of goods such as many articles of food, clothing, house furnishings and building materials, whose prices have risen out of line. If business makes these reductions in a timely and orderly way, it will help sustain markets rather than destroy them.

"Farmers must realize that last year's exceptional farm prices will fall somewhat as world food supplies increase and as consumers find a more ample supply of durable goods to purchase. Existing price supports afford protection against a severe price decline.

"Labor, on its part, must recognize that high volume at low costs and low prices requires high productivity and the absence of restrictions on production. For its own advantage as well as that of the country at large, labor should refrain from demands for excessive wage increases that would require price increases or would prevent price reductions that are necessary to sell the capacity output of the product."—President Truman.

But why should government feel in duty bound or, for that matter, competent to give advice to all elements in the business community?

Purchase by Chemical Bank & Trust Co. of Entire Block for Its Main Office

In his annual report on Jan. 14 to the stockholders of the Chemical Bank & Trust Co. of New York, Frank K. Houston, Chairman, stated that "notwithstanding declining deposits and increasing expenses, the bank had another good year." "Our net operating earnings," he said, "amounted to $7,179,082, as compared with $7,693,114 last year." Mr. Houston added: "The difference is much less than the increase in payroll for the year. This amount of net earnings was after taking care of all expenses and losses, paying all taxes, including Federal Deposit Insurance, and taking care of employees' welfare which in itself amounted to $483,847, an increase over last year. For the coming year we have also added free hospitalization for all our officers and employees. The net result of the bank's operations for the year was, after all expenses, dividends, reserves and charge-offs, we were able to add $3,451,048 to our undivided profits account.

Frank K. Houston

In December the board of directors authorized the transfer of $5,000,000 from undivided profits to surplus account. This increased our surplus to $70,000,000 which, with our capital of $25,000,000, gives us total capital funds of $95,000,000 not including undivided profits and unallocated reserves of $14,481,813.

The report, which was presented to the stockholders of the bank at their annual meeting, contained the announcement by Mr. Houston of the purchase by the Chemical Bank & Trust Company of an entire block front in the downtown financial district as the location for a new main office. The property acquired, 135-145 Broadway, comprises the block front on the west side of Broadway, between Liberty and Cedar Streets. Now occupied by three business buildings, the site extends approximately 117 feet on Broadway, 159 feet on Liberty Street, 153 feet on Cedar Street and 115 feet on Temple Street, and covers 18,000 square feet.

Pointing out that Chemical Bank & Trust Company "was the first bank on Broadway, has always been on Broadway and we want to stay on Broadway," Mr. Houston stated in his report that the property "is a very desirable location for a future home when building conditions permit."

Simultaneously, Mr. Houston reported that the bank has sold the buildings it owned at the corner of Broadway and Chambers Street, the site of the banking house occupied by Chemical Bank from 1850 to 1928. The State of New York purchased the properties at the full assessed value of $3,734,000, he said. The land and buildings acquired by Chemical Bank have a total assessed value of $3,200,000. The building at 135-137 Broadway is a 14-story sandstone, steel and brick structure, erected in 1908. The Home Title Guaranty Company occupies the ground floor and basement space. The adjoining building, 139 Broadway, is a 3-story sandstone and steel structure erected in 1912 and is occupied by Churchill's Restaurant. The third building, 141-145 Broadway, has 19 stories and a penthouse, was erected in 1898 and is of limestone, steel and brick construction. Broadstreet's, Inc., clothiers, is the ground floor tenant. The bank also states:

"The future home of the Chemical Bank will be the fourth since it opened for business in 1824. The first home was a little red brick building at 216 Broadway, one door below Ann Street. In 1850 the bank moved farther uptown to 270 Broadway, one door below Chambers Street, where it had put up the first building ever erected purely for banking purposes on Broadway and which continued to be its home for almost 80 years. In 1928 the bank moved to its present quarters at 165 Broadway."

From the report of Chairman Houston we take the following:

"Our deposits were $1,226,822,540 on December 31, last, as compared with $1,524,160,575 on December 31 a year ago. The difference is less than the reduced amount of our War Loan deposits during the year, showing that our normal corporation and individual deposits increased.

"At the opening of the United Nations headquarters at Hunter College, we were very fortunate to have this bank officially approved as the commercial bank for the United Nations. We were given permission by the State Banking Board to establish a branch there which we later moved to Lake Success and now maintain at that location, in addition to the other ten branches located in Greater New York.

"The Chemical Safe Deposit Company is wholly owned by the Chemical Bank & Trust Company except for the qualifying shares held by directors. Vaults are maintained at the Main Office of the bank, its ten branches, and also one at 32 Liberty Street. The Company made good progress during 1946, showing an increase of 8% in rentals and 7% in revenue. Owing to the increasing demand for boxes, it was necessary to install additional equipment at seven of its offices.

"We continue to maintain a representative in Chicago in the Continental Illinois National Bank & Trust Company Building.

"The management of your bank during the past year has been ever-mindful of the increased cost of living and, as far as possible, has tried to meet it to the satisfaction of our officers and employees.

"In addition to the regular increases in pay granted from time to time, the board of directors on November 14, last, granted an over-all increase of 8⅓% in the form of a change in the method of payment to employees from twice a month to every two weeks beginning Jan. 1, 1947. At the same time, it approved the same bonus as given last year, namely, 10% on the first $5,000 of annual salary, plus 7% on the second $5,000 and 4% on all salary over $10,000."

The report also refers to the operation of the bank bond, personal trust, corporate trust and foreign departments, and as to the last named says:

"Our Foreign Department has completed its 30th year of service to customers and during 1946 experienced its largest volume of business and earnings. Its volume has greatly increased since the close of the War. Now that foreign trade with the rest of the world is gradually being reopened, we anticipate a continued expansion of our foreign business."

Supreme Court Denies Rent Lid Review

The United States Supreme Court upheld a lower court's findings on Jan. 6 when it refused to review a decision of the Emergency Court of Appeals that the Emergency Price Control Act does not require that rents be high enough to assure an "adequate fixed return on the investment" made by the property owner. The Supreme Court's action leaves this decision, in a landlord's test case from New York City, undisturbed, Associated Press Washington advices stated. The contention of the New York landlords was that rents fixed for their properties were not fair unless increased 10%. The Emergency Court said that the criterion to be used was "whether the net return of the rental housing industry is at the level enjoyed in the most recent period in which rents had not been influenced by defense activities."

Budget "Tight and Realistic": Truman

President in statement to a news seminar points out requests for a number of worthwhile programs were sharply reduced, in order to cut expenditures and that new budget is first to include government corporations and war agencies.

At a "news seminar," which he held on Jan. 8, prior to submitting his Budget Message to Congress, President Truman made the following statement:

The budget which I am transmitting to Congress is balanced. If the estimates are realized, the budget will be in balance for the first time since 1930—eighteen years.

It is realistic, and as complete as we know how to make it. It is based on a careful study of the needs of the various departments and the funds required to carry out the obligations of the Federal Government under programs established by the Congress.

It is a tight budget. I believe it is fair to say that no department or agency feels that its needs are fully met. In its preparation I instructed the Director of the Budget to require thorough and conclusive justification for every item which he recommended to me. In every border-line case, the decision has been to eliminate expenditures, rather than to include them. It has been necessary for us to be more hard-boiled in making many decisions than I like to be. We have had sharply reduced requests for a number of programs which, in my opinion, would be worthwhile were it not for our urgent need to cut expenditures.

I have been told by my staff that this budget has been more difficult to prepare than any ever issued before. I can believe it.

The corporations and war agencies have been included in detail in the budget for the first time. Last year we sent up three budgets at different periods of the year. The annual, the war supplement and the corporation. This year they have all been integrated into one budget. For four years the war agencies have been presented in special budget supplements in the spring, and only a preliminary estimate of their total was included in the January budget.

In this year's budget, expenditures and appropriations are grouped under a new functional classification in order to present to the Congress and the people a clearer picture of the purposes for which Federal funds are intended. I hope the press will use the new classification. We have put the figures for ten years (1939-1948) on this basis. The new classification is a part of a continuing effort to make our budget understandable in spite of its inherent complexities.

New Case Bill Introduced

A new bill introduced by Representative Francis J. Case (R.-S.D.), on Jan. 9, would authorize the Government to use the injunction process to prevent or stop industry-wide strikes which threaten to obstruct commerce or endanger the public welfare. Mr. Case pointed out that his measure would "legalize the course of action followed in the John L. Lewis case without requiring Government seizure and said that in this respect it has the effect of amending the Norris-LaGuardia Act which, the United Mine Workers claimed, did not exempt the Government from its prohibition on the use of injunctions against labor organizations.

Under Mr. Case's new bill, according to Washington advices of Jan. 9 to the New York "Journal of Commerce," provision would be made for the creation of an "emergency commission" to "investigate and recommend settlement" of any labor dispute which the President certifies as endangering the "public welfare . . . healthy . . . safety."

The Attorney General would be empowered to seek an injunction when a strike "in an essential monopolized service or industry . . . burdens or obstructs commerce," after the President has appointed the commission.

Mr. Case pointed out that in vetoing his previous bill President Truman had called for injunctive powers in strikes against the Government. This new bill, its author said, grants the President's wishes.

An outline of the major provisions of the new Case bill was given as follows in the advices to the "Journal of Commerce" from its Washington bureau:

1. Creation of an "Industrial Disputes Commission," to function within the Labor Department, which would undertake mediation and voluntary arbitration in a dangerous dispute before reporting it to the President.

2. Adds two member to the present three-man National Labor Relations Board, charging it with the administration of a set of "unfair labor practices" applying to unions.

3. Gives the Attorney General power, now enjoyed only by the NLRB, to file such charges against both unions and employers.

4. Permits the unionization of foremen, but requires them to join only those organizations completely independent of rank and file groups (this provision, which falls short of an outright ban, reportedly is favored by Sen. Robert A. Taft, of Ohio, Chairman of the Senate Labor Committee).

5. Grants employers "freedom to choose their representatives in bargaining" and freedom of speech—provided it does not become intimidation.

6. "Protection of the right to strike, to peaceful assembly and peaceful picketing."

7. Provides that a union can sue or be sued "as an entity."

8. Requires each union to provide the membership with an annual financial statement.

9. Bans political contributions by "corporations, national banks and labor organizations" in all elections.

Borrowings on NYSE in December

The New York Stock Exchange announced on Jan. 3, 1947, that as of the close of business on Dec. 31, 1946, the total of money borrowed from banks and trust companies in the United States amounted to $357,028,845, compared with the figures for Nov. 30 of $397,785,029. Advices from the Exchange follow:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges, (1) on direct obligations of or obligations guaranteed as to principal or interest by the U. S. Government, $157,807,152; (2) on all other collateral, $199,221,693; reported by New York Stock Exchange member firms as of the close of business Dec. 31, 1946, aggregated $357,028,845.

The total of money borrowed, compiled on the same basis, as of the close of business Nov. 30, 1946 was (1) on direct obligations of or obligations guaranteed as to principal or interest by the U. S. Government, $205,945,150; (2) on all other collateral, $191,839,879; total, $397,785,029.

Rubicam Now Chairman CED Research and Policy Committee

Henry R. Johnston Becomes Executive Director and John H. Van Deventer Director of Information

Trustees of the Committee for Economic Development, meeting here today, approved the appointment of a new chairman of its research and policy committee and of two full-time executives.

Raymond Rubicam

Raymond Rubicam of New York was named to succeed U. S. Senator Ralph E. Flanders of Springfield, Vt., as Chairman of the CED research and policy committee. Henry R. Johnston of New York was appointed executive director, succeeding C. Scott Fletcher, and John H. Van Deventer, also of New York, was chosen as director of information. Announcement of the appointments was made by CED Chairman Paul G. Hoffman, President of the Studebaker Corp.

Mr. Rubicam was co-founder and until his recent retirement Chairman of the board of the Young & Rubicam advertising agency. Although retired from agency operation he has retained numerous business interests, serving as a director of companies in several fields of business. He also is a trustee of Colgate University and a member of the National Committee for Strengthening Congress. He has been a trustee and member of the CED research and policy committee since June, 1944. Senator Flanders served as Chairman of the research and policy committee from its inception until his recent election as Senator from Vermont.

Mr. Johnston was admitted to the bar in New York following his graduation from Williams College. Later he entered the field of banking, becoming Vice-President in charge of the Trust Department of the Manufacturers Trust Co. of New York. In 1933 he became associated with Case, Pomeroy and Co. as Vice-President and director and served as President of that organization from 1938 to 1941, when he retired.

Mr. Van Deventer served in executive positions in machine tool industries following his graduation from Cornell University. He entered the field of journalism in 1914 as associate editor of "The American Machinist." Two years later he became editor-in-chief of that publication. During World War I he served as Major of Ordnance in Washington and after leaving the Army in 1918 organized the Army Ordnance Ass'n.

He was President of the Engineering Magazine Co., and editor of its publication from 1920 to 1927 and later became associated with "Iron Age." At the time of his resignation in November, 1946, he was President and editor-in-chief of "Iron Age." For the past two years he has been chairman of the CED national business press committee.

Baruch Resigns Atomic Post

Bernard M. Baruch and his United States associates suddenly resigned from the United Nations Atomic Energy Commission on Jan. 4, according to special dispatches from New York and Washington to the New York "Times." Mr. Baruch opened his letter of resignation to President Truman with the statement "that the first phase of the United Nations Atomic Energy Commission has been completed." In his letter he noted that the United States is "one of the few (countries) whose Atomic Energy Commission representative is not the same as the representative on the Security Council." Mr. Baruch continued:

"Former Senator Warren Austin, our member in that body, is thoroughly equipped to handle this business as it develops from now on. In fact, he would be handicapped by divided authority.

"So, because of my belief that the work of my American associates and myself is over, and because I am convinced that the job now would be taken over by Senator Austin, I submit my resignation and those of the men who have worked with me — all of whom worked without fee or expense allowance, and at considerable sacrifices to their personal affairs for nine months.

"Their efforts were of inestimable value to the country and, I hope, to the world. They include Messrs. John M. Hancock, Ferdinand Eberstadt, Herbert Bayard Swope, Fred Searls, Jr., Dr. Richard C. Tolman and Major General Thomas F. Farrell."

Mr. Baruch mentioned that he was attaching to his letter the full report of the Commission's work. He wrote: "I can find no better way of summarizing the work of the Commission than to invite your attention to the findings and recommendations found from Page 18 to 27 of the Commission's report."

Mr. Baruch's letter continued in part:

"They include, among many others, these most important elements:

"a. the creating of a comprehensive international system of control and inspection, under the direction of an agency within the framework of the United Nations, by means of an enforceable treaty, subject of course, to ratification by our Senate;

"b. that the control should start with the production of uranium and thorium when they are severed from the ground and extend through the production of fissionable material, using safeguards at each step, including accounting, inspection, supervision, management and licensing, as may be appropriate;

"c. that the powers of the agency should be commensurate with its responsibility, with no government possessing the right of veto over the day-to-day operations of the agency;

"d. that the agency should have unimpeded right of ingress, egress, and access for the performance of its inspections and other duties;

"e. prohibiting the manufacture, possession and use of atomic weapons by all nations and providing for the disposal of existing stocks of atomic weapons and fissionable materials;

"f. specifying acts constituting international crimes, and establishing adequate measures of enforcement and punishment, subject to the condition that there shall be no legal right, by veto or otherwise, whereby a wilful violator shall be protected from the consequences of violating the treaty.

"The international control agency will require broad powers commensurate with its great responsibilities, so that it may possess the requisite flexibility to adapt safeguards to a rapidly developing technology. The safeguards that have been discussed are meant only to be indicative of the types of safeguards that must be erected, which should be strengthened and never weakened.

"There is one more theme that I must emphasize, namely, that the Commission's recommendations constitute an integrated and indivisible whole, each part of which is related to, and dependent upon the others. This fact is stressed in the Commission's recommendations. It must never be lost sight of. No partial plan for the control of atomic energy can be effective, or should be accepted by this country."

In his letter accepting Mr. Baruch's resignation, President Truman expressed reluctance to letting Mr. Baruch go but said that he had finally agreed that former Senator Austin, United States member of the Security Council, could finish the atomic job.

From Associated Press accounts from Washington, Jan. 4, we take the following:

"Mr. Baruch's letter was in the nature of a report to the President, reviewing the veto right and the development of the atomic control work into the Security Council stage. He said he is convinced that 'the job now should be taken over by Senator Austin.'"

He concluded on this note:

"I see no reason why this country should not continue the making of bombs, at least until the ratification of the treaty (providing for international atomic controls).

"I have drawn your attention before to the necessity of preserving the atomic secrets. Particularly is this wise as to our design, know-how, engineering and equipment. The McMahon law (for domestic control) carries authority for this protection. If this authority should be found to be inadequate, it should be broadened to meet any needs, until a treaty is ratified by our Senate.

"While science should be free, it should not be free to destroy mankind."

Ball Bill Would Ban Closed Shop

Under legislation introduced by Senator Joseph H. Ball (R.-Minn.) on Jan. 8, all labor contracts would be barred which sought to make either membership or nonmembership in a union a condition of employment. Specifically, according to Associated Press Washington advices, the bill would outlaw:

1. Closed shop contracts. These require a worker to join a union before he can be hired.
2. Union shop agreement. Under these an employer may hire a non-union man, but he must join within a certain period.
3. Maintenance of membership contracts. Under such contracts, no one is compelled to join a union, but those who do join must maintain membership during the life of the contract, or lose their job.

Also specifically prohibited would be the so-called "yellow-dog" contract under which employers make non-membership in a union a condition of employment, said the Associated Press, which also reported:

Actually, these contracts already are outlawed under the Norris-LaGuardia Act of 1932. They also are classified as an "unfair labor practice" under the National Labor Relations Act of 1945.

Senator Ball said in a statement that 90 days after enactment of his bill any person "thereafter entering into or attempting to enforce" any of the agreements declared to be outlawed, would be guilty of a misdemeanor punishable by a maximum penalty of a $5,000 fine and a year in jail.

The State of Trade

The past week was an eventful one from the standpoint of the Presidential messages delivered within that brief period and the relation they bear to the economy and national well-being of our people.

On Monday of the previous week President Truman in his annual message on the State of the Union struck a timely note when he requested the Eightieth Congress to outlaw jurisdictional strikes as "indefensible" and secondary boycotts when used to further jurisdictional disputes or to compel employers to violate the National Labor Relations Act. In this connection the President urged Congress to require "binding" arbitration of disputed labor contract terms, but warned against "punitive legislation" and "vindictive laws" which would penalize labor's rank and file. Labor's reaction to the President's demands was not hostile, since it was reported. labor leaders would consider themselves well off if Congress took no further action. Both Houses, however, responded to Mr. Truman's warning against punitive or vindictive laws by the introduction of revised Case bills, while Senate Republicans introduced bills to prohibit portal-to-portal-pay damage suits.

On the question of taxes the President was opposed to sharp reductions and requested retention of excise levies.

In his second message covering his Economic Report to Congress on Wednesday of the same week, President Truman observed, that if the country was to continue enjoying its record prosperity through 1947, people had to obtain more for their money and stated further, that lower consumer prices, avoidance of general wage increases and tranquility in labor-management relations were required. He proposed that tax rates be maintained at present levels to enable the Federal Government to make a start toward reduction of the National debt.

On Friday the President concluded with his final message of the week by sending to Congress a budget for the next fiscal year which begins on July 1, and in which he sought appropriations calling for expenditures of $37,528,000,000 out of revenues he estimated would come to $37,730,000,000. Knowing the attitude of the great majority of Republican members of Congress on the question of taxes and appropriations, it appears likely that both will undergo substantial paring by the new Congress.

An important feature of the current week will be the opening of wage negotiations on Thursday between the United States Steel Corp. and the United Steel Workers, CIO. While the union has not made known their demands it is the belief of management that they will embrace a substantial wage increase, a guaranteed annual wage and portal-to-portal pay. It is understood that the company will proffer a small wage increase which will thus establish the pattern for the rest of the industry.

In the first week of 1947 total industrial production was marked by further progress. The customary barometers of industrial activity continued at a high level with steel ingot output showing a rise of more than 2% along with a fractional increase in deliveries. For the year 1946 total steel production exceeded that of any year prior to 1940. Current output of aluminum ranked second only to that of steel, and it is worthy to note, that copper, brass and lead production is steadily on the increase.

Electric power output last week increased by 3% with an advance of more than 24% registered in the product of the bituminous coal mines. Carloadings of revenue freight too, were higher and reflected a rise of 59,461 cars or 9.5% above the previous week. On the other hand, a slight decrease of about 1% took place in the daily average of crude oil production.

In the machine tool industry manufacturers of machine tools and electrical equipment entered 1947 with huge backlogs of orders. One of the handicaps being presently encountered in this field is a dearth of workers and this labor shortage is not a local condition, since its effect extends throughout the country, being "as stringent," according to the American Machinist, "as that during the most difficult days of the war." It is reported that orders for large electric motors and generators are running about five times the average 1936 monthly figure, while fractional horsepower motors are being made at a record rate. Present orders on hand approximate at least 50,000,000 units.

In the automotive industry, production of cars and trucks in the United States and Canada last week was estimated by Ward's Automotive Report at 78,329 units and compares with a revised total of 58,437 units in the holiday week ending Jan. 4.

The current month's forecasts for the entire industry, which includes United States and Canada, disclose a production objective of 424,250 vehicles. The schedule for this country during the month is 404,000 units, leaving a volume of 20,250 units for Canada. For the United States the total is made up of 284,900 passenger cars and 119,100 trucks, while for Canada the goal is 11,650 and 8,600 units, respectively.

Retail volume in the week remained close to the unseasonally high level of the preceding week but was appreciably above that of the corresponding week a year ago. January sales were directed primarily toward the clearance of soft goods but some seasonal promotions of durable goods were reported. Consumers were very selective with regard to price and quality.

Wholesale volume increased noticeably last week with the arrival of large numbers of buyers in many wholesale markets. Home furnishings and housewares shows were well attended and business was generally brisk. Buyers were cautious and frequently refused offerings of goods that did not meet their requirements fully.

Steel Industry — Signs were multiplying the past week that the steel industry has a good chance of going through steel wage negotiations without a major tieup in production, "The Iron Age," national metalworking paper, discloses in a summary of the steel trade. Conditions being much changed from those prevailing a year ago, there are some indications that the meeting scheduled between U. S. Steel Corp. subsidiaries and the steel union heads for Thursday of this week in Pittsburgh may result in one of the first real collective bargaining meetings since prewar days.

It is almost a foregone conclusion, the magazine states, that the U. S. Steel Corp. will make a moderate offer to Philip Murray which will form the basis of further negotiations leading towards an acceptable wage increase figure. It is noted, however, the failure of steel firms to agree to continue maintenance of membership requiring deduction of union dues from union members' pay could prove a real obstacle to satisfactory negotiations.

Higher scrap costs, increased raw

(Continued on page 326)

As We See It

(Continued from first page)

has greatly benefited by what it did at the polls last November.

A New Dealer Still

The President's devotion to most if not all of the New Deal doctrines is plain as a pikestaff throughout all three of his communications to Congress. His attitude toward union labor; his tenderness in dealing with the farmer; his sponsorship of many of the half-baked ideas about controlling or eliminating the so-called business cycle; his evident devotion to controls and regulations without number; his assumption implicit or explicit that the Federal Government must assume responsibility for the economic welfare of the people; his notion that somehow this country can finance prosperity throughout all the world with profit to itself; his worship of the purchasing power theory (if it may be dignified with such a title) of prosperity—all these and others which might be listed are proof enough as to the basic nature of the President's notions.

Much of all this is inevitably revealed in the budget proposals of the President, and no better indication could be found of the degree in which they permeate the Administration's programs and the economic life of the people. For a good while past many of the more influential of the Republican leaders have been promising the people that certain taxes would be eliminated and certain tax rates substantially reduced. These highly desirable consummations were to be effected by cutting Federal outlays sufficiently to permit of them and of a reasonable rate of debt retirement. To all this the President now replies that in his proposed budget he has reduced expenditures to rock bottom, that even so the next fiscal year as things now stand would show almost no surplus for debt reduction, that even assuming higher postal rates which he suggests the surplus for debt reduction would be quite moderate, and that in the face of such facts as these any step that would reduce the inflow of tax revenue could only be regarded as irresponsible fiscal management.

Faulty Premises

Now the truth is—let there be no mistake about it—that the President's argument is unassailable if his premises are accepted. Those premises are, first, that the New Deal programs with minor alterations here and there must be continued, and, second, that these programs can not be carried forward at substantially less expense than he has indicated. The second of these premises may be faulty in one degree or another. It is not inconceivable at least that the New Deal in all its essentialities could be maintained at lower cost, but it does not seem to us that the point is sufficiently important to waste much time on it. The amounts that could be squeezed out of such activities would fail by a wide margin to meet requirements.

