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Pied Piper of Washington, S. 472

By JO BINGHAM

Writer calls attention to Senate bill in aid of education and discusses formulas for allocation among the states. Concludes entire proposal requires revision and that present bill is "no more than a political Pied Piper playing its tune with bank notes."

The comparative shame of the teachers' salaries may be good cause for greater governmental expenditures for education; but, it is *not prima facie* evidence that the Federal Government must inaugurate, for the first time in its history, a program of grants-in-aid for general education purposes. Agreed that, despite increasing costs and earnings in almost every other field of effort, the country-wide total of state and local expenditures for education has remained around $2.3 billion since 1940; nevertheless, these past years have been a period in which the financial status of the states have vastly improved. Reflection, therefore, is to be cast on the states and localities themselves. And it is those governmental areas which need the fillip, or horse-whip, as the case may be. The fact that they have not taken the initiative, does not give it automatically, as by default, to the Federal Government.

Jo Bingham

So far, all Federal aid for educational purposes has been established for specific and restricted programs: Colleges of agriculture and mechanic arts, State marine schools, education of the blind, vocational rehabilitation, training of nurses and defense workers, etc. There are a dozen or more avenues of such Federal expenditure—mostly through the Department of the Interior and the Federal Security Agency — and together they have spent an average of about $67 million a year for the last decade or more: a grand total of only $804 million from 1934 through 1945. Compare that to the annual figures that current bills are proposing for general Federal aid for education.

The Senate Labor and Public Welfare Committee is now studying four measures for such Federal aid. Two, S. 81 (Green-McGrath) and S. 170 (McCarran), are admittedly for the purpose of supplementing teachers' salaries, a very questionable Federal responsibility. Both S 199 (Aiken)

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Class Conflict Idea, A Threat to Freedom

By DR. WILLIAM A. IRWIN*

Economist, American Bankers Association

Dr. Irwin, in pointing out conflicting ideas in world, holds Marxian idea of class warfare is most dangerous. Contends this idea is propagated by labor leaders and is gaining ground abroad and at home. Attacks idea of using taxation as an instrument for leveling wealth and warns, if class conflict spreads, individual will be submerged both politically and economically.

Ideas are the most powerful things in the world. Nothing compares with them in the movements they can start, the force they can exert, or the ends they can accomplish. They are the things that motivate men, and lead them either to their vilest acts of destruction or to their grandest achievements.

William A. Irwin

An idea can be expressed in various ways. At one time it is done through a picture such as "The Madonna" or "Christ in Gethsemane," and a look at an innocent babe in a mother's arms or an agonizing man in a lonely garden has sent some men to cloistered monasteries and others to the task of reshaping a world. At another time it is done through the medium of music. A great composer looks on the face of death and translates his feelings into notes of the scale. Then he gives the world "The Dead March"; and there must be few men to whom the deep, somber tones of that masterpiece do not convey the idea of the over-awing majesty of death.

Again, an idea may take form in written words—a novel, an essay, a newspaper editorial, a brief poem, or a written declaration of purpose. Dickens' novels stirred Victorian England into social consciousness; Macaulay's essays transformed her educational system; an answer to a child's question, "Is there a Santa Claus?" made an undying newspaper editorial; "The Charge of the Light Brigade" has sent British soldiers to fame and death; and Hitler's "Mein Kampf" with Mussolini's "We or They" set the democracies

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*An address by Dr. Irwin before the Trust Conference of the Indiana Bankers Association, South Bend, Ind., April 3, 1947.

Industry's Problem In Offsetting High Wages

By L. E. OSBORNE*

Vice-President, Westinghouse Electric Corporation

Asserting industry must produce more at lower costs if prices are to be reduced and profits maintained, Westinghouse executive contends higher wages have not led to greater productivity and in transition period labor was paid for unrealized production. Says further wage increases, unless offset by increased profitable use of mechanical power and equipment, will create dangerous industrial situation.

L. E. Osborne

The chief problem confronting us today is to expand production and at the same time reduce the costs of production.

To show you why this is necessary, let me cite the experience of my own Company. Before the war, our costs were such that Westinghouse could make a profit —a good profit—on $200 million of business a year. In fact, there were only three years in our history prior to the war when we did more than $200 millions of business annually. Those years were 1929, 1937, and 1940.

However, today, our costs of operation are up so high that we would lose a tremendous amount of money on $200 millions of

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*From a paper presented to the Machine Tool Forum held at Westinghouse Electric Corporation, Buffalo, New York, April 22 and 23, 1947.

GENERAL CONTENTS

Editorial

*Appears in Section I this week.

As We See It

EDITORIAL

"Depression," "recession," "correction," these are the terms now most commonly employed to describe the general state of business into which, in some sectors at least, we appear to have drifted during recent months, or that into which most observers are apparently certain in their own mind we are destined to enter within the next few months. Much has been written and said about the supposed causes and probable duration of this "phase" of "the cycle" as it is sometimes called. As much more is to be found in current writings about what ought to be done to avert, to ameliorate or to shorten the period of adversity from which we are supposed to be about to suffer.

In all this discussion there is, so we think, much confusion and a great deal of misunderstanding of the real inwardness of the current state of affairs. By all odds most commentators are convinced that the difficulty lies in the present level of prices, and one must conclude from what they say that most of them are strongly of the opinion that prompt action on the part of manufacturers and distributors in reducing prices within the limits made feasible by current rates of profit would cure the infirmity. Many are inclined to estimate the probable length of the present or expected difficulty, and to say that we are on the threshold of a "depression" or a "recession" depending upon how quickly these facts are recognized and appropriate action taken.

What Will Labor Do?

Others, somewhat more perspicacious, so it seems to us, add as another and highly important element the question whether organized labor will quickly see the handwriting on the wall and really cooperate in getting costs down substantially in order that prices to the consumer may be substantially reduced. These observers, too, base their conclu-

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Proposes Int'l Investment Code

Winthrop W. Aldrich releases report of Committee of International Chamber of Commerce setting up code of fair practice for international private investment.

Recommendations of measures for encouraging private capital to supplement government lending in the interest of world economic recovery and expansion are submitted in a report of the International Chamber of Commerce, which the Chamber's President, Winthrop W. Aldrich, made public on May 25.

W. W. Aldrich

The report and accompanying resolution represent a comprehensive study of the problem of increasing the world's productivity and speeding reconstruction, and of opening new areas of economic development. It is held that much of the task falls in the province of private foreign investment rather than governmental lending. In order to encourage private investment, the report recommends that provision for a code of fair practice be written into the Charter for the International Trade Organization of the United Nations.

The report was prepared by the Chamber's Committee on Foreign Investments, under the Chairmanship of Arthur R. Ginness, Chairman of the British National Commitee of the Chamber. The American representative on the committee was Warren Lee Pierson, President of the American Cable & Radio Corp. Other business groups represented on the committee were those of Switzerland, Belgium, Canada, China, Czechoslovakia, Denmark, France, Hungary, Italy, Netherlands, Norway, and Sweden. The committee's salient recommendation for the creation of a code of fair practice was drawn from a report of the United States Associates prepared under the direction of Mr. Pierson, which was made public earlier this year. The report points out, however, that such a code will remain a dead letter unless the proper climate for an expansion of private international investment is created throughout the world. The report lays down a series of fundamental principles which must be observed if the movement of private capital is to make its full contribution to economic expansion and higher standards of living.

Mergers—A Cause of High Prices

By ROBERT E. FREER*

Member, Federal Trade Commission

Federal Trade Commissioner calls attention to increase in corporate mergers and says it is one cause of present high prices. Advocates amendment to Clayton Act which would make illegal acquisition of assets of a competing corporation. Says preservation of free and fair competition is pressing problem.

I

In the opinion of the average citizen the proper relationship of government to business is one in which the government exercises a minimum regulatory control compatible with protecting the public interest, and at the same time exerts a maximum effort to encourage the general conditions which promote the best interests of agriculture, labor, investors, management and the public generally. To the average citizen, "the enforcement of free competition is the least regulation business can expect," but he wants the respective roles of government and business to be one of cooperation. While enduring wartime shortages he looked forward to days of plenty under a resumption of competitive selling, the resurgence of free enterprise and the relaxation of wartime controls.

Robert H. Freer

To Americans it is a truism that competition fosters self-reliance, independent thinking, initiative and ingenuity. Free enterprise is the road to business growth. Somehow business decisions made by the many impart resilience and toughness to an economic system.

We meet today on the common ground that our country needs small business; that our country cannot afford monopoly; and that facts indicative of a trend toward economic concentration and consequent lessening of competition should be carefully examined and weighed.

II

More than 1,800 formerly independent manufacturing and mining concerns have been swallowed up through merger and acquisition since 1940. Their combined asset value was $4.1 billion, or nearly 5% of the total asset value of all manufacturing concerns in 1943. Moreover, it was the larger corporations each having assets of over $5 million (in many instances achieved through earlier acquisitions) that accounted for some three-fourths of these recent 1,800 acquisitions.

The war contributed powerfully to the trend of concentration. Government purchases and government financing of productive facilities were channeled predominantly into the hands of corporations which already occupied positions of dominance. Surplus profits created by such channeling have given a strong impetus to the trend by providing funds for additional wartime and postwar expansion through acquisition of former competitors. Out of $175 billion of Government contract awards between June 1940 and September 1944, $107 billion or 67%, went to only 100 of the more than 18,000 corporations receiving such awards. During the war 68 corporations received two-thirds of the $1 billion appropriated by the Government for research and development purposes in industrial laboratories.

The level of industrial concentration apparently has been raised by the disposal of surplus war facilities. Six large corporations, alone, which had less than 10% of all manufacturing facilities in 1939 had acquired 48% of the value of the war plants sold as of June 30, 1946.

The most recent information on the wartime growth of concentration available from the Bureau of Internal Revenue shows that the larger manufacturing corporations, those with assets of $50 million or more each, increased their share of total assets from 42% in 1939 to 52% in 1943.

An even more precipitous increase in concentration took place in the metal products industries—the field most vitally affected by the war. In these industries, corporations with $50 million or more in assets increased their share of total assets from 49% in 1939 to 59% in 1943, and their proportion of gross sales from 38% to 51%.

The effect of war contract awards upon concentration was forecast in 1941 by the Final Report of the Temporary National Economic Committee. That report had warned that "It is quite conceivable that the democracies might obtain a military victory over the aggressors only to find themselves under the domination of economic authority far more concentrated and influential than that which existed prior to the war" (Final Report, p. 3). What another war would do to extend and entrench such domination by a few over the many needs no comment.

The degree of prewar concentration in the economy as a whole and in manufacturing industries in particular was stated in the report of the Senate Small Business Committee, submitted in January, 1946:

The 200 largest non-financial corporations owned about 55% of all the assets of all the non-financial corporations in the country.

One-tenth of 1% of all the corporations owned 52% of the total corporate assets.

Less than 4% of all the manufacturing corporations earned 84% of all the net profits of all manufacturing corporations.

More than 57% of the total value of manufactured products was produced under conditions where the four largest producers of each product turned out over 50% of the total United States output.

One-tenth of 1% of all the firms in the country in 1939 employed 500 or more workers and accounted for 40% of all the non-agricultural employment in the country.

One-third of the industrial research personnel was employed by 13 companies.

More mergers and acquisitions in the manufacturing and mining industries took place in 1946 than in any of the previous 15 years. In 1946, the number of mergers was 26% above the number in 1945, and 225% above the annual average of the years, 1940-1941. Years of greatest business activity and high price levels are the years in which the greatest number of mergers take place. In 1920, the number of mergers increased more than six times over the number during 1919. It may not be irrelevant to note that it was in March 1920 that the Supreme Court handed down its decision upholding the legality of

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*An address by Commissioner Freer at the Eastern Regional Meeting of the National Beer Wholesalers' Association of America, Atlantic City, N. J., May 5, 1947.

House Group Votes Postal Rate Rise

A bill approved by the House Post Office and Civil Service Committee on May 19 would provide higher postal rates for air mail, parcel post, newspapers, periodicals and other services, Associated Press Washington advices stated. Introduced by Chairman Edward H. Rees (R.-Kans.), the measure is designed to increase postal revenues more than $100,000,000, which, however, would still leave the Post Office Department with an estimated annual deficit of nearly $200,000,000.

The provisions of the legislation, which are less than the Post Office Department recommended, would:

Raise from five cents to six cents an ounce the air mail charge.

Boost parcel post rates from eight to ten cents for the first pound on local delivery and by three cents in zones one through six, and by two cents in zones seven and eight.

Increase the second class mail rate on newspapers and magazines if they are sent to points outside the county of publication.

Raise the special delivery charge from 13 cents to 15 cents.

Continue the local letter rate at the present three cents after July 1 when, under existing law, it is due to go back to the prewar two cents.

The Associated Press advices also said:

The Committee has been studying ways to cut down on a Post Office Department operating deficit which it figures will amount to $492,000,000 in the 12 months beginning July 1 unless Congress boosts rates.

It is said that if its recommendations are made effective, the department will go into the red only $194,000,000.

Would Freeze S. S. Levy

A majority of the House Ways and Means Committee is said to favor freezing the Social Security tax for two years at the present rate of 1% each on employees' pay and employers' payrolls, according to a statement of Representative Harold Knutson (R., Minn.), Committee Chairman. Predicting that such legislative action would be carried out, Mr. Knutson asserted, Associated Press Washington advices reported on May 20, that the Committee also would probably vote to bring some 10,000,000 self-employed persons under the old age and survivors insurance of the Social Security program. If there is a general freeze of the present tax rate, the same advices pointed out, this would prevent an automatic jump on Jan. 1 to 2.5% against employer and employee, and would save taxpayers more than $2,000,000,000 annually.

Merchandise to Germany

Postmaster Albert Goldman announced on May 20, that merchandise, restricted to gifts and samples, may now be included in ordinary letters and letter packages weighing not in excess of one pound, for surface or air transmission to Germany. The advices said:

"The rate on such articles for surface transmission is 5 cents for the first ounce and 3 cents for each additional ounce, and if air transmission is desired, the rate is 15 cents for each half ounce. The paper form of customs declaration (Form 2976-A) properly completed by the sender must be enclosed in each such letter or letter package, and a green label Form 2976 (C-1) must be affixed to the address side thereof.

"Gift parcels addressed for delivery in any part of Germany which contain cigarettes or other tobacco products will not be accepted for mailing."

A Real Challenge

"The challenge I am placing before you tonight is to pioneer in reselling the virtues of our American way of life to our own American people. In my opinion, we have a very short time to do this. Should another depression come similiar to that of the Thirties, with our present psychology, it is my opinion that we would come out of that depression with a Government-managed economy. Since, in my opinion, a Government-managed economy, however, would reduce our national income by 50% and, accordingly, our wages and our standard of living by a similar percentage, we would in reality never come out of that depression. We would simply adjust ourselves to it and live in it on a level of mediocrity for everybody."—George S. Benson, President of Harding College, to the American Iron and Steel Institute.

George S. Benson

It has long seemed to us that many who should be doing this "reselling" needed themselves to be resold.

We can only again express the hope that the people of the United States, including unfortunately a good many business men, will not have to learn as our forefathers learned by hard experience—learn what we once thought Americans would never forget.

Congress Completes Action on $350,000,000 Foreign Relief Measure

Congress on May 21 completed action on and sent to the White House a bill authorizing the $350,000,000 foreign relief program. The measure, which is a compromise worked out by House-Senate conferees on May 16, authorizes appropriation of the full $350,000,000 requested by President Truman to continue the work of the United Nations Relief and Rehabilitation Administration until June 30, 1948, in China and six war-torn European areas, including Hungary and Poland.

Both the House and Senate agreed to the Conference report on May 21, the House by a vote of 288 to 86, the Senate accepting without a record vote.

The bill which had passed the House in April, was adopted by the Senate on May 14 by a vote of 79 to 4, after it had rejected, by a vote of 64 to 19, a House proposal to cut the appropriation to $200,000,000. In addition to recommending the full amount sought by the President, the House-Senate Conference Committee modified several stringent restrictions on the program, said the Associated Press, which noted that an attempt on May 21 in the House, before the final vote on the Conference report, to recommit the bill to conference to insist upon the $200,000,000 ceiling was defeated in the House by a vote of 205 in opposition, to 170 in favor of the motion. In the Associated Press it was stated:

In its final form the bill permits expenditure of the relief funds in Italy, Greece, Hungary, Austria, Poland, China and Trieste. Of the total, a minimum of $15,000,000 is earmarked for the United Nations Children's Emergency Fund.

The Associated Press in reporting on the action of the Conference Committee in Washington advices May 17, had the following to say:

The Conference Committee adopted a provision earmarking $15,000,000 to $40,000,000 for this fund. In effect, the bill would direct the President to post the smaller amount immediately. When other nations make their contributions, the United States would put up additional money at a rate which would make its contribution 57% of the total. However, the American contribution could not exceed $40,000,000.

This stipulation left $310,000,000 for relief in Austria, Greece, Hungary, Italy, Poland, Trieste and China, and $15,000,000 of that is earmarked for possible emergencies elsewhere.

The Conference Committee struck out a House provision denying aid to Communist-dominated countries except under rigid United States supervision, but retained a requirement that the administrator of the program may check on the delivery of goods down to the point of local distribution.

The committee eliminated a House amendment specifying that no relief should be given to countries which are making war reparations payments.

Senator Vandenberg said this would have canceled relief for Hungary and might have affected Italy, since some Italian assets abroad are being transferred to the war's victors as reparations.

As a substitute, the Committee agreed to a provision in effect directing Mr. Truman to ask Russia and other nations taking reparations to delay their collections while relief is being given to their former war enemies.

The measure makes provision for a $75,000,000 Reconstruction Finance Corporation loan to initiate the program immediately upon the President's signing of the bill. Actual funds for the program will still have to be made available by Congress.

Named for New Terms

President Truman on May 21 renominated Ray C. Wakefield of California for a new seven-year term on the Federal Communications Commission, commencing July 1. Another nomination sent to the Senate at the same time was that of Edmond M. Hanrahan for reappointment to the Securities and Exchange Commission for the term expiring June 5, 1952. In the absence of Mr. Truman from Washington, the nominations were forwarded by the White House staff.

Steel Operations Maintained at High Rate—Scrap Shows Strength—Labor Picture Better

"For the first time since it began late in March to drop from its postwar peak, the scrap market shows signs of strength this week," according to "The Iron Age," national metalworking weekly, which, in its issue of today (May 29), further states as follows:

"Quotations on heavy melting steel are up $2.50 a gross ton at Pittsburgh. Minor increases occurred at other locations.

"The current strength may not be the forerunner of another upward trend but, on the contrary a continuation of stabilization effects on the market. Severe tests have been placed on recent prices and the change at Pittsburgh may be the beginning of the establishment of a proper relationship for scrap prices in various areas. Some large consumers are already resisting the stronger tone and are restricting some shipments.

"'The Iron Age' steel scrap composite this week is up 92¢ a gross ton to $30.42 per gross ton. Last week's figure of $29.50 a gross ton was the low for the year and the high of $39.67 a gross ton was registered in the week of March 17.

"Steel output this week continued to roar on its way towards an annual rate of close to 88,000,000 tons a year. If nothing occurs to reduce seriously the present rate, the yearly output would approximate the wartime record of 89,000,000 tons. Even though this level is not reached, it is now almost certain that all previous peacetime records will be smashed.

"New methods and techniques are being rushed forward by the steel industry to reduce steelmaking unit costs. Following a joint effort between a steelmaker and a manufacturer of oxygen to push the use of oxygen in the openhearth, another large steel company now plans to produce oxygen on a large scale in its own plant in order to speed production and increase productivity. Increased use of hot metal from bessemer converters for the production of openhearth steel in order to defeat the long-term scrap shortage is seen in recent orders for new bessemer steel plants.

"Although private talk in the steel industry leans towards the opinion that steel demand will be slower by the end of this year or in the first quarter of 1948, there are no significant signs of large-scale contraction in the current market picture. For some miscellaneous products such as narrow hot-rolled strip, demand has declined recently. Requirements from manufacturers of some types of home appliances continued to contract as manufacturers become worried about inventories. Latest items to join this list involve coal-heating equipment, beverage coolers and deep-freeze units.

"On the other hand the automobile industry still clamors for cold-rolled sheets in order to maintain its high rate of production. Some of the present stoppages in Detroit are due to shortages of nuts, bolts, rivets and copper in addition to flat-rolled material. Many automotive companies are obtaining greater amounts of steel ingots and having them processed by steel companies whose finishing equipment exceeds their steelmaking capacity. More and more of this type of arrangement is expected in the future as every effort is expended to step up the distribution of flat-rolled products.

"In the midst of the temporary domestic shortage of various steel products, there is little chance that the British inquiry for 1,200,000 tons of steel can be met even fractionally. Most large steel companies are refusing to make any firm commitments whatsoever on the British steel inquiry which covers requirements for the fiscal year June, 1947 to June, 1948.

"Included in the British inquiry are the following products: 260,000 tons of ingots, 325,000 tons of billets, 260,000 tons of slabs, 60,000 tons of sheet bars, 20,000 tons of semi-finished blooms and rounds, 140,000 tons of wire rods and 100,000 tons of finished steel products, Major reasons for the black outlook in filling such an inquiry in this country are: Present domestic shortage, heavy demand from Detroit and the reluctance to ship semi-finished steel abroad in the face of a long-term scrap shortage in the United States.

"Following the 15¢ general wage pattern there are indications that machine tool prices will be raised from 10% to 20% in many segments of the industry. Labor costs are up 77% since 1939 while prices advanced about 35% during the same period."

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 95.4% of capacity for the week beginning May 26, marking the 21st consecutive week of operations above 90%. The current figure compares with 96.1% one week ago, 96.4% one month ago and 43.6% one year ago.

This represents a decrease of 0.7 of a point, or 0.7%, from the preceding week. The operating rate for the week beginning May 26 is equivalent to 1,669,400 tons of steel ingots and castings, compared to 1,681,700 tons one week ago, 1,686,900 tons one month ago and 768,400 tons one year ago.

Total bookings of fabricated structural steel for the month of April, 1947, according to the American Institute of Steel Construction, Inc., were estimated at 143,101 tons, or slightly less than the bookings of 149,634 tons reported for the previous month. The estimated total bookings for the first four months of 1947 amounted to 523,589 tons, or an increase of 19% over the average of 439,199 tons booked in the same months in the averaged five pre-war years 1936-1940.

April shipments of fabricated structural steel totaled 138,982 tons, a slight increase over March, and some 12% greater than the averaged April shipments in the five pre-war years. The tonnage available for fabrication at April 30 was 631,636 tons.

"Steel" of Cleveland, in its summary of latest news developments in the metalworking industry, on May 26 stated in part as follows:

"Prospects for continued peak peacetime production of steel are bright. Labor relations in the industry are better than at any time previously this year and outlook for long-term peace is favorable. Scrap and other raw materials are flowing to the mills in volume that presages maintenance of operations at near capacity.

"The steel labor picture was improved last week by orders from CIO President Philip Murray forbididng all strikes in steel for the next two years and demanding "meticulous respect" for the provisions of the union's contracts. If obeyed, this order would eliminate the hundreds of local work stoppages which have cost heavily in steel output since the war.

"Danger of a soft coal mine strike at mid-year when the mines are returned to private operation appears to be lessening and steelmakers are fairly optimistic that coal operators and the miners will reach an agreement well before the deadline. The leading iron ore mining interest has signed a contract similar to the basic steel agreement and the pattern is expected to be extended to other companies operating in the upper lakes region.

"The combination of these developments indicates no early diminution of steel mill operations, which have been maintained at above 90% of capacity for the past 20 weeks. Leading steelmakers attending the general meeting of the American Iron & Steel Institute at New York last week appeared optimisitc concerning future production.

"Present difficulties which consumers are encountering in obtaining steel to sustain their operations is traceable chiefly to the concentration of demand for a comparatively few types of steel rather than to the total tonnage being produced. Shortages are accentuated by the channeling of large tonnages into federal housing and railroad car construction programs, depriving other classes of consumers of their normal proportionate share.

"Overall supply of light gage carbon sheet and strip is expected to remain below needs of many consumers through the remainder of this year, despite present record peacetime output which will be augmented later this year by installation of new rolling mill equipment and the speeding up of some of the present mills. Increased mill capacity for the production of tin plate is also expected to help relieve the tight supply situation in that product later this year.

"Pressure for medium and large size carbon bars and all sizes of alloy bars has eased, deliveries being extended only four to six weeks. This is attributed mainly to the unbalanced inventories held by automotive and other consumer goods producers. Distribution of the smaller size carbon bars, however, remains under strict allocation.

"Some progress has been made toward reducing the heavy order backlogs for plate, but this is due primarily to the conservative selling policy of producers rather than a let-up in demand. Volume of new business in structural shapes has been lighter recently, however, since high costs and uncertain supply of required materials has delayed many construction projects."

State Dept. Not To Ask New Loans

It has been disclosed by Secretary of State George C. Marshall that a planning group within the State Department is making a survey of the world's economic requirements, but at the same time Mr. Marshall said that the Department does not intend to ask Congress for further foreign loan appropriations at present. The Secretary said, according to advices to the New York "Journal of Commerce" from its Washington bureau, May 20, that he did not now see any need of appropriations to other countries of the type just made to Greece and Turkey. Government economists for some time past have referred to a coming necessity for making additional loans for reconstruction purposes rather than for relief.

Secretary Marshall's opinion regarding further loans was said to complement a statement made by former Undersecretary of State Dean Acheson not long ago in a public speech. At that time (we quote from the "Journal of Commerce" advices) Mr. Acheson stated that many foreign nations would find their dollar credits being exhausted toward the end of 1948, but he did not point to the immediate necessity for additional United States loans.

The State of Trade

The pace of overall industrial production continued last week to hold close to the high levels reached in recent weeks. Several industries, however, were still confronted with some raw materials shortages and certain component parts which served to curtail output.

The factor of unemployment according to reports was not too unfavorable, since total continued claims for such compensation in the week ended May 3, rose less than 1%, while initial claims dropped 3%. In several states a slight increase occurred in the number of workers who were unemployed, but this rise principally in the textile and coal industries was chiefly of a seasonal nature.

Addressing the annual meeting of the New York Employing Printers Association in the Hotel Pennsylvania on Monday evening last, Dr. G. Rowland Collins, dean of the Graduate School of Business Administration at New York University, stated that a period of business adjustment or correction is at hand and the turn in trade will be downward.

Dr. Collins pointed out that this downturn has been increasingly apparent for some weeks and ventured an opinion that "the depth of any recession that lies ahead will be largely measured by the extent to which durables fail to take up the slack. To be specific he ventured to guess that during 1947 the Federal Reserve Board's index of industrial production will not drop from its present level of 190 to lower than 150. And he ventured to say that the wholesale price index will probably not drop more than 15 or 20% from its recent peak and that unemployment will probably not climb to more than 5,000,000.

Drawing a comparison between farm and industrial prices, Dr. Collins stated that the former have risen close to 180% since August, 1939, while in the case of the latter they have increased by only about 59%.

After touching the lowest level since mid-January, production of cars and trucks in the United States and Canada last week resumed its upward trend, according to Ward's Automotive Reports, with estimated output placed at 96,408 units, against a revised figure of 83,201 units in the previous week.

In the corresponding week of 1946, there were 53,020 vehicles turned out and 133,560 in the like 1941 period. Of this week's total, 70,031 cars and 21,210 trucks were produced in this country and 3,131 and 2,036 in Canada.

On the basis of production thus far in the month and anticipations for next week, May output for the U. S. and Canada is expected to total 392,100.

In the week resistance to high prices of building materials and of labor continued to hinder private construction, reports from many areas reveal. It was encouraging to note that lumber production for the week ended May 10 rose 8% and was almost 12% above that of the corresponding week a year ago. No change took place in furniture output for the week, but it was moderately above that of a year ago.

Stocks of most types of durable goods continued to improve the past week. However, refrigerators, washing machines, stoves and freezers remained in short supply. The demand for building materials remained heavy, with nails, pipe and plumbing fittings among the most frequently requested items. Order volume for automobile supplies, farm machinery and power tools continued at the high levels of previous weeks.

The battle over taxes now going on in Congress reached a decisive point on Monday of this week when the Senate rejected by a vote of 48 to 44 a Democratic motion to postpone further consideration of tax reduction until June 10. The contention of the minority was that Congress should first determine whether sufficient cuts in the President's budget could be effected to allow both tax and debt reduction, since most regular appropriation bills would have been reported to the House by that date.

A halt came in business expansion in April despite the fact that activity held at a high level, the Department of Commerce reported on Monday last. Describing the change, it stated that during the month "there were small upward and downward adjustments in various segments of the economy, but these movements largely cancelled each other out."

With respect to unemployment it estimated that the number out of work was about 2,500,000 in April, unchanged from the level for each month since the start of the year.

According to the Commerce Department report, estimated gross national product, representing the total value of all goods and services in the country, was at a seasonally adjusted rate of $209,000,000,000 in the first quarter of 1947. This represents a gain in the dollar total over the fourth quarter of 1946, the Department added, but because prices were higher there was apparently little increase in the volume of output. As for the increase in sales, it continued, practically all of it was in consumer spending with higher prices responsible for the increase.

Reports from most sections of the country indicated wide fluctuation in retail trade volume in the week. Total volume remained close to the high level of the previous week and was moderately above that of a year ago. Warm weather in some areas stimulated consumer interest in Summer apparel and sporting goods.

Wholesale volume rose moderately and continued to compare favorably with that of the corresponding week a year ago. Improvements in the supply of many types of durable goods and increased interest in Fall apparel offerings were chiefly responsible for the moderate rise in wholesale activity.

Steel Industry—Reports on construction cancellations and postponements are not as dark as they look, according to "The Iron Age," national metalworking weekly, in its review of the steel trade for the past week. A quick survey of leading engineers and fabricators shows that postponements are running into large figures but actual cancellations are not serious. Where figures were given it was said that postponements run "into the millions."

A breakdown of some of the postponed cases, the magazine notes, reflects a watchful waiting attitude on the question of prices. Equally as important, and probably more optimistic, was delayed action due to inability to obtain specific delivery dates. Outright cancellations among those interviewed were too small to indicate a definite trend in this direction. One large company was of the opinion that if uncertainties over delivery dates and the probability of further wage increases were eliminated, current prices would be no factor in holding up large construction projects.

As far as steel mills were concerned, states "The Iron Age,"

(Continued on page 10)

As We See It

(Continued from first page)

sions upon the implied, if not expressed, assumption that price reductions are a necessary and sufficient condition to avoidance of any severe and prolonged decline in the rate of business activity. In the deliberations of virtually all of these individuals and groups, the experiences of 1920 occupy a prominent place. The question with many of them is whether or not history will repeat itself.

For the opinions of many of these students and analysts we have profound respect. Yet we should be less than candid if we did not say without equivocation that we find some of these forecasts and some of these diagnoses of current conditions not altogether satisfying. It is true that prices, generally, at retail are high. A good many items appear to be of substandard quality. In some measure these things are the result of poor judgment on the part of one element or the other in the business community. They probably will be squeezed out of the picture and they ought to be. Profits in a number of instances have been running quite high. However, various increased cost factors are only now beginning to be reflected in the cost of goods placed on the market. It would be difficult to say whether profits at this moment are excessive in any particular instance. In any event competition is not likely to permit an indefinite continuance of any sort of gouging.

More Fundamental Forces

But are not far more fundamental forces at work? What appears to us to have happened is this: Financially speaking, inflation has been rampant in this country since the first inauguration of President Roosevelt. Total money supply is several times what it was in early 1933. This condition has now worked its way through the economy in varying degree, segment by segment. We are half over-inflated and half under-inflated in the sense that in some sectors of the economy this super-abundance of funds has had much greater effect than in others. One result is that current prices bear much more heavily upon some elements in the community than upon others. There has been a vast redistribution of relative economic position throughout the ranks of consumers. The farmer and organized labor have been able by one means or another to push their own interest ahead at a more rapid rate than the cost of living has risen, while virtually all other elements in the community are now receiving less income in terms of goods and services required in day to day living.

It may be questioned whether this new set of relationships among consumers is likely to endure. It does not appear to supply a very solid foundation for a long continuance of prosperity. Some increase in productivity may be expected, and as time passes doubtless profits will be whittled down to at least reasonable proportions. All this will help in the sense that it tends to reduce the pressure upon those elements in the population whose income has not grown corresponding to the increase in the cost living. It would, however, appear to be common sense to expect that one of about three much more fundamental adjustments would prove to be essential and inevitable sooner or later. These are: (1) Continued inflation (in the usual sense of the term) until some newly established relationship among the various elements in the community provides a new equilibrium; (2) a thorough-going reduction of the inflationary excesses which have already taken place so that something approaching old relationships are restored, or (3) some compromise between these two extremes.

Inflexible Costs

Now, it would in our judgment be foolish to suppose that any very drastic reduction in wage rates in this country could be effected within any reasonable length of time almost regardless of circumstances. Wage earners in this country are more widely organized than ever before in their history, and more belligerent. Forcing wage reductions upon them, persuading them to work longer hours without increases in pay (at punitive rates), or even making substantial headway in the reduction of the burden of "featherbedding" in any of its manifold forms would be a long and tedious process.

In years past, even when the so-called labor movement was relatively speaking in its infancy, no such achievement is on record—that is within the period for which statistical data on such subjects are available. According to The National Industrial Conference Board, a pioneer in the compilation of information of this sort, the average hourly earnings of wage earners in twenty-five manufacturing industries in July, 1914, was less than $.25. It averaged over $.60 in 1920. Even the great depression did not get this rate down much below $.50. These are not wage rates, of course. They are affected by overtime payments and some other factors, but they are the nearest we have to wage rates—and there is no reason to doubt that they reflect the course of wage rates with reasonable fidelity.

The other category which is giving great trouble today is prices of agricultural products. Here, too, is a sort of political "untouchable." While much may be said in Washington about the desirability of lower farm prices nothing very effective is likely to be done. What is more important is the fact that large funds are being expended for the purpose of seeing to it that they do not fall to their natural level. It would take great optimism to expect this situation to change a great deal in the early future.

Meanwhile inflationary funds of astronomical proportions lie in the hands of the public.

The odds would appear to be against any thorough "shake-down" of the economy at this time. It would be unwise to lead the consumer to expect one.

Urges Trips to Overseas Graves

A White House statement issued on May 13 voices President Truman's advocacy of a pilgrimage of next-of-kin of World War II dead to permanent cemeteries overseas, a dispatch to the New York "Times" from Washington stated. However, the President recommended that such visits be deferred until headstones and memorial chapels have been erected. The President's statement was said to imply the thought that the prospect of such a visit might cause relatives to leave the bodies of some men killed in action in the cemeteries abroad.

The War and Navy Departments now are seeking to learn the wishes of the next-of-kin of men who died overseas. In special advices from Washington by Tom Twitty to the New York "Herald Tribune" May 13 it was stated:

> Congress passed legislation last year giving next of kin these options, plus a fourth, little-used one, which provides for burial in a foreign country other than the present burial place.
>
> The reburial legislation provides that the entire cost will be borne by the Government if interment is made in national cemeteries. If burial is in private cemeteries, the government will return the bodies to 15 distribution centers and will provide up to $50 toward the private burial.

President Truman in his statement said in part:

"It is possible that in making their decision, some of the relatives of these brave men and women desire assurance that their dead will rest in dignity and honor—a desire which would be satisfied by the prospect of visiting the burial places in our national cemeteries, or in the local cemeteries near their homes.

"I feel sure, however, that, if they could see for themselves the care which is devoted to the graves of those who died in the first World War, and to the temporary cemeteries in which their own dead lie buried today, many of the next-of-kin would prefer that their loved ones should rest forever in the countries where they fell."

House Group Approves U. S. Broadcasts

The House Foreign Affairs Committee on May 31 gave unanimous approval to legislation introduced by Representative Karl E. Mundt (R., S. Dak.), which would authorize the State Department to provide information and news to foreign countries. The Committee's action, coming six days after the House denied funds for operation of the program after June 30 on the ground that it had never been formally authorized by Congress, paves the way for a bill which would, said the Associated Press, authorize the department to continue its "Voice of America" broadcasts under a clause which permits it to distribute "information about the United States, its people, and its policies through press, publications, radio, motion pictures and other information media." The Washington Associated Press advices, May 21, further said:

> Other features of the measure would permit continuance of the exchange of students, trainees, professors and professional men on a reciprocal basis with other countries; and direct the Secretary of State to utilize "private agencies" wherever possible in carrying out the program.
>
> The measure is wrapped in security clauses. One would require screening of all present and future employees of the agency by the Federal Bureau of Investigation to make certain of their loyalty. Another would ban distribution of any information "inconsistent with the security of the United States."

During Committee hearings on the proposed measure highest State Department officials urged continuance of the program of broadcasts and circulation abroad of printed information about the United States. Secretary of State Marshall on May 16 told the Committee that American aims are misrepresented to a "tremendous degree" in some foreign countries and that it was important for this nation to have "some method of spreading the truth." The same day, William Benton, Assistant Secretary of State, who directs the program, said that the Department aims to "mirror" American life to the world rather than present a "showcase."

"Mirror," he explained, is presenting an actual picture of life in this country, while "show case" is turning out one-sided and strictly favorable types of information.

Retiring Under-Secretary of State Dean Acheson on May 13 told the Committee that "it would be colossal folly to spend vast sums of money abroad without telling people what we are doing." Mr. Acheson declared that worldwide understanding of the United States — its objectives, its principles, and its hopes—would end "foolish talk" that it follows policies of reaction and imperialism.

General Eisenhower, Army Chief of Staff, was also reported to have said that the program is essential "to create an atmosphere in which peace can live."

U. S. Loan Survey Planned

Secretary of the Treasury Snyder was reported to have stated on May 21, according to a Washington Associated Press dispatch appearing in the New York "Journal of Commerce" that his Department and the National Advisory Council would take part in a survey of world economic conditions planned by the State Department. It is pointed out that the NAC is made up of the Secretaries of State, Treasury and Commerce and the heads of the Federal Reserve Board and the Export-Import Bank.

Life Ins. Purchases In April Drop

Life insurance purchases in the United States in April showed a decrease of 9% from purchases in the corresponding month of last year although they were still 46% greater than the aggregate reported for April in 1945 and 87% over the April 1941 figure, it was reported on May 21 by the Life Insurance Agency Management Association of Hartford, Conn. Total purchases in April were $1,796,174,000 compared with $1,971,219,000 in April of last year and $959,153,000 in April, 1941, said the Association, which added:

"Purchases of ordinary life insurance in April were $1,269,132,000, down 14% from April a year ago but more than double the total in April, 1941. Industrial life insurance purchases in April amounted to $359,906,000, negligibly over the corresponding month last year and 20% over last year although they were still April, 1941. Group life insurance purchases were $167,136,000 in April, an increase of 21% over April a year ago and two and one-half times the figure for April, 1941. These purchases represent new groups set up and do not include additions of insured personnel under group insurance contracts already in force.

"In the first four months of the year total life insurance purchases were $7,102,137,000, an increase of 7% over the first four months of 1946 and almost twice the corresponding period of 1941. Purchases of ordinary life insurance accounted for $4,968,065,000 of the four months' aggregate, almost precisely the same amount as last year and more than twice the 1941 total. Industrial life insurance purchases represented $1,419,972,000 of the current year's total, an increase of 9% as compared with last year, while group life insurance purchases amounted to $714,100,000, an increase of 83% as compared with the first four months of last year."

April Cotton Consumption

The Census Bureau at Washington on May 19 issued its report showing cotton consumed in the United States, cotton on hand and active cotton spindles in the month of April.

In the month of April, 1947, cotton consumed amounted to 882,880 bales of lint and 85,161 bales of linters, as compared with 875,124 bales of lint and 88,745 bales of linters in March and 812,749 bales of lint and 90,140 bales of linters in April, 1946.

In the nine months ending April 30, cotton consumption was 7,802,330 bales of lint and 748,646 bales of linters, which compares with 6,769,817 bales of lint and 791,837 bales of linters in the corresponding period a year ago.

There was 2,112,346 bales of lint and 289,625 bales of linters on hand in consuming establishments on April 30, 1947, which compares with 2,257,524 bales of lint and 309,907 bales of linters on Mar. 31, and 2,387,846 bales of lint and 350,611 bales of linters on April 30, 1946.

On hand in public storage and at compresses on April 30, 1947, there were 2,506,678 bales of lint and 72,993 bales of linters, which compares with 3,354,119 bales of lint and 66,653 bales of linters on March 31 and 7,605,700 bales of lint and 68,677 bales of linters on April 30, 1946.

There were 21,804,590 cotton spindles active during April, which compares with 21,953,050 cotton spindles active during March, 1947, and with 21,470,671 active cotton spindles during April, 1946.

Greco-Turkish Aid Bill Signed

President Truman on May 22 signed the $400,000,000 Greek-Turkish aid bill in his temporary executive office in a Kansas City hotel, Associated Press advices from that city reported. Declaring the measure to be "a vigorous effort to help create conditions of peace" in the world, the President had an air of solemnity appropriate to the setting in force of an American foreign policy aimed at helping weak countries withstand outside aggression. The President took the occasion to compliment the press "on the manner in which the program was explained to the country." He said: "I think the press made a great contribution toward informing the people of the United States—toward showing just exactly what the intention of the legislation is."

Immediately after signing the bill, Mr. Truman put his signature also to an executive order transferring certain administrative authority to the Secretary of State. The President's press secretary, Charles G. Ross, informed reporters that the appointment of an administrator of the program was "being worked on in Washington today."

The following is the President's statement accompanying the signing of the historic legislation, which he read to assembled members of the press, according to the same advices:

"The act authorizing United States assistance to Greece and Turkey, which I have just signed, is an important step in the building of the peace. Its passage by overwhelming majorities in both houses of the Congress is proof that the United States earnestly desires peace and is willing to make a vigorous effort to help create conditions of peace.

"The conditions of peace include, among other things, the ability of nations to maintain order and independence, and to support themselves economically. In extending the aid requested by two members of the United Nations for the purpose of maintaining these conditions, the United States is helping to further aims and purposes identical with those of the United Nations. Our aid in this instance is evidence not only that we pledge our support to the United Nations but that we'd act to support it.

"With the passage and signature of this act, our Ambassadors to Greece and Turkey are being instructed to enter into immediate negotiations for agreements which, in accordance with the terms of the act, will govern the application of our aid. We intend to make sure that the aid we extend will benefit all the peoples of Greece and Turkey, not any particular group or faction.

"I wish to express my appreciation to the leaders and members of both parties in the Congress for their splendid support in obtaining the passage of this vital legislation."

Even before President Truman had taken action on the bill to give $400,000,000 in financial and limited military aid to Greece and Turkey, a 20-man group, the vanguard of an American military mission, left by plane on May 19 for Turkey to draft blueprints for the $100,000,000 outlay planned to bolster Turkish defenses, Associated Press Washington advices stated. These advices also said:

"The mission, officials indicated, will survey Turkey's needs in arms, new military roads and transport, rather than actually administering American expenditures. It thus has a status like the mission headed by Paul A. Porter which surveyed Greece's economic needs.

With modern equipment, Turkey hopes to be able to cut down the size of the forces mobilized to safeguard its Russian and Bulgarian frontiers, and thus reduce a postwar drain on its economic resources.

A larger official mission will go to Greece, but its selection has not been completed, because of President Truman's absence at the bedside of his ill mother.

Congress passed without debate on May 15 compromise legislation agreed on by Senate and House conferees authorizing a $400,000,000 program of military and economic aid to Greece and Turkey. Both the Senate and House gave ready approval to the bill comprising minor differences and sent it to the President, who had expected to sign it promptly in Washington, but the serious illness of his 94-year-old mother, at her home in Grandview, Mo., brought about his signing of the measure at the Kansas City temporary White House.

Under the legislation embodied in the bill which is in line with President Truman's plan for blocking the threat of Communist domination in the Near East, Greece is to receive $300,000,000 of the fund, in the form of a gift rather than a loan. Half of the amount is to be used by Greece in combating guerrilla bands operating along its northern borders; the balance is for internal relief and rehabilitation of industry. The entire $100,000,000 allotted to Turkey is intended for military aid.

The President has not yet named a director for the program, but has intimated his intention of doing so in the near future.

The House by a vote of 287 to 107, on May 9 had passed the bill differing in certain respects from a similar measure passed by the Senate on April 22, and which was referred to in the May 1, issue of the "Chronicle" page 2393.

Record Fertilizer Tonnage Available

The fertilizer industry made it possible for American farmers to use more commercial fertilizer in 1946 than they had used in any previous year.

Maurice H. Lockwood, President, The National Fertilizer Association, on May 16 made public the Association's annual report on consumption which shows that approximately 14,900,000 tons were used in 1946, representing an increase of 1,700,000 tons or 13% above 1945, the previous all-time peak. Consumption last year was more than twice as large as the average annual consumption in 1935-1939, the period immediately preceding the outbreak of World War II.

Distribution by commercial producers accounted for 14,530,000 tons of the total 1946 consumption, with the remaining 362,000 tons representing direct distribution by Government agencies. The fourth consecutive annual decline was registered in the tonnage distributed directly by the Government, and such distribution in 1946 was at the lowest point since 1939, although the Government bought, through its Purchase Order Plan, 888,700 additional tons.

In making public its 1946 compilation, the NFA gave the following reasons for the substantial increase in fertilizer use during the last several years: (1) The educational program carried on by the fertilizer industry, the USDA, and the state colleges of agriculture and their extension services; (2) A shift in crop production due in part to a change in the American diet; (3) The comparatively rapid growth in ferilizer use in the newer agricultural regions of the West; (4) The ability of the commercial plant-food industry to supply increased quantities of improved fertilizer.

Legislation for Scientific Study

Under legislation passed by the Senate on May 20, a National Science Foundation, to be operated at a cost of approximately $20,000,000 a year, would train promising young scientists and keep the United States on a footing with other world powers in pure scientific research, according to a United Press dispatch from Washington.

The bi-partisan bill, approved by a vote of 79 to eight, provides for a part-time board of 24 men, chosen by the President with Senate approval from the top echelons of science, engineering, education and public affairs, who would pass on policy decisions of the foundation. The United Press advices from which we quote, added:

As it went to the House the legislation would authorize the foundation to spend $20,000,000 a year to advance research in pure science and replenish the nation's war-depleted reserve of basic scientists.

Proponents, including many top-ranking scientists, pointed out that during the last decade most of this country's scientific effort was applied, rather than pure, research aimed at developing weapons of war, with the result that pure science lagged.

About half the Foundation's money would go each year to finance such basic research in colleges, universities and other institutions. The rest would be spent for scholarships and fellowships for promising young scientists.

One-fourth of the funds would be earmarked for research in state universities and land-grant colleges. The Foundation would take over the wartime Office of Scientific Research and its staff of 50 persons.

Initially, the Foundation would foster pure research in engineering, medicine, mathematical, physical and biological sciences and in national defense. It also would set up commissions to study the nature of cancer, heart disease and the common cold.

Death of Ambassador William S. Howell

A half hour before he was scheduled to leave for South America to assume his post as United States Ambassador to Uruguay, William S. Howell, 54-year-old veteran of the United States diplomatic service, died of a heart attack. His death took place at his native city of Bryan, Texas, Associated Press advices from that place stated on May 22. He was to have left Bryan that morning for New Orleans to sail for Montevideo. A daughter was to have accompanied him. In a message to the latter, Mrs. Rosemary McRae, Secretary of State Marshall, it is learned from the Associated Press, said in part:

I am distressed to learn of the sad death of the Honorable William S. Howell. Mr. Howell served with distinction. . . . The Department and the foreign service can ill afford to lose his services.

The Press advices also said:

Mr. Howell served in London under Ambassador John W. Davis; in Mexico City under Dwight Morrow; and at Prague, Warsaw, Havana and Panama. His last post was at Paris, where he was Charge d'Affaires. Since he resigned, in 1935, he had divided his time between New York and Bryan, dealing in stocks, bonds and oil.

Jap Current Assets for Reparations

A policy decision by the Far Eastern Commission, Allied governing body for Japan, approved May 8 and made public on May 20 states that Japanese reparations may be taken from the Empire's current industrial production as well as from its capital assets, Associated Press Washington advices said. Stating that "reparations shall be exacted through transfer of Japanese capital equipment . . . or goods as may in future be produced," the decision it is noted is a departure from the policy of the Western allied nations regarding German reparations.

There, under the Potsdam Agreement and over Russian opposition, it was decided that reparations should be taken only from capital goods. Further information in the matter is taken as follows from an Associated Press account given in the New York "Journal of Commerce" from Washington May 20:

While making both capital and current Japanese assets subject to allied reparations claims the commission said the occupation of the empire and its "minimum civilian standard of living shall not" be endangered by such exactions.

The Commission also said shares of Japanese reparations to the various allies are to be determined "on a broad political basis, taking into account damage suffered by each claimant country. . . ."

Japanese reparations shares, the Commission further stated, are also to be determined by "taking into account each country's contribution to the cause of the defeat of Japan, including the extent and duration of its resistance to Japanese aggression."

In further policy directives made public today, the Commission said Japan's reviving international trade is to be carried on only among those nations which can supply the empire with needed imports or currencies usable for procuring such needed materials.

Far East Commission nations seeking Japanese reparations presently are attempting to reconcile conflicting views on what share each should receive.

The United States is understood to be claiming the greatest share as the nation contributing the most to Japan's defeat. The U. S. however, desires nothing for itself, an official told a reporter. Any share granted to the U. S. would be turned over to Korea, the Philippines and other claimant nations. China is understood to be claiming 40% of whatever Japanese assets are allocated for reparations, the Philippines about 15% and other allies lesser amounts.

Allied nations represented on the Far Eastern Commission are: the United States, China, the United Kingdom, Australia, India, the Netherlands, the Philippines, France, New Zealand, Russia and Canada.

Scott Pres. of Nat'l Savings & Loan League

Curtis F. Scott of New Orleans was on May 27 elected President of the National Savings and Loan League, a nationwide trade organization for the savings and loan business with headquarters in Washington, D. C. The election occurred during the Fourth Annual Convention of the League at Swampscott, Mass. Mr. Scott is President of the Guaranty Savings and Homestead Association of New Orleans, which is a State chartered thrift and home financing institution. He served during the past year as Senior Vice-President of the League.

As Vice-Presidents the members of the League elected James J. O'Malley, President of the First Federal Savings and Loan Association of Wilkes-Barre, Pa., and Carl H. Ellingson, President of the First Federal Savings and Loan Association of Washington, D. C. John S. M. Glidden, President of the Natick Federal Savings and Loan Association, Natick, Mass. was reelected Secretary for another term.

The following were elected State members of the Board of Governors: Arizona, George E. Leonard, Vice-President of the First Federal Savings and Loan Association of Phoenix; Florida, Sam R. Becker, Secretary Treasurer of the Miami Beach Federal Savings and Loan Association, Miami Beach. Georgia, John L. Conner, President of the Southern Federal Savings and Loan Association, Atlanta; Maryland, Joseph L. Tillson, Secretary-Treasurer of the Citizens Building and Loan Association, Silver Spring; New Jersey, J. Alston Adams, Executive Vice-President of the Westfield Federal Savings and Loan Association, Westfield; New York, Philip M. Burkard, President of the Home Federal Savings and Loan Association of Ridgewood, Queens; Oklahoma, George E. McKinnis, President-Manager of the First Federal Savings and Loan Association of Shawnee; Pennsylvania, David Baird Fox, President of the Colonial Federal Savings and Loan Association, Philadelphia; Rhode Island, J. Bertram Watson, Executive Vice-President of the First Federal Savings and Loan Association, Providence; Texas, E. E. Shelton, President of the Dallas Federal Savings and Loan Association, Dallas; Wisconsin, R. J. Pittelkow, President-Executive Director of the Equitable Savings and Loan Association, Milwaukee.

Other members of the Board of Governors who hold over for another year are: H. C. Johnston, Little Rock, Ark.; W. J. Bowman, Albany, Calif.; James Fitzpatrick, New London, Conn.; Maurice E. Vasen, Qunicy, Ill.; J. Clinn Ellyson, Hammond, Ind.; D. A. Willbern, Coffeyville, Kans.; Frank Sweigart, Newport, Ky.; Irvin H. Schonberg, New Orleans, La.; Howard E. Mahan, Whitman, Mass.; J. Frank Brown, Hattiesville, Miss.; E. H. Busiek, Nevada, Mo.; H. D. O. Hammond, Roswell, New Mexico; Dink James, Greenville, N. C.; R. O. Holton, Dayton, Ohio; and S. J. Calderhead, Seattle, Wash.

19 States 100% ABA Membership

With the enrollment on May 16 of the last non-member bank in Vermont the number of states with 100% membership in the American Bankers Association is increased to nineteen, according to Max Steig, chairman of the Association's Organization Committee, Mr. Steig, who is cashier of the Dairyman's State Bank, Clintonville, Wisconsin, predicted that by the end of May, making the first nine months of the Association year, the membership in the Association, both in point of number of banks and percentage of the total banking resources, will have exceeded all previous records in the 75 years of ABA history.

Besides Vermont, the states having 100% ABA membership are: Alabama, Arizona, Arkansas, Colorado Delaware, District of Columbia, Florida, Idaho, Louisiana, Nevada, New Mexico, North Carolina, North Dakota, Oregon, Utah, Virginia, Washington, and Wisconsin.

Industry's Problem in Offsetting High Wages

(Continued from first page)

sales. As a matter of fact, during 1946 we found that we lost money on a month's sales of $42 millions. Of course, there were some abnormal causes for an operating loss on this volume of business—causes which we hope are being eliminated. Nevertheless, consider what this meant. It meant that, at this monthly rate, we had to do substantially more han $500 millions of business a year to break even, let alone make a profit. The $200 millions of annual sales that would give us a satisfactory profit before the war now is totally inadequate. It meant that our operating costs had increased so tremendously that we simply had to expand production to do a greater volume of business—and it posed the problem of cutting costs wherever possible.

More Production at Lower Cost

This is not only Westinghouse's problem. It is one faced by industry generally. More production at lower cost is the only way we can reduce prices to consumers and make the profit necessary to keep us in business.

Probably all of you have read President Truman's statements on the necessity of price reductions. It is obvious that considerable government pressure is being generated to bring about price cuts. It is even possible that competitors will be authorized to get together and work out joint price adjustments. Normally, this would be conspiracy.

So, facing industry is the broad and difficult problem of getting out more goods at lower cost at a time of extremely high expense. And this is the point where certainly we must look to you and your industry for help.

Labor, or human energy if you want to call it by another name, has come to be a major item of cost in manufacturing—and one most difficult to control. For some time, as we all know, there has been a trend toward limitation of the human element of productivity. Many forces are at work which limit the capacity of the individual to produce.

This means we can't depend upon increases in individual productivity to solve our problems. I am not minimizing the value of promoting and stimulating individual effort and initiative—but very definitely we have experienced a rise in the cost of labor without a corresponding increase in effort to produce.

Paid for Unrealized Production

What we really did in the transition from war to peace was to pay labor in advance for production that did not materialize. We—and I'm talking about the country, not only Westinghouse—have paid ourselves wage increases for an increased volume of output that has not yet been produced. New wage increases now being granted are simply extending the situation. I am not debating the justification for wage raises; I am merely pointing out that labor costs still are on the rise and that we are confronted with a dangerous situation.

It is dangerous because it points to the possibility of a reversal in the factors that have made possible the American standard of living. These factors have been increasing production per person, increasing exchange of goods, and decreasing unit labor costs of the goods that are produced.

Now, however, we are faced with a trend in which unit labor costs are rising—chiefly due to the fact that wages and salaries have been increasing faster than production per man-hour. That is why I say the situation is dangerous. It is a condition that has been explored rather thoroughly by Frank D. Newbury, Vice-President of Westinghouse and well known economist.

Mr. Newbury is convinced, and rightly so, I believe, that unit labor cost is a basic and much-neglected factor in our industrial system. Unit labor cost represents the composite wage-salary rate per hour divided by the average number of units of production per man-hour.

If the wage-salary rate alone increases, then the unit cost is increased; if production per man-hour increases, without the wage rate changing, the unit cost is decreased. Or, if the wage rate increases at a greater rate than production per man-hour, the unit cost is increased.

Mr. Newbury has found—and this is something that many of us may not have realized—that unit costs in American manufacturing have been rising since 1933—and that this trend has greatly accelerated since 1941 and again since the autumn of 1945. The recent practice of paying wage increases in advance—of paying for production that hasn't yet been turned out—only stimulates this trend.

Mr. Newbury points out that unit labor costs have risen before in our industrial history, but only for a few years at a time. They rose for six years during and following World War I. But this trend was reversed by the deflation of 1920-21. It would be extremely unfortunate if the current trend can be halted only by a deflationary, or depression, period.

I am dwelling on the subject of unit labor costs because I believe they show more clearly than anything else the problem we face—wage and salary rates rising faster than production per man-hour.

Solution of Cost Problem

Where do we look, then, for a solution to the problem? To the same source, of course, that we have turned to and utilized in the past to reduce unit costs and thereby increase productivity and real incomes and at the same time reduce prices. I mean to new designs, new materials and to further mechanization.

Increased use of mechanical power and of power-driven tools and equipment must do the job. If output per man-hour is to be increased, is to catch up with the other half of the unit cost team—wages and salaries—it will have to be done with more fully automatic machine tools and with production processes that reduce the human equation to the greatest possibe extent.

I am not going into the specific subject of what types of equipment are needed or the particular problems within Westinghouse. As the program continues, you will hear a good deal on our problems and needs and on our efforts to aid your industry. I can tell you that Westinghouse already has substantially expanded its plants and production facilities and has acquired new plants. Our machinery requirements, of course, have been large. You might be interested to know that from 1942 to 1946, inclusive my Company bought more than $40 million worth of machinery—and this figure doesn't include such items as ovens, furnaces, trucks, etc.

More Mechanization

Fortunately, history has shown that increased mechanization yields greater benefits to everybody concerned—employees, consumers, and owners—in fact, to the entire country. We know that use of more automatic equipment does not result in widespread unemployment or reduced purchasing power. We have only to compare ourselves with other countries to appreciate the role of mechanization in boosting living standards.

For example, in 1939, the daily horsepower-hours of mechanical energy available per person in Russia was 1.9. In Great Britain it was 7.6. And in the United States it was 11.9.

The American workman can earn one day's food for his family by an hour and a half's labor. The Russian workman must work 10 hours for the same result.

In other words, the Russian worker has the use of about one-sixth the mechanical power that is available to the American worker—and consequently he takes six times as long to produce an equal product.

These figures should be significant to those who find the way of life and government abroad more attractive or desirable than the American way. Unhappily, there is evidence that too many in this country are willing to toss overboard the industrial system that gave them the world's highest standard of living with the greatest individual freedom.

I am thinking now of a national survey which was made recently by the Psychological Corporation. This survey showed that 24% of our people believe they would get more for their money if all business and industry were owned and operated by the government. An additional 9% thought they would get just as much for their money under government ownership. Evidently they think that by putting business under government control they will eliminate the evils mistakenly attributed to the profit motive of private enterprise.

Yet it was only the profit motive which gave industry the initiative to venture, to risk, and to progress. The trouble is too many people think of profit in terms of greed, of something wrested from worker and consumer. They don't realize that profit properly is the rent paid for tools and facilities made available by the investments and savings of others. They don't understand that profits are reinvested in industry to the ultimate benefit of labor, consumer, and investor. What too few workers realize is that sufficient profits to maintain a healthy business are a necessary foundation for higher wages.

Again, in the face of unsound pressures and dangerous trends, industry is being called upon to do the impossible—produce more goods at lower prices, while shouldering higher operating costs. And again industry looks to the machine tool builders to help it produce more at less cost. It is especially fitting, then, that we meet with you at this time to discuss our problems and endeavor to find solutions to them.

April Freight Traffic Handled 39½% Higher

The volume of freight traffic handled by Class I railroads in April, 1947, was 39.5% above the reduced volume handled in April, 1946, when the bituminous coal strike reduced the production of coal and affected the output of all industry, the Association of American Railroads announced on May 23. April, 1947, traffic amounted to 52,200,000,000 ton-miles, according to estimates based on reports just received by the Association from Class I carriers.

The following table summarizes revenue ton-miles for the first four months of 1947 and 1946 (000 omitted):

	1947	1946	% Inc.
Mo. of Jan.	53,294,374	48,225,789	10.5
Mo. of Feb.	48,485,909	45,080,780	7.6
Mo. of Mar.	*55,500,000	52,392,340	6.0
Mo. of Apr.	†52,200,000	37,410,884	39.5
Tot. 4 mos.	209,480,283	183,109,793	14.4

*Revised estimate. †Preliminary estimate.

Class Conflict Idea, A Threat to Freedom

(Continued from first page)

of the world on their ears and prepared the way for the most destructive war in history.

Then again, ideas may take tangible form. The Westinghouse air brake was an idea, yet without it modern railroad transportation could hardly have developed. The internal combustion engine was an idea; Henry Ford and others took it and put a nation on wheels, thus transforming America socially and economically. The telephone was an idea, and it has become the indispensable ally of commerce, industry and finance. Wireless communication was an idea, and it has joined the ends of the earth together.

Still once more, an idea may take the form of a slogan. It was Cato the Censor who used to close every speech in the Roman Senate with "Carthago delenda est"—"Carthage must be destroyed"—and Carthage was destroyed. It was Rousseau who spoke of "Liberty, Equality, Fraternity"—and wrecked an empire. A chance remark about "A Scrap of Paper" became a slogan for the first World War. The phrase, "He Kept Us Out of War," carried the idea that elected a President. And think of what the three words, "The Forgotten Man" have done in our own times!!

Ideas!! Ideas expressed in pictures, in music, in written words, in tangible things, and even in slogans! These are the things that move men, that lead to progress, that change the course of history, and eventually transform the world.

War of Ideas

Now to any thinking man or woman there is nothing so important as the fact that ideas are at war in the world of today. These ideas are so diametrically opposed to each other that there may be only one final outcome—one or another must prevail. The reason for this is that these ideas go to the very roots of human behavior and to the very foundations of human society. As matters are presently shaping themselves throughout the world it begins to look as if compromise on them is humanly impossible, because one set of them aims at the complete destruction of society as we have known it for many generations. Nothing less than that will satisfy its adherents.

What are these ideas?

Well, to begin with, there is the idea of class conflict, or class warfare, one of the most dangerous ideas ever preached. It had its clearest definition and its greatest impetus in the middle period of the 19th century when it was stated by the great apostle of Communism, Karl Marx, and his collaborator, Friedrich Engels, in the "Communist Manifesto." In that document they said: "The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a Communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win. Workers of the world, unite!"

Spread of Communism

From that statement of an idea there has been developed one of the greatest international movements in the history of the world, a movement which, if it cannot get its idea accepted in the open forum of public discussion, does not hesitate to create secret "cells" anywhere for its propagation. Indeed, there is not a civilized country in the world in which it has not already been preached, and it has penetrated to the far corners of the less-advanced countries as well.

That this idea of class conflict has permeated the minds of millions of people is a fact too patent for denial. For example, Russian thinking, in official circles at least and among the entire ranks of its Communist minority, is dominated by it. The so-called "proletarian revolution" of 1917 was its greatest achievement up to that time, while the creation of an alleged "classless" society in Soviet Russia is its crowning glory. Armed hordes of guerilla fighters in China are trying to achieve a similar revolution there. Much of the thinking of certain continental European peoples is colored by the same idea. This is especially true in the Eastern third of Europe where the Russian political orbit extends. But it is also true in parts of Western Europe, and particularly in France—a surprise to those who used to think of France as being a country of real individualism. Then, too, it can hardly be denied that a considerable amount of thinking in British Labor circles is profoundly influenced by the same idea of class conflict. Even here in America, and in spite of the fact that it is not so baldly expressed, it is obvious that the concept of class conflict lies at the back of the thinking, the strategy, and the tactics of some of the leaders in the labor movement. Indeed, there can be no other explanation for many of their public statements nor any other explanation for many of their activities. The Dominion of Canada has, within recent months, been made vividly aware of the presence of many evangelists of this gospel of hatred inside its borders, and the work of some of its emissaries has penetrated right into the very precincts of its Parliament Buildings in Ottawa. To the south of us almost every one of the Latin American republics has been made conscious of their presence too, and thus the international character of the movement, as well as its international activity, is amply demonstrated. One cannot help wondering if Marx and Engels ever dreamed that their disruptive doctrine would travel so far.

Along with this idea of class conflict, and even complementary to it, goes the idea that capitalism, as a system of economic organization, is not only fundamentally wrong but also effete and on its way to final collapse or destruction. So sure are some of the leaders of Communism about this that they are said to be waiting patiently for the next great economic crisis in America to signal the final death throes of the capitalistic world, and to usher in the world-wide proletarian revolution. Their argument is to the effect that the capitalist system is purely exploitative and that, being so, it carries within itself the seeds of its own eventual disappearance; that in place of the individual enterprise of the capitalistic system there should be set up State enterprise in the interest of ALL people, thus putting an end to exploitation by the favored few, and so creating a more comfortable world for the masses of the people.

Marx put it this way: "You are horrified at our intention to do away with private property. But in your existing form of society private property is already done away with for nine-tenths of the people; its existence for the few is due solely to its non-existence in the hands of those nine-tenths."

And while Marx, as he himself said, "did not sit down to write the kitchen recipes of the future," he left no doubt as to what was in his mind about the fate of private property in his ideal world. It would be abolished, with the possible exception of private ownership of "personal effects and articles of consumption: food, clothing, furniture, pictures, and books."

Argument Against Capitalism

Now, the argument against capitalism and in favor of State enterprise naturally does not mention the fact (and it is already a demonstrated fact) that under the proposed state system there will have to exist an all-powerful bureaucracy which will do all the economic planning and oversee the carrying out of the plans; that this bureaucracy will have the power of life or death over every kind of economic activity; that it will determine not only where industrial and other activities will be carried on but also under what conditions; that it will place materials only where it wants them; that it will plan the locations of cities and towns; or that workers will be compelled to work where they are sent and under whatever conditions (wages, hours, and so forth) are prescribed by the same bureaucrats. That is the actual practice in Russia today, and it is to be the practice of the Labor-controlled Britain of tomorrow.

In addition, the argument for state enterprise as envisioned by the Communists of our day is careful not to reveal the fact that no one may oppose the over-all plans of the bureaucrats; nor the further fact that, if he does so, he may be "liquidated" either figuratively or literally. The proof that such a fate may befall him is to be found in the history of the Russian Kulaks—the little individual farmers whose farms were expropriated and many thousands of whom were ruthlessly killed for no other crime than that they wanted to keep what was their own. They had earned it by the toil of their bodies and in the sweat of their brows, and they could see no good reason why it should be taken from them to further the plans of the bureaucrats.

Another idea is that man exists for the state and not the state for man. There are many who seem to think that when we disposed of Fascism and National Socialism, and thus rid the world of Hitler and Mussolini, we had finally disposed of this idea. But even a casual acquaintance with the conditions that exist over wide areas of the world today is enough to show how false such a conclusion is. The manner in which the daily lives of millions of people are being directed, or importantly influenced, by the actions of governments is proof positive that the idea is vigorously alive and even being extended. Russia, of course, is the prime example. But in this respect she is again not alone. The nationalization of economic life in Czechoslovakia can mean only that the government of that country places itself in the position of a guide, director, or even a dictator to its people. The increasing participation of the government of France in the affairs of its people is a clear indication of the submergence of the individual. The progress of socialization in Great Britain can have no other meaning than that government is growing stronger while the importance of the individual is being lessened. And no man who knows the history of the British people can do anything but wonder at this; for in the long history of man's struggle for freedom no people have fought harder to assure that government is man's servant and not his master. They even cut off a king's head in order to get away from the idea of the divine right of kings. And it might be added that the overweening importance of government compared with that of the individual seems to have been successfully asserted in Argentina.

The idea of the supremacy of the state is as old as political philosophy. Time and again since ancient days it has been asserted and reasserted by political thinkers, by writers, and by political practitioners. Time and again men have been regarded and treated as pawns in a chess game in which the players were rulers who had come to power by ruthless slaughter, or by "divine right," or by revolution. Time and again the urge of men for freedom has given these rulers the same answer; yet the idea continues to bob up; and it is with us again.

State Not Our Master

It need hardly be added at this point that we ourselves have had some recent experience with those who would magnify the role of government, and that, at this very moment we are trying to undo some of their handiwork and get back to the point at which we may again fairly say that government is our servant, and not our master.

Of course, one aim of those who would restore government to the position of dominance is to get rid of all influencial political opposition. They do so by controlling, as far as they can, the sources of public information and education. That means control of the press, of the radio, of the motion picture, and of all other possible sources of opposition. It means also the control of imported ideas insofar as they enter a country by mail, through books, and through magazines. For the political totalitarian cannot tolerate the circulation of ideas contrary to his own, regardless of their source. That is the meaning of "the iron curtain" of which Winston Churchill complained; and it is a curtain that shuts information in as well as shutting ideas out. But the political totalitarians go one step farther: they stifle political activity at home by trying to make sure that the representatives of only one political party gain authority among their people. Under Mussolini only one name appeared on the ballot — Mussolini's. Under Hitler only one name appeared on the ballot—Hitler's. Under Stalin only one name appears on the ballot—Stalin's. In these ways the old idea of the supremacy of the state is revived in modern days.

Still another of the means by which the power of government is magnified is by the simple device of getting control of the purse! The classic illustration of this on the good side is to be found in the record of the British people. When they found that their rulers were exercising more authority than seemed to be proper, the elected representatives of the people adopted the simple device of refusing to vote appropriations for the usual or the unusual expenditures of government. And when a king who was anxious to assert his power suddenly found himself with a lean purse, it did not take him very long to yield to the will of the people. Even on this continent in Colonial days there were royal governors of colonies who found their wings clipped by this very examplary device. But in our own times, we have seen this safeguard of the people's liberties sidetracked by the trick of asking for, and getting, a blank check, and then using the proceeds for purposes about which the representatives of the people were not consulted. In the more totalitarian countries, of course, those elected to positions of power follow the simpler device of merely taking what they want.

Totalitarian Propaganda

There is still another means by which the political totalitarians achieve their aims, and that is by setting up the machinery of propaganda which will pour out, day after day, reams of releases and screeds of "information" to the press in the hope that much of it will be printed and read, thus "conditioning" the minds of the masses in favor of the program of the totalitarian. By this means the very wellsprings of public information are polluted. And if the radio can be used, or influenced, by the same technique, it also is brought into service. Radio commentators are either hired or otherwise influenced by "handouts" in the hope that their thinking and their comments will also follow the "line." Even the shady trick of subsidizing the advertising income of the press is sometimes employed in the hope that, by this means, editorial policies and opinions may be slanted in favor of the bureaucrats and the totalitarians. The examples of these practices in recent times abroad, and even here in America, are too numerous to be detailed in a few minutes. But it may be remarked in passing, that the suspension of the publication of a great liberal newspaper recently in Argentina is a glaring example of the extent to which such practices can be carried, while there are those in Britain who are convinced that the Labor Party there recently tried to stifle criticism of their coal nationalization policy by suspending the publication of newspapers and magazines on the excuse that it would save electricity and thus save coal. The actual saving was almost infinitesimal. But the whole policy of positive and negative propaganda is designed to support the power of government and to lessen the importance of the individual.

Taxation as Instrument of Social Policy

There is one other idea at work today to which a few moments' attention may profitably be given by such a gathering as this. It is the idea that taxation can, and should, be used as an instrument of social policy. That was not the old idea of taxation. The old one was that government should tax only to carry on its necessary and proper activities; and these activities were very carefully defined and very meticulously limited! Gradually, however, one government after another (including our own) has expanded the area of its operations until the most recent proposals seem to encompass almost everything "from the cradle to the grave."

Now, these things can be financed in only three ways. The burden may be levied on accumulated wealth. It may be levied against current income. Or it may be placed as a mortgage on the future. Perhaps a combination of these would do the trick. But in one way or another the bill has to be paid. If it is paid by taxes against accumulated wealth, then the reward we have always allowed for unusual effort will be taken away, and we will thus also penalize one group of people for the benefit of another. If it is levied against current income, then we will obviously be penalizing the ambitious, the able, and the industrious for the benefit of the unambitious, the incompetent, or the lazy. And if we levy a mortgage on the future we will either make posterity pay the bills of present generations or build up a load of debt so great that future generations cannot pay and will be compelled to repudiate it. The first two methods will inevitably involve a leveling process in which the more capable will get the rewards of mediocrity while the laggards and the incompetent will, by government action, be enabled to live in comparative comfort, while the third process almost as inevitably means the wreck of economy. It was John Marshall who said, "The power to tax is the power to destroy." And the record of history has given meaning to his dictum!

Of Significance to Trustees

Now, what does all this mean to the trust man? Stated in forthright words, it means that there are ideas at work in the world of today which, if put into concrete action, may spell the end of the institution of private property as he has known it and as his institution was set up to serve it. For, if class conflict spreads, if state enterprise replaces private enterprise on a wide scale, if the individual is to be submerged both politically and economically, and if government is to assume responsibility for the welfare of great masses of individuals, then the importance of private property and the principle of inheritance must decline. There can be no other logical conclusion. It would seem, therefore, that at such a stage in human affairs, the wise trust man will not be satisfied with being merely a good technician in trust matters. He must be more! He must be a student of political, social, and economic trends. And he must be an apostle (an evangelist, if you will), preaching the economics of private enterprise not only to those whose property he hopes to administer, but to all those with whom he comes in contact.

That gospel will not yet fall on unwilling ears, for Americans as a whole still believe in it. But the record shows clearly that time is running out. Russia with its Communism, many other countries with their leanings on the direction of Communism, and Britain (the mother of democracy and the mother of free enterprise) with its recent swing to socialization, are the incontrovertible proof of this. And if any trust man in America is smugly saying, "It can't happen here," then he is merely blind to the implications of what has already happened here. The proletarians are on the march! And they have already won some notable victories.

Senate Group Hearings On Fulbright Bill

A Senate committee which is hearing testimony on the Fulbright-Aiken bill, to establish a Government clearing house for technical information, was told by Dr. J. E. Hobson, Director of the Armour Research Foundation, on May 21, that although he considered the provisions for collection and dissemination of information "fine," he was opposed to certain portions of the bill. These referred, according to advices to the New York "Journal of Commerce" from its Washington bureau, to provisions which would authorize the Secretary of Commerce to undertake research through government agencies and to initiate and sponsor research and development projects by private organizations. "There has not been sufficient attention given to getting support of scientific development from industry," the Midwestern scientist asserted. "There has been too much emphasis on the Federal Government."

Dr. Hobson opposed giving the Government patent rights in inventions developed by private institutions holding research commitments from the Secretary of Commerce.

From its Washington bureau the "Journal of Commerce" further reported:

"War Department support of the Fulbright-Aiken bill was voiced by Maj. Gen. Henry S. Aurand, Director of the Research and Development Division, War Department General Staff.

"General Aurand told the Senate group that the Army is 'entirely dependent on the scientists and technicians.' The Army, he said, cannot work behind closed doors and a two-way flow of information is essential.

"He pointed out that the proposed clearing house would aid the Army by carrying on the work done by the National Inventors' Council during the war and, that its large library of information would result in greatly reducing the cost of preliminary documentary research.

"General Aurand and H. R. Pasley, Counsel for the Office of Naval Research, both told the committee that the proposed bill would not affect present Army and Navy patent procedures and they added that their respective services do not want their methods changed."

Southard Joins Treasury

Secretary Snyder announced on May 26 that Frank A. Southard, Jr. will join his staff on July 15 to be in charge of the international financial and monetary work of the Treasury Department. Mr. Southard is now Professor of Economics and Chairman of the Department of Economics at Cornell University, Ithaca, N. Y. From June 1941 until he entered the U. S. Navy in July 1942, Mr. Southard was Assistant Director of the Division of Monetary Research in the Treasury Department. From the Treasury Department announcement we quote:

"Mr. Southard was graduated from Pomona College, California, in 1927, and received his Ph. D. from the University of California in 1930. After one year as Economics Instructor at the University of California, Mr. Southard became Assistant Professor of Economics at Cornell in 1931, was promoted to Professor in 1939, and remained with Cornell University until he joined the Treasury Department in Jan., 1941. He worked with the Tariff Commission during 1935 and was principal economist in the Division of Monetary Research of the Treasury Department in 1938. For nine months during 1934-35 he did research in international finance with the Carnegie Endowment and for eight months in 1940 had a Guggenheim Fellowship, during which he made a survey of monetary policies in Chile and Argentina. He is the author of several books in the field of international monetary affairs.

"Mr. Southard left the Treasury Department in July 1942 to enter the U. S. Navy. He served originally in Intelligence work and later in Civil Affairs work in Sicily and Italy, dealing with financial and monetary problems confronting the Allied Forces in that area. He was financial adviser to Allied Forces Headquarters in the Mediterranean, and Chief of the Economics and Finance Branch, Civil Affairs Headquarters, 7th Army. Mr. Southard was awarded the Legion of Merit for his services in the U. S. Navy. Upon his release from the Navy in 1945, at which time he held the rank of Commander, Mr. Southard returned to Cornell University."

Cotton Spinning for April

The Bureau of the Census announced on May 22 that, according to preliminary figures 23,907,600 cotton system spindles were in place in the United States on April 30, 1947, of which 21,804,590 were consuming cotton the last working day of the month, compared with 21,953,050 in March, 1947, and 21,470,671 in April, 1946. The aggregate number of active cotton spindle hours reported for the month was 10,242,721,975, an average of 428 per spindle in place, compared with 10,029,510,440, an average of 421 per spindle in place, for March, 1947 and 9,147,322,056, an average of 384 per spindle in place for April, 1946. Based on an activity of 80 hours per week, cotton consuming spindles in the United States were operated during April at 121.7% capacity. The percent on the same activity basis was 125.4 for March, 1947, and 109.9 for April, 1946.

Pied Piper of Washington, S. 472

(Continued from first page)

and S. 472 (the so-called Taft education bill) are for unspecified, general assistance. Senator Aiken estimates his bill would provide $400, $600, $800 million in aid for each of the next three fiscal years, respectively, $1 billion for 1951 and $1.2 billion for each year thereafter. It sounds like the old familiar Amos 'n' Andy count. Senator Taft is promoting a somewhat less startling expenditure, but even so, one which begins with $150 million, increases each year so that in a four-year period it would exceed the total spent in the last ten or 12 years for the above mentioned purposes. Of these four bills, the latter one, which carries the same Federal aid formula as the Taft-Hill-Thomas education bill which was not acted upon by the last Congress, seems most likely to win favorable consideration, if not action. And it is the technical detail of this bill which is analyzed in this article.

First, however, by way of a disclaimer; it is hereby declared that discussion of the formula is to be interpreted in no way as endorsement of its underlying policy; any similarity between the following analysis and favorable comment is not intended. It is still a highly controversial subject, with basic policy questions not yet answered. Is it fitting that general education, made compulsory by State law for the children of its citizens, and traditionally a local function, should have the unrequested blessing and ultimate burden of Federal aid bestowed upon it? Is it wise to begin another paternalistic program when the fiscal status of the States is one of greater solvency than the Federal Government, when the conferees on the legislative budget cannot agree on an expenditure ceiling even for existing legislation? Is it necessary? What justification or even defensible reasoning is there for a new frontier of Federal aid? Need is of course the classic response. In regard to Federal aid for public assistance, the *raison d'etre* was the great depression; an "emergency" existed, and the Federal Emergency Relief Administration was created. This was the father of Federal participation in public welfare. And when the waters receded there stood the ark of social security. But it was not left high, dry, and deserted; it has been kept afloat and tenanted, and even now draws almost a billion a year in Federal funds. There *is* a moral to the story: beware the camel's nose. If the States operated all through the depression years into their currently favorable circumstances without requesting Federal aid for education: (and it is doubtful if this bill is the result of pressure from the States themselves for Federal help), is there a need now to establish annual grants for general education purposes at $150 million to start, and $250 million annually a few years later?

As to the formula itself—a most complicated one—here is the story. It is of course computed on a State by State basis. First, multiply the number of children in the age group from 5 to 17 inclusive, by $40. This becomes a kind of spending standard. Next take 1.1% of the *average* of five years' income payments, beginning with the "third year next preceding the year for which computation is made." This might be called the standard expenditure expected of each State. Then if this latter figure is less than the $40 per child result, the difference becomes the base for aid due. This base, however, is reduced before actual allocation of aid is made. This decrease, or penalty, is figured according to an effort index. "Effort" is indicated by the percentage ratio of State and local education expenditures (from their own sources, for primary and secondary schools) to the average annual income payment for the same five-year period. The standard, or the "incentive" index is 2.5% of that income payment figure, and the penalty is a proportionate reduction of the aid-due base for indexes lower than 2.5. For example, a State whose effort index is 2.0 will be actually allocated only 80% of the basic aid due. This incentive feature is further spiked after the formula has been in operation for four years. If the effort index by that time has not been increased to at least 2.2% of a three-year average for income payments, no aid will be allocated. However, this is a subsequent factor and has no bearing an analysis of the primary characteristics of the formula.

Before the dollar effects of the formula are disclosed, some of the components merit comment. For example, the formula specifies that Department of Commerce child population figures be used. Yet the Department of Commerce does not use this age grouping; its routine breakdown is as follows: under five; five to nine; 10 to 14; 15 to 19, etc. Also, its figures are estimated on the basis of a sampling. Probably a more dependable school population base would be the five to 17 age group figures estimated by the U. S. Office of Education. School enumeration figures would seem to be more reliable than projected sampling figures. However, the primary criticism of this factor is not its source, but choice of the subject itself. Enrollment figures would be not only more accurate, but much more realistic. Population five to 17 over-estimates public school requirements It would include some pre-school and kindergarten children, those in private and parochial schools, and those not enrolled for other reasons. This latter would include those above the compulsory age limit for school attendance in any state. In all but four states this requirement is up *to* age 16; but the formula includes *through* age 17. The use of enrollment figures would therefore prevent such an inflation of need for aid.

Another feature which inflates need as determined by the formula is its use of a five year average of income payments for the aid-due base. This underestimates the present capacity and effort of the states by diluting the most recent of a series of rising payments with earlier and lower figures. Thus, in the current situation, inflated evidence of need results. Conversely, in a period of decreasing income payments, when some need could more logically be presumed, the five-year average would work to the states' real disadvantage by underestimating need to whatever extent the averaging of earlier, higher payments distorted the picture of the more current, low payments. Also, the source of state revenue, its tax base, is not likely to be spread as far back as five years; it might be more nearly only two. But even a three-year average would be more realistic. The relation of the $40-per-unit-of-population standard, to an ability index of 1.1% of a three-year average of the revenue source, would be a far more reliable indication than the five-year base, of a state's current capacity to pay for its own operations. Incidently, since the population in the age group five to 17 has been decreasing, it is also somewhat inflationary for the formula to use only a one-year base for this, and that one, the third preceding the year of computation. Thus the diagnosis of an aid-due base, by way of a five-year average, is unreal in two respects: it inflates need and minimizes effort.

The use of 1.1% of the income payment figure as an ability index also inflates need, because it is low. In the first place, the bill admits this is low by its inclusion of an incentive clause and a penalty after four years for effort under 2.2% of a three-year average. The per cent required will not result in as many actual dollars as the difference between 1.1 and 2.2 might suggest because the base, the three-year average, will be higher. Nevertheless, it still denotes that 1.1% *is* low. In the second place, the ratio of actual school expenditures to this income payment base is in every state well above 1.1 now. The lowest ratios are of course in the states where income payments are highest. However, the latter fact is not the main point. The significant aspect of it is this: implicit in the formula is the judgment of those who are sponsoring the bill, that a just and proper standard at this time for the states to spend from their own revenues is an amount equivalent to only 1.1% of a five-year average income payment. In other words, since all states already spend more than this, the bill says in effect to them: "You are all doing more than we now feel is standard expectation, but since the rich states can afford to spend above this ceiling if they want, the federal government will subsidize only the poorest states." The aim seems to be to relieve the poorest states of some of the assumed hardship they have in spending what they are now spending; therefore, with the aid of federal funds now, in a few years the government can expect them to spend at least what they are now spending, before the government increases its aid. If this is not a reasonable facsimile of a vicious circle, it is at least a circumlocution of the real issue: *Do* the states need federal aid for education now?

Now, let's look at the results of applying the S. 472 formula to the only data available for the computation year, 1947. The U. S. Office of Education estimates of population aged five to 17 inclusive are multiplied by $40 to obtain the "spending standard." The average of Department of Commerce income payment figures for 1940 through 1944 is computed and 1.1% of this becomes the "standard expectation" of state expenditure. The actual expenditure figures are from the Office of Education, and these related to the average income payment produce the "effort index." After applying the percentage penalty adjustment to the difference between standard expectation and the spending standard, the resulting figure is the amount of aid to be allocated.

The overall results of this process are seen clearly when the states are listed according to supposed financial status. Ranking the states according to 1940 per capita income payments, the 17 "richest" states receive no aid. Although six other states receive no aid either, the formula first takes effect with the 18th state ranked. This happens to be New Hampshire. It would receive only $127,000, which is less than 2% of the $6,894,000 it actually spent in 1944. A half dozen other states would also receive small amounts, ranging from $218,000 to a little over a half million. In all, 25 states would receive aid, those at the bottom of the income payment ranking receiving the most. Aid would total about $150 million.

The real test of how the formula works is thus the allocation of aid to the poorest states. In the following table are the most pertinent figures in the formula for the 15 states with the least financial capacity, according to the income payment measurement. In regard to this as a criterion, it would be interesting to have an opinion poll as to whether or not the people of these states considered themselves the indigents of the union. Imagine a Texan admitting the Lone Star was a pauper cousin to California!

EFFECT OF THE PIED PIPER FORMULA

(Dollars in thousands)

The Poorest States in the Union	(1) Spending Standard: $40 per child	(2) Standard Expectation 1.1% of income	(3) Actual Expenditure: 1944	(4) Effort index	(5) Allocated Aid (after effort index penalty)	(6) % Ratio (5) to (3)
Texas	$63,000	$49,476	$88,683	2.0a	$10,668	12.
West Virginia	19,960	11,724	33,528	3.1	8,236	25.
South Dakota	5,480	4,402	12,763	3.2	1,078	8.
North Dakota	5,800	4.587	11,944	2.9	1,213	10.
Louisiana	24,440	15,677	32,713	2.3	8,044	25.
New Mexico	6,080	3,260	10,541	3.6	2,820	27.
Oklahoma	21,400	14,190	34,246	2.7	7,210	21.
Tennessee	29,560	17,180	30,599	2.0a	9,701	32.
North Carolina	39,080	20,082	47,465	2.6	18,998	40,
Georgia	33,000	18,271	30,473	1.8a	10,811	35.
Kentucky	28,160	14,839	31,198	2.3	12,325	40.
South Carolina	21,720	10,052	21,194	2.3	10,823	51.
Alabama	31,600	15,101	28,565	2.1a	13,734	48.
Arkansas	19,520	9,038	16,780	2.0a	8,562	51.
Mississippi	23,800	9,198	18,796	2.2	13,130	70.

a. After fourth year these states would not receive aid until the ratio was at least 2.2.

Note that, although Texas is already spending over $25 million more than the $40 per child standard, nevertheless, the amount to be expected of her is $14 million *less* than the spending standard; thus the formula allocates almost $11 million. Look at South Carolina and Arkansas. Assuming they are comparatively less well off than some of their northern sisters, are they in such a fix that, although their school expenditures are already close to the spending standard, they really need federal aid in amounts equivalent to half of what they now spend? North Carolina and Kentucky now spend above the $40 standard, yet are expected to meet only half of those expenses, and aid allocated is equal to 40% of actual expenditures. Granted Mississippi is in need—she has been for years on the bottom rung of the income payment ladder—should she be expected to expend from her own revenues only $9 millions when she already spends over twice that? Granted even that she should spend about $24 million, which is only $5 million above her actual expenditures; does she need $13 million in federal aid, or an increase of 70% in expenditures?

The formula is, of course, designed to diagnose variable need. And it does—at great extremes. It results in greater differential allocation of aid than any method so far proposed. Column (6) in the table indicates the wide range even among the "neediest" states. The ratios for the other states receiving aid under the formula, but not listed in the table, range from 1% to 15%. The total variance then, among states allocated aid, is from 1% to 70%. The very existence of these resulting extremes suggests that in the determination of need the formula itself is not reliable. Assuming varying resources among the states, assuming varying efforts and expenditures, and even varying standards of education—it is still unlikely that real need for federal aid in the middle class and poor states would vary from one to 70% of their current education expenditures. That is, it is most questionable that the need to *increase* educational expenditures would vary to this extreme degree.

An indication of the answer to this question can be obtained by varying some of the formula's components according to the criticisms made of it at the outset of this article. The basic and most important adjustment involves the use of school enrollment figures and an average of only three years of income payments. The next step is in regard to the use of 1.1% of the average income payment as a factor in computing "standard expectation" of state expenditure. Earlier it was pointed out why this particular percentage figure was low. The significant result of altering it in the formula bears testimony as to the reason for its use by those who drafted the bill; for, if 1.5% is used, along with the above adjustment factors, it would result in absolutely no aid at all to any state. This, then, is the first suggestion of a negative answer to the question: Do the states need aid as computed by S. 472?

The second suggestion, and even more convincing statistically, is the result of making the population and income payment adjustments in the formula—retaining nevertheless, the 1.1%. The overall results of this adjusted formula are very different from the original S. 472. Only 11 States in all, these among the 15 ranking lowest in per capita income payments, would receive aid. Total aid would be only an aggregate of $41 million; over $100 million *less* than computed with the original formula. The range in actual aid per State would be only from $1 million to about $8 million. The range in percentage relationships of allocated aid and actual expenditures would be only from 4% to 40%. The exact results are below:

States Receiving Aid	Aid Allocated (000)	% of Actual Expend.
West Virginia	$2,928	8.7
New Mexico	940	8.9
Oklahoma	1,276	3.7
Tennessee	2,268	7.4
North Carolina	7,782	16.4
Georgia	3,000	9.8
Kentucky	2,587	8.3
South Carolina	4,570	21.6
Alabama	4,808	16.8
Arkansas	3,532	21.1
Mississippi	7,611	40.5

Comparison of the percentage relationship, under each formula, of allocated aid to actual expenditures adds the blessing of some logic to the effect of the adjusted formula. It narrows considerably the extremes resulting from the original formula. It also shows very decidedly the inflation of need occasioned by the use of child population figures and a five-year average of income payments. Although both factors are important, it is easier to get a picture of the change due to the difference in the former factor. In the 11 States listed above the average difference between population aged 15 to 17 inclusive, and school enrollment figures is over 100,000, which at $40 each means an average overestimate of $4 million as the spending standard for each of these States. The details and the individual difference among these States in this regard is secondary to the point that the need for Federal aid is being measured by an average of more than 100,000 children who are not enrolled in school, and therefore do not comprise a valid inclusion in the formula.

Thus, with the school population data adjusted downward, and the income payment average adjusted upward, by use of a three-year base, the result is of course a decreased spending standard and an increased standard expectation of State expenditure. The difference between these two, which is the basis of Federal aid, is therefore smaller than in the original formula, and the aid computed for allocation becomes considerably less. In fact, it is so very much less, when these more reliable factors are used, that the question of any real need for it is again suggested.

The aid is certainly so small that the necessity of a complicated and confusing formula of this kind seems hardly necessary. If it be assumed that some Federal aid is necessary for educational purposes in the poorest States, why not a flat rate percentage grant of 25% of actual expenditures for those States? The least that might be done is to amend the original formula by provisions that (1) no State should receive aid unless the amount computed was at least 5% of its education expenditures, and (2) no State should receive more than 35% of such expenditures.

However, more than adjustment of the formula seems to be necessary. Basically the entire proposal needs analysis. The so-called need of the poor States requires intelligent examination and evaluation.

In the meantime, by the above statistical evidence, S. 472 would appear to be no more than a political Pied Piper playing its tune with bank notes.

Mergers—A Cause of High Prices

(Continued from first page)

the United States Steel Corporation's numerous corporate acquisitions and mergers.

Beginning in 1926, the number of mergers substantially surpassed the number for 1920 and increased each year thereafter until 1929 when it reached a record figure. Again it may not be irrelevant to note that it was in November 1926 that the Supreme Court handed down its decision curtailing the power of the Federal Trade Commission to order the divestiture of stock unlawfully acquired whenever the merger was completed by an acquisition of physical assets, even though such assets were acquired as a result of the use of power obtained through unlawful stock acquisitions. In 1943, there began a new wave of mergers, which is still continuing.

The stock market crash of 1929 which heralded the onset of the great depression was preceded by a great wave of corporate mergers and a wild speculation in their securities. Today speculation in the future of merged concerns, supported by war-swollen profits, is again operating as one of the important causes of the present upward trend in merger activity. This speculation, which stems from the expectation of greater profits resulting from the elimination of formerly competing concerns, leads inexorably to the elimination of our competitive economy and thus to the elimination of the possibility of legitimate speculation.

III

The factual diagnosis showing the relation of such presently unrestrainable corporate mergers to concentration is quite complete. Today's choice is one between legislative action recommended for many years by the Federal Trade Commission to plug this loophole in the present laws against such mergers and inviting a continued concentration leading to a frustration of our declared public policy.

In the present Congress are pending bills to amend the Clayton Act as recommended by the Commission so that acquisition by a corporation engaged in interstate commerce of the **assets** of a competing corporation also engaged in interstate commerce be made unlawful where the result tends to monoply. Presently only **stock (not asset)** acquisitions so tending are unlawful under that Act and legal actions against even such unlawful acquisitions easily may be defeated.

IV

In exploring my next point, I feel that it is desirable to make some remarks in passing concerning the Commission's general nature and current work. The Commission was established in 1914 to detect and eliminate illegal trade restraints in their incipiency. Among the restraints of trade price fixing continues to be the most frequently recurring charge. Others falling in this category are conspiracy to boycott or threats to boycott, coercive agreements, collusive bidding, control and limitation of supply, misuse of patents and licensing agreements for monopolistic purposes, and various forms of basing-point, delivered-price and zoning systems designed to eliminate price competition. In essence they are repugnant to our national policy because they are auto-restraints on the commercial freedom of the parties to the detriment of the consuming public.

The basic legislative intent is that competition by individual traders must be fair as well as free. Congress wished to preserve and foster legitimate competition, but at the same time to outlaw all jungle type excesses inherent in the struggle to get business. These laws, therefore, aim to rid our economy of evil effects flowing from individual caprice and excess of competitive zeal as well as unlawful group activities. This approach to the problem was reflected in Section 2 of the Clayton Act which proscribes discriminations in price between customers entitled to the same general treatment if such discrimination injures, prevents or destroys competition with the grantor or the recipient, or the effect may be to lessen competition or create a monopoly. The payment or receipt of brokerage by or to the other party to the transaction is made unlawful, as is the granting of allowances or facilities on terms not proportionally equal. Other practices unlawful under the Clayton Act, which emphasize the individual approach to the end that competition be fair and free of restraints, are reflected in the banning of full line forcing and tying contracts.

The Commission is also directed to eliminate deceptive acts and practices. Deception is harmful to the best interests of both consumers and scrupulous business. In this field of the Commission's work are matters involving false and misleading advertising of commodities through misrepresentation pertaining to composition, quality, purity, origin or attributes. The Wheeler-Lea amendments to the Federal Trade Commission Act empower the Commission to eliminate the dissemination of false advertisements for foods, drugs, cosmetics and therapeutic devices. The Wool Products Labeling Act, popularly known as the "truth in fabrics law," requiring informative labeling of certain fabrics, also is administered by the Commission.

In the Commission there is machinery under which Government and business can cooperatively evaluate and discuss commercial practices. During the past two decades more than 150 industries have participated in trade practice conferences, and this phase of the Commission's work presently is receiving greater emphasis. To the greatest possible extent consistent with the public interest, the aim is to avoid the necessity of a multiplicity of formal legal proceedings. This cooperative method of wholesale prevention and elimination of practices which involve the theme of unfairness without resort to the mandatory remedies against individuals, will implement a broader program of formal proceedings to prevent monopoly and to eliminate group restraints on competitive freedom. Investigations into complaints of unlawful conduct will be made increasingly on an industry-wide basis and the aim will be to eliminate all unfair trade practices and illegal restraints of trade found in any such industry simultaneously whereever possible and under either procedure on an industry-wide basis. It is hoped that the results will inspire further confidence in the Commission's effectiveness in both fields.

V

One of the most pressing problems confronting industry and Government at the present time is the matter of the present high price level. This is a subject which has received the earnest consideration of the President and of the Congress to an increasing degree in recent months. It is an elementary proposition that if price levels remain artificially high, the net result is a restriction of the real purchasing power of the consumer. The ideal situation, of course, is one in which wages and incomes remain at the highest possible level and prices at the lowest level consistent with the ability to pay high wages and earn high income. It is also a maxim of economics that under free competition and under the inexorable pressure of the law of supply and demand an artificially high price structure must in time fall of its own weight through failure of purchasing power to keep up with prices.

In the earlier days of our American economy of free enterprise, prices were highly sensitive to slight fluctuations in purchasing power and very few lines of commerce were dominated by enterprises sufficiently large as to have the ability to control and manage price levels. To illustrate, in an industry having 25 small manufacturers, all approximately of equal size, no one of them was sufficiently powerful to maintain an artificial and uneconomic price level, hence prices necessarily rose and fell with and accurately reflected purchasing power among consumers.

I have mentioned to you some of the problems which confront the American public as a result of the accelerating increase in corporate mergers. I feel very strongly that one result of this increase in corporate mergers and the concentration in fewer and fewer corporate hands of market controls has been to remove prices of many products from the arena of free competition.

The same result, namely the removal of prices from the free play of competition, is obtained when members of an industry agree together to manage the market through restrictive contracts, patent licensing policies, or outright understandings to fix prices. A good many situations of this type can now be reached under the Anti-Trust laws by the Federal Trade Commission and the Department of Justice. The Commission has had numerous cases in the past few years involving this type of combination to control markets.

It has always struck me as a phenomenon of the business world that perfectly respectable men of the highest integrity and character have no hesitation about entering into a gentleman's understanding with their competitors to avoid the free play of competition in one form or another. With few exceptions, these men are representative of the highest type of our citizenry, and they would be the first ones to complain bitterly about any unwarranted Government regulation of their business. And without exception these men are against monopoly and the fixing of prices as an abstract proposition of law or economics.

I appreciate full well that competition is very often a ruthless process which appears to work many individual hardships, particularly when there is a buyer's rather than a seller's market. Yet I know of no force which can be substituted for the free play of just this competition to regulate business in the public interest. Certainly all experiments looking toward permitting business to regulate itself in the sense of establishing private or even semi-public code organizations to control prices, markets, and all phases of business enterprise have failed. Nor has the Government demonstrated great ability to do that type of job. The plain truth about the matter is that men, either in Government or business, have human limitations which make for inevitable serious mistakes in judgment about managed pricing which would not be made if the production and prices in that business or industry had been subject to "regulation" by the forces of free and open competition. American business is so complex and so inextricably interwoven and interlaced that there is, in my opinion, no body of men sufficiently wise or skilled to plan in advance the varied decisions that the economic necessities of free and fair competition produce naturally and with sufficient flexibility to meet any unexpected changes in market conditions.

We saw several phenomena in the great depression which indicated the inflexibility of those segments of basic industry which either by concentration of production in a few hands or by gentleman's agreement among the major producers were able to maintain the high boom price levels in a period of economic distress. These industries suffered at least as much as those in which competition forced distressed prices, and the fact that they elected to curtail production and employment rather than to reduce prices contributed directly to delaying the swing of the economic pendulum by further curtailing not only the aggregate power to consume all products but also by discouraging potential buyers from consuming their goods.

Now we are on the other side of the mountain. There are present indications that prices have outrun purchasing power. Those industries and businesses which are sensitive to the play of free and open competition will have their prices adjusted to the market as an inevitable matter. However, in those industries in which concentration has led to a managed market or where understandings to restrict or prevent competition are employed, prices may or may not adjust themselves depending on the personal judgment of the market managers. To the extent that they elect not to reduce artificially high prices, a human blunder may be made by a few which can cause a great deal of economic suffering to the many.

I do not believe in or encourage the philosophy that it would be proper in these inflexible industries to regulate them and thereby to force price reductions by Government fiat. I do not believe that the human beings in the Government are any better equipped mentally to make such decisions of managerial discretion than are the human beings in business. The only advantage suggested for the Government making such decisions rather than private monopolists is that presumably the motivating force in the decision would be the interest of the public as a whole rather than any private or selfish interest.

If any of you think it strange that I should be resisting the principle of over-all Government regulation of business, I remind you that the basic concept of the Federal Trade Commission Act, as well as of the Anti-Trust laws in general, is that there should be a minimum of regulation of business and a maximum of individual freedom to compete under simple rules designed to keep competition clean and prevent artificial and monopolistic restraints or collusive agreements which suppress and eliminate the natural regulatory forces of competition.

VI

I am personally convinced that the most pressing problem facing the public today is the preservation of free and fair competition as the primary regulatory force in business. Unless business men themselves help to halt the forces tending toward monopoly and the vesting of control in a few hands, they will find themselves inevitably heading away from the free enterprise system which is the keystone of our American way of life. Free and fair competition is the alternative to either domination and regulation by private groups of capital or that of a paternalistic state similar to those which have arisen abroad as a substitute for the forces of the free market.

As I mentioned earlier, most business men will agree with this statement of mine as an abstract proposition. Yet many of them see nothing inconsistent between this proposition and their own gentleman's agreement with their competitor allocating territories in which they each will have exclusive privileges or territories or a tacit understanding that neither will raise or lower prices without consultation. To preserve competition as a primary regulatory force in America requires something more than this sort of lip service. The requirements are not too complex. They appear to be that the laws against unfair and monopolistic practices must be universally observed in letter and in spirit and that the obvious deficiencies which hamper adequate enforcement of those laws must be corrected by legislative action.

Milwaukee Banks To Close Saturday

All of the banks in Milwaukee County, Wisconsin, will discontinue Saturday banking hours during June, July, August and September, it was disclosed recently by a committee representing the banks. Closings will be effective as of the first Saturday in June, it was stated in the Milwaukee "Journal," which also said in part:

"To compensate for the lost hours on Saturdays these banks will inaugurate additional afternoon and evening banking hours on Fridays.

"The decision to close Saturdays, the committee said, was taken to benefit bank employees who under present schedules generally work until midafternoon on Saturdays. Thus, it was said, the banks will observe the trend for a five-day week in most businesses other than retail merchandising.

"Included in the committee were Roy L. Stone, First Wisconsin National Bank; A. E. Francke, Northern Bank; Michael Wells, Marine National Exchange Bank; Gertrude Jacobs, Marshall & Ilsley Bank; Joseph E. Roche, Milwaukee County Bank, and William Frank, City Bank & Trust Co.

"The committee pointed out that it has become increasingly difficult to do business on Saturdays because many banks in other cities already were observing Saturday closings, as do financial and insurance firms and offices in industrial plants."

The State of Trade

(Continued from page 3)

orders on the books for structural shapes and plates were heavy, deliveries far behind and there was every indication that because of the freight car building program these products would be in tight supply for some months to come. Leading steel officials in steel construction departments say that many contractors would place substantial orders for structural products as soon as firm delivery dates could be assured. This indicates that the substantial backlogs on mill books is no true indication of the limit of construction activity to take place in the future.

Some large fabricators state that private construction jobs are going ahead unhindered by postponement or cancellations. Some State and municipal jobs are being postponed mainly because of the higher cost of completion compared with the original estimates. More significant are the actions of practically all large steel companies contemplating building and machinery additions. Recognizing that the price level, just as the wage level, is on a higher economic plane, these companies have decided to go ahead with construction in order to remain in a good competitive position. It seems likely that this procedure is being adopted by other industries.

While it is too early to determine the actual demand which John L. Lewis will make upon the northern coal operators, representing more than 75% of the nation's output, feeling throughout the industry was more optimistic last week than at any time in years. According to the above trade authority, there is a good possibility that the United Mine Workers will reach a satisfactory wage agreement with the northern operators before July 1, thus preventing a serious coal tieup which would have disastrous effects upon steel and other industries.

Major emphasis in the steel industry last week was on production. Some areas are even exceeding wartime output, although the national rate is still about one point below previous postwar peaks. Nevertheless, "The Iron Age" points out, the next few weeks will probably average as high an operating rate as has been seen since wartime days.

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 95.4% of capacity for the week beginning May 26, 1947, as compared with 96.1% one week ago, 96.4% one month ago and 43.6% one year ago. This represents a decrease of 0.7 point or 0.7% from the preceding week.

The week's operating rate is equivalent to 1,669,400 tons of steel ingots and castings compared with 1,681,700 tons one week ago, 1,686,900 tons one month ago and 768,400 tons one year ago.

Electric Production Off — The Edison Electric Institute reports that the output of electricity decreased to 4,615,983,000 kwh. in the week ended May 17, 1947, from 4,653,137,000 kwh. in the preceding week. Output for the week ended May 17, 1947, was 17.2% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 193,800,000 kwh. in the week ended May 18, 1947, compared with 180,600,000 kwh. for the corresponding week of 1946, or an increase of 7.3%. Local distribution of electricity amounted to 182,000,000 kwh. compared with 171,200,000 kwh. for the corresponding week of last year, an increase of 6.4%.

Railroad Freight Loadings Rise —Car loadings of revenue freight for the week ended May 17, 1947, totaled 888,208 cars, the Association of American Railroads announced. This was an increase of 3,966 cars, or 0.4% above the preceding week, and 199,998 cars, or 29.1% above the corresponding week for 1946, when loadings were affected by labor diffculties. Compared with the similar period of 1945, an increase of 19,294 cars, or 2.2%, is shown.

Paper Output Off and Paperboard Production Higher—Paper production in the United States for the week ended May 17, was 105.3% of mill capacity, against 107.9% (revised figure) in the preceding week and 98.3% in the like 1946 week, according to the American Paper & Pulp Association. This does not include mills producing newsprint exclusively. Paperboard output for the same week, was 102% compared with 101% in the preceding week and 92% for the corresponding week a year ago.

Business Failures Continue Upward—Commercial and industrial failures in the week ending May 22 rose to 102, reports Dun & Bradstreet, Inc. Up from 88 in the previous week, concerns failing were five times as numerous as in the corresponding week of 1946. Failures in the week just ended reached the highest level recorded for any week since March, 1943. There were, however, only one-third as many concerns failing in the week just ended as in the comparable week of prewar 1939, when over 300 businesses failed.

Most of this week's failures involved liabilities of $5,000 or more. These large failures increased from 73 a week ago to 89, more than five times the 17 reported in the same week last year. Small failures declined slightly; numbering only 13, failures with losses under $5,000 fell off from the previous week's level but exceeded the 4 occurring a year ago.

Manufacturing and retailing claimed three-fourths of the week's total failures. The number of manufacturers failing rose to 41, the number of retailers failing rose to 37. No other line of industry or trade had more than 9 failures this week. Compared with the 1946 level all groups increased this year. The rise was sharpest in retail trade, where failures outnumbered those in the same week a year ago by 6 to 1.

The Pacific States had 38 failures, the largest number registered for any region, and the Middle Atlantic States ranked second with 29. Together, these two areas accounted for about two-thirds of the failures occurring during the week. The East North Central States with 17 failures was the only other region in which concerns failing numbered more than six. The sharpest increase both from last week and a year ago appeared in the Pacific States, where 38 enterprises failed against 21 in the preceding week and only 7 in the comparable week of 1946. At least 1 failure was reported in each region this week, whereas a year ago four geographic divisions did not have any failures.

Eleven Canadian failures were reported as compared with 10 last week and 2 in the corresponding week a year ago.

Food Price Index Touches New Low Since October—After showing signs of steadiness in the previous week, the Dun & Bradstreet wholesale food price index dropped 5 cents in the latest week to $5.95 as of May 20, the lowest point touched since Oct. 8, 1946, when it registered $5.40. The current figure represents a decline of 12.1% from the high of $6.77 reached on March 4, but it shows a rise of 41.7% over the $4.20 recorded on the like date a year ago.

Advances in the week included wheat, corn, rye, oats, barley, hams, bellies and cheese. Declines were listed for flour, beef, lard, butter, coffee, cottonseed oil, eggs, potatoes, hogs and lambs. Index represents the sum total of the price per pound of 31 foods in general use.

Daily Wholesale Commodity Price Index Slightly Higher—Following an early uptrend, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned downward but finished slightly higher for the week. The index stood at 254.37 on May 20, as against 252.86 on May 13. On the corresponding date last year it registered 194.11.

Grain markets were generally stronger last week. Wheat touched new seasonal highs last Thursday as the result of additional Government purchases for shipment to Europe, but the market reacted sharply as demand subsided. Corn was active and prices advanced sharply, stimulated by tightness in the cash market and talk of relaxation of export controls to permit sales for livestock feeding abroad. Domestic demand for flour for both nearby and future delivery continued very quiet. Export flour sales were also slow, although Italy was reported to be in the market for its 12,000-ton allocation for July. The actual cocoa market was inactive with prices nominally unchanged, while futures continued to decline with losses ranging from 1 to 1½c. per pound for the week. The green coffee market developed a more stable tone as leading distributors of roasted coffee lowered their selling prices about 3c. per pound over the week-end, thus bringing the two branches of the trade closed to a normal balance. Lard prices dropped to new season lows under pressure of steadily accumulating stocks, coupled with a falling off in both export and domestic demand.

In rather slow trading, cotton prices moved irregularly over a wide range during the past week. The market developed strength toward the end of the period but failed to recover all of the previous losses. Early weakness was attributed to slower mill demand, freer offerings of spot cotton, and reports of improved weather conditions in the cotton belt. Strength in late dealings resulted from buying influenced by estimates of substantial consumption of the staple during April and reports of further Government buying for foreign relief purposes despite the reduction in the subsidy. Confirming preliminary estimates, the Census Bureau report on consumption, released on Monday, indicated a total of 882,880 bales of cotton used during April, or slightly more than the March figure of 875,125. A somewhat firmer trend was visible in staple carded gray cloth markets last week. Inquiries were more numerous; and featured print cloths, sheeting and osnaburgs for spot and nearby deliveries.

Although some inquiries were noted on fine and half-blood domestic wools in the Boston market last week, sales were few and mostly of small amounts. The absence of mill buying was attributed to uncertainties as to wool legislation and the outlook as to prices for cloth and yarn. In foreign wool auctions, prices were firm to stronger on choice, fine staple wools. Offerings of desirable types were scarcer; defective wools were slow with prices easier.

Retail and Wholesale Trade at High Level—Variations in the weather were largely responsible for the spottiness in retail buying in the week. Total volume remained close to the high level of the previous week and was moderately above that of the corresponding week a year ago, states Dun & Bradstreet, Inc., in its review of trade for the week. Mild temperatures stimulated retail trade in some localities while in other areas continued rain discouraged shoppers. Retailers reported little change in over-all price levels.

Interest in women's summer apparel continued to increase last week with cotton dresses, blouses and sportswear among the best sellers. Requests for women's hosiery and footwear were more numerous than in recent weeks. Bridal gowns and formal graduation dresses were eagerly sought. The demand for men's lightweight suits and slacks remained heavy, while the supply of men's shirts and other furnishings continued to improve. Men's athletic shirts and hose were frequently requested.

Reports from most sections of the country indicated that retail food volume was maintained at the high levels of previous weeks. Fresh fruits and vegetables were in ample supply, while meat, fish and poultry were plentiful. Interest in canned goods increased slightly but consumer insistence on well-known brands continued. Consumer demand for milk, butter and cheese held at a high level.

Interest in furniture, especially case goods, was maintained at a very high level the past week. Requests for housefurnishings and kitchen appliances were numerous, while demand for lawnmowers, garden tools and paint increased noticeably. Requests for used cars increased slightly and continued improvement in shipments of new cars was noted in most areas. Consumers remained selective in regard to both price and quality for all types of durable goods.

Retail volume for the country in the week ended last Wednesday was estimated to be from 7 to 11% above that of the corresponding week a year ago. Regional estimates exceeded those of a year ago by the following percentages: New England 6 to 10, East and South 9 to 13, Middle West and Pacific Coast 7 to 11, Northwest and Southwest 8 to 12.

A noticeable increase in the number of buyers registered in wholesale centers together with an improvement in the supply of many types of goods resulted in a moderate rise in wholesale volume in the week. Dollar volume continued to compare favorably with that of the corresponding week a year ago. Buyers remained cautious but were willing to accept offerings of good quality merchandise at reasonable prices.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended May 17, 1947, increased 11% above the same period of last year. This compared with an increase of 13% in the preceding week. For the four weeks ended May 17, 1947, sales increased by 13% and for the year to date by 11%.

Retail trade in New York last week continued active with department store volume estimated at about 15% above the similar week of 1946. However, the rail strike and transportation and coal difficulties played an important role in lowering the volume in the latter period.

In wholesale markets the past week openings of fall garment lines proved a feature. It is reported that manufacturers were encouraged by buyer response and buyers agreed that the merchandise displayed represented sound values.

The first hike in prices of items by old line manufacturers came in durable goods lines last week. