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The Land—Foundation For Industrial Society

By HERRELL DeGRAFF*
Associate Professor of Land Economics, Cornell University

Agricultural economist points out, though proportion of farm population has been decreasing, interdependence of urban and rural life is increasing. Says efforts should be directed toward utilizing and improving good soil rather than working poor soils. Holds we will always have a land problem despite improved methods and farm technology and there is no longer "family security" on small farm. Decries idea of existing or approaching food shortages and says need is for adequate markets. Concludes farmers' responsibility for statesmanship still lies in their greater political power.

Let me begin with what should be some obvious relationships. The city is at all times a vassal to the farm. In the simplest facts of biology lie the evidences of its bondage. It has an insistent stomach, and food does not grow on pavements. High, thick and staunchly defended walls of the Ancients were penetrated by hunger. Europe's misery today is focussed within its cities. And if food should not cross the Hudson, Manhattan would become a ghost town.

Herrell DeGraff

No doubt the vivid memories of insecurity in both depression and war have sharpened this fact in the public consciousness. There is no marked back-to-the-land movement in evidence. And yet, few advertisements indeed have been meeting more sympathetic response among some uneasy urbanites than those which read, "Buy these few acres and be safe." City purchasers of farms are fleeing not the good life of the city, but the uncertain life of the city. They fear simply another breakdown in the delicate division of labor and exchange of goods upon which the city is founded.

But such a family, if buying a

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*An address by Prof. DeGraff at the Seventh Annual Forum on Economic and Social Trends sponsored by the New York Chapter of Life Underwriters, New York City, April 18, 1947.

We Can Maintain Prosperity

By WILLIAM L. BATT
President, SKF Industries, Inc.

Prominent industrialist and former Vice-Chairman of War Production Board asserts we can have readjustment without depression, if business, labor and government cooperate. Says accumulated demand at home and abroad is too vast to permit economic collapse, and sees output of producers' goods growing. Favors high tax rates and reduced government spending as price rise curb.

W. L. Batt

Our current national income of $176,000,000,000 and the high standard of living that it buys us, represents a sound level of prosperity and one that can be maintained for a considerable period of years, with only minor variations. I do not believe there is any likelihood of a severe depression—such as we had in the nineteen thirties—at any time in the predictable future. The accumulated demand at home and abroad is too vast and too insistent to permit a general economic collapse.

But we are now facing a critical period of business readjustment. There is certain to be a switch in demand from goods that are quickly consumed to the durable goods, such as motor cars and washing machines, that are now reaching the market in good volume. This transition may be smooth and easy, or painfully difficult, depending on the combined

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Wage Rates and Purchasing Power

By RUFUS S. TUCKER*
Economist, General Motors Corporation

Dr. Tucker denounces theory of increased purchasing power through artificially raising wage rates. Contends attempt to raise wages faster than rate of output per man-hour is inflationary and causes suffering and loss to large segments of national economy. Says no labor policy can prevent depressions, but depressions can be prolonged by inflexibility in wage rates.

A large number of labor spokesmen and government officials have proclaimed that the way to avoid depressions is to maintain purchasing power by increasing wage rates whenever industrial activity shows signs of falling off, on the ground that higher wages will raise the demand for goods and the volume of production. They say that the unit costs of production at a high rate of activity will be so much less that the higher wage rates can be paid without increasing prices to the consumer, while still leaving large profits to the owners of business enterprises. In this way employment can be maintained at a high level and the nation's standard of living constantly raised.

Rufus S. Tucker

This approach to the problem of stabilization involves, in my opinion, several fallacies. In fact, when I think of it I am reminded of Dean Swift's old observation "that there is nothing so extravagant and irrational which some philosophers have not maintained for truth." The first in importance of its fallacies is the assumption that wage earners are the sole purchasers of goods and services. This is really a double fallacy, because it overlooks two facts: (1) that consumers' goods, which are the sort of goods supposedly bought by wage earners, are not the only goods produced; and (2) that wage earners are not the only buyers of consumers' goods. These facts are demonstrated by the official estimates of the gross national product and the Census of Occupations. Since 1914 consumers' expenditures

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*An address by Dr. Tucker at luncheon session of the 35th Annual Meeting of the Chamber of Commerce of U. S., Wash., D. C., April 30, 1947.

GENERAL CONTENTS

Editorial

As We See It

EDITORIAL

At Home, Too

"Free-Enterprise Way Here Much Misunderstood Abroad." So reads a current headline. No one can well doubt that the so-called free enterprise system, or to use a now unpopular but formerly highly respected term, the laissez-faire doctrine of economics, is badly misunderstood in some quarters beyond our borders.

But what of the beam in our own eye? Do we Americans generally understand the system, or recognize its basic tenets? The question is certainly a fair one, and an important one.

So important, indeed, is the question that we deem it well to devote this discussion to it.

Perhaps, there is no better way to begin than to quote the words of the master expounder of the doctrine to which this country was, politically and economically, dedicated at the time of its foundation. We beg indulgence if the passages quoted appear somewhat long. They are, we are certain, well worth the most careful study.

The Master

Here in part is how Adam Smith described the free enterprise system:

"It is thus that every system which endeavors, either by extraordinary encouragements to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it, or, by extraordinary restraints, force from a particular species of industry some share of the capital which would otherwise be employed in it, is in reality subversive of the great purpose which it means to promote. It retards, instead of accelerating, the progress of the society towards real wealth and greatness; and diminishes, instead of increasing, the real

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From Washington Ahead of the News

By CARLISLE BARGERON

The most uproarious skit at the famous Gridiron dinner here Saturday night revolved around the so-called Truman Doctrine by which we give other countries money not to go Communist. Hitherto unheard of countries and dictators were depicted as coming in, one after another, and pleading with Truman to "give us some money and save us from Old Black Joe." The climax was the appearance of a tribe of cannibals. Well sir, the audience of 500 or so, went into stitches and it went into stitches again Sunday afternoon at the after-dinner reception at which some of the skits were repeated without the costumes. And in the crowd the man who seemingly laughed the most, whose sides seemed about to burst, was Truman himself. Members of Congress, Cabinet officials, Big Brass—to them as with the rest, it was one whale of a joke.

Carlisle Bargeron

But we are going right ahead with the grant to Greece and Turkey, with one coming up to head off Communism in Korea. We Americans unquestionably have the darndest sense of humor on earth.

An even better joke, though, I think, is the great Truman inspired movement to run the Commies out of the government right here at home. The two projects—checking them abroad and running them out of the government here—are being enthusiastically cited by the Truman propagandists as an example of his political astuteness. The Republicans were running with this anti-Communist ball, they gleefully explain, and the astute Truman jumped into the air, took it over his shoulders and has been running with it ever since. The Republicans are represented as having been left speechless.

Well, it seems there is a string attached to running the Commies

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What Is the Senator Saying?

"We expended a fortune to destroy one form of totalitarianism. We now are confronted with another form, and while we hope that it will not be necessary to engage in armed conflict to avoid its consequences we cannot overlook the fact that it takes hold of vast numbers of people with the same degree of fanaticism as that which characterized the form of totalitarianism we thought we had destroyed in the surrendering of Germany and Japan.

Sen. Alben Barkley

"I am not one who believes or contends that these two ideologies cannot live in the world together if they want to.

"We do not seek to impose upon the people of any nation our form of government. But we also realize we cannot be isolated or surrounded by a totalitarian world and at the same time preserve our own economic and political and social concepts, whether that totalitarian world come from one source or another."—Senator Alben W. Barkley.

One trouble is that we indulged in too much nonsense during the war about "ideologies" and their destruction by force of arms.

We have come to believe too much of it!

Must we really bribe half the world not to become "totalitarian," or destroy it if it persists in doing so?

If so, the future of mankind is hardly bright.

Supreme Court Orders Freight Cut for South

A Supreme Court ruling on May 12 upholds an Interstate Commerce Commission order raising so-called class rates, applying to manufactured products, 10% in Northern States and dropping them 10% in Southern States east of the Rockies, according to advices from Washington from the Associated Press. The decision, by a 7-to-2 majority, was written by Justice Douglas who sustained the contention of the South and West that the present rate structure retarded industrial development in these areas.

Mr. Douglas declared that the record shows that natural disadvantages alone "are not responsible for the retarded development of the South and the West." Being ill at home, his opinion was read for him by Justice Burton. The 28,000 word opinion stated that there was abundant evidence to support the findings of the ICC that there was discrimination among the territories. It stated further that the commission is correct in its findings that there is prejudice against the southern region.

In May, 1945, the commission, according to the same advices, found the freight rate structure discriminated against the South on almost all manufactured articles and ordered the changes as the first step toward equalizing rates.

The commission planned as a second step to work out "national uniformity in the classification of freight, and a greater degree of national uniformity in the class freight rate structure." Class rates apply to about 4% of all rail freight traffic and yield about 6% of freight revenue.

Southern officials hailed the ICC order as one which would permit Southern industry to "breathe freely for the first time in history."

Nine Northern States, Governors of the six New England States, and 33 railroads, however, challenged the ICC action as arbitrary. They said it was not based on facts and upset principles of rate-making which had been used for many generations.

The challengers first presented their case before a special, three-judge Federal Court in Utica, N. Y. That court upheld the ICC. The challengers then appealed to the Supreme Court. Actrual change in class rates was deferred pending the high tribunal's decision.

The nine States opposing the increase were New York, Delaware, Indiana, Maryland, Michigan, New Jersey, Ohio, Wisconsin and Pennsylvania.

A similar suit filed by the State of Georgia and its former Governor, Ellis Arnall, is now in the hands of a special master, Lloyd K. Garrison.

Georgia charged 19 southern and western railroads had conspired and combined to fix freight rates discriminatory against the South, in violation of the anti-trust laws.

The Supreme Court appointed Mr. Garrison to gather facts, hear testimony of all parties interested and make a report and recommendation to the justices. The report and recommendations are not expected to be ready for presentation during the present court term which ends in June.

Justices Jackson and Frankfurter dissented in the majority decision. Calling the majority's opinion "an extraordinary decision," Mr. Jackson declared that the 10% increase in rates affecting the northeastern part of the United States was not asked by the railroads, but goes to the prosperous and the insolvent ones alike and is not even claimed to be necessary to pay the cost of service and a fair return on the property used in rendering it.

"This additional assessment," Mr. Jackson added, "is in no sense compensation for handling the traffic which the railroads concede was adequately compensated before. It is really a surtax, added solely to increase shipping costs in the noreastern part of the United States for the purpose of handicapping its economy and in order to make transportation cost as much there as it does in areas where there is less traffic to divide the cost.

"The surcharge burdens the territory where 50% of the consuming population of the United States resides by adding an estimated $50,000,000 per year to its shipping bills. It adds that much to the revenues of the northeastern railroads with no showing or finding that it is needed to meet costs of furnishing railroad service."

Justice Jackson said it had never before been thought to be an unlawful discrimination to charge more for a service which cost more to perform. Mr. Jackson commented that the government "frankly advocates this new concept of discrimination as necessary to some redistribution of population in relation to resources that will reshape the nation's social, economic and perhaps its political life more nearly to its heart's desire."

He protested that the Supreme Court never before "has confided to any regulatory body the reshaping of our national economy."

The majority's opinion went on to say that the commission's recent action in granting a nation-wide increase in all freight rates did not affect the present case.

Mr. Douglas put it this way:

"This is a proceeding to eliminate territorial rate differences not justified by territorial conditions. The general rate increase recently granted by the commission was a revenue proceeding. Revenue adjustments can be and are superimposed on such rates structures as exist. The fact that revenue adjustments may produce lack of uniformity in rates is not inconsistent with the decision in the present case."

Justice Douglas said the order granting the general rate increase actually was not before the court for consideration and the court intimated no opinion concerning it.

"Whether the general rate increase will require adjustments in the new permanent uniform scale which awaits the new uniform classification is a question for the commission when the new classification is ready," Mr. Douglas added.

Banks of England and Brazil Agree on Currency Pacts

The Brazilian Treasury Delegation, 30 Rockefeller Plaza, made public on May 6 the following statement issued by the Minister of Finance in Brazil to the press in that country:

"The Bank of Brazil and the Bank of England have reached an agreement as a result of which operations of purchase and sale of the pound sterling by the Bank of Brazil and of Cruzeiros by the Bank of England have been resumed.

"Commercial transactions between the countries, including those which took place in the course of April, will be entered in a special account, the balance of which is to be freely disposed of by the creditor nation. This solution fully meets the best interest of Brazil which would have suffered if the balances of its commercial exchange with Great Britain had been placed in the blocked account against which Brazil would not have been allowed to draw.

"This was the sole reason which led the Brazilian Government to halt its purchases of pound sterling through the Bank of Brazil. Both in Rio de Janeiro as well as in London, there is great satisfaction in official and commercial circles as a result of this solution which permits the resumption of free trade between the two countries.

"Soon an agreement is expected to be signed covering the Brazilian credit in blocked sterling inasmuch as the divergencies that have come up are not of the kind to preclude the solution which will protect the present interest of both Brazil and Great Britain."

Class I RR. Gross Earnings Up $172,854,118 In First Quarter—Net Increased $68,200,000

The Class I railroads of the United States in March, 1947, had an estimated net income, after interest and rentals, of about $43,600,000 compared with a deficit of $33,300,000 in March, 1946, according to reports filed by the carriers with the Bureau of Railway Economics of the Association of American Railroads and made public on May 6. Net railway operating income, before interest and rentals, amounted to $72,782,112, compared with a net railway operating deficit of $5,702,877 in March, 1946. The Association further reported as follows:

Operating expenses for the month of March, 1946, are overstated to the extent of the inclusion of about $97,000,000 charged in that month as retroactive wage payments applicable to the months of January and February, 1946. For that reason, the net earnings shown for March, 1946, are somewhat understated, thus affecting the comparison between March, 1946, and March, 1947.

In the first three months of 1947 these roads, which represent a total of 227,679 miles, had an estimated net income, after interest and rentals, of $87,200,000, compared with a net income of $19,000,000 in the corresponding period of 1946. Net railway operating income, before interest and rentals, totaled $174,095,470, compared with $110,718,526 in the same period of 1946.

In the 12 months ended March 31, 1947, the rate of return on property investment averaged 3.03%, compared with a rate of return of 3.14% for the 12 months ended March 31, 1946.

The earnings reported above as net railway operating income represent the amount left after the payment of operating expenses and taxes, but before interest, rentals and other fixed charges are paid. Property investment is the value of road and equipment as shown by the books of the railways including materials, supplies and cash, less accrued depreciation.

Total operating revenues in the first three months of 1947 totaled $2,039,308,947, compared with $1,866,454,829 in the same period of 1946, or an increase of 9.3%. Operating expenses in the first three months of 1947 amounted to $1,597,733,863, compared with $1,567,879,401 in the corresponding period of 1946, or an increase of 1.9%.

Thirty-eight Class I railroads failed to earn interest and rentals in the first three months of 1947, of which 17 were in the Eastern District, six in the Southern Region and 15 in the Western District.

Eastern District

The Class I railroads in the Eastern District in the first three months of 1947 had an estimated net income, after interest and rentals, of $23,400,000, compared with a deficit of $7,800,000 in the same period of 1946. For the month of March alone, their estimated net income, after interest and rentals, was $16,000,000, compared with a deficit of $12,200,000 in March, 1946.

The same roads in the first three months of 1947 had a net railway operating income, before interest and rentals, of $64,015,887, compared with $31,097,222 in the same period of 1946. Their net railway operating income, before interest and rentals, in March amounted to $30,188,136, compared with $655,649 in March, 1946.

Operating revenues of the Class I railroads in the Eastern District in the first three months of 1947 totaled $937,119,618, an increase of 13.5%, compared with the same period of 1946, while operating expenses totaled $757,353,356, or an increase of 5.2% above 1946.

Southern Region

The Class I railroads in the Southern Region in the first three months of 1947 had an estimated net income, after interest and rentals, of $18,800,000, compared with a net income of $6,200,000 in the same period of 1946. For the month of March alone, they had an estimated net income, after interest and rentals, of $7,600,000, compared with a deficit of $6,600,000 in March, 1946.

Those same roads in the first three months of 1947 had a net railway operating income, before interest and rentals, of $30,872,705, compared with $22,762,697 in the same period of 1946. Their net railway operating income, before interest and rentals, in March amounted to $11,804,233, compared with a net railway operating deficit of $840,015 in March, 1946.

Operating revenues of the Class I railroads in the Southern Region in the first three months of 1947 totaled $297,400,583, an increase of 8.1%, compared with the same period in 1946, while operating expenses totaled $228,670,846, an increase of 2.8% above 1946.

Western District

Class I railroads in the Western District in the first three months of 1947 had an estimated net income, after interest and rentals, of $45,000,000, compared with $20,600,000 in the same period of 1946. For the month of March alone, they had an estimated net income, after interest and rentals, of $20,000,000, compared with a deficit of $14,500,000 in March, 1946.

Those same roads in the first three months of 1947, had a net railway operating income, before interest and rentals, of $79,206,878, compared with $56,858,607 in the same period of 1946. Their net railway operating income, before interest and rentals in March amounted to $30,789,743, compared with a net railway operating deficit of $5,518,511 in March, 1946.

Operating revenues of the Class I railroads in the Western District in the first three months of 1947 totaled $804,788,746, an increase of 5.1%, compared with the same period of 1946, while operating expenses totaled $611,709,661, a decrease of 2.2% under 1946.

CLASS I RAILROADS—UNITED STATES

Period Ended March 31—	1947—Month	—1946	1947—3 Mos.	—1946
Total operating revenues	$717,826,034	$646,229,071	$2,039,308,947	$1,866,454,829
Total operating expenses	549,367,970	614,558,053	1,597,733,863	1,567,879,401
Operating ratio—per cent	76.53	95.10	78.35	84.00
Taxes	82,448,420	24,885,571	228,378,063	153,526,874
Net railway operating income (before charges)	72,782,112	†5,702,877	174,095,470	110,718,526
Net inc., after chgs. (est.)	43,600,000	†33,300,000	87,200,000	19,000,000

†Deficit.

Cotton Export Subsidy Cut

The Department of Agriculture announced on May 8 that, effective 3 p.m. the same day, the government's cotton export subsidy rate would be cut from two cents to one-half cent per pound. The rate, which was originally four cents a pound, was reduced to two cents early in the year, Associated Press Washington advices stated. The latest cut was announced as domestic supplies dropped to the lowest level in nearly 20 years. Associated Press advices from Washington on May 2, from which the above was taken, also said:

Exporters will have until Jan. 31, 1948, to ship cotton sold under the program after May 8. Sales registered before 3 p.m. on that date must be shipped by June 30, 1947.

Truman, Marshall and Byrnes Urge Immediate Peace Treaty Ratification

The Senate Foreign Relations Committee on May 6 heard Secretary of State Marshall and James F. Byrnes, former Secretary of State, urge immediate ratification of the peace treaties with Italy, Hungary, Bulgaria and Rumania, Associated Press Washington advices stated. Secretary Marshall also read to the committee a letter from President Truman expressing agreement with the Secretary's and Mr. Byrnes' views.

"You are authorized to say," Mr. Truman wrote, according to the same advices, "that I concur wholeheartedly in the views which you and Mr. Byrnes will express to the effect that it is in our opinion vital to our foreign policy that these treaties be ratified."

Opponents of ratification have recommended waiting until a peace treaty with Germany has been prepared. The President in his letter disagreed with the view that ratification now would conflict the policy outlined in his message to Congress on March 12. He continued:

"These treaties are the results of months of effort by outstanding leaders of both parties in this government and of other governments to work out a common peace in this important area of the world. Nothing has occurred to render their efforts unsound or unwise. It is more than ever important that the Government of the United States should appear to the world as a strong and consistent force in international relations. Treaties which have been worked out with the approval of so large a proportion of all the nations convened at the Paris peace conference represent the considered judgment of the international community. Moreover, many of the most difficult problems were resolved as the result of American initiative It would be a great misfortune and a heavy blow to our country's leadership in world affairs should we now unilaterally withhold approval of these treaties."

Secretary Marshall himself said that he believed the world situation would "disintegrate" if the United States now took a "backward step" away from approval of the four treaties.

Mr. Byrnes in his testimony declared that if the United States now fails to ratify the treaties, "the responsibility for the maintenance of armies of occupation and of chaotic political conditions in these countries will rest upon us."

On May 9, acting on the recommendation of the President and Mr. Marshall and Mr. Byrnes, the Foreign Relations Committee approved, without a dissenting vote and with no reservations, the peace treaties with Italy, Hungary, Bulgaria and Rumania. Chairman Vandenberg (R.-Mich.) said that a "long discussion" of the terms had preceded the committee's favorable action, and when he formally reported the result to the Senate he urged that the treaties be swiftly ratified. Warning that if the pacts were rejected only "confusion" could be expected. Mr. Vandenberg, in a brief speech accompanying the report, declared: "We believe this is the better calculated risk."

Twelve of the 13-man committee had voted approval of the treaties while the remaining member, Senator Hickenlooper (R.-Iowa) was absent.

The Italian treaty is the only one of the four which has been subjected to severe opposition, but Senator Vandenberg, while admitting that he did not regard this settlement arrangement as perfect, nevertheless concurred with the President and Secretary Marshall in considering it the best possible at this time.

The Italian treaty imposes $360,000,000 in reparations, limits the country's military forces, provides for renunciation of colonial possessions, and fixes the country's frontiers, with delineation of the territory of Trieste.

Merchant Wholesalers Sales Up 27% In March, Says Census Bureau

Sales of merchant wholesalers during March were up 27% over March of last year and up 9% over February of this year, Director J. C. Capt of the Bureau of the Census announced on May 1. Dollar sales for the first quarter of this year were up 27% over the corresponding period of last year. These data are based upon reports submitted by 2,683 merchant wholesalers representing all parts of the country—wholesalers who reported sales totaling $450,000,000 for the month of March. The Census Bureau of the Commerce Department also said, in its announcement:

Inventories, valued at cost, continued to rise as they were up 4% at the end over the beginning of March and they were up 70% over the end of March last year. As in previous months, a part of the increase in inventory values may have been due to rise in prices, but it is significant to note that inventories have continued their upward trend since last fall while sales recorded moderate seasonal declines.

Considered by kinds of business and comparing March 1947 with March 1946, sales were up in all lines of trade except fresh fruits and vegetables, wines and liquors, jewelry, optical goods, leather and shoe findings, and miscellaneous. Full-line electrical goods houses reported an increase in dollar volume of more than 100% over March of last year. Other trades recording increases of 50% or more included paints, wiring supplies, electrical appliances, meats, and lumber. Comparing March with February of this year, increases of 10% or more were recorded by 13 of the trades. Twenty additional trades reported moderate increases, up to 10%, while four showed slight declines or no change.

Comparing the first quarter of this year with the corresponding period of last year, sales were up 50% or more in the following trades: paints, electrical goods, meats, plumbing and heating, and lumber and building materials. Only five kinds of business reported a smaller dollar volume of business this year than last year: beer, wines and liquors, jewelry, leather, and miscellaneous.

Five trades showed increases in inventories, of 100% or more, March 31 compared with a year earlier: clothing and furnishings, full-line electrical merchandise, furniture, wines and liquors, and lumber. Fourteen additional trades recorded increases of 50% or more. Only in the case of dairy products and optical goods were inventories smaller than last year.

Accounts receivable of 2,043 wholesalers at the beginning of March were 48% above a year earlier and up 5% over the beginning of February of this year. Despite the increase, the collection period for most lines of trade is still less than four weeks and for some kinds of business it is less than two weeks. Only in the case of electrical appliances and beer was there an appreciable increase in the collection period.

Colorado Oil Shale Plant to Open May 17

Offering promise of a vast new industry for America, oil from an untouched reserve will flow from the $2,000,000 oil-shale demonstration plant of the Bureau of Mines in western Colorado when this first major unit completed under the synthetic liquid fuels program is dedicated on Saturday, May 17, J. A. Krug, Secretary of the Interior, announced on May 8.

On the U. S. naval oil-shale reserves, 7½ miles west of the town of Rifle, the new plant to be unveiled to the public in an all-day open house is the first of two demonstration units planned under a five-year $30,000,000 program of synthetic liquid fuels research and development. This is one of the few Interior Department programs that were not drastically curtailed by the House appropriation bill.

The objective in both the oil-shale plant and the coal unit to follow is to blaze a trail for private industry, leading to new sources of gasoline and lubricacants to supplement the Nation's limited reserves of natural petroleum.

Contrary to expectations, demand for petroleum already has passed the peak reached during the war. Bureau officials predict a continuing rise in years to come to meet the increasing automobile, airplane, Diesel engine, industrial, and household requirements. For several years, discoveries of oil in new fields have not kept pace with consumption. The present output of known domestic fields cannot be increased substantially without irretrievable loss of oil, for the wells are now at or near their maximum efficient rate. These authorities state that this country's reserve capacity to produce petroleum virtually disappeared during the war, and our security cannot be jeopardized by relying on uncertain foreign sources for the indispensable fuel of our industrial economy.

Dodge to Head U. S. Group in Austria

Joseph M. Dodge, Detroit banker and former financial adviser to Gen. Lucius D. Clay, American Military Governor in Germany, was named by Secretary of State Marshall on May 6 to head the American delegation on the four-power commission which is to attempt to adjust differences over the Austrian peace treaty, Associated Press Washington advices on May 8 stated, which added:

> A committee of experts who will concentrate on the examination of the specific question of German assets in Austria will be part of the commission. David Ginsburg, former governmental counsel, is to be United States member of this committee.

Other members of the American delegation are Francis T. Williamson, of the State Department's central European division; Covey T. Oliver, of the department's division of German-Austrian economic affairs, and Raymond W. Goldsmith, of Washington, economist.

One of the chief problems facing the commission is the claim of Russia to German property in Austria, which the other Big Four powers have contended was taken from the Austrians under duress. Attempt will also be made to settle a claim by Yugoslavia for reparations from Austria and for a strip of border territory in Carinthia.

Great Britain, France and Russia will also send delegations to the commission which is meeting in Vienna.

The State of Trade

Indications of a downturn in soft goods lines apparent for some weeks became more general the past week with the announcement that manufacturers' shipments of soft goods experienced their first postwar decline in March, with the probability of an even greater one in April.

This condition applies in a degree to some semi-durable lines as well. The woolen mills which cut production as a result of stocks on hand exceeding immediate needs serves to illustrate the point.

In the case of cotton goods mills, much softness has developed in prices, and according to reports, it is becoming increasingly difficult to close contracts for the fourth quarter.

On Monday of this week, Robert R. Wason, New York, Chairman of the board of the National Association of Manufacturers, in addressing the triple mill supply convention at the Hotel Traymore, had the following to say about the future prospects for business:

"We are not working our way toward a depression — we are working our way out into a fully competitive market."

Decrying the policy of government which calls for further wage increases for labor, Mr. Wason stated:

"The manufacturer and distributors are at the mercy of wages when determining prices, because wages make up from two-thirds to four-fifths of the ultimate price paid by the consumer, the difference in the fraction depending on the product."

In pointing out that although the OPA died by law, "political exhortations and propaganda continue to inflate prices by demanding 15-cent increases of wages in automobile and steel in 1947 before the 18½-cent increase of 1946 has been absorbed."

Continuing he added:

"The question now is whether we shall be able to hold prices down to their present levels, or whether they will have to rise again as was predicted when General Motors and General Electric granted their wage increases."

The same day the United States Supreme Court in a seven to two decision upheld the Interstate Commerce Commission's sweeping freight rate equalization order of 1945.

By its finding the Court is in accord with the contention of the South and the West that their industrial development has been retarded by railroad freight rates generally favoring the North and East.

The order was aimed at uniform freight costs and directed a 10% increase in class rates in states situated northeast of the Ohio, Potomac and Mississippi rivers. At the same time it reduced class rates 10% elsewhere except west of the Rocky Mountains. These class rates apply chiefly to manufactured goods and cover only about 4% of the nation's rail freight.

The rate order was contested by nine northern states, the six New England Governors and 33 western railroads with the latter holding that the new rates were confiscatory.

On the industrial front production for the week held close to the high levels of previous weeks with many industries maintaining output around post-war peaks. Some raw materials and certain component parts continued in short supply and work stoppages occasioned by strikes held down production slightly in some sections of the country. In the main, employment was high and backlogs of orders in many industries remained large.

Estimated production of automotive vehicles the past week, according to Ward's Automotive Reports, amounted to 93,369 units as compared with 101,690 units in the preceding week. In the similar week of 1941 total output was 132,380 units.

Last week's assemblies included 68,063 cars and 20,301 trucks made in the United States and 3,041 cars and 1,964 trucks produced in Canada.

The decline last week was attributed to an acute materials shortage. Ward's said that the month of May possibly will prove the poorest production-wise in 1947, with indications that passenger car output will total 264,000 and truck assemblies 91,600 units.

In the wholesale furniture field, the Jamestown Furniture Mart was well attended. Buyers reflected a cautious attitude and the majority of orders placed were for late summer delivery. It was also noted that many articles of furniture, which were formerly sold on an allotment basis, were in adequate supply.

The construction field gave evidence of a continued heavy demand for building materials and hardware last week while order backlogs for farm implements and power tools also held at a high level.

Retail trade continued active during the week lifting total volume moderately above that of the corresponding week a year ago. Consumers remained very price-conscious and reports from many sections of the country indicated that special promotions and clearances had resulted in a considerable increase in the sale of those items.

There was a fractional rise in total wholesale volume in the week as dollar volume continued to compare favorably with that of a year ago. Order volume was limited generally to small quantities of merchandise for immediate or nearby delivery. Stocks in most lines were well above the level of a year ago.

Steel Industry—There was no indication the past week that the steel industry will be lacking the orders to keep operations at unusually high levels for the rest of this year, reports "The Iron Age," national metalworking weekly. The possibility of a slight industrial setback has been so well advertised that preventive measures have already been taken by many producers and consumers.

Metalworking customers were still clamoring for steel last week but inventories were being closely watched and controlled — something that was not too general in pre-war years. For the first time since the war ended the steel industry appears to be entering a normal business period of activity, the magazine states.

Backlogs are large but most of these unfilled orders will be filled by orderly schedules between now and the end of the third quarter. Carryovers — unfilled promises which raised hob with production schedules last year — are on the wane and may disappear within the next few months unless a coal strike occurs, the paper adds.

Pressure for deliveries continues but it is of a different nature than has been the case in past months. Steel promised to consumers for the balance of this year will neatly fall in line and be taken care of on mill schedules. Consumer pressure exerted last week came from those who were assured they would get their sup-

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As We See It

(Continued from first page)

value of the annual produce of its land and labor.

"All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society. According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and the invasion of other independent societies; secondly the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly the duty of erecting and maintaining certain public works and certain public institutions which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society."

Or again:

"What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman who should attempt to direct private people in what manner they ought to employ their capital would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

"To give the monopoly of the home market to the produce of the domestic industry, in any particular art or manufacture, is in some measure to direct private people in what manner they ought to employ their capitals, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestic can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbors, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for.

"What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom."

Ignorant Defenders

If such is the essence of laissez-faire, or "free enterprise," in the spirit of which this country was founded at precisely the time the writings of Adam Smith began to be "heard 'round the world," then many who today profess to be defenders of that system have no understanding of the real nature of it—assuming, as we must, in many cases the sincerity of the individual. Obviously, virtually all of the New Deal philosophers must be excluded at once. Such a conclusion would (in private at any rate) probably be accepted without hesitation by the "intelligentsia" of the movement, whatever may be true of the rank and file of political elements supporting it. But, whatever the claims of such groups and individuals, it is obvious that "free enterprise" and "planned economy" in any form are wholly and irreparably incompatible.

Then there are those who would certainly not list themselves as New Dealers, and who do shy away from planned economy (when it is recognized, at any rate), but who advocate "incentive taxation," or various other governmental attempts to "aid," "protect," or "encourage" free enterprise. As may be seen from the exposition quoted in earlier paragraphs, it is of the essence of free enterprise that there must be no effort on the part of government to direct the flow of capital or energy into this or that industry, or to prevent it from flowing into other branches.

Let us not deceive ourselves. These governmental interferences with natural law take many and varied forms—and are very likely not to be recognized by those for whose benefit they are devised. One of the most widespread of them in this day and time has come to be "guaranteed" credit to this or that interest for the plain purpose of attracting capital where it would not otherwise flow. A historical interference even in Adam Smith's day is the custom duty levied not for revenue but as a protection to home industry. In the labor field, the establishment of monopolies is a common case. But there is nothing to be gained by laboring the point.

It is clear enough that foreign critics are not the only ones who have no clear understanding of the true free enterprise system.

Grimm Again Pres. of N. Y. Chamber

Peter Grimm, Chairman of the Board of William A. White & Sons, was reelected President of the Chamber of Commerce of the State of New York for a term of one year at the 179th annual meeting, held on May 1. Three new Vice-Presidents, William White, President of Delaware, Lackawanna & Western RR.; George L. Harrison, President of New York Life Insurance Co., and Harvey D. Gibson, President of Manufacturers Trust Co., were elected to serve four years.

Arthur M. Reis, President, Robert Reis & Co., was re-elected Chairman of the Executive Committee. Jacob Aronson was elected a member-at-large of the Committee, and H. Donald Campbell and James T. Lee re-elected to similar posts. William J. Graham, Treasurer; William B. Scarborough, Assistant Treasurer, and B. Colwell Davis, Executive Secretary, also were re-elected. Robert W. Dowling, President of City Investing Co., was elected Chairman of the newly-created Committee on City Affairs, with Richard E. Dougherty, Caswell M. Smith, Clarence L. Law, George McAneny and David L. Tilly as members.

Those named as new Chairmen of standing committees of the Chamber, indicated in our issue of May 1, page 2390, were all elected.

The ticket was presented by James G. Blaine, Chairman of the Nominating Committee.

Postal Rates in Phone Bk.

Postmaster Albert Goldman announced on May 8 that the new Classified Telephone Directory contains a postal information page showing the rates of postage for all classes of mail matter, as well as valuable information pertaining to other postal services.

Consumers' Price Index Highest in Mid-March According to Labor Department Report

Consumers' goods and services for moderate-income families were 2.0% higher in mid-March than in mid-February, according to the final figures of the Bureau of Labor Statistics of the U. S. Department of Labor. This advance brought the Consumers' Price Index to a record high of 156.3 (1935-39=100) on March 15, 1947; it followed a two-month period in which retail prices remained unchanged or decreased slightly, said the Labor Bureau's report, which added:

Retail prices for all major groups of living essentials advanced. Food prices in large cities jumped almost 4%; clothing prices rose 1.5%; housefurnishings and miscellaneous goods and services advanced 0.6%; rent fuels and light increased fractionally. In mid-March, consumers' prices were 20% higher than a year ago, and 58.5% above August, 1939.

The family food bill—amounting to more than two-fifths of the moderate-income city families' budget—advanced 3.9% between Feb. 15 and March 15, after declining 2.9% between mid-November and mid-February. Prices for all major groups of foods rose. Meats averaged 5.5% higher as prices for pork increased more than 13%. Fresh fruits and vegetables advanced 5.3%, reflecting the February freeze of the winter vegetable crops. Prices of fats and oils averaged 9% higher as lard prices jumped nearly 20%. All other food prices rose 2.1% between Feb. 15 and March 15. Between mid-March and mid-April food prices usually increase; this year, however, food prices dropped about ½% according to a special survey.

On March 15, the food price index was 189.5 (1935-39=100). Food prices in large cities have advanced almost 103% since the month before the outbreak of war in Europe. Prices of fats and oils are 159% higher than in August, 1939; meat and fresh fruits and vegetables have each risen 116%; prices of dairy products are 101% above August, 1939.

Clothing prices rose 1.5% between February and March, 4.4% over the quarter from December, 1946 to March, 1947. Prices for nearly all garments and shoes increased from Feb. 15 to March 15. Higher prices were reported for men's wool clothing, business shirts, work clothing, and underclothing in most cities. Prices of women's rayon dresses, slips and hosiery also advanced. The cost of leather footwear and shoe repairs for all members of the family rose again.

Housefurnishings prices increased 0.8% between mid-February and mid-March as most items in this group continued to advance. Prices for gas stoves, washing machines, and bedroom suites advanced; prices for small table-model radios, higher quality electric refrigerators, upholstered furniture, and mattresses declined in some cities.

Miscellaneous goods and services costs rose 0.6%. Costs of medical care—especially hospital rates—increased. Prices also went up for gasoline, newspapers, and auto insurance. Slightly lower prices were reported for some automobiles.

Fuel, electricity, and ice costs increased 0.1% during the month as prices for petroleum products advanced in a number of cities.

Information on changes in residential rents was obtained from a small group of dwellings in six cities in March. On the basis of this information, it was estimated that the rent index for all large cities combined increased 0.1% to 109.0% (1935-39=100) on March 15, 1947. Rents advanced in Mobile as higher rates were charged for public housing.

Gas Sales Again Rose Sharply in March

Sales of the gas utility industry to ultimate consumers during March were 2,926,617,000 therms, an increase of 21.2% over a year ago, the American Gas Association reports. For the 12-month period ending March 31, 1947, sales totaled 27,268,000,000 therms, a gain of 5%. The report of the Association adds:

The sharp rise in gas sales during March reflects the huge demand for gas house heating and the efforts of gas utility companies to meet this unprecedented demand despite shortages of steel and other materials that are obstructing expansion of the transmission and distribution plants of these companies. Extended periods of cold weather in March, 1947, as compared with mild weather a year ago accounted principally for the gain in gas sales.

Natural gas sales for March, 1947, were 2,509,000,000 therms, an increase of 19.9% over last year. For 12 months ending March 31, sales of natural gas totaled 26,612,000,000 therms, an advance of 4.1% over the previous year. The Association's index of natural gas sales stood at 221.1% of the 1935-1939 average on March 31, 1947.

Manufactured gas sales for March totaled 233,000,000 therms, a gain of 21.0%, and for 12 months ending March 31, sales amounted to 2,286,000,000 therms, up 11.2% over the previous year. The index of manufactured gas sales stood at 192.2% of the 1935-1939 average.

Sales of mixed gas during March were 185,000,000 therms, representing an increase of 42.5%. For the 12-month period sales aggregated 1,370,000 therms, a gain of 11.2%. The index of mixed gas sales stood at 249.7% of the 1935-1939 average.

Summary of sales data for March and the 12 months ended March 31 (in 000 therms) follows:

Period Ended March 31—	1947—Month	—1946	1947—12 Mos.	—1946
Natural gas	2,509,343	2,092,139	23,611,847	22,691,875
Manufactured gas	232,583	192,277	2,286,125	2,055,557
Mixed gas	184,691	129,565	1,369,875	1,232,319
Total	2,926,617	2,413,981	27,267,847	25,979,751

To Submit Roosevelt Papers to Senate Group

The Senate War Investigating Committee was refused permission by President Truman on May 1 to have the files of the late President Roosevelt searched for documents bearing on the Committee's Arabian oil inquiry, Associated Press Washington advices stated. However, Mr. Truman informed the Committee that he had "written to the attorney for the executors of the estate of Franklin D. Roosevelt and requested them to make a search of the Roosevelt papers and to take from the files those letters, documents or papers which are relevant to the Committee's investigation of procurement of petroleum products by the Navy Department to certain oil companies operating in and near Saudi Arabia."

The following day advices to the New York "Times" stated that Earle R. Koons, a lawyer, who is one of the executors of the Roosevelt estate, said that the executors would comply strictly with President Truman's request. Mr. Koons said that all papers relating to the subject would be extracted from the files and sent to the White House.

Steel Operations Advance—Supply Still Out Of Balance With Demand—Scrap Again Lower

"Unbalance in steel inventories has been the major reason for temporary shutdowns in the automotive industry during the past week," according to "The Iron Age," national metalworking weekly, which in its issue of today (May 15) further states as follows:

"Before the situation is clarified more shutdowns can be expected as automobile makers attempt to accumulate banks of supplies which will support the recent high operating rate at most automobile plants.

"The steel strike in the Chicago district two weeks ago and a temporary slowdown at a midwestern steel plant are only contributory factors to the crisis in steel distribution which has been brought about by the acquisition of too much of one item and too little of another. Unqualified statements on steel shortages tend to reflect on the ability of the steel industry to produce and ship sufficient steel to meet current demand. The industry has been establishing new records when its operations have not been interfered with by material shortages, strikes and late deliveries on new rolling equipment.

"The overall demand for steel products is so great and the pressure for delivery so insistent that periodically some temporary shutdowns in fabricating plants are bound to occur until distribution patterns have been corrected. In recent weeks, except for the strike in the Chicago district, the trend in steel output has been upward and every attempt has been made to maintain operating levels at around 97% of rated capacity for the industry.

"This week the ingot rate advanced and indications are that there will be further gains next week. Even the steel plant affected by a strike two weeks ago hopes to make up the 110,000 net ton loss in finished steel products by the end of the third quarter.

"For several months both productivity and morale have been on the upgrade. A fresh spurt has resulted from the wage increases and better working conditions in the steel industry. Industrial relation officials say that the feeling between management and labor is now more constructive than at any time in years.

"Despite the encouraging signs of better employee productivity steel industry officials are utilizing every method at hand to reduce unit costs in steelmaking. The wage bill, higher prices for mechanical and rolling mill equipment and the higher level of prices of raw materials have forced all steel firms to embark on a campaign to cut costs, increase output and yet maintain the current wage structure. This problem at times has produced a reaction from customers, especially when it resulted in concentrating production on high return steel items.

"Capt. A. H. Reid, representing the British Iron & Steel Federation, arrived in this country last week to attempt the purchase of 1,250,000 tons of semi-finished steel for Great Britain. He was also commissioned to try to get firm orders on sheets and light plates. Coming at a time when American automobile makers are shutting down their plants because of steel shortages and unbalanced inventories, it is unlikely that Captain Reid will be able to place a firm order carrying specified delivery dates for the material he desires.

"An attempt by Sir Andrew Rae Duncan, Federation head, to purchase 2,000,000 tons of semi-finished steel for Great Britain failed last Fall and subsequent orders amounted to about 50,000 tons. American steelmakers probably will be willing to accept orders subject to an 'if, as and when' basis. The British, however, want a firm order.

"Choicest plum of European steel industries is the directing post of Arbed, steel empire owned by native Luxemburgers plus Belgian and French banks. Aloyse Meyer, former general manager whom American officials in Germany have accused of being an arch-collaborationist, has been elevated from that post to the Arbed board of directors and elected board chairman. The gesture is interpreted by European sources as one of defiance hurled at Americans who, according to Arbed, are attempting to run down the value of the Luxembourg combine in order to buy it.

"A slight decline in the price of No. 1 heavy melting steel in Chicago brought "The Iron Age" steel scrap composite down to $29.58 a gross ton, a drop of 17c. from last week's figure of $29.75."

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 93% of the steel capacity of the industry will be 94.2% of capacity for the week beginning May 12, compared with 90.6% one week ago, 94.5% one month ago and 48.9% one year ago. This represents an increase of 3.6 points, or 4.0% over the preceding week. The operating rate for the week beginning May 12 is equivalent to 1,648,400 tons of steel ingots and castings, compared to 1,585,400 tons one week ago 1,653,700 tons one month ago and 861,800 tons one year ago. This was the 19th consecutive week in which operations have been scheduled above 90%.

* * *

"Steel" of Cleveland, in its summary of latest news developments in the metalworking industry, on May 12 stated in part as follows:

"Higher steelmaking costs preclude any early reduction in finished steel prices despite the satisfactory first quarter earnings of the steel industry. Compilation by 'Steel' shows 20 producers, representing 86% of national ingot capacity, had net profit of $115,277,513 in the period compared with $89,023,008 in the fourth quarter, 1946. Recent wage increases, however, will boost direct steel labor costs at least $153,000,000 over the remainder of this year while raw material charges are expected to continue upward. In view of this no material easing in prices seems likely pending return of a more competitive market with supply and demand in better balance than at present. At the moment, scrap continues soft with prices down from a week ago in several important consuming areas. At Pittsburgh the market appears settling around $30 for heavy melting grade, but with relatively little buying a test of strength is lacking. Such test is expected around mid-May.

"Metalworking operations continue impeded by shortages of steel, especially flat-rolled products. Currently a number of plan's, including automotive, report inventories too small to support full production schedules, and they have been forced to temporarily curtail operations. Nevertheless, while consumers are seeking more tonnage than mills can supply promptly, evidence is accumulating to indicate a more conservative buying policy is in ascendency.

"For one thing, users are less inclined to accept substitute specifications, and, further, reluctance to accumulate inventories is growing. From some consuming points reports are heard that suppliers are being asked by manufacturers not to make shipments ahead of schedule. Still another straw in the wind pointing to easing consumer pressure is waning interest in black market steel offerings at premium prices.

"To what extent this rising conservatism is due to talk of a possible business recession later in the year and how much to better inventory balance is uncertain. Operations are contracting in a few consumer goods lines where output is catching up with demand, at least at present price levels. Also, building activity is disappointing for this time of year, being held back by high labor and material costs.

"Heavy mill order backlogs assure high steelmaking operations indefinitely into the future. Steel producers are turning down tonnage although selling quotas for third quarter are a little more liberal. Given a few months of high operations, however, and the situation may ease noticeably in some leading products though any slack in domestic demand is likely to be promptly taken up by foreign requirements. Even though the large reservoir of export needs pressing for attention is halved there still would remain a large foreign demand that can be readily financed."

Senate Group Hearings On Italian Treaty

The Senate Foreign Relations Committee, which is conducting hearings on the Italian peace treaty, was told by Adolph Berle, Jr., former Assistant Secretary of State, on April 30, that the treaty, although a "great diplomatic achievement," involved "certain calculative risks" and is patterned on the belief that a general European peace will soon be achieved. Mr. Berle contended, according to Associated Press Washington advices, that there was little chance of such a general peace even at the next meeting of the Council of Foreign Ministers, and recommended that Congress should:

"1. Adopt a joint resolution terminating a state of war with Italy.

"2. Authorize President Truman, pending ratification of the treaty, to enter into an executive agreement with Italy putting into effect the treaty's economic clauses which he deems in the interest of Italo-American economic relations."

Mr. Berle's views are opposed to the reported attitude of Secretary of State Marshall, the same advices continued. Mr. Marshall is understood to be pressing for early ratification of the treaties with Italy, Bulgaria, Romania and Hungary, which, although signed in Paris last February, will not become effective so far as the United States is concerned, until approved by a two-thirds vote of the Senate.

On May 1, Paul Shipman Andrews, Dean of the Syracuse University Law School, appearing before the Committee, urged that action on the treaty be deferred until a settlement was reached with Germany. He expressed the opinion, an Associated Press dispatch stated, that the treaty "pushes Italy toward communism," and that its terms were "very much at variance" with President Truman's policy of helping Greece and Turkey resist communism. Mr. Andrews criticized the reparations provision in the treaty.

Replying to Mr. Andrews, Senator Vandenberg (R.-Mich.), Committee Chairman, declared that there would have been on agreement with Russia on an Italian treaty if its terms had not included payment of reparations. Mr. Vandenberg observed that Russia must furnish Italy raw materials to collect reparations in the form of finished products. He asserted that former Secretary of State Byrnes "did everything in his power to cushion the impact of the reparations, without which there would never have been any agreement."

Manufacturers' Inventories in March

The dollar value of manufacturers' inventories continued to increase during March, but the rate of increase was lower than at any time since last June, according to preliminary estimates issued on May 2 by the Office of Business Economics, Department of Commerce. At the end of March manufacturers' stocks totaled $21.5 billion, or $300 million more than at the end of February, according to the Department, which further said:

"The period of heavy inventory accumulation began 10 months ago. During July 1946, the month of the largest dollar value of inventory accumulation, manufacturers' stocks increased $835 million to $18 billion at the end of the month. In succeeding months the dollar increases were as follows: August, $456 million; September, $420 million; October, $647 million; November $363 million; December $363 million; January $546 million; February $375 million and March $300 million.

"All of the March increase in manufacturers' inventories occurred in the durable goods industries, continuing the pattern set in February when, for the first time, the bulk of the inventory rise was centered in heavy goods industries. Processors of basic iron and steel and nonferrous metal products held the dollar value of their stocks to the February level, while increases of about 2% were reported by the machinery, transportation equipment and building materials industries. Although the value of inventories of the non-durable goods group remained at the February volume, there were varied movements among the component industries. Stocks held by the food industry continued their seasonal decline. The textile and paper industries reported slightly higher dollar value of inventories, while the remaining non-durable goods industries held their stocks at the previous month's level.

"The total value of manufacturers' shipments for March reached $13.8 billion, nearly $1 billion over the February volume. However, the rise was due entirely to the difference in the number of working days in the two months. On a daily average basis the value of shipments declined about 2%. The durable goods industries not only increased the value of their inventory holdings in March, but also recorded a rise in the daily average value of shipments from the February rate. The improved sales position was characteristic of practically all of the durable goods industries. Nonferrous metals and building materials shipments were about the same in dollar value as during February. In contrast, the non-durable goods industries reported no increase in the value of their inventories during March and a decline of 3% in the daily average value of shipments. The decline in shipments was widespread throughout all of the soft goods industries."

Total Deposits of U. S. Banks Dec. 31

The total deposits of all commercial and savings banks in the United States and possessions on December 31, 1946, amounted to $156,801,000,000, Comptroller of the Currency Preston Delano announced on May 7. This figure, which covers the returns of the 14,633 active banks of all classes, was a decrease of $3,548,000,000, or more than 2% in the amount of deposits reported by the active banks on June 29, 1946, and a decrease of $9,729,000,000, or nearly 6% in the amount reported on Dec. 31, 1945.

Mr. Delano also reported that the total assets at the end of 1946 amounted to $169,406,000,000, which was $3,296,000,000, or nearly 2% less than at the end of June, 1946, and $8,945,000,000, or 5% less than at the end of the calendar year 1945. The decrease in assets in the year 1946 was due to a reduced amount of United States Government obligations held because of Federal debt retirement.

The Comptroller's advices continued: The banks held obligations of the United States Government, direct and guaranteed, of $87,094,000,000 in December, 1946, a decrease of $14,810,000,000, or nearly 15%, since December, 1945. Obligations of States and political subdivisions held amounted to $4,478,000,000, an increase of $394,000,000, and other securities held amounted to $5,065,000,000, an increase of $537,000,000. The aggregate of all securities held at the end of December, 1946 was $96,637,000,000, and represented 57% of the banks' total assets. At the end of the calendar year 1945 the ratio was 62%.

Loans totaled $35,823,000,000 in December, 1946, an increase of $4,129,000,000, or 13% since June, 1946, and an increase of $5,356,000,000, or nearly 18% since December, 1945. Commercial and industrial loans of $14,237,000,000 at the end of 1946 were 48% greater than at the end of 1945; consumer loans of $4,109,000,000 showed an increase in the year of 70%; real estate loans of $11,675,000,000 were up 30% and all other loans of $5,802,000,000 showed an increase of 39% in the year.

Cash and balances with other banks, including reserve balances, in December, 1946 were $35,218,000,000, a decrease of $397,000,000 since December, 1945.

"Total capital accounts on December 31, 1946, were $11,438,000,000, compared to $10,612,000,000 at the end of 1945. The total of surplus, profits and reserves at the end of 1946 was $8,138,000,000, an increase of $714,000,000, or 10% in the year.

Deposits of individuals, partnerships, and corporations of $131,616,000,000 on December 31, 1946, were $12,392,000,000, or more than 10% greater than at the end of 1945, and United States Government and postal savings deposits of $3,193,000,000 were $21,586,000,000 less than at the end of 1945, due to the withdrawal of war loan accounts to provide for Federal debt retirement. Deposits of States and political subdivisions of $6,912,000,000 showed an increase in the year of $1,091,000,000. Deposits of banks were $12,680,000,000, a decrease of $1,409,000,000, and other deposits were $2,400,000,000, a decrease of $216,000,000."

Assessment on War Loan Deposit Accounts

Maple T. Harl, Chairman of the Federal Deposit Insurance Corporation, released on April 30 the following statement with respect to assessments on war loan deposit accounts:

"War loan deposit accounts, which have been exempt from Federal deposit insurance assessment during the war years, will become subject to assessment effective June 30, 1947. The President's proclamation which fixed the 'cessation of hostilities' as of noon on Dec. 31, 1946, caused the exception to cease 'six months' thereafter. Since the law provides for tabulating total deposit liabilities for assessment purposes 'at the end of each calendar day,' war loan deposit accounts will have to be included when insured banks total their daily deposit liabilities at the close of business on June 30, and thereafter."

Wage Rates and Purchasing Power

(Continued from first page)

have constituted year by year from 48.8% to 77.6% of the gross national product, the average being 66.2%. Business outlays have constituted from 3.4% to 25.0%, the average being 11.7%. And government outlays have varied from 6.7% to 49.9%, the average being 22.1%. If it were considered wise to maintain the total demand for goods and services by artificial means a stimulant to business outlays or to government outlays might be more effective than a stimulus to consumers' expenditures.

If, for example, there is a falling-off in employment in the shipbuilding industry, higher wages in that or other industries would not help the situation. What is needed is more orders, either for warships or for merchant vessels, and such orders must be placed by the government or by private ship operators. Or perhaps it would be better to transfer the workers to some other industry, and it is more likely that their skills would be most useful in some form of heavy industry not producing goods for consumers, but goods that are bought by business concerns. Even if the industry showing signs of weakness is one that makes consumers' goods, it would be wasteful and ineffective to adopt a remedy that would stimulate all consumers' goods industries slightly instead of stimulating the weak one vigorously.

Consumers Goods Not Bought Solely By Wage Earners

But consumers' goods are not bought solely by wage earners. Every person is a consumer. But of the 49 million persons in our labor force in 1940, over 12 million were plainly not wage earners or routine salary workers. Over 10 million were employers or managers, including farmers, receiving profits rather than salaries. Only about two-thirds of the nation's income ordinarily goes to employees—including executives and professionals receiving salaries. Less than 62% of the families and independent single persons in 1936 depended solely upon wages or salaries.

A large number of the wage earners are engaged in occupations or places where uniform wage scales are impossible to establish or to enforce. Only about 15 million belong to unions, or about 1/4 of the whole labor force. Yet the labor agitators proclaim that raising wages for union members, and possibly other factory workers if any non-union workers are to be tolerated, will prevent depressions and promote and prolong prosperity! And at the same time they insist that dividends, profits, interest and rents must be kept down, although 38% of the families and independent single persons, according to the 1936 analysis, received one or more of those forms of income, and 14% depended entirely on income from property or profits.

Raising wage rates faster than the increase in the output of labor per hour is both an unfair and ineffective method of stimulating production. It can, however, stimulate rising prices in two ways. First by increasing the money demand for goods desired by the favored group of laborers without increasing their supply. These are in general the goods included in the government's index of consumer prices, formerly called the cost-of-living index. This naturally raises the cost of living for everyone; it injures those who did not receive the wage increase, and takes away part of the benefit from those who did. Secondly, the wage increase raises the cost of production, and thereby either raises the market price if consumers continue to buy the same quantities, or else reduces the quantity produced and sold, and the volume of employment and the amount of wages paid. If fewer goods can be sold the demand for raw materials is reduced, injuriously affecting farmers and miners, and so is the demand for tools, machinery and construction materials, thereby injuriously affecting all persons engaged in those industries.

Since wages for current production and the wages included in the price of materials currently being processed amount in most manufacturing industries to about two-thirds of the total cost, higher wages must mean higher costs of production. Wage boosts cannot be taken out of profits, because profits are too small. In the mythical average manufacturing corporation they average about one-tenth of wages, but half the time they do not exist at all, since in an average year half of the concerns either break even or lose money. A small wage increase can be paid for a time by sacrificing the captal invested, by neglecting depreciation, defaulting on mortgages, etc. But not for long; the high-cost or marginal firms must soon go out of business and their employees must look for new jobs. Profits during the '30s were too small to attract the capital necessary for the expansion the nation so urgently needs. If they were further reduced many concerns would be compelled to fold up, and their employees would have to seek new jobs.

To a small extent wage rates can be increased at the expense of taxes, especially the corporate income tax. But if the government does not need the tax revenue, why should the wage earners of well-managed corporations get the money? Why not have an equitable and widespread reduction in tax rates?

Whatever chance there might be in times of expanding business to raise wage rates faster than the output per man-hour without causing either higher prices or immediate unemployment, that chance does not exist if a decline in business activity is plainly imminent or under way. By definition the demand for goods at such times is falling off, businessmen are disinclined to expand, customers unwilling to purchase at existing prices and workers are fearful for their jobs. Since wage earners rarely spend much of their wages on the products of their own industry, higher wage rates would have slight effect in increasing sales or gross income, and would have a drastically harmful effect on net income or profits, and would greatly increase unemployment.

Prospect of Profits Must Be Maintained

To maintain prosperity the essential thing is to maintain a prospect of profits for businessmen who are willing to produce goods that the public wants while continually giving the public more for its money. The mere existence of money in the hands of consumers—whether wage earners or others—does not give rise to production, but only to price inflation, unless at least these three conditions are met:

(1) Those who can take the risks of investment and enterprise must be sufficiently rewarded to induce them to take those risks.

(2) All other participants in production, including wage workers, must be rewarded in such a way as to induce them to do so efficiently, to the extent of their ability.

(3) The payment for production must be distributed in such a way as to create a well-balanced demand for all the things whose production is necessary for permanent prosperity, i.e. for producers' capital goods as well as for consumers' goods, and for a proper proportion of luxuries and refinements as well as for necessary staples. In plainer language, individuals' savings and corporations' retained profits serve a very important purpose and must not be discriminated against.

As industry becomes more productive, how can the increased product be best distributed to maintain prosperity? The following are three choices for its initial distribution:

(1) The benefits of increased productivity could all be promptly distributed to laborers in the form of higher wages. But this would prevent a price reduction and therefore would have little effect in increasing sales of the industry that had made the improvement; it would tend to raise the prices of other products bought by laborers; it would prevent the innovating businessmen from increasing their profits by hiring more labor, and would cause them to lay off some of their previous laborers instead; and would tend to discourage further innovations.

(2) The benefits could immediately be passed on to the public in the form of lower prices. This is more equitable than the previous method and would increase sales, but not profits, and therefore not employment. It also would discourage further innovations.

(3) The benefits could accrue in the first instance to the management and the stockholders. This constitutes an incentive to progress and expansion. It causes output to increase, and capacity to expand, and encourages a greater demand for labor. Unless there is a large pool of unemployed, this raises wages. As competitors adopt the new method, or maybe sooner, it becomes necessary to lower the price. In a few years the benefits are wholly passed on to labor or to consumers. But the experience of a few years of good profits encourages businessmen and investors to continue innovating, and gives them the capital needed to finance innovations. This is the way in which the American workers' standard of living has been increased for over a century in step with the increase in output per worker, although the workers themselves, as individuals or as a class, have had very little responsibility for that increase in output. This is the road to over-expanding prosperity.

Dangers of Over-Expansion

But only on one condition! The boom must not be overdone. Businessmen must not overestimate the market and think that because sales doubled last year they are certain to double this year, or because A doubled his sales partly at the expense of his competitors, the whole of A's industry can double its sales. They must not overexpand their plants because of such mistaken estimates of demand, and especially must they avoid overexpansion on borrowed money. Likewise they must make sure that their customers are able to pay for their purchases out of current incomes and not let themselves be deceived by a rush of demand based on the expansion of consumer credit. They must not try to prolong the boom by encouraging customers to buy beyond their means. But that is a matter of banking policy rather than labor policy, and therefore outside of the scope of this paper.

The increased productivity which can be beneficially passed on in higher wage rates is not the increase in a particular plant or industry, but the increase in the economy as a whole. A plant or industry enjoying a greater increase in productivity than the national average will naturally employ more workers and in that way share its gains with the workers as a class. If there are few unemployed, the innovating plant or industry can get additional workers only by raising rates, and that in turn may require some other industries to raise their rates, if their own productivity permits.

Any attempt to raise wage rates faster than the rate of output per manhour is definitely inflationary in its effects. The best practical test of increased output is the demand for labor, which is bound to increase if labor becomes more valuable to the employer.

If there are available a number of unemployed persons possessing the required skills, wage rates should not be raised, even if output per manhour does increase, until the unemployed have been absorbed. The best wage rate is always, like the best market price, one that equalizes supply and demand without monopolistic restrictions.

No Labor Policy That Prevents Depressions

So far my argument has been mainly negative— warning against mistaken policies rather than a recommendation of a sound policy. That is not by preference, but because of a regrettable necessity. There is no labor policy that will prevent depressions, although there are several that make depressions more likely. But even with a perfect labor policy depressions could occur. They have usually been caused by other things than labor policies. They have sometimes, I believe, been prolonged by the policy of maintaining wage rates when the situation was crying loudly for price reductions that were impossible without wage reductions. Consequently I might state, if I were merely an academic economist, that depressions could be shortened by more flexibility in wage rates. At least it should be helpful to let money wages go down when there is a large amount of unemployment, to the same extent that the cost of living has gone down. This would mean no reduction in real wages per hour for those wage earners who are fortunate enough to keep their jobs, and would enable business to lay off fewer men, and rehire them sooner. But even that mild proposal would be resisted by the workers, or at least by their union representatives. Organized labor has at times been willing to "share the work" and avoid layoffs by working part time, but that does not reduce labor costs and therefore does not reduce selling prices. Hourly rates must be reduced, or else hourly output increased, if prices are to be reduced enough to revive demand. In view of the invincible prejudice of laborers on this point, an economist must throw up his hands, or turn elsewhere for a remedy.

Which makes it all the more urgent that we reform our banking system and our tax system, and that each business concern show more care and skill in forecasting its future business and watching its liabilities and commitments.

Finnish Credit Boosted

An additional credit of $10,000,000 for the purchase of overseas surplus property has been granted Finland, Major General Donald H. Connolly, Foreign Liquidation Commissioner, announced on May 12.

This increases to $25,000,000 the total surplus property credits granted that country by OFLC.

The agreement fixes the interest rate at 2 3/8% and provides repayment of the principal shall be made in 25 equal annual installments starting July 1, 1952. Provisions also were made for the United States to receive on demand, local currency for use in paying U. S. Government expenses in Finland.

100% Rise Seen in Cost of Congress

That the United States Congress, like the average American tax payer is caught in the rising price squeeze, which is lifting the cost of Government 100%, was brought out on May 3 by the North American Newspaper Alliance (NANA) in advices from Washington, those advices as given in the New York "Times" observing that "the cost of operating the United States Congress is reaching a figure more than double that of before the war, and veteran appropriations clerks predict that the cost will go even higher by the time all figures are in next week."

From the NANA accounts, as published in the "Times," we also quote the following:

> A survey revealed today that the cost of running Congress before the war totaled $22,000,000. Today the bill for the fiscal year starting with July is estimated at $52,000,000, with a good chance that it will be $53,000,000 by the time all adjustments are made.
>
> The payroll for the 2,230 House employes alone, excluding Congressmen's salaries, is at a peak of $720,000 a month. In 1940, with slightly more than 2,000 employes, it totaled an average $410,000 a month.
>
> But soaring Congressional costs, officials say, are only typical of what is occurring in every other department. The White House, for instance, will cost $501,000 to operate in the year beginning in July. Before the war this outlay was only $160,000.
>
> The same is true of the other relatively "little" expenses in the Government. The Budget Bureau, which cost $396,000 before the war, will now need $3,506,000. The Government Printing Office is to get $7,156,000—twice as much as in a prewar year.
>
> The Judiciary cost $9,500,000 before Pearl Harbor, but is to cost $19,000,000 next year. The diplomats, who before 1941, took care of this country's foreign relations at a cost of $14,000,000 now want $117,000,000 to do the job.
>
> And the same is true of the Department of Commerce, the Department of the Interior, the Department of Labor and every other Department, Bureau and agency in the Government—all have costs that are almost tenfold up since 1940.
>
> * * *
>
> The veterans' program, the second largest budgetary item, is estimated to cost $7,000,000,000—more than eleven times what the veterans got in 1940. But Congress is unlikely to do any major cutting of funds in this category, although the Veterans Administration might be told that its operational costs are too high.
>
> The same is true of interest on the public debt, which is the third largest budget outlay. Although this will run to an estimated $5,000,000,000 next year, an increase of $50,000,000 over this year, interest rates are fixed and there is almost no chance to reduce carrying costs.
>
> Therefore, if Congress still wants to make good on its promise of tapering the budget by $5,000,000,000, it may have to do more than just "talk" prices down. It may have to use a little force—starting on itself.

It was also observed in the NANA observations that the "big three" in the Administration's budget are national defense, by far the major budget outlay, veterans' programs, and interest on the public debt. These three combined, it stated, represented two-thirds of next year's $37,500,000,000 budget.

Plant and Equipment Expenditures

American business, exclusive of agriculture, expects to spend about $13.9 billion during 1947 for the construction of new plant and the purchase of new equipment*, according to the quarterly survey made public jointly on April 24 by the Securities and Exchange Commission and the Department of Commerce. This may be compared with expenditures of $12.0 billion in 1946 and $6.6 billion in 1945. This survey also shows that business anticipates spending $3.6 billion on new plant and equipment during the second quarter of 1947, approximately $100 million higher than the expenditures planned for the first quarter, although almost $200 million lower than the record expenditures in the last quarter of 1946. The SEC report added:

While there has been a steady increase in expenditures on new plant and equipment since the beginning of 1945, the peak seems to have been reached in the fourth quarter of 1946. Business anticipations indicate a leveling off of expenditures during 1947 with estimated outlays in the last half amounting to $6.9 billion compared with $7.0 billion in both the first half of 1947 and the last half of 1946. If the anticipated expenditures for this year eventuate, they will be 15% above expenditures last year. They would be about 70% above the amounts expended in 1941 and more than 50% higher than in 1929, the two prewar highs. Adjusting for the substantial price increases, however, expenditures in 1947 would probably be slightly under those in 1946, although higher than in 1941 or 1929.

Planned expenditures by manufacturing companies for 1947 are estimated at $6.2 billion, not quite half the total for all industry. Manufacturing companies anticipate a gradual decline in expenditures during 1947. They expect to spend $3.0 billion in the last half of 1947 compared to $3.2 billion in the first half of this year and $3.4 billion in the last half of 1946. Railroads and electric and gas utilities, on the other hand, expect continued increases in their capital outlays during 1947. Commercial and most miscellaneous companies anticipate small declines during 1947 while mining companies expect to spend at about the same rate as in the last half of 1946.

It is possible from the survey to compare actual expenditures with those that had been previously anticipated by the companies. During the fourth quarter of 1946 the aggregate amount expended on new plant and equipment by industry was slightly higher than planned. Manufacturing, mining and railroads made approximately 7% smaller outlays than had been anticipated. This was more than offset by commercial and miscellaneous companies and electric and gas utilities whose expenditures were larger than had been planned.

The above analysis is based on estimates of new plant and equipment expenditures by industry groups. The basic data for this release were derived from reports submitted by most corporations registered with the Commission and from a large sample of unregistered manufacturing companies, unincorporated as well as corporate, reporting to the Department of Commerce. The data collected during the first quarter of 1947, included actual plant and equipment expenditures for the fourth quarter of 1946 and anticipated expenditures for the first and second quarters of 1947, as well as for the full year. All figures presented in this release are estimates for the whole of American industry based on the sample data.

*Of this total approximately $12.2 billion will be spent by corporations, the remainder by unincorporated business. In addition to the $13.9 billion on new plant and equipment, it is estimated that American business will spend another $600 million on old or used plant and equipment.

Resume Crude Rubber Trading on Comm. Ex.

Crude rubber futures trading, in suspension throughout the war, was resumed on May 1 on Commodity Exchange, Inc. The initial trade, first free market futures transaction in the commodity since Dec. 13, 1941—six days after Pearl Harbor—was a contract unit of 10 long tons, or 22,400 pounds of plantation Hevea ribber smoked sheet rubber for September. [The September delivery for rubber on the Commodity Exchange on May 1 ranged between 21.00c. and 21.45c.—Ed.]

The Exchange in its advices May 1 said the government's selling price since last January has been 25¾ cents per pound, New York delivery, on a part of stocks acquired for re-sale to industry before Congress ended government monopoly of importing and buying as of April 1.

Little ceremony marked the restoration of the free market. In the absence from the city of E. L. McKendrew, President; Herbert E. Meyer, Vice-President of the Exchange, in charge of the rubber group, mounted the rostrum on the trading floor at 10 o'clock this morning (May 1) and officially reopened the rubber trading ring.

"With the resumption of the free flow of crude rubber into the United States, this Exchange," said Mr. Meyer, "can once again function as one of the great world markets in this commodity and we look forward to renewing this service to the trade and to the public at large."

A large number of guests and friends of the Exchange attended the reopening, including officials or representatives from most of the other futures exchanges of the city.

Rubber is the second basic raw material to resume futures trading on Commodity Exchange following wartime suspension. Hide futures resumed Nov. 19, 1946.

Formed in 1933, through consolidation of four individual markets, Commodity Exchange in prewar years traded in futures of copper, lead, zinc, tin, silver and raw silk besides rubber and hides. Restoration of trading in some of these still-suspended commodities before the end of this year is being looked forward to, an Exchange spokesman said.

A previous reference to the resumption of crude rubber trading on May 1 appeared in our issue of May 1, page 2402.

W. H. Hutt Dead

William H. Hutt, retired First Vice-President of the Federal Reserve Bank of Philadelphia, died on May 5. He was 72 years of age. In the Philadelphia "Inquirer" of May 7, it was stated:

Mr. Hutt, whose affiliation with the Federal Reserve Bank began with his election as one of its Deputy Governors in June, 1918, retired in May, 1936. Just before that, he had served for a short time as acting head of the bank following the retirement of George W. Norris.

He was Treasurer of the University of Pennsylvania from 1908 to 1918 and a member of the board of managers of Graduate Hospital from 1920 to 1939, during the last seven years of which he served as the board's President. He was a member of the University's board of medical affairs from 1933 to 1939.

We Can Maintain Prosperity

(Continued from first page)

action of business, labor, and government.

Readjustment Without Depression

Major business readjustments of this kind have usually led to depression and serious unemployment, but this has not always been true and need not be true now. The greatest business readjustment ever to occur in this country took place in the months following V-J Day with no significant rise in unemployment. Can we go through the present crisis as smoothly as we did through reconversion—if so, how can it be done?

The business man's contribution to painless readjustment lies in the reduction of prices, but his control over prices is limited by his costs. He does not have a free choice between higher wages and lower prices. The pattern of wages is set either by the unions, or by government, or by the prevailing rates in his area. If his profits exceed the amount required to maintain a growing business, he can cut prices until profits stand at the necessary minimum. More than that he cannot do. But if he fails to do that much—as many business men obviously have failed—he endangers not only the national prosperity but his own long term position in the market.

Please bear in mind that this selective adjustment of prices to costs and profits is very different from a general cut in **all** prices. Any general cut in prices, or even the **expectation** of a general cut, can reduce the volume of purchases and set in motion the spiral of unemployment, shrinking payrolls, and widespread depression. The ideal price policy is to cut where you can, and raise where you must. No other policy is justified by the standards of public welfare or private profit.

The problem of labor's control over wages is similar to the problem of price control. A general pattern of wage increases falls with unequal force on various industries and produces some new maladjustments in prices. Industries having a wage bill of 15% of total costs may be able to deal generously with labor, yet hold prices constant. But an industry where wages are 50% of all costs often must pass a wage increase along to the consumer in the form of increased prices.

There is the further danger that labor may also price itself out of the market. For example, if the wages of people who make motor cars rise more rapidly than the wages of people who buy them, there will soon be unemployment in the motor car industry.

The government's part in business readjustment lies chiefly in its control over demand. The prices of many items, such as food and clothing, are not influenced by the decisions of individual business executives but are competitive market prices. Price reductions for these items can best be obtained by government control of demand.

By maintaining high tax rates and reducing government expenses, reducing foreign purchases of scarce items, and by discouraging wage increases except to correct inequities, the government can do much to prevent further price increases and to induce price cuts.

Even in government, however, the process of control should be selective. Curbs on exports and imports may nullify efforts to stimulate mutually profitable foreign trade. Taxes must not be so high as to discourage business expansion. Government ordinarily should not interfere in the peaceful settlement of wage disputes by free collective bargaining. Each of these actions will be dominated by other considerations than the primary need to control prices. In government, as in business and labor, a wise discretion in particular cases is far more valuable than a broad policy applied across the board.

Summary

In brief, business executives alone cannot prevent the occurrence of depressions, and we are therefore likely to have them whenever the balance between prices and wages is temporarily lost. However, we can reduce the painful effects of the readjustment to a minimum if business, labor and government take concerted action to recover this delicate balance. Speaking for business in particular, wiser planning of production can partially equalize seasonal and cyclical changes in employment and do much to stabilize prices. The situation calls for leadership, moderation, and compromise—and close attention to individual cases.

From Washington Ahead of the News

(Continued from first page)

out of the government, just as there is to the project of checking them abroad.

We must pay $25,000,000 for the privilege of getting rid of them. Truman issued his decree against them several weeks ago and you would think the infested departments would have been cleaned out by now. But that is not the case. The time has been consumed by statisticians and budgeteers in determining how much money it would take. Also a lot of time has been consumed in a squabble between the Civil Service Commission and the FBI as to which should get the job of doing it. At this late date it has been decided they will split the work and the appropriation, if it is approved by Congress.

You wonder how the statisticians and budgeteers arrived at the figure of $25,000,000. They must have had to make a tentative study, so to speak, of who was a Commy and how many Commies in government, all told, there are. Say there are 10,000, the bill for getting rid of them comes to $2,500 a head.

It's a funny thing that for some 14 years, the heads of the government departments have been poohing the Commy charges, insisting that stories of their infiltration into the government were exaggerated. Whatever is the situation, it is well known by the FBI. Why they can't just move in now and give the toe to the termites is difficult to understand. But no, there must be an appropriation of $25,000,000 and the FBI and Civil Service plan to take on some 3,000 more workers to do the job.

The point is made that the government must move very slowly and orderly and judiciously for fear some fellow might be mistreated. A careful study must be made, for example, to determine whether some fellow who has acted like a Commy, who has been an agitator, a troublemaker, is, in fact, a Commy. I suppose there will be lengthy hearings on a matter of this kind; experts, maybe, will be called in with their microscopic lens to examine the roots of the hair. Of course, this fellow, whether a card holder or not, should be fired on the simple grounds that he has been an agitator and troublemaker. Why, for example, should not the youngsters be kicked out forthwith who have been leaking office secrets, even against their bosses, to the Washington columnists? Why must it be proven that they are Communists before they can be fired? Why shouldn't a man be fired if he can't get along with his immediate superior?

The answer is that the government employees have come to consider they have a vested right in these jobs, and the rest of us accept their claim.

The fact is they are very choice jobs. The pay is much better than in the general labor market. They get an annual vacation of 30 days, they have 30 days for sick leave, they have a far better retirement system than is to be found in industry. I have heard, over the years, a lot about the poor overworked government employee, but I have never seen one.

One of their greatest rackets about which Congress seems about to do something is that of accumulated annual leave. The Appropriations committees, in their efforts to prune the budget, have found that in ordering a bureau to lay off so many workers, that additional appropriations had to be made in order that they could be paid their accumulated leave, in some instances running as high as six months. It even cost money to cut down on the force. Undoubtedly there will be all sorts of claims for "terminal" pay on the part of the Communists because they have been loath to lay off a single day.

On the matter of appropriations the Republican budget cutters are finding the going rougher than they had anticipated, largely because of the shortness of time they had in which to study the sprawling bureaucracy.

Chairman Taber of House Appropriations, brought in a crew of outstanding accountants to go behind the budget figures, but they got a late start and have necessarily had to work in haste. It will take legislation to straighten out many things, eliminate duplications and the like. But the groundwork has been laid and what is left unfinished this year, should be cleaned up next year.

As things stand, the House instead of lopping $6.5 billion from Truman's budget, will come closer to lopping off $4 billion. The Senate set as its goal a reduction of $4.5 billion. The final reduction, it is believed, will be around $4 billion.

Earlier House hopes had been that around $1.2 billion could be eliminated from the Army bill, $600 or $750 million from the Navy. The total cut for the two will now be about $1.2 billion, including the Army's engineering projects.

Agriculture, long looked upon as sacrosanct, is to be curtailed some $375 million under budget estimates.

Daylight Saving Time in Washington D. C.

Daylight saving time became effective at 2 a.m. on Sunday, May 11, in Washington, D. C., in accordance with action on May 7 by the District of Columbia Commissioners ordering the moving ahead one hour of the hands of the clocks. Associated Press Washington advices, May 8, said:

The action came after an opinion-sampling hearing for residents of the metropolitan area. Congress recently empowered the Commissioners, the Governing Board of the District, to order "fast time," but required that a hearing be held to determine sentiment.

In the New York "Times" of May 8, it was stated that:

"Daylight time" ended in the District when Congress repealed the wartime daylight saving law. The District had it in 1945, but not in 1946.

The Land—Foundation for Industrial Society

(Continued from first page)

farm to be operated as an income-producing business, is simply jumping from the fat into the fire. For the commercial farm of today is also a vassal to the city.

The evidence of its bondage lies in the many things that must be purchased to operate the farm. Machinery, fertilizers, pesticides and petroleum, to mention but a few, are all products of non-farm industry. Farm-family living as well as farm operating supplies are purchased from the city. In order to buy, the farmer first must sell. He has built his commercial farming operations upon the same division of labor and exchange of goods that characterizes urban life. Thus the city and the farm are but handmaidens to each other. Neither is master. They are interdependent, not independent. They can only rise together, or fall separately.

In the changing and progressive pattern of American life this interdependence is increasing. To look ahead is merely to project the trend. For this reason my purpose on the Forum shall be to discuss the land, together with the people on it, as one of the essential legs upon which our social order rests. Twenty-six million persons now make their homes and their living on the six million U. S. farms. The land is in their custody. Their problems of producing personal security and a satisfying life are the problems of establishing a permanent, stable, and prosperous agriculture. That can exist only within a framework of national prosperity. As for the 116 millions of citizens who live off the farm, their vital stake in agriculture is in a continuing supply of food and in an increasing supply of industrial raw materials. These can be assured only from an agricultural plant maintained in a high state of productivity.

Agriculturally speaking, "land" means primarily **soil**. The statement is a simplification but it will do for our purpose. Though soil has its origin in the decomposition of the earth's crust, it is far more complex than just decomposed rock. It can hardly be called a living body, yet surely it is not inert. In the natural order of things it stands as the single link between life and lifelessness. It is as essential to plant life as plants are to animal life. For this reason the soil is the most precious of all the vast and varied resources with which the country has been endowed. It is one resource that when properly managed will produce a continuing, even an increasing yield. And as our industrial machine eats ever more heavily into our non-agricultural resources, the soil becomes more vital still.

Soil formation takes place slowly, progressing more definitely by geologic than by calendar time. Over many hundreds of years it comes into equilibrium with its natural environment. The farmer finds it in that state and calls it virgin. When he clears the forest or plows down the grass he modifies the environment in which it developed. In his use of the soil he must then proceed with knowledge and care or he can destroy very quickly some desirable and indeed necessary qualities that took ages to create. Proper soil maintenance is not compatible with exploitive farming. Erosion can be a destroyer, a decline in the vital organic content can quickly occur, and fertility can be dissipated by a loss of nutrients and the development of undesirable structural changes. Each of these depleting influences has taken place in greater or less degree on U. S. farm lands—and have reduced crop yields below the potential of the so-recent virgin land.

The Soil Conservation Service has pointed out that more than 50 million acres of our farmlands have been essentially destroyed for tillage, and that four times that much has been seriously damaged. The fact is not surprising. In the first place, soil science is a very recent development. Many secrets of the soil are yet unknown, and much of what the scientists have so lately learned is not yet a part of everyday farm practice.

Moreover, through most of our national history we have used resources with a lavishness now hard to justify. Until about a generation ago we were concerned mainly with getting resources into use. We farmed, forested, and mined in a reckless manner. But expansion was the object of the times. The essential point is this: an expanding pioneer economy and a consciousness of resource conservation are social phenomena that do not go together. Only recently have we passed from one to the other.

Historians will argue that the frontier ceased to exist 50 years ago. They are right. But the average thinking of the public, conditioned to a history of expansion, took some time to change. No doubt it was the Great Depression that made us begin to wonder if we were not approaching similar resource problems as have plagued older societies and more crowded countries. General public concern over conservation, such as has developed within the last decade or so, is potent evidence that the country is now coming-of-age. We want a minimum of destructive exploitation in the future—and we think of a minimum as being none. On soil conservation we are willing to spend millions to accomplish that goal. But honest reporting forces the comment that if that is the goal it will not be attained in full.

To explain that statement, and to understand as well the conditions of U. S. farming today, it seems necessary that we look briefly at historical facts. At the beginning of our national history we were almost exclusively a nation of farmers. Agricultural methods were dismally primitive—having progressed in no manner beyond, and in some ways being less advanced, than the agriculture of Ancient Rome. Nearly everyone had to be a farmer because each worker on the land produced so little that he would provide food and fiber for scarely more than his own dependents.

As late as 1830, the production of an acre of wheat yielding 20 bushels required 50 hours of labor. Our farmers can now accomplish the same production in as little as three or four hours. The difference lies in their methods and their tools. The 1830 farmer used an ox team on a wooden plow, a grain-cradle for harvesting, and a flail for threshing. Primitive though it was, that's what U. S. farming was like 100 years ago. Nothing short of the word, revolution, describes what has happened in agricultural production since that time.

Changes After 1830

If we had to select a specific period to mark the real beginnings of mechanics and science in application to farming it might well be the decade from 1830 to 1840. In that 10 years Cyrus McCormick of Virginia developed his reaper; John Deere of Illinois made the world's first steel plow. These inventions were merely advance scouts of the endless ranks of new farm machinery which have followed since. In that same decade, von Liebig of Germany established for the first time the true relationship between soils and plants, thus setting the stage for the development of soil science. And two other German scientists, by discovering that all living matter is composed of cells, contributed beyond measure to the biological science that has since stood on the very forefront of agricultural progress.

The new science and techniques of farming came slowly into use. But more rapidly in this country, nevertheless, than in the rest of the world. With his improving techniques each farmer could produce more. As his productivity rose someone else could be released from farming to engage in other lines of production, and still be assured of his essential supply of food. Up to 1850 the proportion of the U. S. labor force that was engaged in agriculture declined 2% per decade: and at that date two-thirds of the gainfully employed workers of the country were still on farms. Since 1850, the percentage of the labor force engaged in agriculture has declined at a nearly constant rate of 6% per decade. In 1875, only half of the U. S. labor force were farm workers. By 1920 the figure was down to one-quarter. It now stands at one-sixth.

This does not mean a decrease in the number of farmers (although during the recent war, for the first time in our history, the farm population did decline significantly). It means mostly that the population growth of the country was flocking to the cities. And it means further, and more significantly, that each worker on the land was providing farm products for an increasing number of non-farmers. Assisted by the ever-developing science of production and by the machines and supplies furnished by industry, only 18% of the nation's productive effort is now used directly on the land. Other workers have been spared from farming to process, store, refrigerate, and transport food. As a result our diet is limited by neither climate nor season. Our clothing, made off the farm but still largely from farm products, requires some more of our productive effort. But beyond these essentials, a half of our capacity to produce can be devoted to other things—to the thousand and one other goods and services which add up to be our cherished American standard of living. Thus agricultural progress has made the Industrial Age possible.

If conditions permitted us to stop right there our whole discussion of land would be immeasurably simplified. Unfortunately we cannot stop there. The very fact of historical progress has created problems of major proportions.

The Farms of the Nation

The Census Bureau reports 6 million U. S. farms. But they are not all alike. When they are classified by the amount of their production, it is found that 2.5 million (40% of all farms) produce about 90% of the commercial farm products. These farms have sufficiently productive land, and are sufficiently well equipped and managed, to operate as successful businesses. At the other extreme are 2 million farms (one-third of the total number) that aggregate less than 5% of the total farm production. Among this number are a good many part-time farms, residential farms, and retirement homesteads on which operating intentions are not commercial. But included also are a vast number of poor farms and too-small farms that the march of agricultural progress has gone on and left behind. They constitute a problem group—creating, in truth, some agricultural slums in which living conditions are distressingly low.

Agricultural progress has not treated all farms alike, and has been in fact definitely harmful to some farms and some farming regions. The difference lies mainly in the soils. Soils vary in many ways and in infinite degree. Their natural fertility ranges from the exuberance of a compost pile to the sterility of a pavement. The best are highly fertile and easily maintained in a high state of productivity. Others are naturally less fertile but are highly responsive to proper care and intelligent management. Still others are infertile and for no expense that can be economically justified can they be materially improved.

Many farms that once supported large families and even produced the income with which to put up good buildings now stand in disrepair and support much smaller families in relative poverty. Sometimes the reason is that fertile land was abused to the point of exhaustion. More often the underlying cause is natural soil quality too inferior to be combined successfully with modern machinery, crops, and livestock.

Every improvement in farming methods works to the disadvantage of the farmer who cannot use it. Almost without exception, technical and scientific advancements contribute most to the land that is already best. They do the least for the land that is poorest. Agricultural fertilizers, for example, give the greatest yield response on soils that lack absolutely nothing but the chemicals added. It used on soils that have limiting conditions of drainage or texture or other handicaps, the yield increase is less, the income increase is less, and if carried far enough on soil that is poor enough the farmer can go broke just from trying to use this modern aid to successful farming.

An improved seed-stock that will add 20% to crop yield adds 15 bushels on 75-bushel land and five bushels on 25-bushel land. A cow with a capacity to produce 15,000 pounds of milk a year can be used at her full potential on a farm that produces adequate amounts of the proper feeds. But her production relative to cost can be prohibitive on land that produces only inferior feed. Or again, it costs no more to operate equipment over a high-yielding acre than over a poor one, but there is more net return after paying the costs. The problem is one of basic economics: high-quality factors of production cannot be fully utilized when combined with other factors of low quality. Consequently the spread of net income between better soils and poorer soils keeps widening as a virile agricultural science continues its march.

The truth is this: the mere fact of a nationally rising standard of living is throwing a part of our farm lands into misuse and deterioration. If there were families willing to farm as Grandfather farmed, taking in little money but spending little, eating what the farm produced, lighting the home with candles, and traveling with a farm-raised horse, the problem of using some less-productive land would be minimized. Not many persons are now willing to live that way—nor would you or I. Thus with the objective of living better, an attempt is made to farm by modern methods. The cash costs for today's equipment and farming supplies are much higher than in Grandfather's time. The money must come in or it can't be paid out. Trouble comes when all costs cannot be covered.

Somewhere between the upper and lower extremes in soil quality is a point where either the farm capital or a good living for the family cannot be maintained. Below that point the soils are abused and deteriorate, the farm buildings, equipment, livestock, and the family itself follow suit. This marginal point is variable. In depression times it moves higher up the range of soil quality. In boom times it moves downward. At all times it varies from family to family, depending upon the degree to which, as individuals, they place expenditures for living above expenditures for maintaining the farm.

Will Always Have a Land Problem

But the very fact that this marginal point exists, and that it tends to move upward as agricultural science progresses, indicates we will always have a "land problem." We have among farms, as among steel mills, low-cost and high-cost producers. The market price of farm products can never be high enough to assure the maintenance of soils at the lower end of the quality scale. We will have exploitive and soil-destructive farming as long as submarginal lands remain in use.

Speaking solely from the viewpoint of the national agricultural base, this fact is not serious. A considerable acreage (probably 20 to 25% of our present farm land) is involved. But it produces little. What it does produce could be replaced, and at lower social cost, by a slightly more intensive operation of our better lands.

The real tragedy of the poor soil areas is erosion of the people. Agricultural science is not helping them. Public expenditures to conserve their land for continued farming might be interpreted as merely prolonging the day of adjustment. It is of course dangerous to be dogmatic, or to fail to recognize **both** that the term "poor soil" is a relative thing and that individual family situations vary. Certainly public assistance could adjust some poverty-ridden farms to a moderate measure of success. For some farms and some families it may be the desirable thing to do. But the real opportunity for many of these people would seem to be elsewhere than on the land they now occupy. What the public would seem to owe them is primarily educational and health service. It will be the younger generation who will move. They need to know of alternative opportunities for making a living. And they need also to have the education and health qualifications to make them useful citizens in productive employment.

That some acreage would be lost in the process is of little consequence. If it is land submarginal for farming it is a doubtful asset anyway until shifted to some less intensive use.

But enough of the poor land! Let's turn to the good. These soils have been less dissipated than the poor types. They are more productive and the prosperous segment of our agriculture is concentrated on them. But here we run into the problem of the small farm. Certainly not all small farms are problems. Many are part-time farms or non-commercial homesteads on which the family living comes from outside sources. But a too-small farm, if it is a family's sole support, is often in the same position as a poor farm. The struggle to cover both living costs and farm maintenance may be a losing battle, with soil depletion as the inevitable result.

No "Little Farm" for Security

The "little farm and security" idea is cherished by a large segment of the American public. But it just isn't so, except for a few very intensive types of farming or where it is primarily a home that is wanted. Many once-adequate farms (in horse power days) are too small to be successful with up-to-date equipment. I don't mean that all farms should be "big-business" units. They neither should nor ever will be. It's just that the average family farm now needs more acres than formerly if it is to provide for both good living and good maintenance.

Many farms are making the adjustment. That is the explanation of the increasing average size of farm as reported by the Census. Fewer farms of larger size mean another problem of displaced farmers. But to the degree that the too-small farm unit is absorbed, the trend promises well for soil maintenance.

Expenditures for soil research, for land use adjustments, and for soil conservation should certainly be directed toward our more productive lands. It is essential to the public interest that we determine the marginal point of quality (both present and prospective), and concentrate on proper use of the land above that point.

No one should get the idea that our vital soil heritage is going to pot at a wholesale rate. Refuting evidence is a total of farm production in recent years at the highest levels in our history. An overwhelming majority of our farm experts are more concerned over surpluses than over shortages. The Bureau of Agricultural Economics has estimated postwar farm production at a continuing 25% above prewar. Their expectation is based on an intensified application of scientific discoveries and farm equipment.

Face no Food Shortage

Surely the present generation of American consumers will face no shortage of food. Nor can I believe that future generations will fare worse. Given reasonable prosperity for agriculture the future of our soils is fairly assured. Farming is a long-time business with a slow turnover. Most commercial farmers maintain their soils when their economic position permits, because on no other basis could they continue to farm successfully. More and more the level of soil productivity is coming to be recognized in land values. Therefore it is less profitable and less common than formerly to skin a farm and then sell out. About all we need to assure continued bumper crops from U. S. farms is sun and rain in their proper seasons and a prosperous nation.

But I wish to emphasize strongly that point of national prosperity. It is essential to the maintenance of the land and to the well-being of farm people. As Charles E. Kellogg has so well said, "Impoverished people pass their suffering to the soil."

Nothing is more dreaded by farmers than a depression. Their vulnerability to price drops has increased directly as farming has become increasingly commercial. Farming involves a higher proportion of fixed costs than almost any other business. Even the labor cost is about three-quarters fixed, because on U. S. farms the operators and their families do three-quarters of the work. They cannot lay themselves off when prices drop. Taxes, interest, insurance, and other overhead go on regardless of market conditions. As prices drop the farmer may dispense with some hired help and defer building, equipment, and soil maintenance. But he and his family struggle on, producing as much as they can while a bigger and bigger proportion of their production goes to cover their unavoidable costs and they have less and less to live on.

Trend Toward Specialization

Further, the one-time stability of widely diversified farming has been lost in the trend toward specialization. Specialization is dictated by competition, but it increases the vulnerability to depression.

Agriculture's positive needs for national prosperity are sufficiently important to be given special attention. First: farming is a chronically overcrowded industry and only general prosperity affords a solution. The long-continued decline in the proportion of the national labor force engaged in agriculture gives the first clue to this situation. In actual number of people the farm population continued to increase until the mid-thirties. More recently even the number of people on the land has declined. With continued improvement in agricultural methods, permitting each farm worker to accomplish ever greater production, agriculture has become an industry of shrinking employment opportunity.

More important still in contributing to rural crowding is the high birth rate on farms. Over the last couple of decades the birth rate in our larger cities has been about 75% of the rate necessary for maintenance of the population. But on farms it has been one and a half times the maintenance rate. This surplus of young people, together with displaced farm workers, must find jobs in non-farm employment. In depression times they cannot. They are stranded on the farms where they are not needed and where they tend actually to reduce the average rural level of living.

In the depression of the early Thirties the number of persons who left cities and went back to the Old Homestead was so great as to reverse the normal flow in the opposite direction. Thus by retaining surplus population and by absorbing additional refugees from the city, the farm becomes a Social Security System in depression periods when it can ill afford to do so. Only a high level of non-farm employment can draw an otherwise burdensome surplus of people from the land. And the cities need them, too, for urban birth rates are too low to maintain their populations unless farm areas send their surplus.

Need of Adequate Markets

A second postive rural need for national prosperity is to assure an adequate market. Back in the Thirties farmers were saying, "We know how to produce. Tell us how to sell the stuff." Prices were ruinously low, still the "surpluses" of produce piled up in warehouses and on the farms. When unemployment disappeared and consumers started buying as they will buy when they can, the "surpluses" melted like a snowball in summer. What had been considered a surplus of production turned out to have been a deficit of consumption.

People eat, even when on the dole. But they eat cheap foods: beans and wheat and the low-cost starches. Surpluses of farm produce are unavoidable anytime the American public turns toward that kind of a diet. Such foods provide neither good nutrition for the consumer nor good business for the farmer. The principle involved is what we might call the "feeding power" of foods. If our consuming public were willing to accept corn as their only food, all the agriculture we would need in this country is one-half of the crop acreage of the Corn Belt states. We would then have enough to eat, in the sense that we would have adequate food calories, and all the other farm acres and farm people could be done away with.

But if instead of eating corn-meal mush we feed it to livestock, we get back higher quality, more tasty, more nutritious, and more generally desirable foods, but in smaller quantity. A bushel of corn will feed a man for nearly a month. When fed to animals and converted to ham and eggs and milk it would provide his food for only three or four days. Thus the feeding power of a bushel of cereals depends on how we use it. No one could possibly eat 20 or 30 pounds of corn or wheat a day. But if he eats livestock products that much grain may well have gone into producing one day's food.

In a sense it might be considered wasteful to feed the kind of food people want to eat. Consumers buy these foods when they can afford to. Every study of consumer purchases has shown that the proportion of these choice foods in their diet increases with their income.

During the war, even with the much discussed shortages, our civilian population consumed an 8 to 10% better diet than before the war. Our farms produced it. Consumers could afford to buy it. If it had been anything but the bogus "prosperity" of wartime that made it possible, the situation would have been a happy one for everybody. Farmers were producing at a maximum. Some stuff of course was going abroad. But the Home Front was consuming more and better food than ever before and still wasn't getting enough. Fluid milk consumption increased one-third over prewar levels, yet we hollered shortage. Meat supplies increased 15% per capita, and we hollered shortage still louder.

If, on into the years ahead, each of the 142 millions of us were to eat the quantity of livestock products and fruits and vegetables that nutritional scientists tell us we should eat for vigorous health, there could not possibly be farm surpluses. On the contrary, without a great deal of expansion our agricultural plant could not supply the need. But we could build a large measure of prosperity among farm people in the attempt. Whether it will be possible will depend on the purchasing power (the real incomes, not the money incomes) of the consuming public.

General Prosperity Not Dependent on Agricultural Prosperity

There is a widely accepted doctrine, particularly among farmers and farm leaders, that general prosperity for the country must have its origin in agricultural prosperity. Obviously, it was true when we were largely a nation of farmers. It would seem to be less true now. But adherence to it has continued with almost unquestioning intensity. Joseph S. Davis has well described the whole idea as "Agricultural Fundamentalism." Its essentials are these:

First. Agriculture is a continuing, indeed an eternal industry, producing the most basic needs of man—food and fiber.

Second. Agriculture is the major source of primary wealth, providing the raw materials from the processing and distribution of which much of the non-farm population acquires its livelihood.

Third. Agriculture is a natural industry, in contradistinction to the "unnaturalness" of city and factory life. In keeping men close to the soil, it stimulates independence and self-reliance, and creates stability in society.

Fourth. Agriculture replenishes the self-consuming city population, and is thus in this second important sense essential to the continuing life of the city.

I have personally puzzled long over the strong adherence to this doctrine in an Industrial Age. And it should be recognized that it is not only farmers who accept it. At one time I thought it was primarily a political hangover from the days when agriculture was dominant in our nation. However it seems not so much to be that as it is a general though often unconscious concern over the food supply. Everyone, no matter how remote from the land he may be, is more less aware of his dependence on it. At least subconsciously he knows his non-farm work can continue only as long as someone else produces his agricultural needs. The intense public interest in soil resources and in the welfare of farmers must stem from this fact. And it must be that influence also which gives to an agricultural minority the political weight it now exerts in our dominantly industrial society.

But in truth, the very changes through which the national economy has been going has removed agriculture from any position of primacy. Nearly everyone has come to be a specialist. The commercial farmer sells his produce and buys his living to nearly the same degree that the industrial worker sells his labor and buys his living. Each must be prosperous if the essential exchange of goods is to proceed with the maximum of mutual gain. And surely not one nor the other, nor capital, nor any group, can fairly claim a place of priority.

The entwining interdependence of all groups within the nation has reached extreme proportions. Nothing less than superior statesmanship from each group in its dealings with all others will give us full production, full consumption, full prosperity, and full security in our way of life.

I cannot speak for agriculture. There is no one person who can. I can speak only from agriculture. My thought is this: the farmers' responsibility for statesmanship is not in proportion to their numbers It is in proportion to their still greater political power.

Net Profits of Insured Commercial Banks

Net profits, after taxes, of insured commercial banks continued in 1946 at the unprecedented level attained by these banks in 1945, Chairman Maple T. Harl of the Federal Deposit Insurance Corporation announced on May 8. He added that net profits after taxes of the large city banks were less than in 1945 as a result of lower profits on securities sold; elsewhere throughout the country he said net profits after taxes of insured commercial banks were generally higher. Tabulations of reports covering FDIC insured commercial banks showed net profits after taxes of $902,000,000.

Mr. Harl stated that all major categories of current earnings reported increases over 1945. His advices added:

Income from loans achieved the largest gain, increasing 31% to $950,000,000, the highest amount in any year since the establishment of Federal insurance of deposits. Income from loans accounted for 33% of total current operating earnings in 1946, as compared with 29% in 1945. The gain in income from loans resulted both from a growth in the volume of loans and a firming of interest rates. Average loan holdings were 18% higher in 1946 than in 1945. The rate of income on loans increased from 3.09% in 1945 to 3.43% in 1946, reversing the downward trend which had existed since 1939.

The amount of income on securities increased as it has in every year since 1940, and accounted for 49% of total current operating earnings, as compared with 52% in the preceding year. The average rate of income on securities rose to 1.56 from 1.46% in 1945. Interest on U. S. Government obligations amounted to $1,219 million or 1.49% of average holdings. Interest and dividends on other securities were $177 million, or 2.34% of average holdings.

Mr. Harl also stated that total operating expenses rose 16% from 1945 to 1946 with all major categories sharing in the increase. Salaries and wages, the largest item of bank expense in recent years, showed the greatest increase, rising by 20% to $831 million. In the preceding year they had risen 10%, the largest previous increase since the establishment of Federal insurance of deposits. The number of officers and employees increased 5 and 9%, respectively, over 1945.

From the further advices of Mr. Harl we quote:

The average salary of officers increased 10%; that of employees, 13%. Interest paid on time and savings deposits amounted to $269 million, an increase of 16%. This increase was the result of continued growth in the volume of such deposits; there was a further decline in the average rate of interest paid to 0.84% in 1946, from 0.87% in 1945.

Profits on securities sold, chiefly U. S. Government obligations, were $209 million. Even though this item was 22% below the 1945 figure of $267 million, it was much higher than in any other war year. Profits on other assets sold and recoveries were $200 million, 17% less than in 1945. Losses and charge-offs increased 7% to $283 million.

Net profits, before income taxes, were 2% higher than in 1945. Net current operating earnings were sufficiently higher to bring about this increase despite higher charge-offs and lower profits and recoveries. Federal income taxes, at $302 million, were 9% higher than in 1945, and were more than four times the amount paid in 1942. Federal and State income taxes absorbed 26% of net profits before taxes in 1946, compared with 25% in 1945 and 15% in 1942.

Of the $902 million of net profits, after income taxes, $299 million or 33% was distributed in dividends and interest on capital. This amounted to 3.3% of average total capital accounts, the same as in the preceding year.

Mr. Harl stated that the retention in the capital account of $603 million, or 67% of net profits, represents a continuance of the conservative dividend practice which these Federally insured banks have followed in each year since the establishment of Federal insurance of deposits. He added:

Total capital accounts of insured commercial banks increased by $616 million, or 7%, during the year, and amounted to $9,288 million on Dec. 31, 1946. This increase coupled with a decline in assets, resulted in a rise from 5.5% to 6.3% in the ratio of total capital accounts to total assets.

Senate Groups Passes Tax Cutting Bill

The Senate Finance Committee on May 9 approved legislation to cut all personal income tax levies by 10½ to 30%, commencing July 1, Associated Press Washington advices reported. Individual taxpayers would be saved approximately $4,000,000,000 over a full year's operation, according to committee experts' estimates. The bill, if it became law, would give the smallest taxpayers the greatest percentage reductions, with larger taxpayers gaining the biggest individual dollar benefits. In 1947 taxpayers would benefit by only half the year's total estimated saving if the legislation were to be effective after June 30.

The bill which the Senate Committee has approved is an amended version of a House approved bill introduced by Chairman Knutson (R., Minn.) of the Ways and Means Committee.

The most important change is the effective date. The House has voted to make the cut date back to last Jan. 1. That would entail sending out refunds to taxpayers for overpayments from January through June.

Following is the schedule of reductions approved by the Senators:

30% off for persons with net incomes (after exemptions and deductions) of $1,000 or less; from 30 to 20% off on incomes between $1,000 and $1,396; 20% reduction from $1,396 to $79,728; 15% reduction from $79,728 to $302,396, and 10.5% off above $302,396.

The 15% bracket was an innovation of the Senate Committee. The House bill carries the 20% cut bracket straight through from $1,396 to $302,396.

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)

1947 Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Earnings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
May 13	121.64	117.40	122.50	120.43	116.80	110.15	112.37	118.80	121.04
12	121.67	117.40	122.50	120.43	116.80	110.34	112.37	118.80	121.04
10	a	117.40	122.50	120.43	116.80	110.34	112.37	118.80	121.04
9	121.64	117.40	122.50	120.43	116.80	110.34	112.37	118.80	121.25
8	121.61	117.40	122.50	120.43	116.80	110.34	112.56	118.80	121.04
7	121.61	117.40	122.50	120.43	116.80	110.34	112.56	118.80	121.04
6	121.61	117.40	122.50	120.43	117.00	110.52	112.56	118.80	121.25
5	121.61	117.40	122.50	120.43	117.00	110.34	112.56	118.80	121.04
3	a	117.40	122.50	120.43	117.00	110.34	112.56	118.80	121.04
2	121.64	117.40	122.50	120.43	117.00	110.34	112.56	118.80	121.04
1	121.61	117.40	122.50	120.43	117.00	110.34	112.56	118.80	121.04
Apr. 25	121.74	117.40	122.50	120.63	117.00	110.34	112.56	118.80	121.25
18	121.80	117.40	122.50	120.43	116.80	110.15	112.37	118.80	121.04
11	122.02	117.40	122.50	120.43	116.80	110.34	112.37	118.80	121.25
3	122.17	117.40	122.50	120.43	116.80	110.15	112.56	118.60	121.04
Mar. 28	122.27	117.40	122.50	120.43	117.20	110.34	112.75	118.60	121.04
21	122.24	117.20	122.29	120.22	117.00	110.15	112.56	118.40	121.04
14	122.27	117.20	122.09	120.02	117.00	110.34	112.75	118.20	120.84
7	122.17	117.20	122.09	120.02	117.00	110.52	112.75	118.40	120.84
Feb. 28	122.20	117.20	122.09	120.02	117.00	110.52	112.75	118.40	120.84
21	122.14	117.40	122.09	120.22	111.20	110.70	112.93	118.40	121.04
14	122.20	117.40	122.09	120.02	117.20	110.88	113.12	118.40	120.84
7	122.20	117.60	122.09	120.22	117.20	111.07	113.31	118.60	120.84
Jan. 31	122.08	117.40	121.88	120.22	117.40	110.88	113.31	118.80	120.63
24	122.39	117.60	121.88	120.43	117.40	110.88	113.31	118.80	120.63
17	122.24	117.40	121.88	120.22	117.40	110.70	113.12	118.60	120.84
10	122.17	117.20	121.67	119.82	117.20	110.52	113.12	118.40	120.43
3	122.14	116.80	121.25	119.61	116.80	110.15	112.75	118.00	120.02
High 1947	122.39	117.60	122.50	120.63	117.40	111.07	113.31	118.80	121.25
Low 1947	121.61	116.80	121.04	119.61	116.80	110.15	112.37	117.80	120.02
1 Year Ago May 13, 1946	123.45	118.80	122.92	121.25	118.40	112.75	116.22	119.20	120.84
2 Years Ago May 12, 1945	122.26	115.24	120.84	118.40	115.63	107.09	112.19	114.46	119.20

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

1947 Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Earnings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
May 13	1.57	2.78	2.53	2.63	2.81	3.16	3.04	2.71	2.60
12	1.57	2.78	2.53	2.63	2.81	3.15	3.04	2.71	2.60
10	a	2.78	2.53	2.63	2.81	3.15	3.04	2.71	2.60
9	1.57	2.78	2.53	2.63	2.81	3.15	3.04	2.71	2.59
8	1.57	2.78	2.53	2.63	2.81	3.15	3.03	2.71	2.60
7	1.57	2.78	2.53	2.63	2.81	3.15	3.03	2.71	2.60
6	1.57	2.78	2.53	2.63	2.80	3.14	3.03	2.71	2.59
5	1.57	2.78	2.53	2.63	2.80	3.15	3.03	2.71	2.60
3	a	2.78	2.53	2.63	2.80	3.15	3.03	2.71	2.60
2	1.57	2.78	2.53	2.63	2.80	3.15	3.03	2.71	2.60
1	1.57	2.78	2.53	2.63	2.80	3.15	3.03	2.71	2.60
Apr. 25	1.56	2.78	2.53	2.62	2.80	3.15	3.03	2.71	2.59
18	1.56	2.78	2.53	2.63	2.81	3.16	3.04	2.71	2.60
11	1.54	2.78	2.53	2.63	2.81	3.15	3.04	2.71	2.59
3	1.53	2.78	2.53	2.63	2.81	3.16	3.03	2.72	2.60
Mar. 28	1.53	2.78	2.53	2.63	2.79	3.15	3.02	2.72	2.60
25	1.53	2.78	2.54	2.64	2.80	3.15	3.02	2.73	2.60
21	1.53	2.79	2.54	2.64	2.80	3.16	3.03	2.73	2.60
14	1.56	2.79	2.55	2.65	2.80	3.15	3.02	2.74	2.61
7	1.57	2.79	2.55	2.65	2.80	3.14	3.02	2.73	2.61
Feb. 28	1.56	2.79	2.55	2.65	2.80	3.14	3.02	2.73	2.61
21	1.57	2.78	2.55	2.64	2.79	3.13	3.01	2.73	2.60
14	1.56	2.78	2.55	2.65	2.79	3.12	3.00	2.73	2.61
7	1.56	2.77	2.55	2.64	2.79	3.11	2.99	2.72	2.61
Jan. 31	1.57	2.78	2.56	2.64	2.78	3.12	2.99	2.71	2.62
24	1.55	2.77	2.56	2.63	2.78	3.12	2.99	2.71	2.62
17	1.56	2.78	2.56	2.64	2.78	3.13	3.00	2.72	2.61
10	1.57	2.79	2.57	2.66	2.79	3.14	3.00	2.73	2.63
3	1.57	2.81	2.59	2.67	2.81	3.16	3.02	2.75	2.65
High 1947	1.57	2.81	2.60	2.67	2.81	3.16	3.04	2.76	2.65
Low 1947	1.53	2.77	2.53	2.62	2.78	3.11	2.99	2.71	2.59
1 Year Ago May 13, 1946	1.51	2.71	2.51	2.59	2.73	3.02	2.84	2.69	2.61
2 Years Ago May 12, 1945	1.64	2.89	2.61	2.73	2.87	3.33	3.05	2.93	2.69

a Market closed.

*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 May 10, 1947 19.0% 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 May 10, 1947 was 4,653,-137,000 kwh., an increase of 19.0% over the corresponding week of last year when electric output amounted to 3,910,760,000 kwh. The current figure also compares with 4,640,371,000 kwh. produced in the week ended May 3, 1947, which was 15.7% in excess of the 4,011,670,-000 kwh. produced in the week ended May 4, 1946. The largest increases were reported by the Central Industrial, Southern States and Rocky Mountain groups which showed gains of 24.2%, 23.7% and 20.1%, respectively, over the same week last year.

PERCENTAGE INCREASE OVER SAME WEEK LAST YEAR

Major Geographical Division—	Week Ended— May 10	May 3	Apr. 26	Apr. 19	Apr. 12
New England	8.5	10.2	9.5	10.3	6.9
Middle Atlantic	10.7	8.3	10.8	10.2	6.4
Central Industrial	24.2	17.3	19.1	18.1	16.9
West Central	13.6	17.5	19.4	18.1	15.5
Southern States	23.7	18.3	19.0	18.4	16.3
Rocky Mountain	20.1	18.0	25.2	22.2	20.0
Pacific Coast	18.3	18.7	20.2	21.7	23.1
Total United States	19.0	15.7	17.4	16.9	15.1

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1947	1946	% Change Over 1946	1945	1932	1929
Feb. 1	4,777,207	3,982,775	+19.9	4,538,552	1,578,817	1,726,161
Feb. 8	4,801,179	3,983,493	+20.5	4,505,269	1,545,459	1,718,304
Feb. 15	4,778,179	3,948,620	+21.0	4,472,298	1,512,158	1,699,250
Feb. 22	4,777,740	3,922,796	+21.8	4,473,962	1,519,679	1,706,719
Mar. 1	4,797,099	4,000,119	+19.9	4,472,110	1,538,452	1,702,570
Mar. 8	4,786,552	3,952,539	+21.1	4,446,136	1,537,747	1,687,229
Mar. 15	4,763,843	3,987,877	+19.5	4,397,529	1,514,553	1,683,262
Mar. 22	4,759,066	4,017,310	+18.5	4,401,716	1,480,208	1,679,589
Mar. 29	4,728,885	3,992,283	+18.5	4,329,478	1,465,076	1,633,291
Apr. 5	4,693,055	3,987,673	+17.7	4,321,794	1,480,738	1,696,543
Apr. 12	4,619,700	4,014,652	+15.1	4,332,400	1,469,810	1,709,331
Apr. 19	4,660,320	3,987,145	+16.9	4,411,325	1,454,505	1,699,822
Apr. 26	4,667,997	3,976,750	+17.4	4,415,889	1,429,032	1,588,434
May 3	4,640,371	4,011,670	+15.7	4,397,330	1,436,928	1,698,942
May 10	4,653,137	3,910,760	+19.0	4,302,381	1,435,731	1,704,426
May 17		3,939,281		4,377,221	1,425,151	1,705,460
May 24		3,941,865		4,329,605	1,381,452	1,615,085
May 31		3,741,256		4,203,502	1,435,471	1,689,925

"Duration of War" Terminated Only by Proclamation of Pres.

A ruling whereby the Appelate Division, Second Department, of New York, holds that legally, the term "for the duration of the war" refers to a period that terminates at the time of a formal proclamation by the President and Congress, has been lauded down in a 4-to-1 decision. This, said the New York "Times" of May 9, was disclosed on May 8, that paper also having the following to say regarding the ruling:

The question was brought to the higher tribunal on appeal from decisions in the Municipal Court and the Appellate Term by a tenant, Meyer Minkin, who occupies the premises at 160 Empire Boulevard, Brooklyn, as a garage and service station. The lower courts, after hearing arguments by Malvin T. Davidson, attorney for George Yengel, the landlord, had ruled that options contained in the lease, based upon the phrases "for the duration of the war" and "after the termination of the war," could not be exercised at this time.

The lease, written in 1943, provided for a renewal "for the duration of the war" for one year only, and that after the "termination of the war" the tenant would have the option of a renewal for a period of 10 years. When the Japanese surrendered, Mr. Minkin elected to renew his lease for 10 years, but the interpretation was challenged by the landlord.

The majority opinion, written by Justice Gerald Nolan, held that the "problem" did not involve the meaning of the words "in a conversation between laymen, but calls for the interpretation of words used in a formal written instrument."

"In constructing such instruments the general rule is that the words shall be given their ordinary legal significance," Justice Nolan contended. "The Municipal Court and the Appellate Term read the words employed in their legal sense, and determined that within the meaning of the contract the war had not terminated at the time when the tenant attempted to exercise his option period. In our opinion this determination was correct.

"The war powers of the President and Congress did not automatically cease upon the termination of actual fighting. We must assume that the parties and their attorneys realized this, and we may assume that when, they prepared the contract they employed words which were best suited to their purpose."

Justice John B. Johnston, dissenting, argued that the phrases were "general words or expressions in common use in the recent conflict. Particular words should be considered," he wrote, "not as if isolated from the context, but in the light of the obligations as a whole, and the intentions of the parties manifested thereby. Form should not prevail over substance and a sensible meaning of words should be sought."

Rep. Gerlach Dies

Announcement was made on May 5 from Allentown, Pa., of the death of Representative Charles L. Gerlach (R.-Pa.), who was serving his fifth consecutive term in Congress, Associated Press advices stated. Mr. Gerlach, who was 51 years old, was first elected to Congress in 1938, and was a member of the Foreign Relations Committee. As a member of a congressional committee investigating war devastation in Europe, he travelled through England, France and Germany in 1945.

Tax Relief Program of Knutson for 1948

It was revealed on May 2 by Chairman Harold Knutson of the House Ways and Means Committee that he has a new tax program in mind for 1948 which will, among other things, stress tax relief for business. This was indicated in the New York "Journal of Commerce" in advices from its Washington bureau on that date (May 2) which set out his proposals as follows:

Here's what he proposes in his 1948 tax program:

1. Eliminate double taxation of dividends, which he contends is an "inequity forced on us by the New Deal in the 1930s."

2. Make a further reduction in personal income taxes on top of the tax cuts embodied in his bill, now under consideration by the Senate.

3. Rewrite the entire Federal revenue code so as to remove "all possible wrinkles and bugs."

Elaborating upon his proposal to eliminate the double taxation of dividends the Minnesotan declared:

"I have yet to meet a man who can give me a satisfactory explanation for taxing the earnings of industry and later taxing the same earnings when they are distributed to the stockholders. Even the United Kingdom, with its great need for money, has never stooped so low. The only difference between the man who first conceived double taxation and Jesse James is that Jesse had a horse."

In addition to outlining these aspects of his projected 1948 tax program, Mr. Knutson predicted that an agreement would soon be reached by the Senate-House conferees on the budget ceiling to cut the President's budget for fiscal 1948 by slightly more than five billion dollars. The Senate has agreed to a cut of $4,500,-000,000, while the House has until now held out for $6,000,-000,000.

Income Payments to Individuals in March

Income payments to individuals in March continued at the peak levels attained in January and February, the Department of Commerce said on May 7.

The Department's index of income payments to individuals which makes allowance for seasonal influences, declined fractionally to 263.0 in March from 263.3 in February (1935-39=100). Declining farm income offset an increase in nonagricultural income payments resulting from continued expansion of wages and salaries, according to the Commerce Department announcement, which also added:

Income payments to individuals include wages and salaries, the net income of proprietors (both farm and nonfarm), dividends and interest, net rents received by landlords and other types of individual incomes.

For the first quarter of 1947, income payments were at an annual rate of $177 billion, 7% above the full-year record total of $165 billion in 1946. Although this rate prevailed in each month of the quarter as well as for the quarter as a whole, some shifts occurred in the components of total income payments. Nonagricultural income rose during the quarter as a result of increase wage and salary payments, while agricultural income has fallen slightly because of declining farm marketings.

Private wage and salary payments in the first quarter of 1947 were equivalent to an annual rate of $96.7 billion, more than 3% above the fourth quarter of 1946.

SEC Survey of Profits and Operations Of Listed Corps.

The Securities and Exchange Commission on April 22, made public a survey of selected income data reported by manufacturing corporations in their annual reports filed with Commission, covering the ten years from 1936 to 1945, both inclusive. The companies covered by the data had aggregate assets in 1945 amounting to $49,387,294,000, which is estimated to be more than half of the combined assets of all manufacturing enterprises in the United States, and a net worth of $31,268,654,000.

The data include 872 companies in 1936, 972 in 1937, 1013 in 1938, 1033 in 1939, 1055 in 1940, 1076 in 1941, 1090 in 1942, 1088 in 1943, 1135 in 1944, and 1146 in 1945.

Net Profit after Income Taxes which is the amount that these companies carried to surplus was $3,021,834,000 or 9.7% of net worth in 1945, $3,025,595,000 or 10.1% of net worth in 1944, $2,-758,208,000 or 9.7% of net worth in 1943, $3,134,863,000 or 12.0% of net worth in 1941 compared with $1,276,780,000 or 5.1% of net worth in 1938, $2,638,820,000 or 11.1% of net worth in 1937 and $2,285,625,000 or 10.1% of net worth in 1936.

Net Sales reported by these corporations amounted to $72,033,-337,000 in 1945, $78,943,203,000 in 1944, $71,184,135,000 in 1943, $42,-859,931,000 in 1941; compared with $24,085,621,000 in 1938, $29,-592,339,000 in 1937, and $24,885,-023,000 in 1936.

Net Profit after Income taxes as a percent of Net Sales for these companies was 4.2% in 1945, 3.8% in 1944, 3.9% in 1943, 7.3% in 1941; and 5.3% in 1938, 8.9% in 1937, and 9.2% in 1936.

Provisions for Income Taxes amounted to $3,156,612,000 in 1945, $5,151,798,000 in 1944, $5,166,437,-000 in 1943, $3,296,780,000 in 1941; compared with $319,339,000 in 1938, $566,535,000 in 1937 and $441,233,000 in 1936. Income tax data as shown in the table include excess-profits taxes since 1940, but are net of post-war credits and "carry-back" refunds of income and excess profits taxes.

Since 1940, companies have made provision out of income for war and related contingencies. Such provisions, which are shown in the table as a separate item, amounted to $96,319,000 in 1945, $343,720,000 in 1944, $476,573,000 in 1943, $439,946,000 in 1942, $308,-183,000 in 1941 and $99,963,000 in 1940.

It should be noted, in making use of the figures contained in the table, that the renegotiation of 1945 war contracts by the reporting companies was only partially completed and reported at the time of this compilation, whereas data for prior years reflect in most cases the completion of renegotiation of war contracts. It should be noted that a material number of reports for 1945 registrants have included unstated amounts in their provision for income taxes, representing provision for renegotiation of war contracts. These income taxes are after the deduction of current and prior years adjustments and refunds applicable to accelerated amortization of emergency facilities.

Moody's Daily Commodity Index

Tuesday, May 6	397.2
Wednesday, May 7	401.5
Thursday, May 8	401.6
Friday, May 9	402.4
Saturday, May 10	401.4
Monday, May 12	399.4
Tuesday, May 12	399.2
Two weeks ago, April 29	396.6
Month ago, April 12	415.3
Year ago	273.0
1946 High Dec. 24	380.6
Low Jan. 2	264.7
1947 High March 26	431.8
Low Jan. 20	371.5

The State of Trade

(Continued from page 3)

ply and the only question was, "Will I get it on time?"

The major sore spot in the steel supply picture, the above trade authority notes, involves flat-rolled products. On an allocation basis, however, supplies are being divided as fairly as possible and specified delivery dates are being adhered to. Large steel consumers say that mills have been prompt in the past few weeks on prior delivery commitments. Third and fourth quarter quotas are not expected to be less than second quarter allotments and may be more.

That the metalworking industry is in a "transition" period was proved last week by the shutting down of a few plants due to lack of steel, while other channels were reporting a falling-off in the demand for consumer goods made from steel. In spite of this, states "The Iron Age," there is more optimism among manufacturers over the availability of metals than has been the case in the past year or so.

Large makers of consumer goods such as household appliances are more than a trifle worried over inventories of finished products which in most cases are somewhat higher than in the fourth quarter of 1946. Total inventories in some quarters are up as high as 70% over last September. Refrigerators in one instance were far above the average inventory for all consumer products handled by that industry; radios were up even more. The pipeline in the washing machine field was said to be full.

The next 60 days will present a severe test both to distributors and manufacturers of general household appliances and just how well these inventories are dissipated the magazine concludes, will be an indication of how heavy steel orders from these consuming groups will be later on this year.

The American Iron and Steel Institute announced on Monday of this week the operating rate of steel companies having 93% of the steel capacity of the industry will be 94.2% of capacity for the week beginning May 12, 1947, as compared with 90.6% one week ago, 94.5% one month ago and 48.9% one year ago. This represents an increase of 3.6 points or 4.0% from the preceding week.

The week's operating rate is equivalent to 1,648,400 tons of steel ingots and castings compared with 1,585,400 tons one week ago, 1,653,700 tons one month ago and 861,800 tons one year ago.

Electric Production Off — The Edison Electric Institute reports that the output of electricity decreased 4,640,371,000 kwh. in the week ended May 3, 1947, from 4,667,997,000 kwh. in the preceding week. Output for the week ended May 3, 1947, was 15.7% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 196,400,000 kwh. in the week ended May 4, 1947, compared with 181,200,000 kwh. for the corresponding week of 1946, or an increase of 8.4%. Local distribution of electricity amounted to 186,400,000 kwh. compared with 171,200,000 kwh. for the corresponding week of last year, an increase of 8.9%.

Railroad Freight Loadings Decline—Car loadings of revenue freight for the week ended May 3, 1947, totaled 882,684 cars, the Association of American Railroads announced. This was a decrease of 11,092 cars, or 1.2% below the preceding week, and 211,373 cars, or 31.5% above the corresponding week for 1946. Compared with the similar period of 1945, an increase of 16,650 cars, or 1.9%, is shown.

Railroad Earnings — Class I railroads of the United States in March, 1947, had an estimated net income, after interest and rentals, of about $43,600,000 compared with a deficit of $33,300,000 in March, 1946, according to reports filed by the carriers with the Association of American Railroads.

Operating expenses for the month of March, 1946, are overstated to the extent of the inclusion of about $97,000,000 charged in that month as retroactive wage payments applicable to the months of January and February, 1946. For that reason, the net earnings shown for March, 1946, are somewhat understated, thus affecting the comparison between March, 1946, and March, 1947.

In the first three months of 1947, they had an estimated net income, after interest and rentals, of $87,200,000 compared with $19,000,000 in the corresponding period of 1946.

In March, 1947, the carriers had a net railway operating income, before interest and rentals, of $72,782,112 compared with a net railway operating deficit of $5,702,877 in March, 1946. For the first three months of this year net railway operating income, before interest and rentals amounted to $174,095,470 compared with $110,718,526 in the same period of 1946.

Total operating revenues in the first three months of 1947 totaled $2,039,308,947 compared with $1,866,454,829 in the same period of 1946, or an increase of 9.3%. Operating expenses in the first three months of 1947 amounted to $1,597,733,863 compared with $1,567,879,401 in the corresponding period of 1946, or an increase of 1.9%.

Paper and Paperboard Production Higher—Paper production in the United States for the week ended May 3, was 108.2% of mill capacity, against 105.3% (revised figure) in the preceding week and 107.3% in the like 1946 week, according to the American Paper & Pulp Association. The above figures represent paper production exclusive of newsprint. Paperboard output for the same week, was 102% compared with 100% in the preceding week and 101% in the corresponding week a year ago.

Business Failures Rise Sharply—Rising to 98 in the week ending May 8, commercial and industrial failures reached the highest total for any week since March, 1943, reports Dun & Bradstreet, Inc. The 98 concerns failing exceeded by a considerable margin the previous week's 70 and were over four times as numerous as in the comparable week a year ago when only 23 were reported.

Most of the increase occurred among large failures involving liabilities of $5,000 or more. Totaling 81, these large failures rose from 57 last week and, compared with only 13 in the same week of 1946, were almost five times as heavy. Small failures with losses under $5,000 were only a fifth as numerous as the big failures. Concerns failing in this size group, however, did rise slightly, numbering 17 against 13 a week ago and 10 last year.

All industry and trade groups suffered a higher number of failures in the week just ended. While manufacturing, with 26, had the largest number of concerns failing and retailing, with 26, ranked second, the sharpest rise both from last week and a year ago occurred in wholesale trade. The number of wholesalers failing this week totaled 19, twice as many as in the previous week and almost 10 times the number in the corresponding week of 1946.

Geographically, the increase was apparent in all regions except the Pacific States. The largest number of failures was reported in the Middle Atlantic States with 28. This represented only a slight change for the Middle Atlantic area, since concerns failing there totaled 26 a week ago. The sharpest rise appeared in the East North Central States where failures jumped from only four last week to 26 in the week just ended, some five times the number in 1946's comparable week. In the Pacific States, failures fell off from 29 a week ago to 18 this week, but continued to outnumber those last year by three to one. At least one concern failed in each region whereas three districts did not have any failures in the comparable week of last year. Concerns failing did not rise as high as 10 in any area in the same week of 1946.

Ten Canadian failures were reported, rising from only two in the previous week and one in the corresponding week a year ago.

Wholesale Food Price Index Off Moderately—There was a further moderation in the downward trend of the wholesale food price index, compiled by Dun & Bradstreet, Inc., during the latest week. A drop of two cents brought the May 6 figure to $6, as compared with $6.02 a week earlier. The current index compares with $4.20 on the like date a year ago. It marks a decline of 11.4% over the $5.40 recorded on Oct. 8, 1946, just before major food price controls were lifted.

Moving upward during the week were flour, corn, oats, beef, hams, potatoes and hogs. On the down side were wheat, barley, lard, butter, cheese, milk, coffee, cocoa and eggs. Retail food prices do not enter into the construction of the index. It should not, therefore, be confused with or used as a cost-of-living index. It is intended to show primarily the general trend in food costs at the wholesale level. The index represents the sum total of the price per pound of 31 foods in general use.

Daily Wholesale Price Index Shows Narrow Changes—Commodity price movements as a rule were less severe during the past week and the Dun & Bradstreet daily wholesale price index of 30 basic commodities fluctuated within a narrow range during the period. The index closed at 253.39 on May 6, as against 253.35 a week earlier and compared with 189.28 on the corresponding date a year ago.

Volume of trading in wheat corn and oats increased considerably last week. Prices continued to back and fill but the undertone generally was firmer. The May wheat contract displayed consistent strength while cash wheat was nominally firm with few spot sales noted during the week. Reports as to the Winter wheat crop continue excellent, with a billion-bushel crop forecast for this year's harvest, according to a preliminary private estimate. Corn declined sharply early in the period under pressure of heavy liquidation, but most of the losses were later recovered as the CCC entered the market for substantial quantities of cash corn for export. Oats showed independent strength. Offerings of cash oats were small and prices rose sharply. Flour mills continued to operate at a good rate, mostly on orders for export. Domestic flour business was confined largely to scattered small lots for fill-in purposes. Hog prices showed a slight gain for the week, but weakness in lard continued. Cold storage stocks of lard showed an increase of almost 7,000,000 pounds during the month of April.

After early weakness, cotton values worked steadily upward and closed with moderate net gains for the week. The early reaction was influenced by uncertainties regarding the new crop and the expectation of a decline in the mid-April parity price for the staple. Other bearish factors included reports of some curtailment in cotton mill operations and fears of possible curtailment of consumption and exports during the balance of the current year. Prices turned upward in the latter part of the week, aided by a heavy buying movement by the Commodity Credit Corporation to meet the requirements of the United Nations Relief and Rehabilitation Administration. Another factor was the slight advance reported in the mid-April parity price for cotton rather than a decline. The mid-April parity price at 28.52 cents was a new record high and compared with a revised figure of 28.15 cents for mid-March.

Domestic wools were quiet last week as they have been throughout the entire month of April. Price uncertainties continued to be the principal drawback as manufacturers limited their orders to cover only immediate requirements. Domestic wool prices remained unchanged despite a 6-point rise in wool parity for the month ended April 15. In foreign wool auctions held early in the week, prices advanced sharply. Offerings of desirable grades, however, continued very limited with buying mostly for the account of European countries.

Retail and Wholesale Trade Moderately Higher—Total retail volume for the country at large rose moderately in the week, dollar volume continued to compare favorably with that of the corresponding week a year ago, states Dun & Bradstreet, Inc., in its weekly review of trade. Warm weather in many sections of the country, together with clearance sales and scattered price reductions, were among the factors reported as contributing to the increase in consumer purchasing. Retail inventories generally were at a high level.

Retail food volume increased noticeably last week and dollar volume was well above that of a year ago. The supply of canned foods was abundant in most localities as interest in frozen foods increased moderately. The demand for meat, fish and poultry was heavy. Stocks of fresh fruits and vegetables were ample. Paper products, such as toilet tissue, towels and napkins, generally remained in short supply. Consumers continued to display resistance to high prices.

Interest in Summer apparel increased slightly the past week. Women's cotton dresses, hosiery and blouses were reported to be among the best sellers. Clearance sales of Spring suits and dresses attracted many shoppers. There was an increasing demand for men's and women's sportswear while men's Summer suits and slacks were eagerly sought. The supply of men's shirts and furnishings continued to improve with demand for children's clothing and footwear heavier than that in recent weeks.

Mahogany bedroom suites and electrical refrigerators continued to be in very heavy demand. Requests for table electrical appliances were numerous. Interest in lawnmowers, rakes and other gardening tools increased moderately. The demand for automobile supplies, building materials and hardware continued at the high levels of previous weeks. The supply of house furnishings, particularly lamps, improved considerably.

Retail volume for the country in the week ended last Wednesday was estimated to be from 6 to 10% above that of the corresponding week a year ago. Regional estimates exceeded those of a year ago by the following percentages: New England, 3 to 7; East, 6 to 10; Middle West and South, 4 to 8; Northwest, 5 to 9; Southwest, 7 to 11, and Pacific Coast, 8 to 12.

Wholesale volume rose fractionally in the week and continued at a level moderately above that of the corresponding week a year ago. Most buyers ordered merchandise only in quantities sufficient to meet their immediate needs. Resistance to high prices and inferior quality goods continued to increase. Deliveries improved slightly and stocks in most lines were considerably above the level of a year ago.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended May 3, 1947, increased 12% above the same period of last year. This compared with an increase of 15% (revised figure) in the preceding week. For the four weeks ended May 3, 1947, sales increased by 3% and for the year to date by 10%.

Retail trade here in New York the past week was stimulated by Mother's Day purchases which resulted in greater activity and a rising sales volume. The increase for department stores was placed at approximately 5% above the similar week of 1946. Outstanding in the week's purchases were main-floor accessory and gift items, including hosiery and candy.

Price reductions by manufacturers to move inventories characterized wholesale markets, but reports state that most replacement prices showed no tendency to decline. The pace was slow in women's apparel markets as manufacturers concentrated on their Fall lines which open the current week. It is also reported that most rayon mills in the fabric field are sold through September.

A strong demand obtained in the durable goods lines last week, but it is understood that some improvement in delivery dates has taken place.

Following in the footsteps of primary markets, declines were the order of wholesale food prices, stemming from the pressure of losses on overstocked inventories.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period to May 3, 1947, increased 5% above the same period last year. This compared with an increase of 12% (revised figure) in the preceding week. For the four weeks ended May 3, 1947, sales rose 1% and for the year to date increased 10%.

To Hear Airport Future At N. Y. Luncheon

Presidents and executives of 18 Airlines operating out of New York City, representatives of the Civil Aeronautics Board and Civil Aeronautics Authority, leaders in industry, many officials of the City of New York, and the Port of New York Authority, will attend the Fourth Annual Luncheon of the Aviation Section — New York Board of Trade, May 16 at the Hotel Commodore, to hear Mayor William O'Dwyer and Howard S. Cullman, Chairman of the Port of New York Authority, review future plans for the development of New York City Airports.

John F. Budd, Chairman of the Aviation Section, in announcing the luncheon on May 8 said.

"Mr. Cullman will tell more of the plans of the Port of New York Authority to develop New York's LaGuardia Field, Idlewild Airport, and Floyd Bennett Airfield. The agreement between the City and the Bi-State Agency was concluded a month ago at City Hall. Many citizens have expressed a desire to know more about the 50-year lease for the three airfields and the new program which starts June 1, in which the Port of New York Authority plans to spend a minimum of $100,000,000 during the next seven years on New York's Airports, and nearly a quarter of a billion dollars during the 50-year period of the contract."

Wholesale Prices Decrease 0.1% in Week Ended May 3, Labor Department Reports*

Average primary market prices decreased 0.1% during the week ended May 3, 1947, according to the Bureau of Labor Statistics, U. S. Department of Labor, which on May 8 said that at 146.7% of the 1926 average, the lowest level since early March, "the Bureau's index of commodity prices in primary markets was 33.5% above a year earlier. During the last five weeks it has dropped 1.8%." In its advices for the week ended May 2 the Bureau further reported:

"**Farm Products and Foods**—Led by grains, market prices of farm products declined 1.7% during the week. Quotations for most grains were lower reflecting decreased activity, as traders anticipated future price declines. Decreases for corn were especially large because of abundant supplies. Barley quotations advanced slightly as demand remained strong. Hog prices decreased 5% with a slight improvement in supplies but other livestock advanced. Lower prices were reported for eggs in most markets. Cotton quotations dropped more than 4%. As a group prices of farm products were 5.2% below the peak of mid-March and 28.8% above early May 1946.

"Food prices rose 1.5% during the week. Higher prices were reported for most meats, but cured and smoked pork were slightly lower because of light demand. Butter prices rose, reflecting increased movement into storage, whereas plentiful supplies caused decrease for cheese and evaporated milk. Prices of fruits and vegetables averaged 1.5% higher. Substantial price increases were reported for the new crop of white potatoes at Boston, but there were small declines from pervious high levels in other markets. Prices of apples, oranges and onions also advanced. There were declines for dried fruits, bananas and sweetpotatoes. Wheat flour prices declined with grains. Lower prices of corn, together with abundant supplies, caused decreases for corn cereals and corn syrup. Lower costs and improved supplies caused further substantial decreases in prices of animal and vegetable fats and oils, black pepper and coffee. Tea prices were up sharply. As a group foods were 47.0% above the corresponding week of last year.

"**Other Commodities**—Prices of all commodities other than farm products and foods decreased 0.2% as a group. Further declines were reported for a number of commodities, including inedible fats and oils and scrap steel among industrial commodities and cotton goods and soap among consumer goods. The decrease for hides and leather products was due chiefly to lower prices for some leathers, not previously reported. Higher quotations were reported for redwood lumber and further increases occurred for Ponderosa Pine. Prices of Douglas Fir lath and shellac were lower. Higher prices were reported for fuel oil and kerosine. A few additional mines lowered prices of anthracite. Increased foreign supplies caused small decreases for mercury and bar silver. Crude rubber quotations also declined. Increased piece goods costs resulted in higher prices for men's suits, and burlap quotations were higher in anticipation of increased demand. As a group, cattle feed prices were up, with substantial advances for bran and middlings, in demand for poultry feed, and decerases for cottonseed meal and soybean meal, in abundant supply. One company raised prices of electric ironers."

CHANGES IN WHOLESALE PRICES BY COMMODITY GROUPS FOR WEEK ENDED MAY 3, 1947
(1926=100)

Commodity Groups—	5-3 1947	4-26 1947	4-19 1947	4-5 1947	5-4 1946	Percent changes to May 3, 1947 from— 4-26 1947	4-5 1947	5-4 1946
All commodities	146.7	146.8	147.2	148.8	109.9	— 0.1	— 1.4	+33.5
Farm products	174.6	177.6	175.4	181.2	135.6	— 1.7	— 3.6	+28.8
Foods	162.7	160.3	162.2	164.4	110.7	+ 1.5	— 1.0	+47.0
Hides and leather products	166.7	171.9	172.5	174.3	120.3	— 3.0	— 4.4	+38.6
Textile products	138.0	137.8	138.8	139.3	106.7	+ 0.1	— 0.9	+29.3
Fuel and lighting materials	104.0	103.9	104.1	103.9	87.0	+ 0.1	+ 0.1	+19.5
Metals and metal products	140.7	140.8	140.9	140.3	109.1	— 0.1	+ 0.3	+29.0
Building materials	178.5	178.0	178.4	177.8	126.6	+ 0.3	+ 0.4	+41.0
Chemicals and allied products	128.6	130.5	132.5	134.5	96.1	— 1.5	— 4.4	+33.8
Housefurnishings goods	128.6	128.6	128.1	126.7	108.7	0	+ 1.5	+18.3
Miscellaneous commodities	115.4	115.2	115.6	115.7	96.2	+ 0.2	— 0.3	+20.0
Special Groups—								
Raw materials	159.4	161.3	160.3	164.0	123.1	— 1.2	— 2.8	+29.5
Semi-manufactured articles	142.2	144.7	146.0	145.6	101.5	— 1.7	— 2.3	+40.1
Manufactured products	142,2	141.1	142.1	142.8	105.5	+ 0.8	— 0.4	+34.8
All commodities other than Farm products	140.6	140.1	141.1	141.7	104.3	+ 0.4	— 0.8	+34.8
All commodities other than Farm products and foods	131.8	132.0	132.4	132.3	103.6	— 0.2	— 0.4	+27.2

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM APRIL 26, 1947 TO MAY 3, 1947

Increases

Meats	4.4	Clothing	0.9
Cattle feed	3.7	Lumber	0.8
Hides and skins	2.4	Petroleum and products	0.6
Fruits and vegetables	1.5	Cereal products	0.3
Dairy products	1.2	Woolen and worsted goods	0.2
Other textile products	1.0	Furnishings	0.1

Decreases

Leather	13.6	Crude rubber	0.8
Oils and fats	6.9	Anthracite	0.4
Grains	4.7	Cotton goods	0.4
Other foods	1.7	Other miscellaneous	0.2
Livestock and poultry	1.3	Iron and steel	0.1
Other farm products	0.9	Non-ferrous metals	0.1
Paint and paint materials	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 commodities. 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 $95,160,000 for Week

Civil engineering construction volume in continental United States totals $95,160,000 for the week ending May 8, 1947, as reported by "Engineering News-Record." This volume is 7% below the previous week, 31% below the corresponding week of last year, and 11% below the previous four-week moving average. The report issued on May 8 went on to say:

Private construction this week, $41,724,000 is 24% less than last week, and 46% below the week last year. Public construction, $53,436,000, is 12% above last week, but 11% less than the week last year. State and municipal construction, $36,279,000, 10% above last week, is 18% above the 1946 week. Federal construction, $17,157,000, is 17% above last week, but 41% below the week last year.

Total engineering construction for the 19-week period of 1947 records a cumulative total of $1,839,987,000, which is 4% above the total for a like period of 1946. On a cumulative basis, private construction in 1947 totals $1,104,646,000 which is 4% below that for 1946. Public construction, $735,341,000, is 20% greater than the cumulative total for the corresponding period of 1946, whereas state and municipal construction, $550,061,000 to date, is 37% above 1946. Federal construction, $185,280,000, dropped 13% below the 19-week total of 1946.

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

	May 8, 1947	May 1, 1947	May 9, 1946
Total U. S. Construction	$95,160,000	$102,480,000	$137,595,000
Private Construction	41,724,000	54,724,000	77,872,000
Public Construction	53,436,000	47,756,000	59,723,000
State and Municipal	36,279,000	33,108,000	30,873,000
Federal	17,157,000	14,648,000	28,850,000

In the clasified construction groups, waterworks, sewerage, bridges, industrial buildings, and public buildings gained this week over last week. Five of the nine classes recorded gains this week over the 1946 week as follows: sewerage, bridges, public buildings, industrial buildings, and unclassified construction.

New Capital

New capital for construction purposes this week totals $17,168,000 and is made up of $8,418,000 in state and municipal bond sales and $8,750,000 in corporate securities. New capital for construction purposes for the 19-week period of 1947 totals $590,542,000, 18% greater than the $498,885,000 reported for the corresponding period of 1946.

National Fertilizer Association Wholesale Commodity Price Index Moves Upward

During the week ended May 10, 1947, the weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on May 12, rose to 196.7 from 195 6 in the preceding week. This is the first time that the index has advanced from the level of the preceding week since the week ended March 29, 1947. A month ago the index stood at 199.5 and a year ago at 145.8, all based on the 1935-1939 average as 100. The Association's report added:

During the week four of the composite groups in the index advanced while two declined; the other five remained at the level of the preceding week. Higher prices for cotton, grains, and livestock caused the farm products index to advance. The textiles index advanced slightly, as did the index for chemicals and drugs. An increase in the price of sand was responsible for the rise in the index for the building materials group. Prices for most meats, cocoa, ham, and potatoes rose but the lower prices for butter, cheese, eggs, coffee, and most fats and oils caused the foods index to decline. The higher quotations for hides, wood pulp, and middlings were not enough to offset the lower prices for leather, rubber, cottonseed meal, and linseed meal, with the result that the index for the miscellaneous commodities group declined.

During the week 26 price series in the index advanced and 24 declined; in the preceding week 15 advanced and 30 declined; in the second preceding week 11 advanced and 35 declined.

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

% Each Group Bears to the Total Index	Group	Latest Week May 10, 1947	Preceding Week May 3, 1947	Month Ago Apr. 12, 1947	Year Ago May 11, 1946
25.3	Foods	214.6	215.9	222.6	144.5
	Fats and Oils	227.8	240.3	317.8	147.4
	Cottonseed Oil	302.0	302.0	433.1	163.1
23.0	Farm Products	246.5	241.1	247.6	175.7
	Cotton	344.9	335.4	327.8	261.7
	Grains	250.2	243.9	258.3	174.1
	Livestock	232.5	227.7	235.6	162.9
17.3	Fuels	169.8	169.8	170.3	130.8
10.8	Miscellaneous Commodities	157.9	158.1	158.6	134.5
8.2	Textiles	216.4	215.0	216.5	166.7
7.1	Metals	147.9	147.9	148.3	117.9
6.1	Building Materials	203.3	203.3	203.4	167.8
1.3	Chemicals and Drugs	157.5	156.9	158.4	127.5
.3	Fertilizer Materials	127.5	127.5	127.6	116.6
.3	Fertilizers	134.5	134.5	133.7	119.8
.3	Farm Machinery	125.5	125.5	126.3	105.8
100.0	All groups combined	196.7	195.6	199.5	145.8

*Indexes on 1926-28 base were May 10, 1947, 153.2; May 3, 1947, 152.4; and May 11, 1946, 113.6.

Consumer Credit Outstanding in March

Consumer credit outstanding increased about $330 millions during March to an estimated total of $10,047 millions or approximately the prewar peak level, said a report issued on April 30, by the Board of Governors of the Federal Reserve System. With the exception of single-payment loans, all types of indebtedness showed moderate gains, the announcement added.

Instalment loans outstanding increased by about 3% in March, a somewhat larger rise than in the two preceding months. Repair and modernization loans outstanding, which customarily show seasonal gains in March, increased 4% during the month.

Instalment credit outstanding on automobile sales continued to increase in March and at the end of the month was 9% larger than on Feb. 28. Other instalment sale credit outstanding rose 2% to $1,002 millions.

Charge accounts receivable, which customarily increase in March, rose $173 millions or about 7% from the amount outstanding at the end of February. This type of indebtedness continued well above prewar levels.

CONSUMER CREDIT OUTSTAND$NG
(Short-term credit. In millions of dollars. Figures estimated)

	March 31, 1947	Increase or Decrease From— Feb. 28, 1947	Mar. 31, 1946
*Total consumer credit	10,047	+ 331	+3,059
Instalment sale credit:			
Automobile	689	+ 58	+ 425
Other	1,002	+ 24	+ 361
†Instalment loans	2,638	+ 87	+1,036
Charge accounts	2,775	+ 173	+ 303
Single-payment loans	2,066	— 14	+ 361

*Includes service credit not shown separately.
†Includes repair and modernization loans.

Consumers Bankers' To Meet in Atlantic City

The 27th annual national convention of the Consumer Bankers Association will be held at The Brighton, Atlantic City, N. J., September 25-27, it is announced by Joseph E. Birnie, President of The Bank of Georgia, at Atlanta, and current President of the National Association. At the same time, President Birnie announced the appointment of A. C. Armstrong, President of the Northwestern State Bank, Duluth, Minn., as General Convention Chairman. The announcement in the matter says:

The Consumer Bankers Association was organized at Cleveland in 1919 under the name "Morris Plan Bankers Association," and its first annual convention was held the following year in Chicago. At the 26th convention, held last fall at Virginia Beach, the name was changed to its current designation, in view of the fact that most of its members no longer had the distinguishing words "Morris Plan" in their corporate names and were for the most part engaged in a general banking business. At the same time, the constitution and by-laws were revised to permit additional members for the first time, with the non-competitive policy of the Association to be maintained, i.e., having only one member in any community.

Mr. Birnie said that one of the principal reasons for deciding to hold the convention in Atlantic City, immediately preceding the annual meeting of the American Bankers Association, was to enable members to attend both meetings with a minimum loss of time from their daily banking duties this year.

The Consumer Bankers Association now has 72 member banks, which operate in 87 cities throughout the United States. Executive offices are maintained in Washington, with Gary M. Underhill as Executive Director. Other Washington staff members are Robert R. Spooner, Secretary-Treasurer, and Margaret E. Goldsmith, Assistant Secretary-Treasurer.

Sat. Closing By Pa. Banks

Gov. Duff of Pennsylvania on May 1 signed a bill passed by the State Legislature permitting banks in the State to close on Saturdays throughout the year. It was stated on April 23 when the bill passed the House that the bill also would permit any bank to observe Saturday banking hours if it desired, legislators explaining that it was designed to meet community wishes.

In Harrisburg, Pa., advices to the Philadelphia "Evening Bulletin" by Robert F. Hill of the "Bulletin" staff, it was stated:

The bill, designed to provide a five-day week for bank clerks throughout the State, is a permissive measure and has been interpreted as giving banks in rural areas the right to close on other days if it is necessary for them to stay open on Saturdays.

The measure, originally introduced by Senator Frazier, was amended to include features proposed by Senator Lord including the permissive instead of a mandatory requirement. It passed the Senate April 7 by a vote of 49 to 0 and the House April 23 by a vote of 121 to 48.

The bill provides that banks must give 15 days' notice to the public of contemplated changes in closing. It is expected that a number of bank directorates, especially in Philadelphia, will meet today to act under the bill.

The first Saturday closing for those banks which immediately adopt it, would be on May 17.

Daily Average Crude Oil Production for Week Ended May 3, 1947 Increased 20,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 3, 1947 was 4,950,700 barrels, an increase of 20,800 barrels per day over the preceding week and a gain of 229,500 barrels per day over the corresponding week of 1946. The current figure was also 100,700 barrels in excess of the daily average figure of 4,850,000 barrels estimated by the United States Bureau of Mines as the requirement for the month of April, 1947. Daily output for the four weeks ended May 3, 1947 averaged 4,926,400 barrels. The Institute's statement adds:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,816,000 barrels of crude oil daily and produced 14,383,000 barrels of gasoline; 1,904,000 barrels of kerosine; 5,294,000 barrels of distillate fuel, and 7,836,000 barrels of residual fuel oil during the week ended May 3, 1947; and had in storage at the end of that week 103,505,000 barrels of finished and unfinished gasoline; 9,560,000 barrels of kerosine; 31,899,000 barrels of distillate fuel, and 42,944,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements April	State Allowables Begin. Apr. 1	—Actual Production— Week Ended May 3, 1947	Change from Previous Week	4 Weeks Ended May 3, 1947	Week Ended May 4, 1946
**New York-Penna	49,200		49,850	+ 1,200	48,750	51,100
Florida	----		550	----	600	250
**West Virginia	8,000		7,600	+ 150	7,750	7,300
**Ohio—Southeast }	8,000		6,850	+ 550	6,450	5,800
Ohio—Other }			2,450	+ 100	2,550	2,700
Indiana	18,000		18,200	+ 150	18,200	19,250
Illinois	210,000		185,700	+ 500	185,900	211,800
Kentucky	29,000		24,950	— 500	25,100	31,150
Michigan	47,000		39,700	— 550	41,500	46,050
Nebraska	700		†600	----	600	750
Kansas	275,000	275,000	†279,750	— 1,450	277,300	244,650
Oklahoma	380,000	378,125	†385,800	— 650	382,000	363,700
Texas—						
District I			20,850	+ 100	20,800	----
District II			158,350	+ 350	158,100	----
District III			481,900	+ 1,300	480,950	----
District IV			242,350	+ 400	242,050	----
District V			38,150	+ 100	38,050	----
East Texas			335,850	+ 850	335,200	----
Other Dist. VI			111,750	+ 250	111,550	----
District VII-B			37,350	+ 350	37,100	----
District VII-C			36,450	+ 150	36,350	----
District VIII			498,600	+ 12,650	489,100	----
District IX			136,650	+ 450	136,300	----
District X			85,250	+ 400	84,950	----
Total Texas	2,120,000	‡2,186,125	2,183,500	+ 17,350	2,170,500	2,114,800
North Louisiana			97,500	+ 650	96,450	85,200
Coastal Louisiana			314,200	+ 750	313,650	291,450
Total Louisiana	410,000	447,000	411,700	+ 1,400	410,100	376,650
Arkansas	79,000	82,693	74,400	+ 900	73,850	77,950
Mississippi	84,000		87,000	+ 100	86,550	57,050
Alabama	2,100		650	+ 300	550	1,150
New Mexico—So. East }	102,000	112,000	103,400	+ 800	102,800	95,300
New Mexico—Other }			450	----	500	450
Wyoming	106,000		113,300	— 3,200	114,900	105,750
Montana	24,000		22,250	— 900	22,600	20,050
Colorado	38,000		37,650	— 550	37,300	26,850
California	860,000	§843,200	913,400	+ 5,100	910,050	860,700
Total United States	4,850,000		4,950,700	+ 20,800	4,926,400	4,721,200
**Pennsylvania Grade (included above)			64,300	+ 1,900	62,950	64,200

*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 oil 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. May 1, 1947.

‡This is the net basic allowable as of April 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and for certain other fields for which shutdowns were ordered for from 4 to 12 days, the entire State was ordered shut down for 4 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 4 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, KEROSINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL, OIL, WEEK ENDED MAY 3, 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 on a Bureau of Mines basis

District—	% Daily Refin'g Capac. Report'g	Crude Runs to Stills Daily Av.	Crude Runs to Stills % Operated	§Gasoline Product'n at Ref. Inc. Nat. Blended	‡Finished and Unfin. Gasoline Stocks	‡Stocks of Kerosine	‡Stks. of Gas, Oil & Dist. Fuel Oil	‡Stks. of Resid. Fuel Oil
East Coast	99.5	789	94.0	1,858	22,935	4,422	9,357	6,006
Appalachian—								
District No. 1	76.3	94	65.7	280	2,593	179	391	246
District No. 2	84.7	67	108.1	236	1,138	39	75	89
Ind., Ill., Ky.	87.4	807	92.8	2,596	21,333	1,306	2,660	1,921
Okla., Kans., Mo.	78.3	406	86.6	1,342	10,199	375	1,104	934
Inland Texas	59.8	223	67.6	1,059	4,394	214	298	745
Texas Gulf Coast	89.2	1,058	86.3	3,069	14,013	1,255	5,199	5,138
Louisiana Gulf Coast	97.4	378	117.8	1,031	5,530	721	1,862	989
No. La. & Arkansas	55.9	52	41.3	147	2,047	205	401	100
Rocky Mountain—								
New Mexico	19.0	12	92.3	39	77	15	35	47
Other Rocky Mt.	70.9	118	71.5	371	2,957	64	482	678
California	85.5	812	81.7	2,355	16,289	765	10,035	26,051
Total U. S.—B. of M. basis May 3, 1947	85.8	4,816	86.6	14,383	*103,505	9,560	31,899	42,944
Total U. S.—B. of M. basis April 26, 1947	85.8	4,725	85.0	14,213	103,860	9,724	32,286	42,668
U. S. B. of M. basis May 4, 1946	----	4,664	----	13,788	†98,196	11,042	32,485	40,039

*Includes unfinished gasoline stocks of 9,005,000 barrels. †Includes unfinished gasoline stocks of 8,131,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §In addition, there were produced 1,904,000 barrels of kerosine, 5,294,000 barrels of gas oil and distillate fuel oil and 7,836,000 barrels of residual fuel oil in the week ended May 3, 1947, as compared with 2,123,000 barrels, 5,435,000 barrels and 8,186,000 barrels, respectively, in the preceding week and 1,917,000 barrels, 5,346,000 barrels and 8,861,000 barrels, respectively, in the week ended May 4, 1946.

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite in the week ended May 3, 1947, as estimated by the United States Bureau of Mines, was 12,570,000 net tons, a decrease of 290,000 tons, or 2.3% from the preceding week. Output in the corresponding week of 1946 amounted to only 545,000 tons because of the miners' strike. During the current calendar year to May 3, production of soft coal approximated 212,707,000 net tons, an increase of 28.7% over the 165,326,000 tons produced in the corresponding period of last year.

Output of Pennsylvania anthracite for the week ended May 3, 1947, as estimated by the Bureau of Mines, was 1,094,000 tons, an increase of 23,000 tons (2.1%) over the preceding week. When compared with the production in the corresponding week of 1946, there was a decrease of 315,000 tons, or 22.4%. The calendar year to date shows a decrease of 10.1% when compared with the corresponding period of 1946.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended May 3, 1947, showed a decrease of 10,100 tons when compared with the output for the week ended April 26, 1947; and was 126,600 tons more than for the corresponding week of 1946.

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

Bituminous coal & lignite—	Week Ended May 3, 1947	*April 26, 1947	May 4, 1946	Jan. 1 to date †May 3, 1947	May 4, 1946
Total, including mine fuel	12,570,000	12,860,000	545,000	212,707,000	165,326,000
Daily average	2,095,000	2,143,000	91,000	2,043,000	1,573,000

*Revised. †Subject to current adjustment.

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

Penn. Anthracite—	Week Ended ‡May 3, 1947	§April 26, 1947	May 4, 1946	Calendar Year to Date May 3, 1947	May 4, 1946	May 8, 1937
*Total incl. coll. fuel	1,094,000	1,071,000	1,409,000	19,140,000	21,284,000	20,512,000
†Commercial produc.	1,052,000	1,030,000	1,355,000	18,403,000	20,465,000	19,486,000
Beehive Coke—						
¶United States total	128,600	138,700	2,000	2,070,800	1,214,700	1,317,600

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised. ¶Estimated from weekly carloadings reported by 10 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 returns from the operators.)

State—	Week Ended Apr. 26, 1947	Apr. 19, 1947	Apr. 27, 1946
Alabama	423,000	358,000	34,000
Alaska	6,000	6,000	7,000
Arkansas	19,000	17,000	11,000
Colorado	98,000	96,000	6,000
Georgia and North Carolina	1,000	1,000	*
Illinois	1,362,000	1,308,000	318,000
Indiana	526,000	527,000	15,000
Iowa	38,000	38,000	15,000
Kansas and Missouri	105,000	112,000	43,000
Kentucky—Eastern	1,305,000	1,168,000	42,000
Kentucky—Western	459,000	495,000	14,000
Maryland	41,000	42,000	1,000
Michigan	*	*	*
Montana (bituminous and lignite)	57,000	52,000	42,000
New Mexico	29,000	28,000	1,000
North and South Dakota (lignite)	46,000	70,000	24,000
Ohio	807,000	913,000	55,000
Oklahoma	38,000	43,000	27,000
Pennsylvania (bituminous)	3,053,000	3,118,000	40,000
Tennessee	141,000	131,000	8,000
Texas (bituminous and lignite)	4,000	3,000	1,000
Utah	152,000	152,000	3,000
Virginia	417,000	366,000	8,000
Washington	11,000	20,000	2,000
†West Virginia—Southern	2,603,000	2,388,000	54,000
‡West Virginia—Northern	994,000	1,248,000	48,000
Wyoming	125,000	150,000	4,000
§Other Western States	*	*	1,000
Total bituminous and lignite	12,860,000	12,850,000	824,000

†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.

United States Savings Bonds Issued and Redeemed Through March 31, 1947

(Dollar amounts in millions—rounded and will not necessarily add to totals)

	*Amount Issued	*Amount Redeemed	†Amount Outstdg.	Percent Redeemed of Amt. Issued
Series A-D:				
Series A-1935 (matured)	$255	$244	$11	95.69
Series B-1936 (matured)	462	423	39	91.56
Series C-1937	583	275	‡308	47.17
Series C-1938	654	148	505	22.63
Series D-1939	1,010	202	807	20.00
Series D-1940	1,196	216	981	18.06
Series D-1941	518	82	436	15.83
Total Series A-D	$4,677	$1,590	$3,087	34.00
Series E:				
Series E-1941	1,453	302	1,151	20.78
Series E-1942	6,592	2,138	4,455	32.43
Series E-1943	10,801	4,153	6,648	38.45
Series E-1944	12,624	4,902	7,722	38.83
Series E-1945	9,873	3,539	6,334	35.85
Series E-1946	4,328	824	3,504	19.04
Series E-1947 (3 months)	§1,019	10	§1,009	.98
Total Series E	$46,690	$15,867	$30,823	33.98
Unclassified redemptions:				
Series A-E	----	98	—98	------
Total series A-E	$51,367	$17,555	$33,812	34.18
Series F and G:				
Series F and G-1941	1,527	176	1,351	11.53
Series F and G-1942	3,179	415	2,764	13.05
Series F and G-1943	3,353	426	2,927	12.71
Series F and G-1944	3,685	337	3,348	9.15
Series F and G-1945	3,141	179	2,962	5.70
Series F and G-1946	2,992	46	2,946	1.54
Series F and G-1947 (3 months)	885	**	885	----
Total Series F and G	$18,763	$1,580	$17,183	8.42
¶Total all series	$70,130	$19,136	$50,995	27.29

*Includes accrued discount. †Current redemption values. ‡Includes matured bonds which have not been presented for payment. §Includes $33 million reported on public debt stattement as "unclassified sales." ¶Includes Series A and B (matured), and therefore does not agree with totals under interest-bearing debt on Public Debt Statement. **Less than $500,000.

Construction Activity Up in March Says Labor Dept.

Construction activity as measured by the value of work put in place rose 7% in March and provided employment for 1,605,000 workers, according to preliminary estimates of the Bureau of Labor Statistics, U. S. Department of Labor, made available on April 29. Central office and shop employees, as well as workers at the site are included, said the Bureau, which added that "although this is the highest March level of activity since 1942, when the war construction program was at its peak, it falls short of the high spring level generally predicted a few months ago." The Bureau's advices continued:

"Failure of construction to attain the expected volume has been attributed to unfavorable weather conditions during February and early March and resistance to higher costs.

"Total expenditures of $913 million for all types of construction in March were about 1% below the January level due to failure of the volume of new work started in March to offset the tapering-off of work carried over from last year.

"Homebuilding and repair employed 559,000 workers and accounted for expenditures of $332 million in March, showing gains of 13,000 workers and $20 million over February. Nearly 9 of every 10 dollars put into non-farm residential building and repair in March were from private financing. New non-residential building with private funds dropped about 5% in March to approximately the same level as residential building (including public and private, new construction and repair work). Non-residential and residential building constituted about 72% of total construction activity. The balance was made up of farm construction and various types of non-building construction of which public utilities and streets and highways were the most important components.

"The moderate increase in total construction expenditures in March was due mostly to gains in the types of activity which normally rise sharply at this season, such as public utilities, streets and highways, and farm construction. Public utilities expenditures increased by 17% to reach a March total of $90 million and to provide employment to 182,000 workers. Street and highway construction accounted for expenditures of $51 million in March and engaged 82,000 workers—an increase of 19 and 26%, respectively, over February.

"Privately financed work is running well ahead of the level of a year ago in all classifications except commercial establishments. With the inclusion of minor building repairs, expenditures totaled $2,687 million for the first quarter of 1947, an increase of 38% as compared with the first quarter of 1946. Private builders' expenditures of $879 million for non-farm homebuilding and repair were nearly 50% larger than during the first three months of last year. At the same time, private builders spent $938 million on non-residential work, an increase of 18% over the first quarter of 1946, in spite of the drop in commercial building this year. Construction work by public utilities was 50% higher, while 2½ times as much was spent on street and highway construction in the first quarter of 1947 as in the same period of 1946."

Trading on New York Exchanges

The Securities and Exchange Commission made public on May 7 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 April 19, 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 April 19 (in round-lot transactions) totaled 2,565,700 shares, which amount was 17.01% of the total transactions on the Exchange of 7,542,070 shares. This compares with member trading during the week ended April 12 of 1,659,820 shares, or 16.14% of the total trading of 5,145,310 shares.

On the New York Curb Exchange, member trading during the week ended April 19 amounted to 464,415 shares, or 13.88% of the total volume on that Exchange of 1,673,550 shares. During the week ended April 12 trading for the account of Curb members of 331,590 shares was 13.98% of the total trading of 1,186,180.

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

WEEK ENDED APRIL 19, 1947

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	357,500	
‡Other sales	7,184,570	
Total sales	7,542,070	
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	792,610	
Short sales	96,890	
‡Other sales	712,230	
Total sales	809,120	10.62
2. Other transactions initiated on the floor—		
Total purchases	174,820	
Short sales	21,450	
‡Other sales	297,120	
Total sales	318,570	3.27
3. Other transactions initiated off the floor—		
Total purchases	206,370	
Short sales	28,790	
‡Other sales	235,420	
Total sales	264,210	3.12
4. Total—		
Total purchases	1,173,800	
Short sales	147,130	
‡Other sales	1,244,770	
Total sales	1,391,900	17.01

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

WEEK ENDED APRIL 19, 1947

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	26,650	
‡Other sales	1,646,900	
Total sales	1,673,550	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	157,100	
Short sales	6,255	
‡Other sales	135,500	
Total sales	141,755	8.93
2. Other transactions initiated on the floor—		
Total purchases	26,030	
Short sales	2,200	
‡Other sales	21,900	
Total sales	24,100	1.50
3. Other transactions initiated off the floor—		
Total purchases	72,310	
Short sales	10,300	
‡Other sales	32,820	
Total sales	43,120	3.45
4. Total—		
Total purchases	255,440	
Short sales	18,755	
‡Other sales	190,220	
Total sales	208,975	13.88
C. Odd-Lot transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	73,412	
Total purchases	73,412	
Total sales	71,441	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Non-Ferrous Metals—Copper Quotations Up on Sales of Foreign Metal to Domestic Consumers

"E. & M. J. Metal and Mineral Markets," in its issue of May 8, stated: "Duty-free copper figured in transactions in the domestic market and the volume was sufficient to lift "E. & M. J. M. & M. M.'s" average quotation more than 1½c per pound. The tonnages sold for consumption in this country in the last two days of the week were not impressive. There were indications that important consumers were confused over the price situation and disposed to (1) reduce their inventories and (2) eliminate copper from their products wherever this could be done conveniently. In other words, the trend toward a 24c market met with opposition from consumers. Lead and zinc were unchanged. Silver declined 2c an ounce. Platinum dropped $4 an ounce. Tungsten was higher." The publication further went on to say in part as follows:

Copper

After hesitating for most of the week, domestic consumers purchased foreign duty-free copper beginning with May 6 on the basis of 23.75c, f.a.s., or virtually at 24c delivered Connecticut Valley. A custom smelter booked the business on May 6. On May 7 another custom smelter sold foreign copper for domestic consumption on the same terms. Domestic producers took no action pricewise and continued to take on business at 21½c, though offerings at that level seemed to diminish as the market appeared to be in the process of leveling off on an even selling basis. Our weighted average quotation for the domestic market on May 6, was 22.525c f.o.b. refinery, and for May 7 it was 22.865c.

Foreign buyers showed some nervousness over the situation and prices paid outside of the United States in the last few days showed a range of 23.75c to 23.85c, f.a.s New York equivalent.

Owing chiefly to severe weather conditions, consumption of copper in the United Kingdom in the first quarter period of 1947 showed wide variations. Consumption statistics, by months, in long tons, according to the Ministry of Supply:

	Virgin	Scrap	Totals
January	33,485	17,150	50,635
February	12,982	10,065	23,047
March	28,887	16,913	45,800

In the first quarter of 1947 the United Kingdom imported 67,192 tons of virgin copper, against 44,048 tons in the same period last year.

Lead

With producers booking June business, the sales volume for the week increased moderately to 9,140 tons. Demand was active. The price situation in lead remains firm. European consumers have been willing buyers of lead at a premium.

Imports of refined lead in March amounted to 17,374 tons, which compares with 10,843 tons in February and 14,595 tons in January, according to the Bureau of the Census. Imports in March, by countries of origin, were: Canada, 5,974 tons; Mexico, 9,856 tons; Peru, 424 tons, and Australia, 1,120 tons.

Zinc

The American Zinc Institute placed production of slab zinc for April at 73,891 tons, against 75,376 tons in March. Domestic shipments in April came to 61,715 tons, against 68,983 tons in March. Shipments for export, including drawback zinc, amounted to 10,528 tons in April, against 6,805 tons in March. Stocks at the end of April totaled 163,697 tons, against 162,049 tons a month previous.

Except that Prime Western and Special High Grade remain tight, the market was more or less featureless. The price structure was viewed as steady.

Platinum

Leading sellers reduced the price of refined platinum $4 an ounce, effective May 5. This establishes the quotation at $59 an ounce on wholesale transactions and at $62 on sales to consumers. Offerings of the precious metal have increased from various sources. During the last week it was reported that Russian platinum became available in a larger way, contributing to the price unsettlement.

Tin

The government is allocating tin to domestic consumers for May shipment on the unchanged selling basis of 80c per pound for "Grade A." So far, the recently lowered estimates on world production of tin for 1947 have not been reflected in any tightening in the domestic program.

Straits quality tin for shipment, in cents per pound, was nominally as follows:

	May	June	July
May 1	80.000	80.000	80.000
May 2	80.000	80.000	80.000
May 3	80.000	80.000	80.000
May 5	80.000	80.000	80.000
May 6	80.000	80.000	80.000
May 7	80.000	80.000	80.000

Chinese tin (guaranteed 99% minimum) 78.90c per pound.

Quicksilver

London advices received here during the last week report that Mercurio Europeo reduced its official price to $65 per flask, Italian or Spanish ports. The previous quotation was $67.50 a flask. It was also announced that the British agent lowered the price in the British market to £17 5s per flask, a reduction of £3 10s. Action to adjust price was taken after a recent meeting of the group held in Zurich to establish a uniform world price of quicksilver. The London and Scandinavian Metallurgical Co., of London, has terminated its agreement to act as selling agent for the Cartel in the United States market for "technical reasons."

Pending further clarification of the latest move by the Cartel, the domestic trade concerned with quicksilver was inclined to do nothing to disturb the market. The $65 basis ex foreign ports is equivalent to roughly $85 duty paid New York. Business was placed during the last week in domestic metal at $85. Demand was a little better than in recent weeks.

Silver

The New York Official quotation was lowered yesterday to 71¾c an ounce, indicating that pressure from outside sources has increased.

The London market declined during the week to 44¾d, following the recent weakness in the New York quotation.

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
May 1	21.225	23.675	80.000	15.000	14.800	10.500
May 2	21.225	23.675	80.000	15.000	14.800	10.500
May 3	21.225	23.675	80.000	15.000	14.800	10.500
May 5	21.225	23.675	80.000	15.000	14.800	10.500
May 6	22.525	23.700	80.000	15.000	14.800	10.500
May 7	22.865	23.675	80.000	15.000	14.800	10.500
Average	21.715	23.679	80.000	15.000	14.800	10.500

Average prices for calendar week ended May 3 are: Domestic copper, f.o.b. refinery, 21.225c; export copper, f.o.b. refinery 23.675c; Straits tin, 80.000c; New York lead 15.000c; St. Louis lead, 14.800c; St. Louis zinc, 10.500 c.; and silver 74.175c.

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.

"E. & M. J. M. & M. M.'s" 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, 0.075c is deducted 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; the premium on Special High Grade in most instances is 1¼c.

Quotations for lead reflect prices obtained for common lead only. The differential on sales in the Chicago district is 10 points under New York; for New England add five points to the New York basis.

President Urges Nat'l Resources Protection

A letter from President Truman to the opening session of the National Rivers and Harbors Congress listed navigation and flood control among "important activities" on which prosperity depended, Associated Press advices from Washington stated on May 2. Mr. Truman said:

"The need to protect and improve our national resources has become acute as a result of the war, and we must plan and carry out an adequate program to this end at all times if we are to avoid waste. We cannot risk retarding our growth by lack of the necessary instruments of progress.

"Navigation, flood control, conservation and reclamation are among the important activities upon which our prosperity as a nation depends."

The organization's President, Senator John L. McClellan (D.-Ark.), expressed the hope that Congress would "have the good wisdom to carry on in the fine traditions of progress which have made our country the great nation that it is."

The delegates were told by J. A. Krug, Secretary of the Interior, that development of natural resources was a great national problem. He further said that "there appears to be a feeling that money spent on reclamation is a sort of charity to Western States," adding that nothing could be more of a misrepresentation since funds spent for reclamation projects were public investments, which are profitable.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 7, 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 April 26 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 April 26, 1947

	Total For Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of orders	24,034
Number of shares	685,126
Dollar value	$26,030,719
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	657
*Customers' other sales	18,646
Customers' total sales	19,303
Number of Shares:	
Customers' short sales	23,683
*Customers' other sales	528,429
Customers' total sales	552,112
Dollar value	$19,971,783
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	0
†Other sales	135,120
Total sales	135,120
Round-Lot Purchases by Dealers—	
Number of shares	292,610

*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."

Wm. E. Warne Named Asst. Sec'y of Interior

A White House announcement on May 7 stated that William E. Warne of California had been nominated by President Truman to be Assistant Secretary of the Interior, succeeding Warner W. Gardner, who is resigning, effective June 30, Associated Press Washington advices stated. Mr. Warne, a former newspaper man, entered the Department in 1935, and since July 1943 has been Assistant Commissioner of Reclamation.

Revenue Freight Car Loadings During Week Ended May 3, 1947 Decreased 11,092 Cars

Loading of revenue freight for the week ended May 3, 1947 totaled 882,684 cars, the Association of American Railroads announced on May 8. This was an increase of 211,373 cars or 31.5% above the corresponding week in 1946, and an increase of 16,650 cars or 1.9% above the same week in 1945.

Loading of revenue freight for the week of May 3 decreased 11,092 cars or 1.2% below the preceding week.

Miscellaneous freight loading totaled 392,632 cars an increase of 2,683 cars above the preceding week, and an increase of 16,826 cars above the corresponding week in 1946.

Loading of merchandise less than carload freight totaled 124,149 cars, a decrease of 1,683 cars below the preceding week, and a decrease of 6,131 cars below the corresponding week in 1946.

Coal loading amounted to 178,672 cars, a decrease of 5,487 cars below the preceding week, but an increase of 146,066 cars above the corresponding week in 1946, which included coal mine strike.

Grain and grain products loading totaled 43,951 cars, a decrease of 3,627 cars below the preceding week but an increase of 8,523 cars above the corresponding week in 1946. In the Western Districts alone, grain and grain products loading for the week of May 3 totaled 29,606 cars, a decrease of 3,252 cars below the preceding week, but an increase of 6,474 cars above the corresponding week in 1946.

Livestock loading amounted to 15,479 cars, a decrease of 197 cars below the preceding week and a decrease of 2,920 cars below the corresponding week in 1946. In the Western Districts alone loading of livestock for the week of May 3 totaled 12,021 cars, an increase of 177 cars above the preceding week, but a decrease of 2,329 cars below the corresponding week in 1946.

Forest products loading totaled 47,267 cars, a decrease of 285 cars below the preceding week but an increase of 1,388 cars above the corresponding week in 1946.

Ore loading amounted to 65 884 cars, a decrease of 2,860 cars below the preceding week, but an increase of 38,717 cars above the corresponding week in 1946.

Coke loading amounted to 14,650 cars, an increase of 364 cars above the preceding week and an increase of 8,904 cars above the corresponding week in 1946.

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

	1947	1946	1945
Four Weeks of January	3,168,397	2,883,863	3,003,655
Four Weeks of February	3,179,198	2,866,876	3,052,487
Five Weeks of March	4,170,420	3,982,240	4,022,088
Four Weeks of April	3,232,947	2,604,049	3,377,335
Week of May 3	882,684	671,311	866,034
Total	14,633,646	13,006,339	14,321,599

The following table is a summary of freight carloadings for the separate railroads and systems for the week ended May 3, 1947. During this period 79 roads reported gains over the week ended May 4, 1946.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED MAY 3

Railroads	Total Revenues Freight Loaded			Total Loads Received from Connections	
	1947	1946	1945	1947	1946
Eastern District—					
Ann Arbor	260	338	263	1,688	1,328
Bangor & Aroostook	2,193	1,879	1,509	452	398
Boston & Maine	7,094	7,901	7,062	13,244	11,630
Chicago, Indianapolis & Louisville	1,405	1,097	1,129	2,496	1,761
Central Indiana	11	32	28	31	33
Central Vermont	1,055	1,071	1,172	2,387	2,073
Delaware & Hudson	5,635	4,912	3,580	11,414	9,129
Delaware, Lackawanna & Western	7,661	8,244	6,216	10,090	8,287
Detroit & Mackinac	356	381	226	260	200
Detroit, Toledo & Ironton	2,746	2,243	1,759	1,415	857
Detroit & Toledo Shore Line	410	368	431	3,299	1,800
Erie	13,561	12,429	11,753	16,677	12,413
Grand Trunk Western	4,788	4,847	4,260	8,523	6,182
Lehigh & Hudson River	193	220	170	2,291	2,120
Lehigh & New England	1,878	2,775	1,018	1,378	785
Lehigh Valley	8,588	9,078	7,536	9,549	6,875
Maine Central	2,710	2,695	2,382	3,995	3,039
Monongahela	8,469	204	6,035	281	220
Montour	2,856	19	2,063	18	13
New York Central Lines	52,053	43,200	51,078	52,038	34,897
N. Y., N. H. & Hartford	10,133	10,980	19,718	15,387	14,970
New York Ontario & Western	1,041	968	832	2,550	2,196
New York, Chicago & St. Louis	7,367	6,762	7,111	15,222	11,077
N. Y., Susquehanna & Western	404	404	446	1,446	1,463
Pittsburgh & Lake Erie	6,996	5,744	8,003	9,413	3,080
Pere Marquette	6,579	6,161	5,169	7,255	5,580
Pittsburg & Shawmut	1,228	133	889	30	47
Pittsburg, Shawmut & Northern	¶	127	264	¶	117
Pittsburgh & West Virginia	941	213	1,127	2,675	1,847
Rutland	419	458	393	1,095	1,042
Wabash	6,099	6,235	7,446	11,812	9,991
Wheeling & Lake Erie	6,559	3,067	6,145	4,255	3,104
Total	171,688	145,377	158,213	212,668	158,554
Allegheny District—					
Akron, Canton & Youngstown	681	636	806	1,227	888
Baltimore & Ohio	43,934	27,025	46,240	24,500	21,286
Bessemer & Lake Erie	5,971	2,832	5,982	2,667	714
Cambria & Indiana	1,237	3	813	8	5
Central RR. of New Jersey	6,864	7,012	6,046	14,960	12,973
Cornwall	4	0	526	56	11
Cumberland & Pennsylvania	297	22	166	13	14
Ligonier Valley	73	0	75	3	6
Long Island	1,345	1,557	1,977	4,073	4,486
Penn-Reading Seashore Lines	1,877	1,662	1,936	1,923	1,862
Pennsylvania System	87,371	61,126	86,890	61,936	43,827
Reading Co.	15,274	16,684	11,365	23,636	16,706
Union (Pittsburgh)	19,733	6,803	18,768	7,051	3,515
Western Maryland	4,684	2,221	3,849	10,981	7,354
Total	189,345	127,583	185,439	153,034	113,647
Pocahontas District—					
Chesapeake & Ohio	35,971	7,935	27,021	15,907	8,818
Norfolk & Western	24,854	6,415	4,397	2,814	1,189
Virginian	66,130	14,806	51,629	25,988	15,448
Total	66,130	14,805	51,629	25,988	15,448
Southern District—					
Alabama, Tennessee & Northern	433	466	443	438	172
Atl. & W. P.—W. RR. of Ala.	906	913	894	1,999	1,903
Atlantic Coast Line	15,022	15,839	13,346	8,769	10,067
Central of Georgia	4,485	4,819	3,970	4,386	4,290
Charleston & Western Carolina	449	490	428	1,661	1,267
Clinchfield	2,280	614	1,776	3,853	2,231
Columbus & Greenville	289	411	230	231	279
Durham & Southern	99	102	113	680	337
Florida East Coast	2,232	4,002	2,463	1,650	1,215
Gainesville Midland	112	100	43	126	107
Georgia	1,116	1,360	1,245	1,973	1,914
Georgia & Florida	430	433	408	907	812
Gulf Mobile & Ohio	5,111	4,541	5,408	5,216	3,751
Illinois Central System	26,027	21,141	28,480	14,964	13,045
Louisville & Nashville	27,309	15,707	26,715	10,397	10,268
Macon, Dublin & Savannah	237	265	176	1,112	1,100
Mississippi Central	273	401	390	413	410
Nashville, Chattanooga & St. L.	3,525	3,440	3,527	4,084	3,991
Norfolk Southern	1,200	1,126	1,662	1,646	1,300
Piedmont Northern	436	405	427	1,741	1,236
Richmond, Fred. & Potomac	498	516	478	8,923	11,313
Seaboard Air Line	12,731	13,211	11,874	9,009	8,151
Southern System	28,399	24,483	25,262	25,491	21,553
Tennessee Central	827	593	697	893	555
Winston-Salem Southbound	123	142	160	850	804
Total	134,509	115,520	130,015	111,412	102,071
Northwestern District					
Chicago & North Western	21,802	16,351	20,308	14,006	12,214
Chicago Great Western	2,398	2,292	2,449	3,492	2,967
Chicago, Milw., St. P. & Pac.	22,049	20,399	20,750	11,100	9,180
Chicago, St. Paul, Minn. & Omaha	3,584	3,664	3,612	4,146	3,703
Duluth, Missabe & Iron Range	19,413	15,126	26,966	485	210
Duluth, South Shore & Atlantic	872	668	1,131	678	540
Elgin, Joliet & Eastern	9,160	6,901	9,263	12,295	6,759
Ft. Dodge, Des Moines & South	661	508	415	171	113
Great Northern	21,859	11,700	22,388	6,782	4,858
Green Bay & Western	472	526	456	906	946
Lake Superior & Ishpeming	9,195	272	2,203	78	61
Minneapolis & St. Louis	2,171	1,574	2,168	2,675	2,144
Minn., St. Paul & S. S. M.	6,978	5,147	7,035	3,692	3,487
Northern Pacific	10,938	9,270	11,124	5,063	4,761
Spokane International	199	116	222	589	491
Spokane, Portland & Seattle	2,603	2,269	2,431	3,049	2,331
Total	127,154	96,783	132,921	69,297	54,765
Central Western District—					
Atch. Top. & Santa Fe System	24,697	22,157	26,090	11,045	10,740
Alton	2,735	2,505	3,598	3,529	2,976
Bingham & Garfield	378	33	415	81	5
Chicago, Burlington & Quincy	20,625	15,721	16,791	11,263	10,055
Chicago & Illinois Midland	3,066	364	2,202	776	1,000
Chicago, Rock Island & Pacific	12,947	11,558	12,838	12,888	11,370
Chicago & Eastern Illinois	2,731	2,106	2,874	3,636	2,957
Colorado & Southern	548	523	654	1,624	1,625
Denver & Rio Grande Western	3,391	1,436	3,916	5,164	3,604
Denver & Salt Lake	*	*	*	*	*
Fort Worth & Denver City	1,224	1,045	1,166	1,544	1,474
Illinois Terminal	2,380	1,957	1,971	2,106	1,486
Missouri-Illinois	1,242	1,455	1,070	467	481
Nevada Northern	1,571	1,497	1,454	146	84
North Western Pacific	1,059	611	861	551	526
Peoria & Pekin Union	8	4	3	0	0
Southern Pacific (Pacific)	32,199	33,508	32,868	10,969	9,394
Toledo, Peoria & Western	98	0	318	218	0
Union Pacific System	15,954	12,736	16,296	14,565	14,339
Utah	835	0	557	6	1
Western Pacific	2,073	2,352	2,369	3,534	2,791
Total	129,761	111,573	128,311	84,112	74,908
Southwestern District—					
Burlington-Rock Island	362	434	295	894	434
Gulf Coast Lines	5,329	6,227	8,326	2,567	2,686
International-Great Northern	2,180	2,238	3,289	4,150	4,923
†K. O. & G.-M. V.-O. C.-A.-A.	1,075	999	1,331	2,090	1,662
Kansas City Southern	2,839	2,908	5,727	3,568	3,077
Louisiana & Arkansas	2,424	2,419	3,673	2,246	2,486
Litchfield & Madison	350	288	337	1,579	984
Missouri & Arkansas	§	180	168	§	338
Missouri-Kansas-Texas Lines	5,392	4,631	7,377	4,158	4,277
Missouri Pacific	16,540	13,513	17,414	15,654	15,516
Quanah Acme & Pacific	143	198	73	243	167
St. Louis-San Francisco	9,353	7,427	9,854	7,963	7,113
St. Louis-Southwestern	2,626	2,707	3,598	5,216	5,367
Texas & New Orleans	9,555	9,921	11,917	6,271	5,368
Texas & Pacific	5,804	5,396	6,012	7,463	6,676
Wichita Falls & Southern	97	140	83	63	43
Weatherford M. W. & N. W.	22	44	38	11	18
Total	64,097	59,670	79,506	64,136	61,135

*Included in Denver & Rio Grande Western RR.

†Includes Kansas, Oklahoma & Gulf Ry., Midland Valley Ry. and Oklahoma City-Ada-Atoka Ry. §Strike. ¶Abandoned. **Previous week's figure.

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 1947—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
Feb. 1	204,033	179,347	579,562	102	99
Feb. 8	202,189	181,017	599,009	104	99
Feb. 15	169,624	178,458	589,544	102	100
Feb. 22	147,458	177,282	565,571	103	100
Mar. 1	192,670	181,709	574,356	102	101
Mar. 8	237,292	179,025	614,471	102	101
Mar. 15	163,207	179,819	595,648	104	101
Mar. 22	155,794	176,918	574,090	103	101
Mar. 29	160,450	180,729	549,774	102	100
Apr. 5	228,306	181,064	597,373	102	102
Apr. 12	139,487	165,902	569,809	96	101
Apr. 19	170,806	177,478	560,739	102	101
Apr. 26	153,415	180,227	534,297	100	101
May 3	232,682	181,063	582,603	102	101

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

Result of Treasury Bill Offering

The Secretary of the Treasury announced on May 12 that the tenders for $1,200,000,000 or thereabout of 91-day Treasury bills to be dated May 15 and to mature Aug. 14, which were offered on May 9 were opened at the Federal Reserve banks on May 12.

Total applied for $1,761,294,000.

Total accepted $1,202,500,000, (includes $16,769,000 entered on a fixed price base at 99.905 and accepted in full).

Average price, 99.095+; equivalent rate of discount approximately 0.376% per annum.

Range of accepted competitive bids:

High, 99.908, equivalent rate of discount approximately 0.364% per annum.

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

(67% of the amount bid for at the low price was accepted.)

There was a maturity of similar issue of bills on May 15 in the amount of $1,301,981,000.

Pooling of Trust Funds In N. Y. Unconstitutional

A 1943 New York State Banking Law amendment permitting trust companies to pool smaller trusts in a common fund for investment has been ruled unconstitutional by Monroe County Surrogate G. Robert Witmer, it was stated in Associated Press advices from Rochester appearing in the New York "Journal of Commerce" of May 1, which further said:

Judge Witmer yesterday dismissed a Security Trust Co. petition for accounting of a combined fund in a 32-page decision which declared the amendment "violates constitutional provision for equal protection under the law" by failing to provide adequate notice to all trust beneficiaries in connection with estate settlement proceedings.

He held that because personal service of trust notices is not required, the law "fails to provide the kind of notice which the conscience of the people of the State of New York as expressed by the Constitution, legislation and the courts has heretofore always required."

Judge Witmer also held that a Surrogate has no jurisdiction to act on the combined fund since it included trusts of persons still living as well as those of estates.

Weekly Lumber Shipments 9.3% in Excess of Output

According to the National Lumber Manufacturers Association, lumber shipments of 396 mills reporting to the National Lumber Trade Barometer were 9.3% above production for the week ended May 3, 1947. In the same week new orders of these mills were 3.4% above production. Unfilled order files of the reporting mills amounted to 81% of stocks. For reporting softwood mills, unfilled orders are equivalent to 27 days' production at the current rate, and gross stocks are equivalent to 31 days' production.

For the year to date, shipments of reporting identical mills were 9.8% above production; orders were 12.7% above production.

Compared to the average corresponding 1935-39 week, production of reporting mills was 11.8% above; shipments were 15.8% above; orders were 9.9% above. Compared to the corresponding week in 1946, production of reporting mills was 4.4% above; shipments were 11.5% above, and new orders were 8.3% above.

Items About Banks, Trust Companies

Walter Reid Wolf, Senior Vice-President and director of City Bank Farmers Trust Company and Vice-President of The National City Bank of New York, has been elected a trustee of Empire City Savings Bank of New York, it is announced by Charles Diehl, President of the latter institution. Mr. Wolf is a member of boards of trustees of numerous New York City and State philanthropic organizations. He is a graduate of Yale University, class of 1918, and served overseas as a Lieutenant of Field Artillery in the first World War.

"Your Vacation Preview" is the title of the free Travel Exhibition now being held at the main office of The Bank for Savings, 4th Ave. at 22nd St., for depositors and the general public. Three spacious exhibition rooms are given over to displays of resorts and trips near and far, with details and literature on where to go—how to go—what to see. Featured in one room is a pictorial history of Bermuda with color reproductions of the murals of the House of Lords, London, with captions that trace the developments that led to the establishment of the colony on the isles of Bermuda. Other dioramas and displays picture a quaint New England fishing village; the colorful gaiety of Mexico; the historic South; the grandeur of the West; the striking scenic beauty of Canada.

Sterling National Bank & Trust Company of New York announced that Patrick A. d'Onofrio and Mrs. Helen Herje have been named Assistant Managers of the Foreign Department. Mrs. Herje, who is the first woman to be elected an officer of Sterling National, has been employed in the bank's Foreign Department for the past 12 years, and Mr. d'Onofrio has been a member of the department for the last 10 years.

Ira St. Atkins, Vice-President of Sterling National, died on May 8, at his home at 607 West Avenue after a brief illness. He was 54 years old.

After working for some time in the private banking field, Mr. Atkins joined the Public National Bank in 1914 and remained there for 16 years, rising to the rank of Vice-President.

Mr. Atkins was elected a Vice-President of Sterling National Bank & Trust Company in June 1930, and was located at the bank's main office serving as one of the credit officers.

Harris A. Dunn, President, announced the election of Murray Shields as a trustee of the North River Savings Bank. Mr. Shields is a Vice-President and economist of the Bank of the Manhattan Company, the announcement also said.

Under the direction of Miss Olive Riley, Chairman of the Art Department, Washington Irving High School is holding its Third Annual Art Exhibition at The Bank for Savings, 4th Ave. at 22nd St., New York City.

Sixteen awards are being made by The Bank for Savings for the best work in various classifications which include advertising, costume design, painting, portraits, child's book illustration, textile and sculpture.

Judges of the exhibition are Miss Virginia Murphy, Director of Art of the New York Public Schools; Miss Helen Hird, Chairman of Art, High School of Music and Art, New York City; and Miss Gloria Dingivan, Assistant Art Director, "Mademoiselle."

Presentation of prizes to the winners will be made by Dr. Mary E. Meade, Principal of Washington Irving High School, and Rowland R. McElvare, Senior Vice-President of The Bank for Savings.

D. Irving Mead on May 8 observed his 25th anniversary as President of the South Brooklyn Savings Bank, Brooklyn, it was announced. When Mr. Mead was elected to the Presidency in 1922 the amount on deposit was $31,775,000. Today it is over $111,000,000.

Harry W. Sage, Assistant Vice-President of the Lincoln Rochester Trust Co. of Rochester, N. Y., was feted by his associates upon the 35th anniversary of his connection with the bank. According to the Rochester "Times-Union," Mr. Sage joined the old Rochester Trust and Safe Deposit Company May 1, 1912, as messenger and successively held the positions of clerk, bookkeeper and teller. Elected Assistant Secretary Apr. 14, 1927, he became Secretary Apr. 16, 1942, and Assistant Vice-President of Lincoln Rochester Trust, July 6, 1945.

Charles F. Seuffert on May 8 was named Vice-President and trust officer of the Union Trust Company of Rochester, N. Y., it was announced by William W. Foster, President, following a meeting of the board of directors, according to the Rochester "Times-Union," from which the following was also taken:

Seuffert has served in the trust department of the bank since 1927. He will take over the trust duties formerly performed by Nelson E. Lengeman, Executive Vice-President and trust officer. Lengeman will continue as Executive Vice-President.

In 1940 Seuffert was named assistant trust officer and in 1944 trust officer. He has been active in work of the American Institute of Banking, serving at various times as President, National Chairman of Public Affairs, and as an instructor in the institute's banking classes.

Reporting the 90th birthday celebration of the Howard Savings Institution of Newark, N. J., the Newark "Evening News" of May 5 stated that it was May 5, 1857, that the bank opened its doors. From the paper referred to we also quote:

An anniversary window at the bank marks the birthday. The bank was named after John Howard, Englishman of 1790, honored in history for his work in aiding the poor. Howard devoted a large inheritance to improving hospitals and prisons.

The bank was organized by a group of 27 businessmen, some of families long distinguished in Newark affairs. Descendants of one of the incorporators are on the board today. When the bank opened, in a building at the northwest corner of Broad and Bank Streets, Newark's poulation was 64,000. Deposits in the first year statement were $16,280. Today, with deposits over $135,000,000, Howard is the largest mutual savings bank in the state. There are over 200,000 depositors.

The Sewickley Valley Trust Company of Sewickley, Pa., will become a branch of the Peoples First National Bank & Trust Company of Pittsburgh on June 1, according to the Pittsburgh "Post Gazette" of May 9, from which the following has also been taken:

Shareholders of the Sewickley bank have voted approval of the affiliation, Roy Rose, its President, announced on May 8.

J. K. Webster, Vice-President of the Sewickley bank, has been named to head the new branch, Robert C. Downie, President of the Peoples First National, said.

Mr. Rose, an attorney with Rose, Eichenauer, Stewart & Lewis, will continue to serve the Sewickley branch as a member of the advisory board. Others on this board will be Mr. Webster, Martin L. Moore, J. D. C. Miller, R. H. McCague, Frank F. Brooks and James B. Davis.

The Sewickley Valley Trust Company has total resources of $3,663,000. The Peoples First National is the city's largest branch banking system with total resources in excess of $360,000,000. The Sewickley branch will be its eleventh office.

The directors and officers of The Merchants National Bank and Trust Company of Meadville, Pa. announced the death of their President and director John Earle Reynolds on Sunday, May 4.

It was noted by the board of governors of the Federal Reserve System in its May 3 bulletin that the Commonwealth Trust Company of Pittsburgh, Pa., a state member, has absorbed Chartiers Bank, McKees Rocks, Pa., a non-member insured bank effective May 1. In connection with the absorption a branch was established at McKees Rocks.

The Commonwealth Trust Company of Pittsburgh on April 30 named two Vice-Presidents in charge of branch banks. The Pittsburgh "Post Gazette" of May 1 reporting this, added:

Henry G. Haupt, Cashier of the Chartiers Bank for many years, was elected Vice-President in charge of the Chartiers branch, effective today. George M. Hawkins, with the Mt. Lebanon Bank for the past 23 years, was elected Vice-President in charge of the Mt. Lebanon branch.

The Baltimore National Bank of Baltimore, Md., announced the election of three new Assistant Cashiers as follows: Edward H. Appleby, Manager of the North Avenue branch; Daniel H. Bailey, Manager of the Essex and Middle River branches, and Brice J. Worthington, Jr., Manager of the Greenmount Avenue branch, it was reported in the Baltimore "Sun" of May 11, which also said:

Mr. Appleby and Mr. Bailey will remain at their respective branches, and Mr. Worthington has been transferred to the main office.

Paul J. Kehoe has been appointed Manager of the Greenmount Avenue branch.

According to the board of governors of the Federal Reserve System, the Provident Savings Bank and Trust Company, of Cincinnati, Ohio, a State member, absorbed on April 26 the Sharonville Bank of Sharonville, Ohio, a non-member insured bank. In connection with the absorption a branch was established at Sharonville.

In celebration of its 60th anniversary this year, the Fourth National Bank in Wichita, Kansas, has issued a brochure tracing the bank's history and progress, from its foundation in 1887 to the present time. From the brochure we quote:

"The Fourth National Bank in Wichita was founded March 14, 1887, in the swirl of a commercial frenzy. The authorized capital was $200,000. A severe drouth which had endured several years seriously affected business, and the deposits of the bank, at the close of Dec. 31, 1887, totaled only $149,757. That it survived the first year was cause for rejoicing."

In a survey of the record of the ten years from 1936 to 1946 it is shown that deposits have increased in that period 333%; loans 304%; investments 704% and capital, now $4,053,857, 124%.

In the brochure it is stated:

"The period 1940 to 1946 witnessed an unprecedented growth of the Fourth National Bank under the direction of A. W. Kincade. Deposits during the height of the war industrial activity reached $128,000,000 and still remain at an all time high for normal times, totaling $102,000,000."

William A. Borders has been elected Vice-President of the Mercantile-Commerce Bank and Trust Company, St. Louis and in his new position will devote his entire time to the Correspondent Bank Relations Department. Mr. Borders is a native of Mississippi and a graduate of the University of Missouri. His entire business career, with the exception of five years in the Army, has been spent in the banking and financial field. During the war he served as a Colonel on the staff of General Patton. Mr. Borders was formerly with Halsey, Stuart & Company in Chicago and St. Louis and was later an examiner for the Federal Deposit Insurance Corporation. In 1945 he became Vice-President of the Industrial Bank of St. Louis from which he resigned on May 1 to accept his present position.

The surplus account of City National Bank and Trust Company of Kansas City, Mo., last week was increased to $4,000,000 through the transfer of $500,000 from undivided profits.

The bank has undivided profits of $1,000,000 and capital of $1,000,000. Of the $6,000,000 capital account, all but $400,000 has been earned, the latter representing paid-in capital.

John E. Hoffman, Manager for the last year of the Credit Department of the City National Bank and Trust Company of Kansas City, was elected an Assistant Vice-President at a meeting last week of the City National directors. Mr. Hoffman is a director of the Kansas City Association of Credit Men and a member of the Robert Morris associates.

Kearney Wornall, Vice-President of the City National Bank and Trust Company and President of Kansas City's Chamber of Commerce, introduced President Miguel Aleman at a luncheon on the Mexican President's visit to Kansas City last week. This visit was his last stop on his United States tour.

The First National Bank of Pueblo, Colo., effective May 1, has increased its capital from $500,000 to $1,000,000 by the declaration of a stock dividend, it was reported by the Comptroller of the Currency in an announcement issued May 5.

Ben R. Meyer, President, Union Bank & Trust Co. of Los Angeles, announces election of Edward H. LeBreton, Treasurer, Consolidated Steel Corporation, to the banks' board of directors.

Sir William MacNamara Goodenough, Bart., who was recently elected Chairman of the Board of directors of Barclays Bank Limited, has resigned his Chairmanship and seat on the board of Barclays Bank (Dominion, Colonial and Overseas).

Mr. Julian Stanley Crossley, a Deputy Chairman, has been elected Chairman of the board of Barclays Bank (Dominion, Colonial and Overseas).

Year-Round Saturday Closing of Banks

The Federal Reserve Bank of New York, through its President, Allan Sproul, issued on May 5 a circular concerning Saturday closing of certain banks, this supplementing information in earlier circulars issued by the Bank, viz: July 30, 1946; Feb. 11, 1947; Feb. 27, 1947, and March 18, 1947. From the May 5 circular we quote:

Rhode Island—Beginning March 8, 1947, members of the Providence Clearing House Association and a substantial number of other Rhode Island banks will remain closed on Saturdays.

New Hampshire — Beginning May 3, 1947, a substantial number of New Hampshire banks will remain closed on Saturdays.

Georgia—The Federal Reserve Bank of Atlanta and the Atlanta commercial banks will remain closed on Saturday, beginning May 3, 1947, except in weeks where another holiday is observed. The Birmingham, Jacksonville, Nashville and New Orleans branches of the Federal Reserve Bank of Atlanta will not be affected by this holiday and will remain open, except on legal holidays in the states in which they are located.

Any Saturday on which Federal Reserve Bank of Atlanta is closed will not constitute a business day in determining the time when credit will be given, pursuant to our time schedules, for deferred-credit items drawn on banks located in the area served by the Head Office of the Federal Reserve Bank of Atlanta.

Maryland—Beginning June 7, 1947, the Baltimore branch of the Federal Reserve Bank of Richmond and all other banks in the City of Baltimore will remain closed on Saturdays. We understand, however, that a number of banks outside the City of Baltimore will remain open on and after June 7, 1947. The Maryland statute permitting banking institutions to close on Saturdays does not apply to the five Eastern Shore Counties of Caroline, Queen Anne's, Somerset, Wicomico and Worcester.

On and after June 7, 1947, Saturday will not constitute a business day in determining the time when credit will be given, pursuant to our time schedules, for deferred-credit items drawn on banks located in the area served by the Baltimore branch of the Federal Reserve Bank of Richmond.

St. Louis, Missouri—The following banks will not be open for business on Saturdays, except for limited transactions, principally the payment of paper issued by themselves: The Boatmen's National Bank of St. Louis; First National Bank in St. Louis; Mississippi Valley Trust Company; The Plaza Bank of St. Louis.

All cash items drawn on or payable at such banks received by the Federal Reserve Bank of St. Louis on Saturday, will not be presented until the next business day. Noncash items drawn on or payable at such banks received by the Federal Reserve Bank of St. Louis on Saturday, will also not be presented until the following business day, except with respect to items which are included within the types the banks are prepared to pay and which the Federal Reserve Bank of St. Louis is specifically instructed to present.

Mr. Sproul adds:

In view of the closings of banks as above indicated, there will be a delay in many instances in the presentment of items and in the advice of dishonor and return of unpaid items.