This leaves one inescapable conclusion from which there must be no shrinking—at the pain of failure and frustration. That conclusion is that if the budget is to be pared as promised and as it certainly should be, work in dismantling the New Deal can not be deferred. Consider the record as the President himself lays it out. He tells us that on a cash basis, there was a governmental surplus of cash receipts over cash expenditures during 1946 amounting to about $2 billion, and that during the last quarter of that year this surplus was running at about the annual rate of $5 billion. These amounts are relatively speaking not nearly as large as they may appear to some to be since the budgets to which they relate—state and local as well as Federal — total between $50 and $60 billion. In any event they are one of those "trick" figures designed to fit into some of the modern statistical patterns, and are rather likely to mislead the uniniated since they exclude very substantial sums. They could scarcely with good effect be employed as evidence of a situation in which taxes could be safely reduced.

The Federal Budget

Turn now to the Federal budget with which we are here more directly concerned. Here again if we accept the President's estimate of irreducible outlays during the coming fiscal year, it is impossible to build up much of a case for tax reduction (as distinct, of course, from revision of the tax structure). But must we accept those estimates? We think not. Take, first, the largest single group of items in the President's estimates of expenditures—National Defense, $11.6 billion, to which all realists will add the $444 million set out as proposed outlay for "development and control of atomic energy." This total of $12 billion appears to be regarded as more or less untouchable even by some of the Republic critics. Is such an attitude defensible? We doubt it. The figure is about twelve times what it was in 1939, and about twice the 1941 total. Why should we blink the fact — known to us all — that waste, extravagance, and many expensive touches of New Dealism were throughout the war and still are to be found in the management of our armed forces? We venture the guess—it could hardly be more than that—that two or three billion could be cut from these proposed defense outlays without in any way weakening our ability to defend ourselves.

The second largest class of items, Veterans' Services and Benefits, $7.3 billion in all, is probably largely fixed by definite commitments—whether wise or not is beside the point here—but we should not be surprised if even in this sacrosanct area appreciable savings could be effected without bad faith to veterans. We shall have to concede, however, that the utmost that could be done to squeeze the water from defense outlays and expenditures for the veterans would leave the budget much larger than we can afford. Among the other items, there is some $5 billion for interest on the mountainous Federal debt. This leaves some $13.2 billion from which real savings must be effected. We plan to place funds recklessly into international affairs and finance during the year, some $2.8 billion, but, wise or not, these too are in large degree commitments which must be honored. But the budget calls for $1.7 billion to be laid out for social welfare, health and security. Some of this, too, represents commitments which must be honored, but several hundred millions are not in this category and should be sliced off without delay.

Proposed expenditures for transportation and communication, at $1.5 billion, are three times 1941. These include the infamous pork barrel outlays of long history, but they are likewise bloated with New Deal accretions. No difficulty should be encountered in knocking a billion out of them for the fiscal year 1948. Under "General Government," an item "Federal Financial Management" appears which doubtless could be simply erased. The total cost of general government otherwise doubtless could be reduced further in the amount of hundreds of millions of dollars.

In this way and only in this way can this budget be brought down to really manageable proportions, but this means repudiation of the New Deal.

Let it be so.

McCormack Named House Minority Whip

Representative John W. McCormack of Massachusetts has been appointed Democratic whip in the House, according to Associated Press Washington advices of Jan. 7. The job of whip is to keep members on the floor for important votes, and to keep them informed of minority plans. The Democrats have been without a whip since John Sparkman, of Alabama became a Senator.

Items About Banks, Trust Companies

The First National Bank of New York in its report of condition at the close of business on Dec. 31, 1946, shows total resources of $797,481,798 and total deposits of $654,209,988, compared, respectively, with $858,205,731 and $715,443,673 on Sept. 30, 1946, and $1,011,960,488 and $800,221,214 at the end of December, 1945. Cash on hand and due from Federal Reserve Banks and other banks, including exchanges, amounted to $155,862,271, compared with $176,399,629 three months ago and $136,391,825 a year ago; holdings of U. S. Government obligations now amount to $467,978,989, against $483,756,894 Sept. 30 and $648,875,777 on Dec. 31, 1945. Loans and discounts now are shown at $88,444,436, compared with $104,754,629 and $124,979,782 for the Sept. 30 quarter, and a year before, respectively. Capital and surplus remained unchanged for the past year at $10,000,000 and $100,000,000, while undivided profits are given at $25,980,023, after making provisions for the Jan. 2 dividend of $2,000,000, compared with the Sept. 30 figure of $25,294,605 and the December, 1945 figure of $23,378,671, after making provision for similar quarterly dividends.

S. Sloan Colt, President of Bankers Trust Company of New York, announced on Jan. 6 that Ellsworth Bunker has been elected a member of the board of directors of the bank. Mr. Bunker is President of the National Sugar Refining Co. His directorates, in addition to the National Sugar Refining Co., include: American Hawaiian Steamship Co., General Baking Co., Sugar Research Foundation, Inc., Atlantic Mutual Insurance Co., Atlantic Mutual Indemnity Co. He is also Chairman of the United States Cane Sugar Refiners Association. Mr. Bunker was graduated from Yale University in 1916.

Frank K. Houston, Chairman of the board of The Chemical Safe Deposit Co. of New York, announced on Jan. 3 that Miss Frances M. Boos has been appointed Secretary, succeeding J. Lowry Dale, who will remain as Vice-President. Miss Boos will continue in her capacity as Assistant Treasurer.

Frederick E. Hasler, Chairman of the Continental Bank & Trust Co. of New York, in his annual report to stockholders made public on Jan. 13 in advance of the 76th annual meeting on Jan. 15, said that one of the problems which commercial banks must seriously consider during the year was the steadily mounting cost of banking operations. "Commercial banks are receiving no more for their services today than they did a decade ago," he said, "despite the fact that the cost of all goods and services entering into the operation of the banking business have increased to peak levels, in common with other lines of business."

The report showed net operating earnings for the bank for 1946 of $942,366, compared with $886,589 in the previous year. Current earnings increased from $3,503,395 to $3,805,057. Surplus and undivided profits at the year-end were $6,878,391, compared with $6,336,025 at the close of 1945. Resources were $196,140,722, as against $218,680,272 on Dec. 31, 1945.

In common with the shrinkage in deposits which took place generally in banks throughout the country last year as a result of the repayment of public debt by the U. S. Treasury, the bank's deposits declined from $204,765,283 at the end of 1945 to $181,975,059. U. S. war loan deposits in the bank were $2,978,327 at the year-end, a decline from the previous year of $36,243,380. Other deposits of $178,996,732 showed an increase of $13,453,156. During the year the bank paid $400,000 in dividends compared with $340,000 in 1945, the larger payment reflecting the increase in capital stock from $4,000,000 to $5,000,000 authorized by the stockholders in October, 1945.

James Cox Brady, President of Brady Security and Realty Corp., and Allan D. Emil, attorney, of New York, were elected directors of Lawyers Trust Co. at the annual meeting of the stockholders on Jan. 8. Mr. Brady is a director of the Chrysler Corp., Purolator Products, Inc., and of the New York Post Graduate Medical School and Hospital. Mr. Emil is a director of Square D Co. of Detroit; Adam Hat Co., New York; Gray Manufacturing Co., Hartford, and Hercules Steel Products Co. of Ohio. He is also Counsel to the Institute of the Aeronautical Sciences, Inc.

Colonial Trust Co. of New York reported as of Dec. 31, 1946, total deposits of $53,660,187, compared with $53,826,561 on Sept. 30. Total resources of the bank amounted to $61,481,521 at the end of the year, against $61,457,672 for the third quarter. Cash on hand and due from banks amounted to $15,560,784, compared with $14,640,317 on Sept. 30. Holdings of U. S. Government obligations were $24,683,732, compared with $23,378,025, and loans and bills purchased amounted to $15,345,468, against $16,586,673 on Sept. 30. Capital remained at $1,000,000; surplus and undivided profits were $1,117,117, compared with $1,084,523 on Sept. 30. During the period capital debentures were reduced by $25,000.

Manufacturers Trust Co. of New York announces that Albert F. Nurnberger of the bank's Business Development Department will in the future be associated with William F. Landriau in representing the bank in the New York State area. Mr. Nurnberger is a graduate of William & Mary College, having subsequently attended classes at the Graduate School of Business Administration of New York University as well as courses in the American Institute of Banking. He has been associated with Manufacturers Trust Co. since 1937. During the war he was a Captain in the Chemical Warfare Service.

The Kings County Trust Co. of Brooklyn, N. Y., reported in its statement of condition as of Dec. 31, 1946, total resources of $58,770,999 while total deposits were $49,312,196. In the same report the bank showed holdings of U. S. Government bonds of $30,278,997 while cash on hand and due from other banks totaled $13,475,528. The capital of the bank is $500,000, the surplus being shown as $7,500,000 and undivided profits at $480,318.

According to the Brooklyn "Eagle" of Jan. 8 a report to the stockholders showed that the company again had a prosperous year. The net earnings of 1946 were $707,804, equivalent to $141.56 per share. Of this profit, $400,000 was paid out in dividends, leaving $307,804 to be added to

(Continued on page 332)

Steel Production Again Rises—Supplies of Scrap Continue Tight—More Prices Advanced

Steel management and steel labor would like to avoid a major steel strike in February, but for different reasons, according to "The Iron Age," national metalworking paper, which in its issue of Jan. 16 further states:

"Steel officials see ahead the chance to keep operations at peak levels for many months and thus realize what they consider to be a reasonable profit on their investment. Steel labor on the other hand, while aggressively seeking a substantial wage increase, nevertheless would like to obtain this concession without resort to a national strike, the result of which might be far more stringent controls over labor unions than is now proposed by Congress.

"Both sides are expected over the next month of negotiations to bend over backwards in order to reach a mutually satisfactory agreement. It is this state of affairs which has given rise to more than 'hope' that there will be no nationwide steel strike this year. No such frame of mind on the part of management or labor was so strong a year ago when the mills were shut down and the country subsequently suffered a loss of 16,000,000 tons of ingots because of the steel and coal strikes.

"It is likely that the United States Steel Corp. early in the negotiations which begin this Thursday will make a moderate offer as a basis for bargaining. It is also likely that the initial concession offered by the company will be no more than a few cents an hour, whereas the union will probably counter with a much higher figure. The real bargaining will probably not get under way for several days or until both sides take each other's measure as to how far each is willing to go.

"There seems little doubt that steel companies' arguments in the negotiations will revolve around high material costs, increased freight rates, higher unit wage costs and the extremely high break-even point which the industry now faces. Some steel sources claim that the steel industry must operate between 75% and 80% of capacity in order to make any profit at all.

"Recent price increases are claimed by the industry to have been necessary to take care of accrued steelmaking costs exclusive of any new wage increase. Some independent observers, however, believe that the industry's price structure is now in such good shape that steel leaders are in a better bargaining position on the question of wage advances than they have been since before the war. It is safe to say, however, that any unusual high wage demand will be flatly rejected, since there is no disposition on the part of steel leaders to advance prices any more than has been done during the past 30 days.

"Steel labor's position at the bargaining table has changed somewhat from a year ago. Living costs now appear to have passed their peak and the trend is expected to be downward for food and clothing over the balance of the year, even though the declines may or may not be significant. The elimination of the strike threat would assure steel workers a steady volume of work time as steel mills begin the task of cutting down delivery promises and whittling away at substantial backlogs.

"As a good send-off to the steel wage negotiations, the steel ingot rate this week is practically back at its postwar peak of 91.5%. Although scrap supplies continue tight and pig iron production is being pushed to the utmost, it is believed that steel operations barring a major shutdown will continue at current levels for some months to come.

"Despite the substantial rise in steel prices complaints from consumers have been moderate. This was to be expected in view of the tremendous volume of demand compared with current supplies. When the latter begins to catch up with the former, veteran market observers see a severe testing of present steel quotations."

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 91.2% of capacity for the week beginning Jan. 13, compared with 89.7% one week ago, 83.9% one month ago and 79.5% one year ago. This represents an increase of 1.5 points or 1.7% over the preceding week. The operating rate for the week beginning Jan. 13 is equivalent to 1,607,300 tons of steel ingots and castings, compared to 1,580,900 tons one week ago, 1,478,600 tons one month ago, and 1,401,200 tons one year ago.

"Steel" of Cleveland, in its cummary of latest news developments in the metalworking industry, on Jan. 13 stated in part as follows:

"One of the first general revisions of the steel price structure in history is now in full swing. Increases in base prices have now been announced on nearly all major steel products, the first widespread increases of this nature in 10 years. In addition, extra cards have been revised generally to account for increased costs, largely in labor. Steel price extras are charges added to or deducted from the base price, depending on size, quantity, finish, type of packing required, and numerous special requirements ordered by the customer. These extra charges have not been revised generally since depression days, although in some cases individual revisions have been made since that time.

"This cycle of price changes started early last month and should now be nearing completion. Most of the work has been done on the mill base prices, and mill extras are virtually complete. There are scattered revisions yet to be made in some minor charges, and large numbers of delivered prices must be figured out to include the new revisions in freight rates.

"While consumers, as a result of the price changes, are being confronted with stiff increases in some lines, most of them realize the need for adjustment, especially in view of mounting mill costs over recent years. Many of these increases had not been reflected in price schedules and the consumers believe that they themselves stand to benefit in the long run through better servicing by producers particularly on various items which have been scarce for months because they could not be produced profitably. The mills have also taken this opportunity to correct many uneconomic practices which had been adopted in recent years, including phantom basing points, nonenforcement of some published charges, etc.

"The following summarizes actions taken last week on semifinished material: Carbon steel ingots have been advanced to as much as $60 per gross ton from $33; billets, blooms and slabs to as much as $60 from $39 to $47; sheet bars up to $66 compared with old OPA ceiling of $38; and skelp, up $6 a ton to the basis of $2.35 per 100 pounds. Carbon steel tube rounds advanced $7 a ton to $64. While all of these higher levels have not been established on an industry-wide basis, the movement is wide enough to justify an advance in market quotations.

"In the finished steel classification, plates and shape base prices were advanced generally $3 a ton to 2.65c and 2.50c, Pittsburgh, respectively. Some of the leading producers advanced tight cooperage hoop prices $5 a ton, slack barrel hoop prices an average of $16.40 a ton, and tobacco hogshead hoop prices an average of $2.59 per 100 hoops. Bolt and nut market has become established at higher levels following several weeks during which a wide range of prices was quoted. Scrap prices were fairly steady last week, as buying resistance to the uptrend crystalized.

"Steel's" composite market price averages rose to $51 from $41.60 on semifinished and to $68.45 from $67.91 on finished steel while holding unchanged at $29.56 on steelmaking pig iron and $31.17 on steelmaking scrap."

Pope Discusses "Free" Press and Films

Addressing members of the Roman nobility gathered in the Consistory Hall of the Vatican to pay him their annual New Year's visit, Pope Pius XII on Jan. 8 made his second reply in recent weeks to attacks on the Catholic Church by Italian anti-clerical papers, according to Associated Press advices from Vatican City. "Unconditional liberty of the press and films" cannot be permitted if it operates "to undermine the religious and moral foundations of the life of the people," the Pope declared.

"Men, whether as individuals or as human society, and their common welfare are both always bound," he continued, said the Associated Press, "to the absolute scale of values established by God. Now, precisely in order to render this tie effective, in a manner worthy of human nature, man has been granted personal liberty, and the guardianship of this liberty is the purpose of all juridical arrangements worthy of that name."

The Pope also told his audience that uncertainty continues to mark the times, "despite some notable progress we hope may prove lasting." He urged the necessity of participation by all in the shaping of a new world for the good of all, declaring: "In vain may one try to hide behind the mask of neutrality; such a one is not at all neutral. He is, whether he will it or not, an accomplice."

Penco Pension Comm. Members Named

Three Pennsylvania bank Presidents have been appointed to serve as members of the Pension Committee of the Penco Pension Trust Plan during 1947, it was announced at Philadelphia on Jan. 9 by the Pennsylvania Company for Insurances on Lives and Granting Annuities, trustee of the plan. The executives are Archie D. Swift, President of the Central-Penn National Bank of Philadelphia; Charles W. Bothwell, President of the Farmers and Mechanics National Bank of Phoenixville and Claude E. Bennett, President of the Tioga County Savings & Trust Co. of Wellsboro.

The Penco Pension Trust Plan was recently established by The Pennsylvania Co. to make available old age retirement benefits to officers and employees of financial institutions which participate in the plan. It is the first state-wide pension plan of its kind for banks in the country. This is the only year during which the members of the Pension Committee will serve as appointees of The Pennsylvania Co. At the beginning of each subsequent year, the Committee members are to be elected by a vote of the banks participating in the plan. Approval by a majority of the members of the Pension Committee is necessary for the investment of funds deposited under the plan.

Retail Food Prices in Mid-November Highest on Record, Says Labor Bureau

Food prices paid by consumers in 56 large cities advanced 4.3% between mid-October and mid-November, when they reached the highest levels on record, according to Bureau of Labor Statistics of the U. S. Department of Labor, which states that "at 187.7% of the 1935-1939 average, the retail food price index on Nov. 15 was 1.5% higher than in June, 1920, the peak year after World War I. A preliminary check in 12 cities indicates that food prices in mid-December are slightly lower," said the Bureau, which added:

"As food prices continued upward in November for the ninth consecutive month, the index was 34% higher than a year ago with the rise since mid-June amounting to 29%. Food prices in November on the average were twice as high as in August, 1939. Sharp price rises during the month ending Nov. 15 were reported for fats and oils, meats (except poultry), and fruits and vegetables.

"Prices of fats and oils as a group advanced 65% between Oct. 15 and Nov. 15, as price controls were lifted and scarcities continued. During the month, the price of lard jumped more than 100%. In mid-November, lard cost consumers about 53 cents per pound, on the average (with prices in large cities ranging from 23 to 70 cents per pound as compared with 19 cents in June and 10 cents in August, 1939). Other fats and oils which increased markedly in price from mid-October to mid-November were: shortenings, 66 to 85%; oleomargarine, 56% (with an average price for 56 large cities, of less than 43 cents per pound or 10 cents lower than lard), cooking or salad oil, 45%, and salad dressing, 27%.

"On Nov. 15, meat prices, excluding poultry and fish, were 9% above those of mid-August, before the restoration of price controls.* Pork prices rose more than 13% over mid-August with supplies inadequate to satisfy demand. Consumers paid about 20% more or an average of 76 cents per pound for sliced bacon. As red meat supplies increased during the month ending Nov. 15, poultry prices dropped 16%, a greater decline than usually occurs at this season.

"Retail prices of all fruits and vegetables combined advanced 4.5% from Oct. 15 to Nov. 15. Price advances for fresh fruits and vegetables, mainly seasonal, averaged 2%, while prices of canned fruits and vegetables increased 8.5% and prices of dried fruits and vegetables climbed nearly 27%. Increases of 25% were reported for fresh green beans, 24% for bananas and 15% for lettuce. Canned pineapple prices rose about 8%, canned corn, 7%, and canned green beans, 5%. Navy bean prices rose sharply by 38%, with supplies extremely scarce. Prunes were up 19% over the month.

"Between mid-October and mid-November, fresh egg prices, which usually advance at this time of the year, declined by 6% with the slackening of consumer demand for eggs as a red meat substitute. Dairy products declined an average of 2% due entirely to an 8% drop in the price of butter. There were reports that consumers resisted the high butter prices (an all-time high of 96 cents per pound was reported in mid-October) and many housewives substituted oleomargarine for butter when available.

"Retail food prices increases between Oct. 15 and Nov. 15 varied, among the 56 cities surveyed, from 0.7% in Peoria and 1% in New York to more than 12% in Denver and Knoxville. Compared with a year ago the greatest food price advances occurred in southern cities — Birmingham and Knoxville more than 41% and Winston-Salem nearly 41%, while the smallest increases occurred in Newark, 26.5%; Buffalo, 28%, and Portland, Oregon, 29%."

*In a number of cities in September and October the Bureau was not able to obtain an adequate number of price quotations for some meats because of the severe shortage. For those meats in the cities where an adequate number of prices could not be collected during these months, prices were held unchanged at August levels to allow the computation of the index. For meats in the cities where an adequate sample of prices could be obtained, prices in September and October were compared.

Atomic Control Goes to Civil Board; President Truman Names Manager

The nation's $2,250,000,000 atomic energy program was transferred from military control to the civilian United States Atomic Energy Commission under an executive order signed by President Truman on Dec. 31, according to Washington Associated Press advices. The order effected transfer to the civilian board of the Army's Manhattan Project, and coincided with the President's proclamation declaring the official end of hostilities in World War II. Also transferred were atomic weapons, fissionable materials, equipment and research scattered over eighteen states. The Associated Press said:

Chairman David E. Lillienthal and other members of the U. S. Atomic Energy Commission looked on as Mr. Truman signed the formal order. Also present was Major General Leslie Groves, head of the Army's war-time Manhattan District which developed the atomic bomb. General Groves's part in the program is now ended.

The preceding day, Dec. 30, the President named as general manager of the Atomic Energy Commission Carroll Louis Wilson, science executive and engineer, who is to be the top executive under commission at a salary of $15,000 a year. His post will be equal in importance to a membership on the Commission, according to White House press secretary Charles G. Ross. After his appointment had been announced Mr. Wilson told a news conference that the transition from military to civilian control of atomic energy production would be made as speedily as possible.

In special advices from Washington, Jan. 3 to the New York "Times" it was stated that the appointment of three expert industrial relations consultants was disclosed on that day by the United States Atomic Energy Commission, which took over from the Army on New Year's Day the job of developing the nation's atomic energy resources. The "Times" account said:

Those named were Lloyd K. Garrison, New York attorney, former Chairman and before that General Counsel of the now extinct War Labor Board; Dr. George H. Taylor, also a former WLB chairman and now Professor of Industrial Relations at the Wharton School of Finance and Commerce, University of Pennsylvania, and David A. Morse, Assistant Secretary of Labor and former general counsel of the National Labor Relations Board.

President Truman Submits $37.5 Billion Budget

(Continued from first page)
considered it essential that war excise-tax rates be retained, but I also considered it necessary to terminate the "state of hostilities" as soon as it became possible to do so.

I also recommend that the Congress increase postal rates sufficiently to wipe out the postal deficit.

These recommendations would reduce expenditures to 37.1 billion dollars and increase revenues to 38.9 billion dollars. We would then have a budget surplus of 1.8 billion dollars.

As long as business, employment, and national income continue high, we should maintain tax revenues at levels that will not only meet current expenditures but also leave a surplus for retirement of the public debt. There is no justification now for tax reduction. At today's level of economic activity, our present revenue system will not yield so much in 1948 as in the current year. We shall no longer collect large sums from the excess-profits tax, and sales of surplus property will decline.

Revenue estimates are, of course, to a very large extent determined by the level of business activity. In this Budget, it has been assumed that, with minor fluctuations, business activity will average slightly higher than in the calendar year 1946. A recession in business would cause tax yields to drop. In addition, the cost of supporting agricultural prices and payments to unemployed veterans would increase. Should such a recession occur, it would be a temporary slump growing out of transition period difficulties and would call for no revision in our Budget policy.

For the fiscal year 1947, it now appears that receipts will amount to 40.2 billion dollars and expenditures to 42.5 billion dollars. The 1-billion-dollar increase in expenditures over the August estimate occurred largely in veterans' programs. For example, many more veterans than had been expected decided to go to college or enroll for job training. We cannot regret this demand for education, but it illustrates the kind of uncertainty that cannot be eliminated in preparing our estimates.

The deficit for the current fiscal year would have been larger if Executive action had not been taken to place expenditure ceilings on some activities and to hold them well below the amounts available under appropriations already made. The way the various departments and agencies of the Government, particularly the War and Navy Departments, have succeeded in cutting their expenditures is gratifying. Although public works could not be cut so deeply as anticipated in August without causing a wasteful stoppage of work already under way, we shall still show a substantial saving in this fiscal year for these programs.

This Budget meets our basic requirements for Federal programs at home and abroad for the fiscal year 1948. The Federal Government must not only fulfill its contractual obligations; it must also provide the services that are necessary for the welfare and the progress of the Nation. We have to carry our proper share of the expense of building world organization. We must make effective provision for national defense.

We have many other commitments, both international and domestic, that must be honored. In fact, a very large part of all our expenditures in the fiscal year 1948 will be required to meet commitments already made. The Budget is designed to meet these needs, and to execute every program with strict economy.

The reconversion of wartime military and civilian services was far advanced during the calendar year 1946. Of 26 emergency war agencies in operation shortly before VJ-day, only 5 remain, and 3 of these are winding up their work. Two others—the War Assets Administration and the Office of Temporary Controls — have been added to help close out the war program. The 1948 Budget assumes a reduction of civilian employment in the Government as a whole to less than three-fifths of the wartime peak number—in addition to the heavy shrinkage of the armed forces.

The Government has been exerting every effort in the wake of the war demobilization to strengthen and make more efficient its internal organization and administrative methods. It is essential that citizens receive maximum service for their tax dollars, and the Administration plans further intensive measures to improve the administrative practices, organization, and efficiency of the departments and agencies.

But the cost of peacetime services has risen strikingly as compared to these costs before the war. Prewar figures can no longer be used as a yardstick. Although Government wages have not been raised so much as private wages, the cost of supplies has risen in line with the cost of goods in private markets. Further, the population to be served has grown since 1939 by 10 million people, adding proportionately to the demand for many public services. Many normal maintenance items had to be postponed on account of the war, and cannot be further neglected. Normal services which were cut during the war have to be restored.

Let me now review the expenditure side of the Budget, taking first the large items which practically determine the size of the total.

1. Interest on the national debt will be 5 billion dollars. This is an obligation that must be met.

2. Refunds due under the tax laws are estimated at 2.1 billion dollars. These are fixed obligations under present law.

These two items total 7.1 billion dollars.

3. National defense is estimated at more than 11.2 billion dollars, almost all for the operating expenses of the Army and Navy. Though we expect the United Nations to move successfully toward world security, any cut in our present estimate for 1948 would immediately weaken our international position. This large part of the Budget, in my judgment, represents a proper balance between security and economy.

The total so far is 18.3 billion dollars.

4. International affairs and finance will call for 3.5 billion dollars, a sharp reduction from the 6.4 billion dollars required in the fiscal year 1947. We still have contractual commitments to make good in connection with our loan agreement with the United Kingdom and under the reconstruction lending program of the Export-Import Bank. We must discharge our occupation responsibilities in Europe and the Far East. We must provide for war damage restoration in the Philippines and for the relief and resettlement of displaced people of Europe. We must continue to give relief to some other countries which are most urgently in need.

The work of the United Nations and the specialized organizations associated with it is of the highest importance. We must not fail in our support. The Department of State, for which increased appropriations are requested, must be prepared to carry an increasing load of work in the growing field of American foreign relations.

Our international affairs budget is important for peace, security, and our own prosperity. To reduce it would delay the restoration of a peaceful and prosperous world.

The total of these four items is 21.8 billion dollars.

5. Veterans' services and benefits will cost more than 7.3 billion dollars. This country has provided generously for the successful return of veterans to civilian life and for the care of the disabled. While the cost looms large in the Budget, much of it goes to provide education and rehabilitation which will add to our national strength and prosperity. The cost for veterans' education, pensions, and hospitals will increase in the fiscal year 1948; but if employment remains high, the unemployment payments should be smaller. Veterans' benefits under present law appear to be adequate.

These five items—interest, refunds, national defense, international affairs, and veterans—require expenditures of 29.2 billion dollars, or almost four-fifths of the total Budget.

6. Programs for regulation and improvement of the transportation and communications systems and for development of natural resources will amount to 2.6 billion dollars. The largest single item is 443 million dollars for the Atomic Energy Commission. Our major effort now must be to exploit to the full the peacetime uses of this great discovery.

About 1.2 billion dollars of the expenditures on these two programs is for public works construction, and much of the rest is for the promotion of our merchant marine and other aids to transportation.

The expenditure for the Federal-aid program for highways rests on the Federal Government's agreements with the States. Air transport will be seriously retarded unless new air-navigation facilities are promptly supplied. River basin development and harbor improvement cannot be neglected without impairing efficiency in private enterprise. Most of the public construction projects are already under way. A few additional projects, not yet started, have been provided for in 1947 appropriations.

Public construction in these and other fields contributes to the productive capacity and taxpaying ability of the country. The postponement of public works in good times and their expansion in hard times will make their contribution even greater. All postponable public works should be deferred at the present time. But the need to protect and improve our natural resources has become acute as a result of the war, and we must carry out the works included in this Budget if we are to avoid waste.

7. Our agricultural program will amount to 1.4 billion dollars. This includes the price supports guaranteed by law, the conservation of farm land, and our investments in rural electrification. In addition, the Department of Agriculture will continue its program to promote research in agriculture and better marketing methods.

This brings the total to 33.2 billion dollars.

8. The Budget programs for social welfare, health, and security, and for education and general research amount to 1.7 billion dollars. This total excludes unemployment compensation and old-age and survivors' insurance, which are financed through trust-account operations that do not appear in Budget expenditures. It does include 481 million dollars in payments to the railroad retirement trust fund. More than half of the remaining expenditures is for aid to the aged and other dependent persons. The rest is largely for protection of public health, for crime control, and for grants to States for vocational education.

9. The Federal housing program is estimated at 539 million dollars. The bulk of the housing expenditures is for purchase by the Reconstruction Finance Corporation of guaranteed home loans to veterans and for continued operation of revenue-producing war housing in overcrowded communities.

Our social-security program and our education and housing programs can hardly be considered adequate. Improvements in these fields are seriously needed. Although this Budget does not contemplate major extensions in the next fiscal year, I recommend that the Congress lay the legislative ground work now for the needed improvements, including general health insurance and a long-range housing program.

The costs of social welfare, education, and housing bring the cumulative total above 35.4 billion dollars.

The remainder of the Budget totals 2.1 billion dollars. Nearly out-third is for war liquidation, including the overhead cost of disposing of surplus property. The rest is for services to business and labor through the Commerce Department and Labor Department, for general functions of the Treasury, the General Accounting Office, the legislative branch, the judicial branch, and the Executive Office of the President, and for many other items. These services, with a total cost of less than 5 percent of the Budget, are an indispensable part of the machinery of the Government.

The Budget total of expenditures thus comes to 37.5 billion dollars.

It has always been the Government's duty to provide whatever assistance is required to afford private enterprise a chance to prosper. In the nineteenth century a principal economic service of the Federal Government was the opening of the West. The Goverment acquired the territory, granted lands to settlers, gave military protection, and subsidized railroads and highways—thereby opening opportunities for the private initiative of the American people.

Today, our great new frontiers are in river-valley developments, in air transport, in new scientific discoveries, and in application of the new science and technology to human progress. These new frontiers can be developed only by the cooperation of Government and private enterprise.

Our expenditures on developmental projects are a good investment for the Government. They increase the productive power of the country and make for higher livng standards. Directly or indirectly, the Government recovers the cost in the form of either service charges or increased revenue yields to the Treasury.

The Federal Government promotes improvements in agricultural methods. It provides many services to private enterprise that could not be organized except by Government. The Bureau of Standards, for example, furnishes basic scientific data. The Weather Bureau supplies information used by thousands of farmers and business concerns and has a rapidly developing field of work in aviation weather reporting. Maps and charts, as well as lighthouses, beacons, and other physical aids to navigation, are supplied by the Federal Government. Many kinds of statistical reports, required by American business, are also provided.

Since 1939, our complex system for the production of goods and services has grown so much that more services than ever are required from the Government. We cannot risk retarding our growth by lack of roads, electric power, air-navigation facilities, engineering data, maps, education, surveys of resources, weather reports, protection against disease, or any other necessary instrument of progress. There is a multitude of Government activities which the whole Nation takes for granted and on which our prosperity depends.

Let me now review briefly the appropriation side of the Budget.

This Budget recommends appropriations of 31.3 billion dollars for the fiscal year 1948 under existing and proposed legislation. It recommends that authority of 1.5 billion dollars be granted certain agencies to contract for services and supplies, such as aircraft and construction. Payments under such authority will be financed from appropriations to be made in subsequent years.

The expenditures for 1948 still reflect a portion of the cost of our tremendous war program for which appropriations were made in previous years. They also reflect certain large international commitments likewise previously authorized. These two factors in large measure explain why estimated expenditures for 1948 are so much more than the appropriations recommended for that year.

Existing appropriations available for obligation in 1948 and subsequent years are again under review. As these appropriations become unnecessary, their withdrawal will be recommended to the Congress.

The Federal Government, as shown by the size of its Budget, has far greater obligations than at any time before the war. Although the Budget reflects the urgent need for rigorous economy in the execution of every program, expenditures are inevitably large. The American people surely will not shirk their new responsibilities at home and abroad. They will supply the necessary funds to meet these responsibilities.

Receipts

As previously indicated, I cannot recommend tax reduction. The responsibilities of the Federal Government cannot be fully met in the fiscal year 1948 at a lower cost than here indicated. Even if the cost were less it would be desirable in our present economic situation to maintain revenues in order to make a start toward the repayment of the national debt. At the present time, in my judgment, high taxes contribute to the welfare and security of the country.

Under the wartime tax system, millions of taxpayers with small incomes are called upon to pay high taxes. When the time comes for taxes to be reduced, these taxpayers will have a high priority among the claimants for tax relief.

I have recommended that the war excise-tax rates due to expire July 1, 1947, be continued. When the time comes for excise-tax revision, the Congress should review the entire group of excise taxes rather than concentrate attention on those that were imposed or increased during the war.

Our long-run tax program must be designed to maintain purchasing power and provide incentives for a high level of production.

In the corporation section of this Message, legislation is recommended which will require return to the Treasury as miscellaneous receipts of certain capital funds totaling 379 million dollars.

I also recommend that the Congress reconsider the extent to which fees should be charged for services rendered by the Federal Government. While it is not sound public policy to charge for all services of the Federal Government on a full cost basis, and many services should be provided free, the Government should receive adequate compensation for certain services primarily of direct benefit to limited groups. For example, I believe that a reasonable share of the cost to the Federal Government for providing specialized transportation facilities, such as airways, should be recovered.

BUDGET RECEIPTS
(Fiscal years. In millions)

Source—	Actual, 1946	Estimate 1947	Estimate 1948
Direct taxes on individuals	$19,008	$18,637	$19,120
Direct taxes on corporations	12,906	9,227	8,270
Excise taxes	6,696	7,283	6,118
Employment taxes	1,714	1,955	2,694
Customs	435	496	517
Miscellaneous receipts:			
Present law	3,480	3,987	2,620
Proposed legislation	------	------	379
Total receipts	44,239	41,585	39,717
Less net appropriation to old-age and survivors insurance trust fund	1,201	1,355	1,987
Budget receipts	43,038	40,230	37,730
Proposed continuation of war excise rates (not included in Budget receipts)	------	37	1,130

Receipts from direct taxes on individuals are estimated to decrease from the fiscal year 1946 to 1947 because of the lower effective individual income tax rates in the Revenue Act of 1945, and to increase from the fiscal year 1947 to 1948 because of higher incomes. Direct taxes on corporations decline in the fiscal year 1947 and further in 1948 largely because of repeal of the excess-profits tax. The excise-tax estimates increase in 1947 because of increased consumer demand and increased production, and decline under present law in 1948 because of the expiration of the war tax rates of the Revenue Act of 1943. The employment-tax estimates show increases in both fiscal years, due in 1947 mostly to larger payrolls, and in 1948 mostly to increases in rates as provided by law. Miscellaneous receipts increase in 1947 over 1946 largely because of increased receipts from disposition of surplus-property and decline in 1948 largely because of a decline in surplus-property receipts.

Borrowing and the Public Debt

The public debt reached a peak last February at 279 billion dollars. During the remainder of the calendar year, the debt was reduced by over 20 billion dollars and stood near 259 billion dollars at the end of December. Most of the securities retired were held by banks. This reduction was accomplished by drawing down the Treasury cash balance to a level more in line with peacetime requirements.

We propose to continue the sale of savings bonds. The proceeds will be available to redeem marketable securities — particularly those held by the banking system. It is important that every citizen in a position to do so help to maintain a sound economic situation by purchasing and holding United States savings bonds.

The annual interest charge of about 5 billion dollars is less than 3% of our current national income. It is well within our capacity to pay, particularly if we keep up a high volume of national production. The best method of keeping down the burden of the debt is to maintain prosperity. A single year of depression can lay more burdens on the people than many years of gradual debt reduction can relieve.

Our debt-management policy is designed to hold interest rates at the present low level and to prevent undue fluctuations in the bond market. This policy has eased the financial problems of reconversion for both business and Government. The stability of the Government bond market has been a major factor in the business confidence which has been of such value in achieving full production. Low interest rates have also relieved the burden on the taxpayer. The Treasury and the Federal Reserve System will continue their effective control of interest rates.

Expenditure Programs

In this year's Budget, expenditures are grouped under a new functional classification in order to present to the Congress and the people a clearer picture of the purposes for which Federal funds are spent. To facilitate comparison, figures for previous years are also given on the new basis. The new classification is described in detail in part IV of this Budget.

BUDGET EXPENDITURES BY MAJOR PROGRAMS
(Fiscal years. In millions)

Program—	Expenditures: Actual, 1946	Estimate 1947	Estimate 1948	Appropriations, 1948
National defense	$45,012	$14,726	$11,256	$9,493
International affairs and finance	1,464	6,394	3,510	1,169
Veterans' services and benefits	4,414	7,601	7,343	7,009
Social welfare, health, and security	1,113	1,570	1,654	1,877
Housing and community facilities	—180	544	539	179
Education and general research	68	71	88	85
Agriculture and agricultural resources	752	1,117	1,381	824
Natural resources	257	728	1,101	779
Transportation and communication	824	905	1,530	1,196
Finance, commerce, and industry	30	83	426	116
Labor	104	124	118	118
General government	972	1,545	1,492	1,341
Interest on the public debt	4,748	4,950	5,000	5,000
Refunds of receipts	3,119	2,155	2,065	2,065
Reserve for contingencies	------	10	25	25
Adjustment to daily Treasury statement basis	997	------	------	------
Total	$63,714	$42,523	$37,528	$31,276
From—				
General and special accounts	65,019	42,698	36,699	31,276
Corporation accounts	—1,305	—175	829	------
Total	$63,714	$42,523	$37,528	$31,276

The Budget classifications and Budget totals reflect all transactions in the general and special accounts and the excess of expenditures over receipts of wholly-owned Government corporations. For the first time, the net expenditures of wholly-owned corporations are classified on a functional basis. The Budget totals do not include the operations of trust accounts. However, such transactions, when significant, are discussed in connection with the various Budget programs.

National Defense

Expenditures for "National defense" remain by far the largest category in the Budget. The cost of maintaining the military, air, and naval forces necessary in the fiscal year 1948 will be high. The present defense establishment requires larger forces, more complex mechanized equipment, more intensive use of equipment, and more extensive developmental activity than before the war.

However, in the fiscal year 1948 these expenditures will be but one-eighth of the outlays in the peak wartime fiscal year, 1945. This drastic cut reflects a corresponding reduction in the size of the armed forces. Outlays for munitions have been reduced even more.

Despite these reductions, our defense establishment will not have fallen to its ultimate peacetime level by the end of the fiscal year 1948. We still have large responsibilities arising out of the war. Military occupation in Europe and the Far East must continue. The lines of communication and supporting installations for the occupation forces must be maintained. Recruits must be trained as replacements.

The high cost of our defense establishments requires that the program be operated with the utmost efficiency. In the estimates for 1948 emphasis has been placed on eliminating as much duplication and overlapping in activities as is possible under present conditions. In my State of the Union Message I have again urged establishment of a single department of national defense. This is an important step in the search for economy and efficiency in organization and administration of the armed services.

I recently appointed an advisory commission to study the need for a universal training program. We still have available from the war much of the equipment and installations which will be needed for such a program. The program, after it has been worked out and approved, will still require considerable time to get under way. Estimates for it have, therefore, not been included in this Budget. Since plans are not complete for the training program, a small amount has been included in the Budget to cover the cost of induction machinery whenever provision is made for it.

NATIONAL DEFENSE
(Fiscal years. In millions)

Program or Agency Concerned—	Expenditures: Actual, 1946	Estimate 1947	Estimate 1948	Appropriations, 1948
Military defense—				
Military	$24,846	$6,741	$6,658	$5,942
Atomic energy	430	179	------	------
Naval defense	16,763	5,588	4,423	3,540
Terminal leave for enlisted personnel	------	1,900	250	------
Activities supporting defense—				
Lend-lease (excl. War & Navy Depts.):				
Treasury Department	672	333	34	------
Maritime Commission and War Shipping Administration	1,045	411	------	------
Agriculture Department	1,003	5	------	------
Other	45	35	------	------
Stock piling of strategic and critical materials:				
Treasury Department	------	177	243	------
Reconstruction Finance Corp.	------	—87	—210	------
Reconstruction Finance Corp. (oth.)	—53	—337	—121	------
War Shipping Adminis. (other)	187	—250	—34	------
Other	74	30	13	10
Total	$45,012	*$14,726	$11,256	$9,493
From—				
General and special accounts	45,066	*15,149	11,587	9,493
Corporation accounts	—53	—424	—331	------
Total	$45,012	*$14,726	$11,256	$9.493

*Excludes disbursements of approximately 1,500 million dollars for the War Department and 250 million dollars for the Navy Department which have appeared as Burget expenditures in previous years.

Expenditures.—"National defense," as used in this Budget, is much less inclusive than the category used last year. For example, War Department expenditures of 645 million dollars in 1948 for supplies to and administration of occupied areas (other than Army pay, subsistence, and related items) are now in "International affairs and finance." Likewise, expenditures for the atomic energy activities of the Manhattan District project beginning Jan. 1, 1947, when the Atomic Energy Commission took control, are shown in "Natural resources." For the fiscal year 1946 and the first six months of the fiscal year 1947 this program remains in "National defense."

The level of expenditures for "National defense" in 1947 would have been 1.7 billion dollars higher, and the reduction from 1947 to 1948 correspondingly greater, except for certain adjustments—1.5 billion dollars in War Department accounts and 250 million dollars in Navy accounts. Some funds withdrawn from the Treasury in 1946 and earlier years, and reported as expenditures at the time, were not used until 1947. Also some expenditures by the War Department in 1947 were offset by credits from funds which had accumulated in trust accounts during the war.

The expenditure estimate of 11.1 billion dollars in 1948 for the Army and Navy for military purposes reflects the reductions from the current fiscal year in the number of military personnel and in war-liquidation outlays—such as mustering-out payments (reduced by 370 million dollars), contract termination (700 million dollars), and surplus property handling. On the other side, the estimate reflects greater procurement in the fiscal year 1948, as war inventories cease to be available to supply current needs.

The estimated expenditures of 6.7 billion dollars for the War Department in the fiscal year 1948 include 132 million dollars for public works under supplemental legislation. The Navy expenditures of 4.4 billion dollars also include 77 million dollars for ship construction and public works under supplemental legislation. In both instances the objective is to return to the peacetime procedure of obtaining specific legislative authority for these programs.

Taken together, the War and Navy Department expenditures estimated for the fiscal year 1948 provide for an average military strength of 1,641,000 men and officers. Of this, Army strength is projected at 1,070,000 throughout the year; Navy and Marine strength will begin the year at 598,000 and average 571,000. These figures compare with an average strength in the fiscal year 1947 of 2,108,000. Pay, subsistence, travel, welfare, training, clothing, and medical expenditures for military personnel are estimated at 5.2 billion dollars in the fiscal year 1948, as against 6.7 billion dollars in the current year. Average annual costs per man for these purposes—about 3,100 dollars in 1948—have increased markedly since VJ-day. Fully 45% of Army and Navy expenditures in 1948 are in this category.

Expenditures by the War and Navy Departmeints for all other military purposes are estimated at 5.9 billion dollars in the fiscal year 1948. This sum covers procurement, research and development, construction, operation and maintenance, and citizen-reserve activities. The estimates for 1948 contemplate proceeding with construction projects of highest priority at overseas bases and in the continental United States, and limiting procurement to those items essential for the current operation, maintenance, and training of the military forces, except for aircraft and limited quantities of newly developed items.

Effective defense under modern conditions requires us to push ahead in scientific and technological fields. Toward this end, expenditures for research and development by the Army and Navy are projected at 530 million dollars in the fiscal year 1948—slightly above their 1947 rate. Similarly, we must keep alive the knowledge of military skills among our citizens. To provide for an orderly expansion of citizen-reserve organizations, expenditures of 308 million dollars are projected in 1948—about two-thirds more than the outlays in the current fiscal year when these programs are getting under way. The reserve organizations of the Army will still be below planned strength at the end of 1948.

The bulk of the terminated Army and Navy contracts has already been settled, with creditable dispatch. For all agencies, total commitments canceled on 318,000 prime contracts exceed 65 billion dollars. After deducting credits due the Government, total payments to contractors under the entire program are estimated at about 6.5 billion dollars. Of this total, about three-fourths of a billion dollars remained for payment at the beginning of the fiscal year 1947. Most of this has now been paid in final settlements or in advances pending settlement.

Applications for terminal-leave payments to enlisted military personnel have been smaller than expected. It is now estimated that 1.9 billion dollars will be paid in 1947 and only 250 million dollars in 1948.

Lend-lease expenditures in the fiscal year 1947 from funds appropriated to the President are largely interappropriation adjustments and payments for articles procured and services rendered in previous years. In 1948 there will be very small expenditures—all for closing out the program.

Except for some military aid to China and minor items, lend-lease was terminated after VJ-day. Since then, lend-lease goods valued at over 1 billion dollars have been sold to foreign coutries on a cash or credit basis. Much progress has been made in effecting settlements with the countries which received about 50 billion dollars of lend-lease aid and extended almost 8 billion dollars of reciprocal aid. Final settlements have now been negotiated with the United Kingdom, Australia, New Zealand, India, France, Belgium, and Turkey, and discussions with the Netherlands, Norway, and the Union of South Africa are nearing completion.

The military program for stock piling of strategic materials has been reviewed carefully to minimize interference with business requirements. New stock piling is estimated at 90 million dollars in the fiscal year 1947 and 33 million dollars in 1948. In addition, excess metals and materials, amounting to 87 million dollars this year and 210 million dollars in the fiscal year 1948, will be transferred from Reconstruction Finance Corporation stocks to the Treasury military stock pile. Apart from stock piles transferred to the Treasury, the receipts of the Reconstruction Finance Corporation in its war activities reflect largely the rental and disposal of excess war plants, together with the sale of metals, minerals, and other commodities to the public.

Appropriations.—To finance the expenditure program outlined above, appropriations of 9.5 billion dollars and new contract authorizations of 541 million dollars will be necessary in the fiscal year 1948. These totals include 252 million dollars of supplemental appropriations and 91 million dollars of contract authorizations under legislation shortly to be submitted. The new appropriations needed in 1948 are about 2 billion dollars lower than the estimated expenditures, which include provision for payment of substantial amounts of unliquidated obligations of prior years.

International Affairs and Finance

The budget for our international program is designed to contribute to a peaceful world and a stable world economy. We have definite responsibilities to our wartime allies and in occupied countries. Our international lending program is an essential part of our efforts to achieve a world economy in which private trade will flourish.

The period when large-scale general relief is required for our allies is almost over. With the termination of the United Nations Relief and Rehabilitation Administration, there will remain, however, the urgent question of refugees and displaced persons. I urge the Congress to provide adequate

(Continued on page 324)

President Truman Submits $37.5 Billion Budget

(Continued from page 323)

support for the International Refugee Organization, now in process of being formed under the United Nations. It is also necessary that we provide a modest relief program for a few countries which are still in desperate straits. I recommend that the Congress speedily enact leg'slation to authorize these expenditures for which I am making provision in this Budget. In addition, I recommend that the Congress authorize participation in the World Health Organization and the proposed International Trade Organization and have included the small amounts needed for their support.

INTERNATIONAL AFFAIRS AND FINANCE

(Fiscal years. In millions)

	Expenditures			
	Actual,	Estimate		Appropriations,
Program or Agency Concerned—	1946	1947	1948	1948
Reconstruction and stabilization:				
Subscriptions to Internat'l Fund and Bank	$159	$1,426	------	------
Treasury loan to United Kingdom	------	1,500	$1,200	------
Reconstruction Finance Corporation loans to United Kingdom	—39	—39	—40	------
Export-Import Bank loans	464	1,025	730	------
Aid to China	120	------	------	------
U. S. Commercial Company	—118	20	------	------
Foreign relief:				
United Nations Relief and Rehabilitation Administration	743	1,515	305	------
War Dept. (occupied countries)	------	556	645	$725
Other	4	3	------	------
Philippine-aid program	28	105	137	144
Membership in internat'l organizations	2	15	18	18
Foreign relations:				
State Department	81	140	173	197
Other	20	12	15	9
Proposed legislation	------	116	326	76
Total	$1,464	$6,394	$3,510	$1,169
From—				
General and special accounts:				
Purchase of capital stock in Export-Import Bank	674	325	------	------
Philippine-aid program	28	30	137	144
Other	1,129	5,283	2,683	1,025
Corporation accounts:				
Issuance of Export-Import Bank capital stock	—674	—325	------	------
Export-Import Bank loans	464	1,025	730	------
Reconstruction Finance Corporation loan to Philippines	------	75	------	------
Other	—157	—19	—40	------
Total	$1,464	$6,394	$3,510	$1,169

Expenditures—The sharp decline in total expenditures in the fiscal year 1948 is due chiefly to the fact that in 1947 we shall complete our payment to the International Monetary Fund and our basic cash subscription to the International Bank for Reconstruction and Development. Further liabilities to the International Bank will arise only if we are called upon, within the limits of our total subscription, to join with other countries in making good any defaults by borrowers from the Bank.

More than half of our expenditures in the international field in the fiscal year 1948 will be loans for reconstruction or trade expansion. Disbursements will be predominantly under existing commitments. By the end of the fiscal year 1948 we shall have discharged about three-fourths of our commitments under our loan agreement with Britain. Since the International Bank is now ready for business, new authorizations for reconstruction loans by the Export-Import Bank are being sharply curtailed. In the future, the Export-Import Bank will be primarily concerned with loans to finance United States trade and small developmental loans in which we have a special interest. Outlays by the Export-Import Bank in the fiscal years 1946 and 1947 have been financed to a considerable extent by the sale of capital stock to the Treasury. Since the Treasury subscription is now complete, future net outlays will be financed entirely by sale of no'es to the Treasury.

The existing appropriation for United Nations Relief and Rehabilitation Administration expires at the end of the current fiscal year. Estimated expenditures in 1948 are entirely to wind up the program.

During the fiscal year 1948, the War Department will incur expenditures for administration and relief in Germany, Japan, Korea, and the Ryukyus and for administration in Austria. We must continue to provide subsistence to prevent disease, hunger, and unrest, and to provide proper administration, if these lands are eventually to become democratic and self-supporting. Moreover, shipments of food and other supplies are required to maintain the working efficiency of the populations and to stimulate production. Resulting increases in exports from these areas will furnish a growing source of funds to pay for necessary imports and thus help eliminate the need for financial assistance.

The recent agreement for economic unification of the British and United States zones in Germany will increase exports from those zones and help to make them self-sufficient by the end of the calendar year 1949. All costs incurred for the support of the German economy are to be repaid out of future German exports as quickly as recovery permits.

An important contribution to the economic revival of the occupied areas is being made by Federal agencies such as the U. S. Commercial Company in temporarily financing exports from these areas. Net dollar proceeds are currently being used primarily to purchase raw materials and equipment needed for a further expansion of exports in order to hasten the time when the occupied areas will become fully self-supporting. To aid in this program, I urge that the Congress authorize the U. S. Commercial Company to continue operations beyond June 30, 1947, the present expiration date.

Aid for the Philippine Republic includes assistance in rebuilding its economy, payments to fulfill our pledge to compensate partially for war damage, and maintenance of training programs for Philippine citizens. The 1947 total includes a Reconstruction Finance Corporation loan of 75 million dollars for aid in financing the current Budget of the Republic.

Estimated expenditures of 18 million dollars for our membership in international organizations consist primarily of our share of the administrative budgets of the United Nations and its affiliated specialized organizations. In view of the immense tasks we have entrusted to the international organizations, this is a modest sum. Our contribution the the International Refugee Organization and funds for additional relief are included under proposed legislation.

Expenditures by the State Department are expected to increase in the fiscal year 1948. It is of utmost importance that the Department be equipped with sufficient funds and an adequate staff to make its maximum contribution to international peace. In 1948 there will be an increase of expenditures to carry on the improved Foreign Service program authorized under the Foreign Service Act of 1946. The Budget estimate for the Foreign Service buildings fund provides for the purchase of real property obtained by the Office of the Foreign Liquidation Commissioner in lend-lease and surplus property settlement agreements with other nations. Payment for these properties by the State Department increases miscellaneous receipts of the Treasury by a corresponding amount.

Appropriations—Appropriations for the fiscal year 1948 total 1,169 million dollars, mainly for the administration and relief of occupied countries and for various State Department programs. Funds for loans by the Export-Import Bank in the fiscal year 1948 will be obtained under its current borrowing authority. Advances to the United Kingdom will be made under the existing authorization. The appropriations total includes 11 million dollars of anticipated supplementals for the State Department and 76 million dollars for proposed legislation.

Labor

The facilities of the Federal Government for dealing with the welfare of labor and with labor-management disputes provide for the encouragement of collective bargaining, administration of laws and regulations to protect the working force, assistance to States in promoting employment opportunities, and gathering of basic labor information.

In my message on the State of the Union, I have asked that the machinery in the Department of Labor for facilitating collective bargaining and expediting the settlement of labor-management disputes be amplified and strengthened. I have included administrative funds for this purpose under proposed legislation.

I recommend also that the Congress authorize grants to States through the Department of Labor for programs fostering safe working conditions. The toll resulting from industrial hazards reduces the productive capacity of the labor force. The new program should be administered by State Departments of Labor under Federal standards. Funds for this purpose have likewise been included under proposed legislation.

LABOR

(Fiscal years. In millions)

	Expenditures			
	Actual,	Estimate		Appropriations,
Program or Agency Concerned—	1946	1947	1948	1948
Mediation and regulation:				
Labor Department	$14	$11	$9	$9
National Labor Relations Board	4	5	8	8
Other	6	3	4	4
Training and placement:				
Public employment offices	71	90	78	78
Other	1	3	3	3
Labor information and statistics and general administration	8	12	14	14
Proposed legislation	------	------	3	3
Total	$104	$124	$118	$118

Expenditures—The National Labor Relations Board has an accumulation of unresolved cases awaiting action owing to the increased incidence of representation cases and unfair labor practice cases and to the reduced appropriations available for the Board's work this year. Delay in settling such cases is in itself a cause of labor disturbance. Apart from the backlog of unsettled cases, the number of cases brought before the Board for settlement has increased. The program submitted in this Budget is designed to reduce the backlog and keep the Board more nearly current in handling cases. This should diminish the incidence of strike action by labor organizations which is encouraged by tardy handling of cases.

The public employment service system, although now composed of the coordinated employment office facilities of the several States, is still financed in full by the Federal Government. Expenditures for these offices for the fiscal year 1947 are estimated at 90 million dollars. This includes the increased cost of State operation and 11 million dollars of nonrecurring terminal-leave pay for Federal employees upon the return of the employment service to the States. It is my hope that the public employment service system will maintain the high standard of operations and the efficient procedures which have proved essential for facilitating the flow of workers to areas where they are needed.

I propose also increased expenditures for labor information and statistics to facilitate collective bargaining and meet the more important needs of labor, business, Government, and the general public for current data concerning employment, wages, prices, and the like.

Appropriations — For 1948, I recommend appropriations of 118 million dollars, including the amount for proposed legislation.

General Government

The principal types of expenditures in "General government" are for (1) legislative and judicial activities, and executive management and control; (2) the Government payment toward civilian employees' retirement; (3) other services covered by appropriations which relate to more than one function; and (4) a few special programs necessitated by the war, such as disposal of surplus property, which do not logically belong in any other category.

Expenditures for these functions in the fiscal year 1948 are expected to decline only moderately from the comparable total for 1947, because they will still include a substantial amount for war liquidation. Such activities will account for more than one-third of all the expenditures in this category.

Expenditures—The work load of the Treasury Department remains at a high level. For example, in the Bureau of Internal Revenue tax returns for previous years remain to be audited, pending excess-profits-tax cases must be investigated and settled, special efforts are continuing to reduce tax evasion, and the number of tax returns to be reviewed is increasing as war veterans revert to civilian status. Further, with the resumption of foreign trade and passenger travel and the designation of new airfields in the United States and Alaska as ports of entry, the staff requirements of the Bureau of Customs are above the level of 1946.

The Government payment toward the Federal civilian employees' general retirement system will be larger in the fiscal year 1948 than in the current year. About half of the increase reflects the advance in salary rates which took effect July 1, 1946, and was not covered in the appropriation for 1947. The remainder of the increase applies against previous liabilities of the Government to the retirement system.

Government Corporations

With the termination of wartime programs, net expenditures of corporations in the fiscal year 1948 will be focused in a few major areas—chiefly purchase of veterans' housing mortgages, loans to finance rural electrification, price-support outlays for farm commodities and disbursements on Export-Import Bank loans to foreign borrowers. These programs represent, in the main, capital items recoverable over a period of years. As long as high levels of business activity continue, disbursements in all other major areas will be held to low levels and will be partly or wholly offset by receipts.

In the fiscal year 1948 net expenditures from corporation accounts alone will amount to 829 million dollars, compared with net receipts of 175 million dollars in 1947. But if we take into account reduced payments by the Treasury to the corporations and increased repayment of capital funds to the Treasury by the corporations, net withdrawals from the Treasury for these programs will remain almost unchanged, despite the sharp shift in the methods of financing them. This is explained in detail in the summary narrative for part III.

At present certain wholly owned Government corporations have authority to issue obligations whose principal and interest are guaranteed by the Federal Government. During the war the Treasury, because of its tremendous public debt operations, requested the corporations to obtain their funds directly from it rather than issue obligations on the market. I now recommend that the authority of Government corporations to issue guaranteed obligations to the public be repealed and that such agencies be authorized to obtain their funds solely by borrowing from the Secretary of the Treasury.

During the war, the Treasury has been advancing funds to the corporations at an interest rate of 1%. This low rate was based in part on the general level of interest rates in the market and in part on the fact that a large proportion of corporation activities—like subsidies and preclusive buying—was non-income-producing.

From now on most corporation programs will be revenue-producing. Accordingly, I recommend that corporations be required to reimburse the Treasury for the full cost to it of money advanced to the corporations. Interest paid on borrowings from the Treasury should be based upon the current average rate on outstanding marketable obligations of the United States—now about 1.8%. Dividends should be paid on capital stock, if earned. While these changes in the amount of intragovernmental transactons will not affect the Budget deficit or surplus, they will cause the corporations' records to reflect more nearly the true costs of their operations.

I recommend that the statutory authority of the Reconstruction Finance Corporation be extended beyond the present expiration date of June 30, 1947. Such extension is assumed in the expenditure estimates in this Budget. The new charter to be submitted will provide for the repeal of all powers not required for peacetime activities. It will also provide for a reduction of 2.5 billion dollars in the Corporation's borrowing authority. With the receipts anticipated from liquidation of war activities the reduced authority should prove adequate.

I have already recommended extension of the authority of the U. S. Commercial Company and reduction in the borrowing authority of the Federal Farm Mortgage Corporation.

In this Budget, I am also recommending return of capital to the Treasury by certain mixed-ownership corporations. The Federal land banks will complete retirement of Government-owned capital stock during the fiscal year 1947. In the fiscal year 1948, it appears that they can repay the outstanding paid-in surplus of 37 million dollars. These transactions will return the land banks to the status of cooperative institutions owned by the farmers they serve. In addition, I recommend a further small retirement of the capital stock of the Federal home loan banks.

The Corporation Supplement to the 1947 Budget indicated that the Federal Deposit Insurance Corporation could soon begin to retire its capital stock. The continuing rapid growth in the Corporation's resources and the exceptionally strong position of the insured banks now make it possible to propose a substantial amount of capital redemption in the fiscal year 1948. Accordingly, I recommend that the Congress authorize the Corporation to repay all of the 139 million dollars of capital furnished by the Federal Reserve System. Since the Reserve banks have already replaced these funds from earnings in recent years, the Board of Governors of the Federal Reserve System has proposed that the Congress at the same time authorize the payment to the Treasury of the 139 million dollars. I also recommend that the Congress authorize the Corporation to repay 100 million dollars of the 150 million dollars furnished by the Treasury Department.

By the close of the fiscal year 1948, after these repayments, the Corporation will still have capital surplus and reserves of about 1 billion dollars—the objective set several years ago.

The Board of Governors has made a further recommendation, in which I also concur, that the Congress repeal the existing, largely dormant, authority of the Federal Reserve banks to make direct loans to industry, releasing to the Treasury the funds reserved for this purpose. The gold increment fund now includes 112 million dollars reserved for such loans, and an added 28 million dollars has been advanced to the Federal Reserve banks. These sums will be transferred to miscellaneous receipts.

These transfers from the Federal Deposit Insurance Corporation, the Reserve banks, and the gold increment fund will add a total of 379 million dollars in miscellaneous receipts in the fiscal year 1948.

The Government Corporation Control Act requires that no wholly-owned Government corporation not now possessing a Federal charter shall continue after June 30, 1948, unless reincorporated before that time by act of Congress. Of the 16 such corporations in operation when the act was approved, the following six are already in process of liquidation: Defense Homes Corporation, Federal Surplus Commodities Corporation, Inter-American Navigation Corporation, Institute of Inter-American Transportation, Prencinradio, and the U. S. Spruce Production Corporation.

SUMMARY OF BUDGET RECEIPTS AND EXPENDITURES
BY FUNCTION

Based on existing and proposed leg'slation

(For the fiscal year 1946, 1947, and 1948)

Description—	Actual, 1946	Estimate, 1947	Estimate, 1948
BUDGET RECEIPTS—			
General and special accounts:			
Direct taxes on individuals	$19,008,026,332	$18,637,000,000	$19,120,000,000
Direct taxes on corporations	12,905,687,938	9,226,980,000	8,269,990,000
Excise taxes	6,695,859,906	†7,283,020,000	†6,118,010,000
Employment taxes	1,713,671,530	1,955,300,000	2,693,700,000
Customs	435,475,072	495,700,000	517,300,000
Miscellaneous receipts:			
Existing legislation	3,479,869,559	3,986,626,787	2,619,866,388
Proposed legislation	----------	----------	378,599,557
Total receipts, gen. & spec. accounts	$44,238,590,337	$41,584,626,787	$39,717,465,945
Deduct net appropriation to Fed. old-age and survivors insurance trust fund	1,200,791,529	1,354,700,000	1,987,100,000
Net Burget receipts	$43,037,798,808	$40,229,926,787	$37,730,365,945
BUDGET EXPENDITURES—			
General and special accounts:			
National defense	$45,065,933,859	$15,149,457,635	$11,587,114,769
Veterans' services and benefits	4,414,433,474	7,601,388,963	7,342,771,835
International affairs and finance	1,830,726,458	5,637,691,909	2,820,129,298
Social welfare, health and security	1,112,697,825	1,569,846,599	1,654,114,593
Housing and community facilities	157,799,827	525,566,578	225,400,508
Education and general research	87,939,522	71,493,844	88,069,598
Agriculture and agricultural resources	1,034,783,240	1,582,473,122	1,602,949,215
Natural resources not primarily agricult.	275,313,559	727,275,809	1,098,921,243
Transportation and communication	866,437,611	935,588,293	1,532,911,801
Finance, commerce, and industry	215,566,939	175,886,084	112,326,889
Labor	104,436,080	124,004,518	117,517,596
General government	988,925,286	1,482,779,087	1,426,534,322
Interest on the public debt	4,747,492,077	4,950,000,000	5,000,000,000
Refunds of receipts	3,119,396,565	2,154,647,147	2,064,803,500
Reserve for contingencies	----------	10,000,000	25,000,000
Adjust. to daily Treas. statement basis	+996,745,649	----------	----------
Total expenditures, general and special accounts	$65,018,627,991	$42,698,099,588	$36,698,565,167
‡Checking accounts of wholly owned Government corporations & credit agencies with U. S. Treas. (net):			
National defense	*53,441,000	*423,572,000	*330,927,000
International affairs and finance	*367,282,839	756,232,000	690,223,000
Social welfare, health, and security	8,766	----------	----------
Housing and community facilities	*337,452,935	18,492,000	313,654,000
Agriculture and agricultural resources	*283,287,559	*465,629,000	*222,215,000
Natural resources not primarily agricult.	*18,445,891	1,000,000	1,900,000
Transportation and communication	*42,815,000	*30,555,000	*2,600,000
Finance, commerce, and industry	*185,354,000	*93,260,000	313,696,000
General government	*16,588,116	62,140,000	65,621,000
‡Net expenditures, wholly owned Government corporations & credit agencies	*$1,304,658,574	*$175,152,000	$829,352,000
Total Budget expenditures	$63,713,969,417	$42,522,947,588	$37,527,917,167
Excess of Budget receipts over expenditures	----------	----------	202,448,778
Excess of Budget expend. over receipts	20,676,170,609	2,293,020,801	----------

*Excess of credits, deduct.

†Assumes that the reduction in tax rates which becomes effective 6 months after the termination of hostilities will take place on July 1, 1947.

‡Sales and redemptions of obligations of Government corporations and credit agencies are shown under trust accounts.

This Budget recommends the liquidation of five other State-chartered corporations: Inter-American Educational Foundation, The RFC Mortgage Company, Rubber Development Corporation, Tennesee Valley Associated Cooperatives, and the Warrior River Terminal Company. The residual functions of the Rubber Development Corporation and the program of the RFC Mortgage Company will be assumed by their parent corporation, the Reconstruction Finance Corporation. The Warrior River Terminal Company will be absorbed by the Inland Waterways Corporation, of which it is now a subsidiary.

This Budget also recommends that three non-federally chartered corporations be reincorporated by act of Congress: Commodity Credit Corporation, Export-Import Bank of Washington, and the Virgin Islands Company. The act establishing the Commodity Credit Corporation as an agency of the United States expires in June. It, therefore, needs early consideration.

Recommendations on the Panama Railroad Company and the Institute of Inter-American Affairs have necessarily been postponed. The Department of State is reviewing the program of the Institute and a recommendation regarding its future status will be forthcoming soon.

Activities of the Panama Railroad Company have become closely interwoven with those of The Panama Canal in the 43 years since the Government purchased this Company. While its major functions obviously must be continued, a careful reexamination and reappraisal of the respective roles of the Company and The Panama Canal are required. As soon as studies are completed, my recommendations will be transmitted to the Congress.

In addition to examination of the non-federally chartered corporations, studies are under way, in accordance with the provisions of section 107 of the Government Corporation Control Act, regarding those corporations whose fiscal affairs could be handled more appropriately in the same manner as those of regular Federal agencies. These and future studies will be useful, not only in developing recommendations concerning specific corporations, but also in establishing a consistent pattern for use of Government corporations.

While the general role of the Government corporation has been accepted in the laws of this country for more than 30 years, the standards for use of this instrument are not fully developed and will be subject to many refinements. Experience indicates that the corporate form of organization is peculiarly adapted to the administration of governmental programs which are predominantly of a commercial character—those which are revenue producing, are at least potentially self-sustaining, and involve a large number of business-type transactions with the public.

In their business operations such programs require greater flexibility than the customary type of appropriation budget ordinarily permits. As a rule the usefulness of a corporation lies in its ability to deal with the public in the manner employed by private business for similar work. Necessary controls are or can be provided under the Government Corporation Control Act. Further study may well indicate not only that some existing corporations ought to be converted into agencies, but also that some existing agencies might administer their programs more effectively if they had some or all of the attributes of corporations.

Proposed Legislation

The new legislation and the extension of existing legislation, proposed in this Message, for which funds are required in the fiscal year 1948 are as follows:

	Estimated Expenditures, 1948
I. Proposed New Legislation:	
International affairs and finance:	
Contributions to the support of new international organizations	$75,718,000
Relief program for foreign countries	250,000,000
Social welfare, health, and security:	
Increase in public assistance benefits	73,500,000
Antibiotics control	242,000
Housing and community facilities:	
Long-range housing program	14,000,000
Transportation and communication:	
Upward revision in postal rates to meet the Post Office Dept's operating deficit	—352,000,000
Office Department's operating deficit	—352,000,000
Finance, commerce, and industry:	
Census of business	10,150,000
Census of mineral industries	218,000
Labor:	
Grants to the States for programs fostering safe working conditions	1,300,000
Strengthened machinery for facilitating the settlement of industrial disputes	1,295,000
II. Proposed Extensions of Existing Legislation:	
National defense:	
Interim universal training operation	10,250,000
Social welfare, health, and security:	
Continued benefits for United States civilians injured by enemy action	138,000
Finance, commerce, and industry:	
Extension of rent control, price control on sugar and sirups, and rice, sugar rationing, export and import controls, priority and allocation controls on a few commodities, and a few other minimum controls	47,610,700

III. Proposed Extensions of Corporation Authority:

United States Commercial Company: Extension beyond June 30, 1947.

Commodity Credit Corporation: Extension beyond June 30, 1947.

Federal Farm Mortgage Corporation: Reduction of borrowing authority.

Reconstruction Finance Corporation: Extension beyond June 30, 1947; Reduction of borrowing authority; Increase in the present limit on loans to States of local public authorities for construction purposes.

In this Message every effort has been made to present the Federal Budget Program with as much clarity as its complexities permit. All citizens have an interest in the Budget. Both sides of the Budget touch their everyday lives. I consider it my duty to give them full information on what their Government proposes to do.

HARRY S. TRUMAN.

January 3, 1947.

Knulson Revises Tax-Cutting Measure

Representative Harold Knutson (R.-Minn.), looked upon as the likely new Chairman of the House Ways and Means Committee, introduced a modified version of his tax-reducing bill soon after the House convened for its first meeting of the 80th Congress. This piece of legislation, instead of making a flat 20% cut on all individual income tax brackets, according to Washington Associated Press advices of Jan. 3, proposes:

1. A 20% cut on the first $300,000 of income.

2. A 10.5% reduction of that portion of income exceeding $300,000.

Internal Revenue Bureau figures for 1943—the last year available—showed that just over 600 persons in the United States had a gross income above $300,000 that year.

In its final form, the Republican bill also would grant an added advantage to taxpayers over 65 years old, giving each person in that age group an additional exemption of $500, making a total exemption of $1,000.

It was reported that Congressional tax authorities had estimated that Mr. Knutson's bill, if passed, would cut 1947 tax collections by $3,500,000,000. This would be in addition to an anticipated loss of $1,500,000,000 if automatic reductions of wartime "luxury" taxes occur on July 1.

Mr. Knutson told newsmen, regarding his bill, the same advices stated:

"Because of the necessity of revising withholding tables, and the fact that individual taxes are now on a current pay-as-you-go basis, a percentage reduction in tax appears to be the most feasible method to apply relief to 1947 incomes, effective Jan. 1.

"Since such a method can be put into effect almost immediately, it will mean quick relief to millions of workers by increasing their take-home pay without delay.

"It is hoped and expected that H. R. 1 (the tax bill) will give the greatest possible incentive to the investment of capital in new ventures, which will open up new avenues for employment as well as expanded markets for raw materials."

Drive on for Universal Training

Universal military training legislation, under which every boy would be required to take a year's training, was introduced on Jan. 8 by Representative Overton Brooks (D.-La.), who sponsored a similar bill last year, according to Washington Associated Press advices. Provision is made under the bill to make every boy eligible upon his 18th birthday or upon graduation from high school, whichever was later, with training to commence in any event before the youth reaches the age of 20. A 24-page booklet published by the War Department on Dec. 29 made a direct appeal to Congress for enactment of universal military training legislation on the grounds that the atomic bomb "greatly increases the need for trained men." Warning that an unarmed America would be the "world's richest prize" the booklet urged that the program be started immediately, advices from Washington to the New York "Herald-Tribune" stated.

Conceding that the cost would be "considerable," probably about $1,000,000,000 a year, the War Department pointed out that nevertheless the program is not only the most practical, but cheapest, in assuring future safety.

The State of Trade

(Continued from page 319)

material prices and freight rate advances on materials used by the steel industry have forced all steel companies to raise prices much farther and on a broader scale than had been anticipated a few months ago, "The Iron Age" notes. In addition, a substantial number of new steel price advances were made a few weeks ago in addition to those already posted a month ago.

Structural steel, plates and structural shapes have been raised $3 a ton. Some wire had been advanced $5 a ton, while billets, blooms and slabs—raw material for nonintegrated mills — have been advanced $3 a ton. Tinplate which sold throughout 1946 at $5 a base box of 100 lb. despite permission last March to advance the price to $5.50, has been marked up for 1947 sales to $5.75 a base box of 100 lb. This represents a $15 a ton increase over the going price in 1946.

Some makers of low alloy high tensile steels, the use of which has been growing by leaps and bounds, have marked up quotations $13 a ton on plates; $8 on structurals; $6 on bars; $3 on bar shapes; $5 on hot-rolled strip; $5.50 on hot-rolled sheets and $4.50 on cold-rolled sheets.

Scrap prices this past week were generally firm despite some evidence of weakness beneath the openhearth grades. Openhearth prices were off 50c a ton at Chicago but this was not considered to be a major market trend either in that area or in other locations for the time being at least.

While it is still too far in advance to make a reasonable prediction, the steel industry is still mindful of the fact that the coal situation with its problems has only been postponed. Unless some form of agreement is reached between the operators and the mine workers before April 1, another coal strike is likely. In view of labor legislation, the probability of further decreases in food costs and the general public reaction, "The Iron Age" concludes, the steel industry and the coal mines may skin through the first quarter of this year without a major crisis.

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 91.2% of capacity for the week beginning Jan. 13, 1947, compared with 89.7% one week ago, 83.9% one month ago and 79.5% one year ago. This represents an increase of 1.5 points or 1.7% from the previous week.

The week's operating rate is equivalent to 1,607,300 tons of steel ingots and castings and compares with 1,580,900 tons one week ago, 1,478,600 tons one month ago and 1,401,200 tons one year ago.

Electric Production—The Edison Electric Institute reports that the output of electricity decreased to 4,573,807,000 kwh. in the week ended Jan. 4, 1947, from 4,442,443,000 kwh. in the preceding week. Output for the week ended Jan. 4, 1947, was 18.3% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 209,700,000 kwh. in the week ended Jan. 5, 1947, compared with 184,400,000 kwh. for the corresponding week of 1946, or an increase of 13.7%. Local distribution of electricity amounted to 194,200,000 kwh. compared with 177,200,000 kwh. for the corresponding week of last year, an increase of 9.6%.

Railroad Freight Loadings—Car loadings of revenue freight for the week ended Jan. 4, 1947, totaled 687,428 cars, the Association of American Railroads announced. This was an increase of 59,461 cars (or 9.5%) above the preceding week and 34,450 cars or 5.3% above the coresponding week for 1946. Compared with the similar period of 1945, an increase of 4,030 cars, or 0.6%, is shown.

Paper and Paperboard Production — Paper production in the United States for the week ended Jan. 4, was 96.3% of mill capacity, against 71.8% in the preceding week and 89.1% in the like 1946 week, according to the American Paper & Pulp Association. This does not include mills producing newsprint exclusively. Paperboard output for the current week was 85%, compared with 66% in the preceding week and 75% in the corresponding week a year ago.

November Business Incorporations Decline—The number of new businesses incorporated throughout the United States during the month of November fell rather sharply below the October level. They were more numerous than in the corresponding 1945 month but the rise was the smallest recorded so far this year. Total company charters issued last month numbered 8,487, according to the latest compilation by Dun & Bradstreet, Inc., covering 48 states. This was 2,312, or 21.4%, fewer than the 10,799 for October, but it exceeded the comparable 1945 figure of 7,120 by 1,367, or 19.2%. The November count at 8,487 was the smallest for any previous month since November, 1945.

Only nine of the 48 states reported a greater number of company formations in November than in October; comparison with November of last year showed increased charterings in all except eight states.

A total of 122,924 stock companies were incorporated in the 48 states during the first eleven months of this year. This represented a monthly average of 11,175, as compared with a monthly rate of 6,019 during the second half of 1945, an increase of 85.7%.

Business Failures Increase — Commercial and industrial failures rose to 37 in the week ending Jan. 9, reports Dun & Bradstreet, Inc. This total compared with 30 in the previous week and 10 in the coresponding week of 1946. With concerns failing more than three and a half times as numerous as last year, this was the sixteenth week that failures have exceeded those in the comparable week of the previous year.

There were six times as many concerns failing with liabilities of $5,000 or more as there were with losses under that amount. These large failures numbered 32, showing a slight increase from the 26 reported last week and a sharp jump from the eight in 1946's corresponding week. Only five failures occurred involving liabilities under $5,000 against four in the previous week and two a year ago.

Manufacturing and retailing had the largest number of failures. Fourteen concerns failed in each of these groups, while no other industry or trade group had more than five. Manufacturers failing doubled the number occurring a week ago and were almost three times as numerous as in the same week of 1946. In retail trade, failures rose from nine in the previous week to 14 in the week just ended, seven times the two reported a year ago. Only two industry and trade groups had fewer failures this week than last week, construction and wholesale trade.

The Middle Atlantic States accounted for two times as many failures as any other region. The next highest number of failures were reported in the New England and Pacific States with seven an six respectively.

Canadian failures numbered two against five in the preceding week and two in the corresponding week of 1946.

Nov. Hardware Sales Show 36% Gain—Sales of independent retail hardware stores in the United States enjoyed an average increase of 36% in November, 1946, compared with the same month in 1945 "Hardware Age" reports in its every-other-Thursday market summary. Hardware stores reporting on cumulative sales for the first 11 months of 1946 indicated that their average volume increase was 42% over the same period the previous year.

Wholesale Food Price Index Declines Slightly—Following the sharp drop recorded last week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., showed a further slight decline to $6.20 on Jan. 7, from $6.21 a week earlier. The current figure compares with $4.14 on the corresponding date a year ago, a rise of 49.8%. Commodities moving upward in the week were flour, wheat, corn, rye, oats and butter. The list of declines included hams, bellies, cocoa, hogs and sheep. The index represents the sum total of the price per pound of 31 foods in general use.

Daily Wholesale Commodity Price Index—The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., moved somewhat irregularly in the past week. From 242.26 on Jan. 2, the index figure rose to 244.53 on Jan. 4, and closed at 243.75 on Jan. 7. This contrasted with 182.35 on the corresponding date a year ago.

All grain futures displayed strength last week, aided by firmer cash markets and reports of severe wintry weather in grain-producing areas which is expected to result in slowing the movement of grain from farms and increase demand for grains for feeding purposes. Further support stemmed from reports of larger than expected exports of wheat, corn and flour during December and the probability of a continued large export movement in grains during the latter half of the crop year. While domestic demand for flour remained slow, prices edged slightly upward, aided by a heavy backlog of export orders. Mixed trends featured the livestock markets. Hog prices averaged about $1.50 per hundredweight lower at the close, after fluctuating irregularly through the week. Cattle prices advanced around $1, recovering most of last week's decline. Lambs were somewhat easier as receipts rose materially over the previous week. The cash lard market developed a firm undertone, aided by a continuing broad export demand. A marked increase in cold storage stocks of lard was reported during December.

Cotton prices moved over a fairly wide range last week, but with the turn of the new year values rose moderately and final quotations showed net gains of around ½ cent per pound. Weakness in the early part of the week largely reflected year-end liquidation for tax purposes. Strengthening influences in the latter part of the period remained as heretofore, and included the strong statistical position of the staple, reports of a holding movement by farmers in the South and the possibility of resumption of private export trade with Germany and Japan. Another favorable factor was the moderate increase in the mid-December parity price for cotton to 24.61 cents per pound. This marked a new record high and compared with 26.29 on November 15, and with 21.82 on Dec. 15, 1945. Activity in cotton textile markets showed usual seasonal slackening. Offerings of carded gray goods were on a restricted basis and most houses were reported well sold into the first quarter of 1947. Cotton cloth prices remained steady with spot goods ruling from 10 to 30% above former OPA ceiling prices.

Holiday dullness prevailed in the Boston wool market last week and sales of domestic wools were very slow. Activity was confined to limited trading in revalued Texas wools and to deliveries of wools purchased in October. A feature of the week was the announcement of a further advance of from one to three cents per pound, clean basis, in CCC selling prices, effective as of Dec. 31. Business in spot foreign wools continued quiet. Foreign primary markets were also very quiet due to the holiday period. Prices trended easier toward the close of the year.

Retail and Wholesale Trade — January promotions of many kinds of soft goods attracted crowds of consumers and sustained retail volume at a level close to that of the preceding week. Total retail volume in the week ended last Wednesday was well above that of the corresponding week a year ago, states Dun & Bradstreet, Inc., in its summary of retail trade. Quality conscious shoppers were quick to reject merchandise they considered inferior.

Total retail sales of food in 1946 were estimated to be 17% above the 1945 level and represented about 35% of the total consumer expenditures for goods and services in 1946. The supply of food the past week continued to be abundant with both fresh and canned fruits plentiful. Adequate quantities of meat and poultry were also available. Consumer resistance to the price of lard increased and further declines in liquor prices were reported.

The consumer response to promotions of sportswear was enthusiastic. Women's suits, coats and lingerie attracted much attention and main floor items were frequently requested. Fur sales evoked a mild response as further price reductions were announced in many localities. The demand for men's suits generally exceeded the selections immediately available. Consumer interest in piece goods remained very high although tempered by considerations of price and quality.

Stocks of durable goods generally remained limited despite some slight increases. The supply of electrical appliances was reported to be spotty, while smaller appliances such as irons, toasters and mixers were more easily available than the larger items such as refrigerators, ranges and washing machines. The demand for dining-room and bedroom furniture was very high and stocks increased fractionally.

Retail volume for the country in the week ended last Wednesday was estimated to be from 20 to 24% above that of the corresponding week a year ago. Regional estimates exceeded those of a year ago by the following percentages: New England 12 to 16, East 23 to 27, Middle West 22 to 26, Northwest 18 to 22, South 19 to 23, Southwest 17 to 21 and Pacific Coast 20 to 24.

The arrival of many buyers in wholesale markets resulted in a sharp rise in new order volume during the week. Total wholesale volume was considerably above that of the corresponding week a year ago. Buyers displayed selectivity in almost all lines including some in which allotments continued to prevail.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Jan. 4, 1947, increased by 39% above the same period of last year. This compares with an increase of 77% (revised figure) in the preceding week. For the four weeks ended Jan. 4, 1947, sales increased by 32% and for the year to date by 28%.

In using year ago comparisons for the Jan. 4 week, allowance should be made for the fact that this year had five trading days as compared with four in the corresponding week last year when stores in many cities were closed on Monday, Dec. 31, as well as on Tuesday, Jan. 1.

Here in New York last week reports indicated that good orders were placed for medium price and better lines. Volume in the cheaper lines was reported below expectations, reflecting an estimated reduction of approximately 15%.

In durable goods, there was a sharp increase in orders for builder's hardware, along with plumbing, heating and electrical supplies. This was largely due to the virtual abolition of CC priorities by the Civilian Production Administration.

A lower trend was noted in food prices during the week with inventories reported large on many items.

A sizable number of buyers arrived in the wholesale markets the past week and a larger number is expected this week, marking the peak for the early part of the season.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Jan. 4, 1947, increased 42% above the same period last year. This compared with an increase of 77% (revised figure) in the preceding week. For the four weeks ended Jan. 4, 1947, sales rose 34% and for the year to date increased to 29%.

Finance and Industry To Discuss Problems

Bankers will hear from industrial leaders about the requirements of industry for the instalment financing of their merchandise, and industry will hear from bankers about their plans for the instalment financing of consumer durable goods at a National Consumer and Instalment Credit Conference which will be held in St. Louis on Jan. 23, 24 and 25, under the auspices of the Consumers Credit Committee of the American Bankers Association. Carl M. Flora, Chairman of the Committee and Vice-President of the First Wisconsin National Bank, Milwaukee, Wis., states that the conference will be held at the Hotel Jefferson.

Business executives who will present the case for industry include John L. McCaffrey, President of International Harvester Co.; Lee Moran, Executive Vice-President, National Automobile Dealers Association; John L. Busey, President, General Electric Supply Corp., and President, National Electrical Wholesalers Association; Ted V. Rodgers, President American Trucking Associations, Inc.; Joseph L. Wood, General Credit Manager, Johns-Manville Corp.; J. Gordon Dakins, manager, Credit Management Division, National Retail Dry Goods Association; Roscoe R. Rau, Executive Vice-President and Secretary, National Retail Furniture Association; Robert E. Ginna, Vice-President, Rochester Gas and Electric Co.; and John P. Gaty, Vice-President and General Manager, Beech Aircraft Corp.

The bank executives who will address the conference include Carl A. Bimson, Vice-President, Valley National Bank and Trust Co., Des Moines, Iowa; Lehman Plummer, Vice-President, Central National Bank and Trust Co., Des Moines, Iowa; Lewis F. Gordon, Vice-President, Citizens and Southern National Bank, Atlanta, Ga.; Kenneth R. Wells, Assistant Vice-President, American National Bank & Trust Co., Chicago, Ill.; R. A. Peterson, Vice-President, Bank of America N. T. & S. A., San Francisco, Calif.; William W. McCarthy, Vice-President, National Shawmut Bank, Boston, Mass.; Kenton R. Cravens, Vice-President, Mercantile-Commerce Bank & Trust Co., St. Louis, Mo.

Moody's Bond Prices and Bond Yield Averages

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

MOODY'S BOND PRICES
(Based on Average Yields)

1946-47 Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Earnings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 14	122.16	117.20	121.67	120.02	117.20	110.52	113.12	118.40	120.43
13	122.14	117.20	121.67	119.82	117.40	110.52	113.12	118.40	120.43
11	122.17	117.20	121.67	120.02	117.20	110.70	113.12	118.40	120.43
10	122.17	117.20	121.67	119.82	117.20	110.52	113.12	118.40	120.43
9	122.17	117.20	121.67	119.82	117.20	110.52	113.12	118.40	120.43
8	122.14	117.20	121.46	119.82	117.20	110.52	112.93	118.00	120.20
7	122.11	117.00	121.06	119.82	117.00	110.62	112.93	118.00	120.22
6	122.08	117.00	121.25	119.61	117.00	110.34	112.75	117.80	120.22
4	122.11	116.80	121.25	119.61	116.80	110.34	112.75	118.00	120.22
3	122.14	116.80	121.25	119.61	116.80	110.15	112.75	118.00	120.02
2	122.17	116.80	121.04	119.61	116.80	110.34	112.56	118.00	120.02
1	STOCK EXCHANGE CLOSED								
Dec. 27	122.17	116.80	121.04	119.61	116.80	110.15	112.56	118.80	119.82
20	121.92	116.61	120.84	119.20	116.61	109.97	112.37	117.60	119.82
13	121.92	116.41	120.63	119.20	116.41	109.97	112.37	117.40	119.61
6	121.74	116.22	120.84	119.00	116.22	109.60	111.81	117.40	119.61
Nov. 29	121.55	116.22	121.04	118.80	116.02	109.60	111.81	117.60	119.61
22	121.80	116.41	121.04	119.00	116.02	109.79	112.00	117.60	119.82
15	122.05	116.61	121.46	119.20	116.41	110.15	112.37	117.80	120.02
8	122.17	116.61	121.25	119.20	116.22	110.34	112.37	117.60	120.02
1	122.14	116.41	121.04	119.20	116.02	110.15	112.19	117.60	119.82
Oct. 25	121.77	116.61	121.04	119.20	116.22	110.34	112.19	117.60	120.02
18	121.43	116.61	121.04	119.20	116.22	110.34	112.37	117.80	120.02
11	121.08	116.41	120.84	119.00	116.22	110.15	112.19	117.60	119.82
4	121.05	116.61	121.25	119.00	116.61	110.34	112.56	117.80	119.82
Sept. 27	121.08	116.61	121.04	119.00	116.61	110.15	112.37	117.80	119.82
Aug. 30	122.92	118.40	122.71	120.43	118.00	112.37	114.85	118.80	121.25
July 26	123.77	118.60	123.13	121.04	118.40	112.56	115.63	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 1947	122.17	117.20	121.67	120.02	117.40	110.70	113.12	118.40	120.43
Low 1947	122.08	116.80	121.04	119.61	116.80	110.15	112.56	117.80	120.02
High 1946	126.28	120.02	124.20	122.50	119.61	114.46	117.60	120.43	122.50
Low 1946	120.70	116.22	120.63	118.80	116.02	109.60	111.81	117.40	119.41
1 Year Ago Jan. 14, 1946	126.24	118.40	122.29	120.63	118.40	112.75	115.24	118.60	121.67
2 Years Ago Jan. 13, 1945	121.25	113.70	119.00	118.00	113.50	104.83	108.88	113.70	118.40

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

1946-47 Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Earnings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 14	1.57	2.79	2.57	1.65	2.79	3.14	3.00	2.73	2.63
13	1.57	2.79	2.57	2.66	2.78	3.14	3.00	2.73	2.63
11	1.57	2.79	2.57	2.65	2.79	3.13	3.00	2.73	2.63
10	1.57	2.79	2.57	2.66	2.79	3.14	3.00	2.73	2.63
9	1.57	2.79	2.57	2.66	2.79	3.14	3.00	2.73	2.63
8	1.57	2.79	2.58	2.56	2.79	3.14	3.01	2.75	2.64
7	1.57	2.80	2.58	2.66	2.80	3.14	3.01	2.75	2.64
6	1.57	2.80	2.59	2.67	2.80	3.15	3.02	2.76	2.64
4	1.57	2.81	2.59	2.67	2.81	3.15	3.02	2.75	2.64
3	1.57	2.81	2.59	2.67	2.81	3.16	3.02	2.75	2.65
2	1.57	2.81	2.60	2.67	2.81	3.15	3.03	2.75	2.65
1	STOCK EXCHANGE CLOSED								
Dec. 27	1.57	2.81	2.60	2.67	2.81	3.16	3.03	2.75	2.66
20	1.59	2.82	2.61	2.69	2.82	3.17	3.04	2.77	2.66
13	1.59	2.83	2.62	2.69	2.83	3.17	3.04	2.78	2.67
6	1.60	2.84	2.61	2.70	2.84	3.19	3.07	2.78	2.67
Nov. 29	1.62	2.84	2.60	2.71	2.85	3.19	3.07	2.77	2.67
22	1.60	2.83	2.60	2.70	2.85	3.18	3.06	2.77	2.66
15	1.58	2.82	2.58	2.69	2.83	3.16	3.04	2.76	2.65
8	1.57	2.82	2.59	2.69	2.84	3.15	3.04	2.77	2.65
1	1.57	2.83	2.60	2.69	2.85	3.16	3.05	2.77	2.66
Oct. 25	1.60	2.82	2.60	2.69	2.84	3.15	3.05	2.77	2.65
18	1.63	2.82	2.60	2.69	2.84	3.15	3.04	2.76	2.65
11	1.65	2.83	2.61	2.70	2.84	3.16	3.05	2.77	2.66
4	1.65	2.82	2.59	2.70	2.82	3.15	3.03	2.76	2.66
Sept. 27	1.65	2.82	2.60	2.70	2.82	3.16	3.04	2.76	2.66
Aug. 30	1.55	2.73	2.52	2.63	2.75	3.04	2.91	2.71	2.59
July 26	1.49	2.73	2.50	2.60	2.73	3.03	2.87	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	268	2.94	2.78	2.64	2.55
Feb. 21	1.33	2.67	2.49	2.56	2.70	2.94	2.83	2.64	2.55
Jan. 25	1.31	2.70	2.50	2.59	2.70	2.99	2.87	2.68	2.55
High 1947	1.57	2.81	2.60	2.67	2.81	3.16	3.03	2.76	2.65
Low 1947	1.57	2.79	2.57	2.65	2.78	3.13	3.00	2.73	2.63
High 1946	1.68	2.84	2.62	2.71	2.85	3.19	3.07	2.78	2.68
Low 1946	1.31	2.65	2.45	2.53	2.67	2.93	2.77	2.63	2.53
1 Year Ago Jan. 14, 1946	1.32	2.73	2.54	2.62	2.73	3.02	2.89	2.72	2.57
2 Years Ago Jan. 13, 1945	1.74	2.97	2.70	2.75	2.98	3.46	3.23	2.97	2.73

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

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

Electric Output for Week Ended Jan. 11, 1947 16.6% Ahead of That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimates that the amount of electrical energy distributed by the electric light and power industry for the week ended Jan. 11, 1947, was 4,852,513,000 kwh., an increase of 16.6% over the corresponding week last year when electric output amounted to 4,163,206,000 kwh. The current figure also compares with 4,573,807,000 kwh. produced in the week ended Jan. 4, 1947, which was 18.3% higher than the 3,865,362,000 kwh., produced in the week ended Jan. 5, 1946. The largest increases were reported by the Pacific Coast and Southern States groups which showed increases of 24.7% and 23.8%, respectively, over the same week in 1946.

PERCENTAGE INCREASE OVER SAME WEEK LAST YEAR

Major Geographical Division—	Week Ended— Jan. 11	Jan. 4	Dec. 28	Dec. 21	Dec. 14
New England	12.7	13.2	10.6	11.7	11.3
Middle Atlantic	10.2	10.7	10.6	9.1	6.4
Central Industrial	15.1	16.5	17.4	15.3	13.5
West Central	7.6	17.9	14.1	11.4	11.0
Southern States	23.8	26.3	26.3	25.5	21.2
Rocky Mountain	11.8	13.7	9.2	7.2	9.5
Pacific Coast	24.7	24.1	26.0	23.1	26.1
Total United States	16.6	18.3	18.2	16.5	15.0

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1946	1945	% Change Over 1945	1944	1932	1929
Oct. 5	4,478,092	4,028,286	+11.2	4,375,079	1,507,503	1,806,403
Oct. 12	4,495,220	3,934,394	+14.3	4,354,575	1,528,145	1,798,633
Oct. 19	4,539,712	3,914,738	+16.0	4,345,352	1,533,028	1,824,160
Oct. 26	4,601,767	3,937,420	+16.9	4,358,293	1,525,410	1,815,749
Nov. 2	4,628,353	3,899,293	+18.7	4,354,939	1,520,730	1,798,164
Nov. 9	4,682,085	3,948,024	+18.6	4,396,595	1,531,584	1,793,584
Nov. 16	4,699,935	3,984,608	+18.0	4,450,047	1,475,268	1,818,169
Nov. 23	4,764,718	3,841,350	+24.0	4,368,519	1,510,337	1,718,002
Nov. 30	4,448,193	4,042,915	+10.0	4,524,257	1,518,922	1,806,225
Dec. 7	4,672,712	4,096,954	+14.1	4,538,012	1,563,384	1,840,863
Dec. 14	4,777,943	4,154,061	+15.0	4,563,079	1,554,473	1,860,021
Dec. 21	4,940,453	4,239,376	+16.5	4,616,975	1,414,710	1,637,683
Dec. 28	4,442,443	3,758,942	+18.2	4,225,814	1,619,265	1,542,000
Week Ended—	1947	1946	% Change Over 1946	1945	1932	1929
Jan. 4	4,573,807	3,865,362	+18.3	4,427,281	1,602,482	1,733,810
Jan. 11	4,852,513	4,163,206	+16.6	4,614,334	1,598,201	1,736,721
Jan. 18		4,145,116		4,588,214	1,588,967	1,717,315
Jan. 25		4,034,365		4,576,713	1,588,853	1,728,208

From Washington Ahead of the News

(Continued from first page)

others are pressing in. They are coming to Washington, seeking to establish contacts who will get them in touch with John Steelman, with Senators Taft and Ball, with Congressman Case. It is turning out to be a big convention of "labor experts."

You can imagine how it is. Here is a fellow doing labor experting for the firm of Sniffles, Sniffledunk and Spiffles. If he has not been "invited," or attained recognition in the big convention of what to do about labor, his employer may ask if he stands so highly in the labor experting business. A man seeking employment as a labor expert will have little standing unless he can say that he was consulted by the powers that be in the great 1947 deliberation on what to do about labor.

The employer who really wants surcease from his labor problems may well throw up his hands and ask the good Lord to give him relief. As the Washington situation is shaping up he is not going to get it from Congress.

Let's just cite one proposition, embraced in the revamped Case bill and apparently the highlight of the Ball bill. Industrywide bargaining is to be outlawed except within an area of 100 miles. That would permit the tie-up of the Detroit automobile industry, also the Pittsburgh steel industry, the two strikes which set the country on its ears last year. It would prevent nationwide bargaining on the part of John L. Lewis. He is, believe it or not, one of our lesser menaces. The proposal gives the Northern coal operators the creeps. They fought for years to get a nationwide flooring under wages so the Southern operators could not undercut them. But legislation or not on this subject, the Southern operators are maneuvering to break that set-up themselves.

The creation of a Federal Mediation Board utterly fascinates us. We've got mediators and conciliators and arbitrators galore. But the new set-up would be something on the order of the War Labor Board. In the nature of things, every labor leader would shoot for this board, maneuver to get his case before it, and its decisions, political invariably, would come to have the weight of Supreme Court opinions. The employer would be rooked every time.

Fascinating us just as much is the compulsory cooling off period of 60 days. No one of the strikes which have set the country on its ears was not preceded by this "cooling off" period. One of the silliest things of all is the proposed requirement that unions be required to make an accounting of their financial condition. Most of them do so already, and most of them, instead of concealing their resources, like to ballyhoo resources which they don't have.

Mr. Truman and others, fumbling around with the problem, seem to be prepared to be forthright on one thing, and that is that jurisdictional strikes should be outlawed. The country might well wish this was its major labor problem. The only one of any note in recent years is the Hollywood strike. Jurisdictional strikes usually come in times of unemployment when there is a grabbing for the jobs.

The one single worthwhile contribution which we have been able to see is that dealing with holding a union responsible for living up to its contract. But even yet it hasn't got to the basis of the problem, which is the requirement that a union having made a contract with the employer, will not aid a striking union on the grounds that it can't cross a picket line. Either a contract is a contract or it isn't. The proposals to outlaw secondary boycotts get into the realm of Big Business and are more to be considered in the light of the antitrust laws, rather than of necessary labor legislation. For example, these would break up the monopoly in New York whereby the electrical firms and the unions get together to prevent out of city competition.

The Congress set up a monstrosity in the Wagner Act. Its work should be to simplify that maze of technicalities and legalities. But the "labor experts" whom it spawned are not going to permit that.

Russia Receives Further Reminder on Lend-Lease

The United States has notified Russia for a third time that it would like the Soviet Union to settle its $11,000,000,000 lend-lease account, it was disclosed by the State Department on Jan. 3, according to Associated Press advices from Washington on that date, which as given in the New York "Herald Tribune," further said:

Walter Bedell Smith, American Ambassador at Moscow, is reported to have taken up the matter personally yesterday with the Soviet Foreign Office. Two previous notes from the State Department suggesting Russo-American discussions to settle these wartime obligations have gone unanswered.

These officials, who withheld use of their names, said General Smith intended to follow up his first conversations on the subject by calling again at the Foreign Office in an effort to speed the talks.

Some officials saw the latest State Department move as an attempt to placate Congressmen who chorused a demand that Russia settle up its lend-lease account last Friday, when President Truman made public the 23rd report on the program.

Russia is the only major Allied power which has failed to wind up its lend-lease obligations. Great Britain and France settled during conferences which led to sizable American loans. An earlier note (Dec. 2) to the Soviet Union in the matter of lend-lease settlement was referred to in our issue of Dec. 26, page 3401.

Ogden Reid Dead

Ogden Reid, Editor of the New York "Herald Tribune," died on January 3 in Harkness Pavilion of the Columbia-Presbyterian Center. He was 64 years of age. From a sketch of Mr. Reid's career, given in the "Herald Tribune" of January 4, we take the following:

Ogden Reid was the fourth editor of the New York "Tribune"—now the New York "Herald Tribune." Those who preceded him were Horace Greeley, who funded the paper; Whitelaw Reid, his father, and Hart Lyman, who filled the post while Whitelaw Reid was in the diplomatic service abroad. In the responsibilities which the leadership of this institution entailed, he found the most absorbing interest of his life.

Within the span of his editorship, Mr. Reid saw the circulation of the paper multiply many-fold, and the news coverage expand to include large city and Washington staffs and a corps of correspondents in all parts of the world. In addition he directed the purchase by his paper of the New York "Herald" in one of the most successful consolidations in newspaper history.

Mr. Reid was named managing editor of the Tribune in 1912; his father, Whitelaw Reid, died in December of that year while Ambassador to the Court of St. James's, and in 1913, Ogden Reid became the newspaper's editor. He assumed authority at a time when American journalism was about to undergo a veritable revolution, when technical developments, wars and economic upheavals of world-wide scope were to alter sharply the outlook and the financial structure of the press. As a measure of this sweeping development, it may be pointed out that in 1912 there were seven important morning newspapers in New York City; only two of that original group remain today.

For his newspaper work Ogden Reid had broad training. He was not quite thirty-one when he became the Tribune's editor, having been born in New York on May 16, 1882. He spent several years in Paris when his father in 1889 became Minister to France. There Ogden Reid obtained a thorough knowledge of French and German, as well as training in elementary subjects, but his formal schooling began at Browning School in New York.

Treasury Releases Blocked Accounts of Poland

Secretary of the Treasury Snyder announced on Jan. 7 that Poland has been added to the list of countries whose blocked accounts may be released under the certification procedure of General License No. 95. The Treasury advices added:

"This action was taken after an exchange of letters between the Polish Minister of Finance Dabrowski and Secretary Snyder similar to those written in connection with the defrosting of the countries previously named in the license. Copies of the letters are available at the Federal Reserve Bank of New York.

"The Polish Government has designated the National Bank of Poland as its certifying agent."

Moody's Daily Commodity Index

Tuesday, Jan. 7, 1947	376.7
Wednesday, Jan. 8	376.1
Thursday, Jan. 9	377.1
Friday, Jan. 10	374.3
Saturday, Jan. 11	374.1
Monday, Jan. 13	376.3
Tuesday, Jan. 14	374.6
Two weeks ago, Dec. 31, 1946	373.6
Month ago, Dec. 14, 1946	375.5
Year ago, Jan. 13, 1946	254.0
1945 High, Dec. 27	265.0
Low, Jan. 24	252.1
1946 High, Dec. 24	380.6
Low, Jan. 2	264.7

Wholesale Prices Declined 0.1% in Week Ended Dec. 28, Labor Department Reports*

"Average primary market prices declined 0.1% during the week ended Dec. 28, 1946 as lower prices for agricultural commodities more than offset advances for a number of industrial goods," according to the Bureau of Labor Statistics, U. S. Department of Labor, which on Jan. 3 added that "the index of primary market prices prepared by the Bureau declined to 139.6% of the 1926 average, 0.4% above a month earlier and 30.5% higher than the corresponding week of 1945." The Bureau's advices continued:

"Farm Products and Foods—General price declines lowered the group index for farm products 1.8% during the week. Livestock prices were down 0.3 to 0.6% reflecting continued declines in meats. Lower livestock prices and ample supplies of cattle feed were responsible for declines in prices of feed grains. Egg quotations declined with the seasonal increase in production. Lower prices for citrus fruits reflected liberal supplies. Poor quality lowered sweet potato prices. Spot cotton prices advanced as domestic demand strengthened. On the average farm product prices were 1.5% below the end of November and 26.4% above late December, 1945.

"Food prices declined 0.3% with decreases for fruits and vegetables and meats. Average prices for meats were more than 27% below the mid-October peak but still substantially above former ceiling levels. There were continued reductions in prices of cheese and of butter in some markets. Export orders raised prices of wheat flour in Eastern markets and rye flour advanced with short supplies. Several imported foodstuffs including cocoa beans, coffee and black pepper were higher. Lard quotations advanced reversing the steady decline of the preceding two months. The group index for foods was 2.8% below a month earlier and 45.3% higher than at the end of 1945.

"Other Commodities—Average prices for all commodities other than farm products and foods advanced 0.4% with increases for most commodity groups. Lumber prices continued to rise with a second increase in Douglas fir prices and price advances by additional mills for Southern pine. Increases were reported for several steel mill products and scrap steel quotations rose sharply. Higher primary metal prices were reflected in increases for Babbitt metal, solder, lead pipe and white lead. There were additional advances for nitrogenous fertilizer materials and declines for cottonseed meal. The general shortage of fats and oils was reflected in price advances for copra and soybean oil. Recent Canadian price advances were reflected in higher domestic quotations for wood pulp and there were increases for box board. Hides continued to decline and there were small decreases for some types of leather. Advances occurred in spot prices of a number of grey and finished cotton goods.

CHANGES IN WHOLESALE PRICES BY COMMODITY GROUPS FOR WEEK ENDED DEC. 28, 1946

(1926=100)

Commodity Groups—	12-28 1946	12-21 1946	12-14 1946	11-30 1946	12-29 1945	Percentages changes to Dec. 28, 1946, from— 12-21 1946	11-30 1946	12-29 1945
All commodities	139.6	139.8	139.7	139.1	107.0	— 0.1	+ 0.4	+30.5
Farm products	167.7	170.7	168.7	170.3	132.7	— 1.8	— 1.5	+26.4
Foods	159.1	159.5	161.3	163.6	109.5	— 0.3	— 2.8	+45.3
Hides and leather products	171.3	170.9	170.7	165.0	119.4	+ 0.2	+ 3.8	+43.5
Textile products	133.3	132.8	132.5	130.7	100.6	+ 0.4	+ 2.0	+32.5
Fuel and lighting materials	97.0	96.9	96.1	95.8	85.3	+ 0.1	+ 1.3	+13.7
Metals and metal products	133.9	133.3	132.7	131.8	105.3	+ 0.5	+ 1.6	+27.2
Building materials	154.6	151.9	151.1	144.3	118.9	+ 1.8	+ 7.1	+30.0
Chemicals and allied products	126.1	125.6	125.4	123.7	96.1	+ 0.4	+ 1.9	+31.2
Housefurnishings goods	120.5	120.5	120.0	118.3	106.4	0	+ 1.9	+13.3
Miscellaneous commodities	107.7	108.1	107.9	106.7	95.0	— 0.4	+ 0.9	+13.4
Special Groups—								
Raw materials	154.2	155.5	154.3	154.8	120.6	— 0.8	— 0.4	+27.9
Semi-manufactured articles	135.0	134.4	133.7	130.2	96.9	+ 0.4	+ 3.7	+39.3
Manufactured products	134.5	134.2	134.8	134.1	102.6	+ 0.2	+ 0.3	+31.1
All commodities other than Farm products	133.5	133.0	133.4	132.3	101.4	+ 0.4	+ 0.9	+31.7
All commodities other than Farm products and foods	123.9	123.4	122.9	121.1	100.6	+ 0.4	+ 2.3	+23.2

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM DEC. 21, 1946 TO DEC. 28, 1946

Increases			
Lumber	5.1	Other foods	0.9
Oils and fats	2.1	Cotton goods	0.5
Other textile products	2.0	Bituminous coal	0.4
Leather	1.5	Other miscellaneous	0.3
Iron and steel	1.0	Other building material	0.2
Cereal products	0.9	Paper and pulp	0.2
Non-ferrous metals	0.1		
Decreases			
Cattle feed	7.1	Other farm products	0.7
Grains	3.2	Hides and skins	0.6
Livestock and poultry	2.7	Cement	0.5
Fruits and vegetables	2.4	Fertilizer materials	0.2
Meats	0.9	Drugs and pharmaceuticals	0.1

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

Civil Engineering Construction Totals $90,433,000 for a Long (Six-Day) Week

Civil engineering construction volume in continental United States totals $90,433,000 for the six-day week ending Jan. 9, 1947, as reported by "Engineering News-Record." This volume is 46% above the previous holiday-shortened three-day week, 3% above the corresponding seven-day week of last year, and 17% below the previous four-week moving average. The report issued on Jan. 9, added:

Private construction this week, $54,459,000, is 69% greater than last week, and 14% below the week last year. Public construction, $35,974,000, is 21% above last week, and 48% greater than the week last year. State and municipal construction, $26,736,000, 11% above last week, is 59% above the 1946 week. Federal construction, $9,238,000, is 65% above last week, and 23% above the week last year.

Total engineering construction for the two-week period of 1947 records a cumulative total of $152,341,000, which is 16% above the total for a like period of 1946. On a cumulative basis, private construction in 1947 totals $86,659,000, which is 4% below that for 1946. Public construction, $65,682,000, is 60% greater than the cumulative total for the corresponding period of 1946, whereas State and municipal construction, $50,860,000 to date, is 62% above 1946. Federal construction, $14,822,000, gained 53% over the two-week total of 1946.

Civil engineering construction volume for the current week, last week, and the 1946 week are:

	Jan. 9, 1947 (six days)	Jan. 2, 1947 (three days)	Jan. 10, 1946 (seven days)
Total U. S. Construction	$90,433,000	$61,908,000	$87,971,000
Private Construction	54,459,000	32,200,000	63,638,000
Public Construction	35,974,000	29,708,000	24,333,000
State and Municipal	26,736,000	24,124,000	16,834,000
Federal	9,238,000	5,584,000	7,499,000

In the classified construction groups, bridges, highways, earthwork and drainage, industrial buildings, commercial buildings, and unclassified construction gained this week over last week. Seven of the nine classes recorded gains this week over the 1946 week as follows: waterworks, sewerage, bridges, earthwork and drainage, public buildings, commercial buildings, and unclassified construction.

New Capital

New capital for construction purposes this week totals $6,167,000 and is made up of $1,225,000 in corporate securities and $4,942,000 in State and municipal bonds. New capital for construction purposes for the two-week period of 1947 totals $15,483,000, 92% less than the $200,782,000 reported for the corresponding period of 1946.

National Fertilizer Association Commodity Price Index Declines Slightly

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Jan. 13 declined slightly to 191.1 for the week ended Jan. 11, 1947 from 191.3 in the preceding week. The index is now 0.5% below the all-time high of 192.0 which was reached Nov. 30, 1946. A month ago the index stood at 191.6 and a year ago at 142.1, all based on the 1935-1939 average as 100. The Association's report went on to say:

During the past week four of the composite groups of the index advanced while three declined, with only small percentage changes in each case. The most important change in the index was a decline in the farm products group; the livestock subgroup declined 0.8%, a drop which more than offset slight increases in the cotton and grains subgroups. In the foods group ham, bellies, beef, pork, cottonseed oil, and butter declined while veal, lamb, salt, and potatoes rose. In the miscellaneous commodities group the decrease in hides was chiefly responsible for the decline of that group, even though prices rose for linseed meal, bran, and middlings. Slight advances in wool and hemp were responsible for the rise in the textiles group. The decline in silver and steel scrap in the metals group more than offset the rise in the price of finished steel, resulting in a rise in the metals group. Higher prices for structural steel caused the rise in the building materials group while the rise in chemicals and drugs was caused by an increase in the price of muriatic acid. The remaining groups in the index were unchanged.

During the week 14 price series in the index declined and 24 advanced; in the preceding week 13 declined and 24 advanced; in the second preceding week 16 declined and 17 advanced.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Jan. 11, 1947	Preceding Week Jan. 4, 1947	Month Ago Dec. 14, 1946	Year Ago Jan. 12, 1946
25.3	Foods	216.2	217.2	216.4	143.1
	Fats and Oils	270.4	277.3	262.5	146.6
	Cottonseed Oil	341.9	364.7	310.6	163.1
23.0	Farm Products	229.2	229.6	234.7	170.8
	Cotton	316.3	314.3	304.9	232.6
	Grains	199.9	198.1	203.5	169.3
	Livestock	226.7	228.6	237.0	162.3
17.3	Fuels	157.6	157.6	157.6	129.4
10.8	Miscellaneous Commodities	154.3	154.4	159.9	133.5
8.2	Textiles	216.6	215.0	214.2	159.2
7.1	Metals	142.2	141.3	137.3	110.2
6.1	Building Materials	215.6	215.0	207.0	160.4
1.3	Chemicals and Drugs	153.3	153.1	152.9	127.0
.3	Fertilizer Materials	125.1	125.1	123.3	118.2
.3	Fertilizers	129.6	129.6r	125.6	119.9
.3	Farm Machinery	120.8	120.8	116.7	105.2
100.0	All groups combined	191.1	191.3	191.6	142.1

*Indexes on 1926-1928 base were: Jan. 11, 1947, 148.9; Jan. 4, 1947, 149.0; and Jan. 12, 1946, 110.7. rRevised.

October Portland Cement Output Up 48%

Production of finished portland cement during October, 1946, as reported to the Bureau of Mines, United States Department of the Interior, reached 16,410,000 barrels, a figure 48% above that reported in October 1945. Although 81% of capacity was utilized, production continued above demand and mill stocks continued to decline to an Oct. 31 total of 7,301,000 barrels, a figure 41% below that reported for October, 1945. Mill shipments reached 17,721,000 barrels in October, 1946, an increase of 33% over that reported in the corresponding month of 1945. Clinker production reached 16,240,000 barrels in October 1946, an increase of 52% over that reported for October 1945.

Demand for cement, as indicated by mill shipments in October 1946, was higher in all but two districts in continental United States than in October 1945. Increases range from 6% in Texas to 92% in Western Pennsylvania and West Virginia. Shipments also were lower in October 1946 in Puerto Rico than in the corresponding month of 1945.

PORTLAND CEMENT IN THE UNITED STATES, PUERTO RICO AND HAWAII

Period Ended Oct. 31—	1945—Month	—1946	% Change from 1945	*1945—10 Months	—1946
Finished cement:					
Production	11,104,000	16,410,000	+48	82,335,000	133,913,000
Shipments	13,303,000	17,721,000	+33	89,946,000	143,039,000
Stocks (Oct. 31)	12,385,000	7,301,000	—41	------	------
Capacity used	55%	81%	--	41%	67%
Clinker:					
Production	10,687,000	16,240,000	+52	81,577,000	134,557,000
Stocks (Oct. 31)	4,109,000	3,593,000	—13	------	------

*Includes figures for Hawaii from May to October, inclusive. New plant first started reporting in May 1945.

The Stock Exchange Official Year-Book

The 1946 edition of the Stock Exchange Official Year-Book, made and printed in Great Britain, has just been released in this country. It makes its appearance later than was expected owing to the difficulties in printing and production arising out of the transition from war to peace conditions. Particulars are given of 48 companies and seven government and municipal loans issued during the past 12 months and, in addition, notices of approximately 100 foreign companies which were omitted from the 1941 and subsequent editions have been reinstated. Tables relating to Municipal and County Finance are restored to the special chapters which also contain an authoritative article on Indian Finance and statistical tables relating to the finances of the Dominions and Colonies and certain of the leading countries of the world, all of which information comes from official sources.

The article on Double Taxation Relief which appears in the General Information section, takes the place of the former article on Dominion Income Tax Relief and has been compiled to show the effect of certain provisions of the Finance (No. 2) Act, 1945, on double taxation and the method of passing on Dominion income tax relief.

Otherwise, the current edition follows the familiar lines of previous editions, containing complete financial particulars of thousands of companies and securities. It also has particulars of the Joint Advisory Committee of Stock Exchanges and a list of "Marking Names" recognized by the market.

The 1946 issue, which is published by Thomas Skinner & Co. (Publishers), Ltd., London and New York, under the sanction of the Council of the London Stock Exchange, contains 3,202 pages and costs $25 per copy in the United States and Canada.

The Supplementary Index has been renamed the "Register of Defunct and Other Companies Removed from the Stock Exchange Official Year-Book," a title considered to be more descriptive of its purpose. It contains details of some thousands of companies (including about 2,000 added since the previous issue), the editorial notices of which have been published in previous editions of the Official Year-Book. It sets out the subsequent history of most of these companies and, where possible, details of distributions made by the liquidator and other information. The "Register" is published concurrently with the "Official Year-Book" and a limited number of copies can be obtained from the publishers at £1 per copy.

Blaine Heads Nom. Comm. of N.Y. Chamber

James G. Blaine, President of the Marine Midland Trust Co., has been elected Chairman of the Nominating Committee of the Chamber of Commerce of the State of New York which will nominate Officers, Chairman and members of standing committees to be voted on at the 179th annual meeting of the Chamber on May 1 next. The other members of the Committee are: Thomas H. Blodgett, Chairman and President of the American Chicle Co.; H. Donald Campbell, Vice-Chairman of the Chase National Bank; Floyd W. Jefferson, partner, Iselin-Jefferson Co.; Arthur F. Lafrentz, President of the American Surety Co.; Richard W. Lawrence, President of the Bankers Commercial Corp., and Julian S. Myrick, Second Vice-President of the Mutual Life Insurance Co.

Daily Average Crude Oil Production for Week Ended Jan. 4, 1947, Decreased 64,450 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Jan. 4, 1947, was 4,648,750 barrels, a decrease of 64,450 barrels per day from the preceding week. The current figure, however, was 100,650 barrels per day in excess of the output for the week ended Jan. 5, 1946, and was 8,750 barrels more than the daily average figure of 4,640,000 barrels, estimated by the United States Bureau of Mines as the requirement for the month of January, 1947. Daily production for the four weeks ended Jan. 4, 1947, averaged 4,696,700 barrels. The Institute's statement further shows:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,917,000 barrels of crude oil daily and produced 15,281,000 barrels of gasoline; 2,024,000 barrels of kerosine; 5,857,000 barrels of distillate fuel, and 8,375,000 barrels of residual fuel oil during the week ended Jan. 4, 1947; and had in storage at the end of that week 94,964,000 barrels of finished and unfinished gasoline; 16,745,000 barrels of kerosine; 58,034,000 barrels of distillate fuel, and 53,285,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements January	State Allowables Begin. Jan. 1	Actual Production Week Ended Jan. 4, 1947	Change from Previous Week	4 Weeks Ended Jan. 4, 1947	Week Ended Jan. 5, 1946
**New York-Penna.	48,200		50,300	+ 6,050	48,250	48,750
Florida			250	----	250	100
**West Virginia	8,400		7,650	+ 100	7,650	7,100
**Ohio—Southeast }	7,600		5,550	+ 1,000	5,450	4,600
Ohio—Other }			2,350	+ 200	2,450	3,100
Indiana	19,000		18,850	+ 1,400	18,450	14,150
Illinois	209,000		197,550	— 1,950	200,100	205,200
Kentucky	28,000		29,950	— 100	30,000	30,050
Michigan	46,000		42,200	+ 400	43,650	45,250
Nebraska	800		†700	----	700	750
Kansas	260,000	270,000	†260,500	—17,700	273,600	205,950
Oklahoma	375,000	362,400	†364,500	— 7,250	369,600	392,800
Texas—						
District I			18,950	+ 100	18,850	
District II			134,050	— 750	134,600	----
District III			418,150	— 4,500	421,550	----
District IV			207,850	— 950	208,550	----
District V			34,250	— 350	34,500	----
East Texas			309,550	— 6,450	314,400	----
Other Dist. VI			99,400	+ 50	99,350	----
District VII-B			34,300	— 200	34,450	----
District VII-C			27,650	— 50	27,700	----
District VIII			484,700	—15,000	495,950	----
District IX			118,100	+ 100	118,050	----
District X			81,500	+ 400	81,200	----
Total Texas	2,030,000	‡1,922,422	1,968,450	—27,600	1,989,150	1,999,300
North Louisiana			94,500	+ 1,000	93,800	77,750
Coastal Louisiana			311,750	+ 1,400	310,700	295,300
Total Louisiana	382,000	446,426	406,250	+ 2,400	404,500	373,050
Arkansas	76,000	81,909	72,950	— 1,400	73,850	76,550
Mississippi	62,000		84,050	+ 50	83,700	54,500
Alabama	2,000		1,150	— 350	1,100	650
New Mexico—So. East }	98,000	109,000	102,700	+ 200	102,550	97,900
New Mexico—Other }			400	— 50	450	400
Wyoming	93,000		100,000	— 4,150	103,150	91,650
Montana	24,000		21,550	— 50	22,400	19,500
Colorado	33,000		37,700	— 1,750	38,300	30,050
California	838,000	§842,000	873,200	—13,900	877,400	846,750
Total United States	4,640,000		4,648,750	—64,450	4,696,700	4,548,100
**Pennsylvania Grade (included above)			63,500	+ 7,150	61,350	60,450

*These are Bureau of Mines calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecasts. They include the condensate that is moved in crude pipelines. The A. P. I. figures are crude oil only. As requirements may be supplied either from stocks or from new production, contemplated withdrawals from crude inventories must be deducted, as pointed out by the Bureau, from its estimated requirements to determine the amount of new crude to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Jan. 2, 1947.

‡This is the net basic allowable as of Jan. 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 9 to 13 days, the entire state was ordered shut down for 9 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 9 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSINE, GAS OIL AND DISTILLATE FUEL, AND RESIDUEL FUEL OIL, WEEK ENDED JAN. 4, 1947

(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 of a Bureau of Mines basis

District—	% Daily Refin'g Capac. Report'g	Crude Runs to Stills Daily Av.	Crude Runs to Stills % Operated	§Gasoline Product'n at Ref. Inc. Nat. Blended	‡Finished and Unfin. Gasoline Stocks	‡Stocks of Kerosine	‡Stks. of Gas Oil & Dist. Fuel Oil	‡Stks of Resid. Fuel Oil
East Coast	99.5	759	90.5	1,950	19,824	7,799	21,065	8,768
Appalachian—								
District No. 1	76.3	98	68.5	312	2,519	433	526	306
District No. 2	84.7	66	106.5	245	963	44	108	197
Ind., Ill., Ky.	87.4	801	92.1	2,799	17,835	1,664	5,899	4,125
Okla., Kans., Mo.	78.3	385	82.1	1,429	9,132	1,014	2,601	1,236
Inland Texas	59.8	236	71.5	1,002	3,780	384	506	786
Texas Gulf Coast	89.2	1,194	97.4	3,589	14,754	2,986	10,465	6,636
Louisiana Gulf Coast	97.4	342	106.5	1,130	5,378	1,314	3,853	1,862
No. La. & Arkansas	55.9	66	52.4	180	1,773	350	541	125
Rocky Mountain—								
New Mexico	19.0	10	76.9	35	107	16	35	40
Other Rocky Mt.	70.9	128	77.6	392	2,070	100	451	595
California	85.5	832	83.7	2,218	16,828	641	11,984	28,609
Total U. S. B. of M. basis Jan. 4, 1947	85.8	4,917	88.5	15,281	*94,964	16,745	58,034	53,285
Total U. S. B. of M. basis Dec. 28, 1946	85.8	4,968	89.4	15,604	93,126	17,181	58,941	53,427
Total U. S. B. of M. Jan. 5, 1946		4,615		14,039	†99,393	10,559	34,998	41,659

*Includes unfinished gasoline stocks of 8,283,000 barrels. †Includes unfinished gasoline stocks of 8,413,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §In addition, there were produced 2,024,000 barrels of kerosine, 5,857,000 barrels of gas oil and distillate fuel oil and 8,375,000 barrels of residual fuel oil in the week ended Jan. 4, 1947, as compared with 2,105,000 barrels, 5,931,000 barrels and 8,181,000 barrels, respectively, in the preceding week and 2,524,000 barrels, 5,385,000 barrels and 9,068,000 barrels, respectively, in the week ended Jan. 5, 1946.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Jan. 8 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 Dec. 21, 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 Dec. 21 (in round-lot transactions) totaled 2,343,972 shares, which amount was 15.61% of the total transactions on the Exchange of 7,506,960 shares. This compares with member trading during the week ended Dec. 14 of 3,034,269 shares, or 16.81% of the total trading of 9,022,320 shares.

On the New York Curb Exchange, member trading during the week ended Dec. 21 amounted to 656,530 shares, or 16.51% of the total volume on that Exchange of 1,987,745 shares. During the week ended Dec. 14 trading for the account of Curb members of 717,100 shares was 16.52% of the total trading of 2,170,055 shares.

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

WEEK ENDED DEC. 21, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	191,540	
‡Other sales	7,315,420	
Total sales	7,506,960	
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	780,990	
Short sales	127,990	
‡Other sales	613,900	
Total sales	741,890	10.14
2. Other transactions initiated on the floor—		
Total purchases	155,450	
Short sales	4,450	
‡Other sales	97,600	
Total sales	102,050	1.72
3. Other transactions initiated off the floor—		
Total purchases	314,100	
Short sales	19,500	
‡Other sales	229,992	
Total sales	249,492	3.75
4. Total—		
Total purchases	1,250,540	
Short sales	151,940	
‡Other sales	941,492	
Total sales	1,093,432	15.61

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

WEEK ENDED DEC. 21, 1946

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	19,270	
‡Other sales	1,968,475	
Total sales	1,987,745	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	210,505	
Short sales	14,260	
‡Other sales	147,480	
Total sales	161,740	9.36
2. Other transactions initiated on the floor—		
Total purchases	39,800	
Short sales	1,400	
‡Other sales	16,625	
Total sales	18,025	1.45
3. Other transactions initiated off the floor—		
Total purchases	177,065	
Short sales	660	
‡Other sales	48,735	
Total sales	49,395	5.70
4. Total—		
Total purchases	427,370	
Short sales	16,320	
‡Other sales	212,840	
Total sales	229,160	16.51
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	90,137	
Total purchases	90,137	
Total sales	71,338	

*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."

National Thrift Week January 17-23

The 30th annual celebration of National Thrift Week will be observed beginning with Benjamin Franklin's birthday, January 17, and continuing through January 23. The National Thrift Committee is again heading the civic, business, and financial groups who annually participate in the program to publicize and encourage the virtues of thrift, home ownership, and the payment of debts. The committee points out that with the passage of the wartime appeal for economy and the removal of most price controls, the character of our economy is more completely dependent upon the saving and spending habits of individuals than it has been in a decade. If people exercise no restraint in spending war-time savings and current high incomes, prices will spiral up to quickly nullify gains in the nation's savings and earnings. On the other hand, it is pointed out, by now limiting spending to essential and wise purchases, individuals will have the money available to buy in the coming market of higher quality, better selection, and lower prices. Retention of savings now also assures the back-log of funds necessary to give a more stabilized prosperity, instead of a short-time speculative spree. For as long as industry can see a vast back-log of funds in the hands of the consuming public, it will maintain and even expand production. In the process of so doing, payrolls remain high—enabling the country to live off earnings rather than resorting to existing savings.

Borton Heads Banking Division of Aid Society

C. W. Borton, Vice-President of the Irving Trust Company of New York, has for the second consecutive year accepted the Chairmanship of the Commercial Banks Divisions of The Legal Aid Society's Appeal, it was announced on Jan. 8 by William B. Given, Jr., President of the American Brake Shoe Company. Mr. Given is General Campaign Chairman and Barent Ten Eyck, of Spence, Hotchkiss, Parker & Duryee, is Co-Chairman. This year the Society is asking for $200,000 in order to continue to provide free legal advice and representation to those who would otherwise not be able to afford the services of an attorney. Mr. Borton, a former President of National Association of Bank Auditors and Comptrollers, has long been active in welfare work. He was formerly President of the Larchmont Community Chest, and is active in numerous civic and welfare organizations.

During 1946 The Legal Aid Society, which maintains its headquarters at 11 Park Place, helped over 41,000 persons in a wide range of legal matters. Approximately 25% of the applicants for legal assistance were servicemen and veterans or their families.

Wm. Rich Named to Board of Trade Post

The appointment of Lt. Col. William L. Rich as Acting Secretary of the Aviation Section of the New York Board of Trade, was announced on Jan. 6 by John F. Budd, Chairman of the Section. Col. Rich succeeds Daniel H. Ecker, who has resigned. An officer in the Ordnance Department, Army of the United States, Col. Rich was previously connected with Republic Aviation Corp. in a Management Engineering capacity. In a New Year statement, Mr. Budd called for a progressive program by the Aviation Section to "advance commercial aviation throughout the country and especially help in the solutions of the many air transportation problems in the Metropolitan Area."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Jan. 8 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 Dec. 23, 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 Dec. 28, 1946

	Total For Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of orders	21,997
Number of shares	663,620
Dollar value	$25,386,077
Odd-lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	109
*Customers' other sales	21,314
Customers' total shares	21,423
Number of Shares:	
Customers' short sales	4,541
*Customers' other sales	658,305
Customers' total sales	662,846
Dollar value	$22,943,010
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	0
†Other sales	178,250
Total sales	178,250
Round-lot Purchases by Dealers—	
Number of shares	186,800

*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."

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended Jan. 4, 1947, as estimated by the United States Bureau of Mines, was 11,350,000 net tons, which compares with 9,240,000 tons in the preceding week and 10,263,000 tons in the corresponding week last year. The total output of bituminous coal and lignite in the calendar year 1946 is estimated at 532,000,000 net tons, a decrease of 7.9% when compared with the 577,617,000 tons produced in the year 1945.

Production of Pennsylvania anthracite for the week ended Jan. 4, 1947, as estimated by the Bureau of Mines, was 882,000 tons, an increase of 63,000 tons, or 7.7%, over the preceding week. When compared with the output in the corresponding week of 1946 there was an increase of 145,000 tons, or 19.7%. The total production of Pennsylvania anthracite for the calendar year 1946 was 60,685,000 tons, an increase of 10.5% over 1945 when 54,934,000 tons were produced.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended Jan. 4, 1947, showed an increase of 1,200 tons when compared with the output for the week ended Dec. 28, 1946; and was 15,600 tons more than for the corresponding week of 1946.

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

	Week Ended		
Bituminous coal and lignite—	Jan. 4, 1947	*Dec. 28, 1946	Jan. 9, 1946
Total, including mine fuel	11,350,000	9,240,000	10,263,000
Daily average	†2,225,000	‡1,848,000	†2,012,000

*Revised. †Average based on 5.1 working days. ‡Average based on 5 working days.

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

	Week Ended			Calendar Year to Date		
Penn. Anthracite—	‡Jan. 4, 1947	§Dec. 28, 1946	Jan. 5, 1946	Jan. 4, 1947	Jan. 5, 1946	Jan. 9, 1937
*Total incl. coll. fuel	882,000	819,000	737,000	504,000	597,000	1,278,000
†Commercial produc.	848,000	787,000	709,000	485,000	574,000	1,214,000
Beehive Coke—						
‖United States total	104,800	103,600	89,200	59,900	63,700	82,800

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes collier fuel. ‡Subject to revision. §Revised. ‖Estimated from weekly carloadings reported by nine railroads.

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

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

	Week Ended		
State—	Dec. 28, 1946	Dec. 21, 1946	Dec. 29, 1945
Alabama	236,000	427,000	180,000
Alaska	7,000	7,000	5,000
Arkansas	32,000	48,000	30,000
Colorado	164,000	204,000	126,000
Georgia and North Carolina	1,000	1,000	*
Illinois	1,191,000	1,525,000	1,031,000
Indiana	521,000	604,000	360,000
Iowa	27,000	32,000	26,000
Kansas and Missouri	101,000	127,000	110,000
Kentucky—Eastern	778,000	1,118,000	554,000
Kentucky—Western	318,000	446,000	280,000
Maryland	50,000	62,000	26,000
Michigan	1,000	1,000	2,000
Montana (bituminous and lignite)	97,000	100,000	89,000
New Mexico	28,000	38,000	20,000
North and South Dakota (lignite)	77,000	76,000	63,000
Ohio	610,000	844,000	398,000
Oklahoma	60,000	75,000	47,000
Pennsylvania (bituminous)	2,277,000	3,082,000	1,818,000
Tennessee	105,000	149,000	80,000
Texas (bituminous and lignite)	1,000	2,000	1,000
Utah	120,000	148,000	82,000
Virginia	238,000	422,000	155,000
Washington	16,000	20,000	33,000
†West Virginia—Southern	1,276,000	2,552,000	914,000
‡West Virginia—Northern	731,000	881,000	695,000
Wyoming	176,000	208,000	148,000
§Other Western States	1,000	1,000	*
Total bituminous and lignite	9,240,000	13,200,000	7,273,000

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

Non-Ferrous Metals—Lead Advanced to 13c N. Y.—Copper and Zinc Firm—Silver Easier

"E. & M. J. Metal and Mineral Markets," in its issue of Jan. 9, stated: "Demand for lead was well in excess of supply, and with foreign markets still rising, producers during the last week advanced the domestic quotation to 13¢ a pound, the highest price on record. Both domestic copper and zinc moved into a firmer position. Foreign copper again sold at a slightly higher level. The price situation in silver failed to improve, and the quotation as the week ended was at a new low for the movement of 82c an ounce. Demand for platinum improved at the recently reduced price, and yesterday leading sellers advanced the quotation to $58 an ounce troy for wholesale lots and $61 on sales to consumers." The publication further went on to say in part as follows:

Copper

Consumers are showing nervousness over the supply outlook for the second quarter. Quick action in revising the tariff by Congress is not expected, and the availability of copper from the stockpile is unlikely to continue after March at the current rate of 50,000 tons a month or more. Some buying of foreign copper for domestic account has come into the market, with consumers evidently taking a long chance on the 4c import tax. Most operators oppose a higher market, but the price situation was regarded as strong as the week ended.

Both Noranda and Cerro de Pasco are strikebound, but production at Braden and other foreign properties is expanding. A good tonnage of foreign copper sold during the last week at prices ranging from 19¾c to 20c. In a few instances 20⅛c and even 20¼c was paid, f.a.s. basis.

Effective Jan. 2, 1947, "E. & M. J.'s" refinery quotation for domestic copper reflects the increased freight rates and handling charges, establishing the differential at 0.275c per pound below the delivered price in the New England district.

Lead

A continued heavy demand for lead in the face of rising foreign markets brought about an upward adjustment in the price here of 45 points, establishing the New York quotation on Jan. 7 at 13c, a new high. The St. Louis market advanced to 12.80c. CPA announced that a small tonnage of January lead will be released from the government's stocks "to bridge the gap between the end of lead controls and resumption of private buying of foreign metal." Trade authorities believe that 6,000 to 8,000 tons will be released. Transportation difficulties in Mexico and a strike at Cerro de Pasco, Peruvian producer, caused foreign offerings to shrink to a low level, further complicating the tight supply situation. The news that the British advanced the price in the home market to £70 per long ton, equivalent to about 12.60c per pound, attracted wide interest.

Sales of lead for the last week amounted to 4,356 tons.

Total stocks of lead at smelters and refineries in the United States on Dec. 1 amounted to 185,929 tons, which compared with 185,046 tons a month previous, the American Bureau of Metal Statistics reports. Included in total stocks is lead in ore, matte, in process, in base bullion, refined pig lead, and antimonial lead.

Zinc

With the foreign market somewhat higher, and domestic consumers of Special High Grade actually buying the metal plus duty at what amounts to a premium over the domestic quotation, the price situation was viewed as strong in all quarters. Throughout the last week, however, producers maintained quotations on the basis of 10½c, Prime Western, East St. Louis. The advance in lead was a market factor.

The December statistics of the American Zinc Institute showed shipments for the month of 89,574 tons, of which 12,300 tons was classified as export and drawback metal. Production in December came to 70,097 tons, against 66,818 tons in the preceding month. Stocks of slab zinc declined from 195,805 tons at the end of November to 176,328 tons on Dec. 31, 1946.

Cadmium

Demand for cadmium continues well in excess of the available supply. Leading producers have maintained prices on the basis of $1.50 per pound for commercial sticks, wholesale quantities, January shipment. Stocks of cadmium in the hands of RFC on Nov. 30 amounted to 587,268 lb.

Tin

The Mining Equipment Corp. announced that a tin dredge was launched on Jan. 6 at Tampa, Fla., for use in the Netherlands East Indies. It was also revealed that Dutch interests expect to increase production of tin concentrates to the rate of 51,000 long tons a year by the end of 1947. A deal has been closed to ship about 25% of this year's production to the Texas City smelter. The settlement basis is 70c per pound of tin contained, Gulf ports.

The British Ministry of Supply has ceased purchasing tin concentrates in Malaya, but will continue purchasing the metal on the unchanged basis of £370 a long ton. Smelters favored a higher price.

The domestic market for tin was unchanged on the basis of 70c per pound. On forward business quotations were nominally as follows:

	Jan.	Feb.	March
Jan. 2	70.000	70.000	70.000
Jan. 3	70.000	70.000	70.000
Jan. 4	70.000	70.000	70.000
Jan. 6	70.000	70.000	70.000
Jan. 7	70.000	70.000	70.000
Jan. 8	70.000	70.000	70.000

Chinese, or 99% tin, 69.125c.

Quicksilver

Sellers reported a quiet market and quotations remained unchanged at $88 to $92 per flask, depending on quantity. Most operators view the long-term situation as firm, basing their optimism on prospects for the orderly marketing of Spanish and Italian metal by agents of the Cartel.

Production of quicksilver in the United States in 1946 fell off 25% compared with 1945, according to a preliminary estimate by the Bureau of Mines. The E. & M. J. average price of quicksilver for 1946 was $98.241, against $134.889 in 1945.

Silver

Unsettlement in silver prices continued after the turn of the year and the New York Official fell to 82¾c an ounce troy, a new low for the movement. Lack of any important buying again was the reason for the pressure on prices.

The London market was unchanged throughout the week at 55½d.

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

	Electrolytic Copper— Dom. Refy.	Electrolytic Copper— Exp. Refy.	Straits Tin, New York	Lead New York	Lead St. Louis	Zinc St. Louis
Jan. 2	19.225	19.800	70.000	12.550	12.350	10.500
Jan. 3	19.225	19.800	70.000	12.550	12.350	10.500
Jan. 4	19.225	19.675	70.000	12.550	12.350	10.500
Jan. 6	19.225	19.800	70.000	12.550	12.350	10.500
Jan. 7	19.225	19.800	70.000	13.000	12.800	10.500
Jan. 8	19.225	19.800	70.000	13.000	12.800	10.500
Average	19.225	19.779	70.000	12.700	12.500	10.500

Average prices for calendar week ended Jan. 4 are: Domestic copper f.o.b. refinery, 19.245¢; export copper, f.o.b. refinery 19.705¢; Straits tin, 70.000¢; New York lead, 12.550¢; St. Louis lead, 12.350¢; St. Louis zinc, 10.500¢; and silver, 83.500¢.

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 0.275c. per pound above the refinery basis, effective Jan. 2, 1947.

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

Quotations for copper are for the ordinary forms of wirebars and ingot bars. For standard ingots an extra 0.075c. per pound is charged; for slabs 0.175c. up, and for cakes 0.225c. up, depending on weight and dimension; for billets an extra 0.95c. 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.

Operating Earnings of Guaranty Trust Co.

The annual report of Guaranty Trust Company of New York, signed by Eugene W. Stetson Chairman of the board, and J. Luther Cleveland, President, issued to stockholders on Jan. 9 in advance of the annual meeting Jan. 15, shows net current operating earnings for 1946 of $18,073,753, as compared with $17,157,091 for 1945. In addition, investment security profits were $2,059,036, as compared with $5,181,436 in 1945. Deposits at the end of the year, amounting to $2,501,513,458, showed a decrease of $807,939,049 from the end of the previous year, resulting almost entirely from the decrease in the U. S. war loan deposit account, which stood at $85,000,000 at the close of 1946 as compared with $839,000,000 a year earlier. Holdings of U. S. Government obligations at the close of the year were $1,451,254,461, as compared with $2,059,320,457 a year ago.

Capital, surplus and undivided profits on Dec. 31, 1946, were $90,000,000, $170,000,000 and $61,627,361, respectively, and the general contingency reserve was $32,754,549. The Jan. 9 announcement stated that if stockholders approved a proposed increase in capital at the annual meeting, a stock dividend of 100,000 shares of $100 each, totaling $10,000,000, would be paid. The general contingency reserve will be added to capital funds, which will then amount to more than $354,000,000, consisting of capital, $100,000,000; surplus, $200,000,000, and undivided profits of approximately $54,000,000.

Steel Hourly Earnings Set New High Record

A new record in the average hourly wages paid to hourly, piecework or tonnage workers was established in November, 1946, the American Iron and Steel Institute announced on Jan. 8. The average hourly rate for November amounted to 136.7 cents, topping the previous peak of 136.2 cents, which had been set in September. The November, 1946 rate compared with 134.1 cents in October and 122.0 cents in November, 1945.

The Institute's announcement further added:

The average number of employees during November climbed to the highest postwar level, totaling 600,000 workers, of whom 514,600 were hourly, piecework or tonnage employees.

Reflecting the effects of the recent coal strike, the industry's wage earners worked only 38.0 hours per week on the average in November, representing a decline from October's level of 40.3 hours. As a result, total wages paid to all employees in November dropped to $143,440,700, as compared with October's $150,637,500.

Through the first 11 months of 1946, the steel industry had paid its workers $1,406,925,500 in wages, despite the adverse influence of strikes. This compares with the $1,521,016,300 paid to employees during the similar period of 1945, when fewer strikes affected the industry's operations.

Two Officials of League Loans Committee Resign

The League Loans Committee (London) announced on Dec. 20, that owing to other calls on their time Sir Archibald Jamieson and Dr. D. Crena de Iongh, who have been members of the Committee since it was first constituted, have resigned. The Committee further announced that Dr. A. M. De Jong, a director of the Nederlandsche Bank in Amsterdam, will fill the place left vacant by Dr. Crena de Iongh's resignation.

Revenue Freight Car Loadings During Week Ended Jan. 4, 1947, Increased 59,461 Cars

Loading of revenue freight for the week ended Jan. 4, 1947 totaled 687,428 cars, the Association of American Railroads announced on Jan. 9. This was an increase of 34,450 cars or 5.3% above the corresponding week in 1946, and an increase of 4,030 cars or 0.6% above the same week in 1945.

Loading of revenue freight for the week of Jan. 4, which included New Year Holiday, increased 59,461 cars or 9.5% above the preceding week which included Christmas Holiday.

Miscellaneous freight loading totaled 305,989 cars, an increase of 19,006 cars above the preceding week, and an increase of 9,632 cars

Loading of merchandise less than carload lot freight totaled 97,536 cars, a decrease of 141 cars below the preceding week, and a decrease of 250 cars below the corresponding week in 1946.

Coal loading amounted to 167,751 cars, an increase of 31,782 cars above the preceding week, and an increase of 22,021 cars above the corresponding week in 1946.

Grain and grain products loading totaled 44,673 cars, an increase of 120 cars above the preceding week and an increase of 732 cars above the corresponding week in 1946. In the Western Districts alone, grain and grain products loading for the week of Jan. 4 totaled 29,624 cars, a decrease of 1,488 cars below the preceding week but an increase of 610 cars above the corresponding week in 1946.

Livestock loading amounted to 14,365 cars, an increase of 3,212 cars above the preceding week, but a decrease of 6,543 cars below the corresponding week in 1946. In the Western Districts alone loading of livestock for the week of Jan. 4 totaled 10,545 cars, an increase of 2,342 cars above the preceding week, but a decrease of 4,866 cars below the corresponding week in 1946.

Forest products loading totaled 32,891 cars, an increase of 5,286 cars above the preceding week and an increase of 6,618 cars above the corresponding week in 1946.

Ore loading amounted to 10,588 cars, an increase of 394 cars above the preceding week and an increase of 1,420 cars above the corresponding week in 1946.

Coke loading amounted to 13,635 cars, a decrease of 198 cars below the preceding week, but an increase of 820 cars above the corresponding week in 1946.

All districts reported increases compared with the corresponding week in 1946, except the Northwestern and Southwestern, and all reported increases compared with same week in 1945 except the Centralwestern and Southwestern.

	1947	1946	1945
Week of Jan. 4	687,428	652,978	683,398

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 4, 1947. During this period 78 roads reported gains over the week ended Jan. 5, 1946.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JAN. 4

Railroads	Total Revenue Freight Loaded 1947	1946	1945	Total Loads Received from Connections 1947	1946
Eastern District—					
Ann Arbor	367	317	248	1,300	1,233
Bangor & Aroostook	2,114	2,993	2,323	348	380
Boston & Maine	5,996	6,071	6,059	10,834	12,347
Chicago, Indianapolis & Louisville	1,214	824	1,090	1,638	1,588
Central Indiana	35	36	26	44	45
Central Vermont	685	812	921	2,011	1,950
Delaware & Hudson	3,852	3,787	3,694	9,460	10,014
Delaware, Lackawanna & Western	5,991	5,973	5,516	7,177	7,523
Detroit & Mackinac	260	187	132	215	160
Detroit, Toledo & Ironton	1,703	1,729	1,302	1,505	1,646
Detroit & Toledo Shore Line	275	254	280	3,167	2,399
Erie	9,547	9,322	9,492	13,018	12,712
Grand Trunk Western	3,333	2,436	3,016	6,687	6,502
Lehigh & Hudson River	105	112	144	2,624	1,898
Lehigh & New England	1,425	1,354	1,214	1,434	1,345
Lehigh Valley	6,776	6,624	5,414	6,635	6,008
Maine Central	2,415	2,742	1,946	3,308	4,402
Monongahela	6,656	4,925	5,110	258	240
Montour	2,317	1,808	1,854	30	15
New York Central Lines	40,067	37,895	37,172	44,540	42,005
N. Y., N. H. & Hartford	8,156	8,493	8,309	11,907	12,604
New York, Ontario & Western	637	552	625	2,442	1,696
New York, Chicago & St. Louis	5,450	5,275	5,052	12,164	10,936
N. Y., Susquehanna & Western	299	335	305	1,062	1,761
Pittsburgh & Lake Erie	5,952	6,675	6,910	8,336	6,274
Pere Marquette	4,559	3,963	3,689	6,094	5,517
Pittsburg & Shawmut	874	676	595	21	18
Pittsburg, Shawmut & Northern	230	231	251	94	231
Pittsburgh & West Virginia	596	745	689	2,038	1,701
Rutland	310	280	310	920	997
Wabash	5,349	5,213	5,014	8,607	9,698
Wheeling & Lake Erie	4,645	3,921	4,210	3,176	3,073
Total	132,190	126,560	122,921	173,094	168,918
Allegheny District—					
Akron, Canton & Youngstown	535	541	642	1,217	1,147
Baltimore & Ohio	37,175	35,834	36,058	17,866	19,370
Bessemer & Lake Erie	1,626	1,258	1,661	1,299	1,092
Cambria & Indiana	1,105	871	1,378	2	4
Central R. R. of New Jersey	5,025	4,795	5,221	15,460	14,487
Cornwall	333	311	365	54	42
Cumberland & Pennsylvania	375	227	110	13	15
Ligonier Valley	72	20	72	5	26
Long Island	1,134	1,152	1,337	3,608	3,808
Penn-Reading Seashore Lines	1,495	1,215	1,465	1,604	1,499
Pennsylvania System	67,532	62,146	65,033	44,988	46,817
Reading Co.	11,655	10,400	11,522	23,282	22,687
Union (Pittsburgh)	17,193	17,452	17,268	3,301	2,537
Western Maryland	3,900	3,588	3,455	10,072	10,359
Total	149,155	139,810	145,587	122,771	123,890
Pocahontas District—					
Chesapeake & Ohio	29,687	24,154	26,135	9,778	8,543
Norfolk & Western	21,932	17,478	19,424	5,561	5,740
Virginian	4,316	3,852	4,638	1,024	1,006
Total	55,935	45,484	50,197	16,363	15,289
Southern District—					
Alabama, Tennessee & Northern	327	276	288	234	232
Atl. & W. P.—W. R. R. of Ala.	701	662	817	1,866	1,509
Atlantic Coast Line	14,793	12,746	13,648	9,119	8,349
Central of Georgia	3,247	3,362	3,398	3,807	3,607
Charleston & Western Carolina	456	305	370	1,452	1,286
Clinchfield	1,547	1,340	1,490	3,272	2,846
Columbus & Greenville	287	327	280	332	215
Durham & Southern	75	67	117	579	351
Florida East Coast	3,031	3,021	3,012	1,744	1,227
Gainesville Midland	59	46	45	87	91
Georgia	992	788	1,184	2,094	1,386
Georgia & Florida	415	313	407	648	580
Gulf, Mobile & Ohio	3,934	3,938	3,716	3,093	3,143
Illinois Central System	21,813	22,425	24,020	11,940	12,783
Louisville & Nashville	26,113	22,563	23,762	8,037	7,796
Macon, Dublin & Savannah	188	185	170	784	724
Mississippi Central	240	255	246	355	353
Nashville, Chattanooga & St. L.	2,708	2,541	2,827	3,410	3,201
Norfolk Southern	1,050	821	725	1,357	1,040
Piedmont Northern	364	451	524	1,334	1,212
Richmond, Fred. & Potomac	256	257	452	7,107	8,353
Seaboard Air Line	11,198	9,577	9,493	7,096	6,779
Southern System	22,649	20,996	21,673	21,204	19,832
Tennessee Central	538	390	501	661	748
Winston-Salem Southbound	99	127	112	664	638
Total	117,080	107,779	113,277	92,276	88,281
Northwestern District—					
Chicago & North Western	12,233	13,815	12,709	11,765	11,569
Chicago Great Western	2,130	2,547	2,148	2,877	2,841
Chicago, Milw., St. P. & Pac.	17,470	17,465	17,749	8,688	8,893
Chicago, St. Paul, Minn. & Omaha	3,161	3,612	3,141	3,556	3,500
Duluth, Missabe & Iron Range	890	1,028	960	218	232
Duluth, South Shore & Atlantic	410	554	452	515	385
Elgin, Joliet & Eastern	8,058	8,280	8,371	8,232	8,343
Ft. Dodge, Des Moines & South	303	348	298	96	93
Great Northern	10,395	10,099	10,206	4,278	3,581
Green Bay & Western	364	419	423	602	770
Lake Superior & Ishpeming	278	270	203	43	48
Minneapolis & St. Louis	1,780	1,799	1,570	2,088	1,913
Minn., St. Paul & S. S. M.	4,449	4,803	3,855	2,950	2,996
Northern Pacific	8,969	8,195	8,428	4,490	3,587
Spokane International	106	94	184	367	227
Spokane, Portland & Seattle	1,830	1,498	1,786	2,370	1,881
Total	72,826	74,826	72,483	53,135	50,859
Central Western District—					
Atch., Top. & Santa Fe System	21,574	20,901	21,379	8,510	7,843
Alton	2,532	2,227	2,500	2,864	2,512
Bingham & Garfield	149	245	404	63	54
Chicago, Burlington & Quincy	17,611	17,442	17,137	9,576	9,247
Chicago & Illinois Midland	2,550	2,665	2,597	580	769
Chicago, Rock Island & Pacific	10,956	11,332	11,166	10,303	9,974
Chicago & Eastern Illinois	2,501	2,419	2,416	2,636	2,659
Colorado & Southern	531	592	558	1,540	1,565
Denver & Rio Grande Western	3,374	2,684	3,131	3,831	3,460
Denver & Salt Lake	829	760	700	35	38
Fort Worth & Denver City	703	714	697	1,240	1,263
Illinois Terminal	1,981	1,938	1,998	1,354	1,322
Missouri-Illinois	814	725	814	463	403
Nevada Northern	1,524	1,315	1,445	119	99
North Western Pacific	616	424	553	622	358
Peoria & Pekin Union	14	8	1	0	0
Southern Pacific (Pacific)	24,667	20,634	25,892	8,761	7,339
Toledo, Peoria & Western	24	0	330	40	0
Union Pacific System	15,791	15,240	16,478	11,236	10,559
Utah	844	758	536	3	3
Western Pacific	1,370	1,173	1,900	2,752	2,205
Total	110,955	104,196	112,632	66,528	61,672
Southwestern District—					
Burlington-Rock Island	315	333	278	990	369
Gulf Coast Lines	4,082	4,760	6,877	2,098	2,027
International-Great Northern	1,607	1,722	2,377	3,137	3,296
‡K. O. & G.-M. V.-O. C.-A.-A.	1,233	1,340	1,057	1,624	1,535
Kansas City Southern	2,402	2,320	4,312	2,333	2,256
Louisiana & Arkansas	1,736	2,330	2,763	1,870	1,988
Litchfield & Madison	293	274	249	848	921
Missouri & Arkansas	§	117	107	§	279
Missouri-Kansas-Texas Lines	4,012	4,501	5,753	3,465	2,990
Missouri Pacific	14,133	13,746	15,398	12,509	12,130
Quanah Acme & Pacific	154	93	52	214	148
St. Louis-San Francisco	7,384	8,205	8,024	6,037	6,000
St. Louis-Southwestern	2,223	2,336	3,174	4,259	4,342
Texas & New Orleans	6,027	8,260	11,080	4,463	4,472
Texas & Pacific	3,598	3,845	4,695	5,839	5,304
Wichita Falls & Southern	75	65	78	67	60
Weatherford M. W. & N. W.	13	76	27	10	9
Total	49,287	54,323	66,301	49,763	48,126

‡Includes Kansas, Oklahoma & Gulf Ry., Midland Valley Ry. and Oklahoma City-Ada-Atoka Ry. §Strike.

NOTE—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

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

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

STATISTICAL REPORT—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1946—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
Sep. 7	192,978	138,189	615,865	83	95
Sep. 14	151,407	172,476	593,213	101	95
Sep. 21	156,822	169,143	579,500	100	95
Sep. 28	160,969	170,970	569,409	101	95
Oct. 5	223,117	172,354	619,581	100	95
Oct. 12	158,176	169,988	605,059	99	95
Oct. 19	155,589	161,534	598,569	98	96
Oct. 26	155,140	175,440	572,188	101	96
Nov. 2	205,422	174,752	601,787	100	96
Nov. 9	185,047	175,906	613,752	102	96
Nov. 16	138,100	170,411	580,331	101	96
Nov. 23	145,507	170,533	554,982	100	96
Nov. 30	153,574	162,353	546,042	94	96
Dec. 7	207,137	172,417	578,742	99	96
Dec. 14	167,937	175,640	571,179	102	96
Dec. 21	144,083	172,275	543,675	102	96
Dec. 28	99,555	109,210	532,773	66	96
Period 1947—Week Ended					
Jan. 4	196,927	142,338	588,406	85	85

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

Result of Treasury Bill Offering

The Secretary of the Treasury announced on Jan. 6 that the tenders for $1,300,000,000 or thereabout of 91-day Treasury bills to be dated Jan. 9 and to mature April 10, which were offered on Jan. 3, were opened at the Federal Reserve Banks on Jan. 6.

Total applied for, $2,057,029,000.

Total accepted, $1,311,578,000 (includes $24,542,000 entered on a fixed price basis at 99.905 and accepted in full).

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

Range of accepted competitive bids:

High, 99.907, equivalent rate of discount approximately 0.363% per annum.

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

61% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on Jan. 9 in the amount of $1,306,438,000.

Liquidates Control Staff

From its Washington bureau, the New York "Journal of Commerce" reported the following under date of Dec. 22:

Major General Philip B. Fleming, Administrator of the Office of Temporary Controls, has announced the following staff which will assist him in carrying out the liquidation of war agencies:

Harold Stein was named Commissioner of the Office of War Mobilization and Reconversion with the Office of Temporary Controls. In such capacity he will also administer functions of the Office of Economic Stabilization.

Max McCullough was appointed as Commissioner of Price Administration within the Office of Temporary Controls.

John C. Houston, Jr., was appointed as Commissioner of Civilian Production Administration within the Office of Temporary Controls.

Philip F. Maguire will serve temporarily as a consultant.

General Fleming also established the Office of Deputy Temporary Controls Administrator and the Office of Executive Officer. J. W. Follin was named as Deputy Temporary Controls Administrator, and Ernest M. Hall as Executive Officer. Mr. Follin is Assistant Administrator of the Federal Works Agency and Mr. Hall is Executive Officer. They will perform their additional offices without charge.

Weekly Lumber Shipments 63.8% Above Production

According to the National Lumber Manufacturers Association, lumber shipments of 363 mills reporting to the National Lumber Trade Barometer were 63.8% above production for the week ending Jan. 4, 1947. In the same week new orders of these mills were 50.9% above production. Unfilled order files of the reporting mills amounted to 62% of stocks. For reporting softwood mills, unfilled orders are equivalent to 23 days' production at the current rate and gross stocks are equivalent to 35 days' production.

For the year-to-date, shipments of reporting identical mills were 63.8% above production; orders were 50.9% above production.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 6.0% below; shipments were 34.6% above; orders were 9.9% above. Compared to the corresponding week in 1946, production of reporting mills was 13.9% above; shipments were 70.8% above, and new orders were 29.7% above.

Items About Banks and Trust Companies

(Continued from page 320)

undivided profits. The same paper said:

William J. Wason, Jr., President of the Kings County Trust Co., announced that the stockholders of the company at their meeting today elected Kerwin H. Fulton, John V. Jewell and George C. Johnson as trustees, each for a term of three years.

At the annual meeting of the stockholders of the State Street Trust Co. of Boston held on Jan. 8, all directors were re-elected and Thomas Wolcott Little, of Belmont, Treasurer of Bemis Bro. Bag Co., was added to the board. Mr. Little, a graduate of Trinity College, B.S., 1914; Massachusetts Institute of Technology, S.B., 1916, and Harvard, B.B., 1916, has been with Bemis Bro. Bag Co. since 1916, except for his service during World War I from 1917 to 1919, when he was discharged with the rank of Captain. In the ensuing years he has represented his company in London and Calcutta and since his return to the Boston office has been chiefly engaged in the purchase and importation of jute goods and in connection with general finances of the company. He is also a director of the National Council of American Importers. During World War II Mr. Little served for some time on Industry Advisory Committees in Washington.

The First National Bank of Union City, of Union City, N. J., was placed in voluntary liquidation on Dec. 14, having been absorbed by the Hudson Trust Co. of Union City. First National Bank had a capital of $300,000—$100,000 common and $200,000 preferred (RFC).

Gross earnings of The Philadelphia National Bank of Philadelphia, Pa., for the year 1946 aggregated $11,254,459 against $11,957,511 in 1945, while operating charges were $6,280,874, as compared with $6,366,724 for 1945. Net earnings were $4,973,585, against $5,590,787. After giving consideration to the transfer of credits and debits to profit and loss account, net profits for 1946 were $6,420,512, compared with $5,985,472 a year earlier.

Francis Boyer and Frank H. Reichel were elected directors of The Philadelphia National Bank. In addition, all present members of the board were reelected. Mr. Boyer is Executive Vice-President and a director of Smith, Kline & French Laboratories; President and director of Smith, Kline & French Inter-American Corp., and Smith, Kline & French International Co. Mr. Reichel is President and Chairman of the Board of American Viscose Corp. and former President of Sylvania Industrial Corp.

David E. Williams, President of the Corn Exchange National Bank & Trust Company, Philadelphia, reported at the bank's annual meeting of stockholders held Jan. 14, that deposits, other than U. S. Treasury deposits, as of Dec. 31, 1946 totaled $253,297,094 as compared with $234,731,262 as of Dec. 31, 1945. Capital, surplus and undivided profits as of Dec. 31, 1946 were $18,629,099 with reserves of $1,747,738, as compared with $18,022,604 and $1,407,247 as of Dec. 31, 1945. He stated that net operating earnings for 1946 totaled $1,099,744 compared with 1,173,-458 for 1945.

The Fidelity Philadelphia Trust Co. of Philadelphia, Pa., recently announced the election of Henry Sherrerd, Maurice Hartman and Clarence Hutton as Assistant Vice-Presidents of the bank, according to the Philadelphia "Evening Bulletin."

William M. Walker, Vice-President in charge of the Los Angeles branch of the Fidelity and Deposit Co. and its affiliate, the American Banking Company of Baltimore, died suddenly at his home on Jan. 9. Mr. Walker was born in Wilmington, Del., in 1885 and received his preparatory schooling in Birmingham, Ala., and Baltimore, Md. In 1897, the family moved to Los Angeles, where Mr. Walker matriculated in Occidental College as a law student. After a brief newspaper career he resumed his law studies at Stanford University, from which he graduated in 1908, following which he started the practice of law in San Francisco. Subsequently, he became engaged in the bonding business and in 1916 joined the Fidelity and Deposit Co. as its assistant manager in Los Angeles. He was made manager of the office two years later and was elected a Vice-President of the company in July, 1928.

Net profits earned by the Union Bank of Commerce of Cleveland in 1946 amounted to $801,281, equalling $2.27 a share, President John K. Thompson informed shareholders at their annual meeting on Jan. 8. The profits compare with $790,902, or $2.24 a share, in 1945. Net current operating earnings, however, declined from $955,537 in 1945 to $869,850 in 1946. "While the average rate of return on our earning assets improved during the year, our cost of doing business also increased," President Thompson told the shareholders. He added that "the bank had a substantial demand for loans in 1946 which is expected to continue in 1947. The year 1947 should be a good one for all business if industry is permitted to produce without another series of work stoppages and the attendant production difficulties."

Election of George W. Andrews and Donald L. Harbaugh as Vice-Presidents was voted by directors immediately after the shareholders' meeting. Both were Assistant Vice-Presidents and have been with the Union Commerce since its formation. Mr. Andrews, a graduate of Oberlin College and Columbia Graduate School of Business, was with the National City Bank of New York from 1921 to 1938.

Mr. Harbaugh, a graduate of Columbia University and Columbia Law School, practiced law in Cleveland for five years and from 1933 to 1938 was connected with the Union Trust liquidation. He is a member of the University and City Clubs, the Cleveland Bar Association and the National Association of Cost Accountants.

The directors also elected George P. Dietzel Assistant Cashier. He has been with the bank since its formation and was previously Auditor. He is a past President of the Cleveland Conference of the National Association of Bank Auditors and Comptrollers. Directors also declared a dividend of 75 cents a share on capital stock, payable Jan. 25 to shareholders of record Jan. 15. The same amount was paid last July.

The Fifth-Third Union Trust Co. of Cincinnati, Ohio, reported total deposits and total resources of $225,024,669 and $244,255,134, respectively, on Dec. 31, 1946, which compare with $262,457,103 and $280,934,596 as of Dec. 31, 1945. Of the total deposits on Dec. 31, 1946, $4,893,340 represented government deposits which at the end of Dec. 31, 1945, had totaled $52,638,806. U. S. bonds held by the bank at the close of 1946 was shown to be $97,902,766, against $133,533,530 a year before; cash and due from banks amounted to $66,779,250, compared with $60,994,913 at the end of 1945; loans and discounts at present are $61,105,664 with additional unused loan commitments outstanding of $6,939,018, against the figures for Dec. 31, 1945, of $63,-661,690, with unused commitments outstanding of $8,056,238. Capital and surplus have been unchanged during the year and stand at $6,000,000 each, while undivided profits appear as $2,910,122 in the latest report, against $2,028,572 on Dec. 31, 1945.

Graham K. McCorkle, President of the Illinois Bell Telephone Company, was on Jan. 8 elected to serve on the board of directors of the Harris Trust and Savings Bank of Chicago. Mr. McCorkle began his career with the Bell Telephone Co. as an office boy and night operator in Eminence, Ky. Following an intermission of several years, during which time he graduated from the University of Kentucky, he returned to the Bell Co. as a student traffic manager and rose through successive promotions to his present position as President of the company. He is active in civic affairs, serving as a director of the Chicago Crime Commission and the United Charities of Chicago and as Chairman of the Public Utilities Division of the Chicago Community Fund.

Frank McNair, who retired as Vice-Chairman of the Executive Committee of the Harris Trust & Savings Bank this year, but remains as a member of the board, was on Jan. 8 elected Chairman of the Directors' Trust Committee. The advices from the institution also made known the following advancements on Jan. 8:

New Vice-President and Auditor—Burton A. Brannen, formerly Auditor; new Vice-Presidents—Charles A. Carey, formerly Assistant Vice-President; Merwin Q. Lytle, formerly Secretary; Herman C. Slocum, formerly Manager, Operating Department; and Leslie A. Wood, formerly Assistant Vice-President; new Assistant Vice-Presidents—Kenneth O. Birney, formerly Assistant Cashier; George A. Glow, formerly Assistant Secretary; William O. Rice, formerly Assistant Cashier; Henry M. Tibbits, formerly Assistant Secretary; Richard H. Wayne, formerly Assistant Cashier; and J. Robert Webster, formerly Assistant Cashier.

New Secretary—William H. Milsted, formerly Assistant Vice-President; new Assistant Cashiers—L. W. Bredehoft, Elzy Bross, Walter Dow, Kent W. Duncan, Gerald E. Lage, William F. Murray, William C. Norby and Clayton Rector; new Assistant Secretaries—Guilford N. Askew and J. Brooks Corwine; new Assistant Comptroller—John T. Browning; new Assistant Manager, Municipal Department—H. F. Bright; new Sales Manager, Investment Department, St. Louis Office—Clark Cox; Assistant Sales Manager, Investment Department, New York Office—Paul W. Wolf; Assistant Manager, Credit Analysis Department—John M. Blair.

The Continental Illinois National Bank and Trust Co. of Chicago reported total resources on Dec. 31, 1946, of $2,227,056,286 and total deposits of $2,038,434,994, compared with the figures for Dec. 31, 1945, of $2,826,963,072 and $2,-646,721,524. U. S. Government obligations held by the bank on Dec. 31, 1946, amounted to $1,179,-451,969, against $1,821,033,425 a year before; cash on hand and due from banks is now $565,280,-423, compared with $532,083,248; loans and discounts in the most recent report were $406,741,298, against $398,352,051 at the end of 1945. Capital and surplus have remained unchanged during the year at $60,000,000 each while undivided profits advanced from $27,471,417 Dec. 31, 1945, to $35,-585,318 at the end of 1946.

David Levinger, Vice-President and director of Western Electric Company, was on Jan. 13 elected a director of Chicago Title and Trust Company of Chicago, Ill., at the annual stockholders' meeting. With Western Electric Company since 1910, Mr. Levinger has been works manager of the Hawthorne Plant since 1939, director of the company since 1931, and Vice-President since 1942. He is also a director of the Chicago Association of Commerce, and the Illinois Institute of Technology. Mr. Levinger has been active in the engineering profession and holds membership in the Society of Mechanical Engineers, the American Institute of Electrical Engineers, the American Society of Metals, and the American Institute of Mining and Metallurgical Engineers.

Directors whose terms expired and who were reelected for a term of three years were Laird Bell, George H. Dovenmuehle, Joseph B. Fleming, Harold A. Moore, and Holman D. Pettibone.

A charter was issued on Dec. 17 by the Comptroller of the Currency for the Valley National Bank of Alhambra, Calif., with a capital of $200,000—all common. S. F. Mang has been designated President and K. M. Miller, Cashier.

W. L. Hemingway, President of the Mercantile-Commerce Bank and Trust Co., St. Louis, announced on Jan. 10 that the bank's board of directors have authorized the transfer of $2,500,000 from undivided profits to surplus, which results in a surplus of $7,500,000. With present capital of $12,500,-000, the combined capital and surplus of Mercantile-Commerce now totals $20,000,000, the largest of any St. Louis banking institution.

The Bank of Tuscumbia, Tuscumbia, Mo., became a member of the Federal Reserve System on Jan. 2, according to the Federal Reserve Bank of St. Louis, which said:

"The new member was chartered in January, 1903. It has a capital of $30,000, surplus of $20,-000 and total resources of $926,387. Its officers are W. S. Stillwell, President; R. M. Marshall, Vice-President; Byron H. Hix, Cashier, and G. A. Berry, Assistant Cashier."

Substantial increases in all classes of deposits except U. S. Government and a sharp upswing in loans and discounts are revealed in the Dec. 31, 1946, statement of condition of the Anglo California National Bank, of San Francisco, made public on Jan. 2 by Allard A. Calkins, President. In comparison with the bank's statement of Dec. 31, 1945, deposits declined $38,876,734 to a total of $442,676,952. The decrease was due entirely to a marked decline in U. S. Government deposits, from $76,156,915 a year ago to $10,290,189, in line with the nation-wide running off of government deposits in banks. This decrease of $65,866,726 was partially offset by gains in all other classes of deposits. Time deposits increased $14,711,014 to a total of $139,416,995 at year-end, demand deposits increased $6,220,051 to $263,242,704 and other public deposits rose $6,058,928 to $29,727,-063. Loans and discounts increased more than 50% during the year, from $60,308,842 to $94,-457,673, an increase of $34,148,831. An even greater increase is seen in letters of credit and acceptances, which rose from $3,780,629 to $10,386,248, a gain of $6,605,620. Cash and securities now total $373,136,717 and resources $483,-551,078. Capital, surplus and undivided profits of the bank, not including reserves, aggregated $25,385,060 at year-end.

The United States National Bank of Portland (Oregon) added its 32nd banking unit with the opening of the Stadium Branch in Portland on Jan. 2. Modern in construction and design, the new building, a one-story structure, is located at S. W. Morrison and 20th, in the upper downtown section of Portland; it will serve an expanding business section which, it is stated, has heretofore been without convenient banking facilities. Frank Holmes, Jr., an Assistant Vice-President of the United States National Bank, is Manager, and C. A. Clements is Assistant Manager. Both have been associated with the United States National Bank for many years.

E. C. Sammons is President of the United States National which, at the Dec. 31, 1946, bank call, led the State of Oregon in total resources and deposits as well as in loans and discounts. Deposits totaled $550,571,354 and loans and discounts stood at $111,826,286.

Supreme Court Upholds Reserve Board Ruling

An order by the Board of Governors of the Federal Reserve Board calling for the removal of two National bank directors associated with underwriting companies, was upheld by the United States Supreme Court on Jan. 6. According to Associated Press advices from Washington on that date, "the tribunal found that orders by the Board of Governors are reviewable by courts. It based its decision on the question of whether the directors were 'primarily engaged' in the underwriting business."

With respect to the Court's findings, the New York "Journal of Commerce" in advices from its Washington bureau on Jan. 6 had the following to say:

The Court ruling, which may have broad effects on the composition of bank directorships in the future, was based on a liberal interpretation of Congress's intent in separating commercial banking activities and security underwriting activities.

Although Congress prohibited banks from naming directors who are employed in firms "primarily engaged" in underwriting, the Supreme Court held that "primarily engaged" did not mean that underwriting must be the company's most important single activity.

John Agnes and F. O. Fayerweather, bank directors, had been ordered removed from office by the Federal Reserve Board on the ground that they were employees of a company—Eastman, Dillon & Co.—"primarily engaged" in underwriting.

The fact that this company's undrewriting business did not by any quantitative tests exceed 50% of its total business, had been decisive in a lower court ruling that the Federal Reserve Board's order was not justified under the law. According to the view that the Court of Appeals had taken, "primarily" means first or chief and a company is not "primarily engaged" in underwriting when underwriting is not by any standard its chief or principal business.

Reversing this ruling, the Supreme Court said: "If the underwriting business of a firm is substantial, the firm is engaged in the underwriting business in a primary way though by any quantitative test underwriting may not be its chief or principal activity. On the facts in this record we would find it hard to say that underwriting was not one primary activity of the firm and brokerage another."

The Supreme Court commented that "the evil" at which the law—on which the Federal Reserve Board based its removal order—aimed "is not one likely to emerge only when the firm with which a bank director is connected has an underwriting business which exceeds 50% of its total business."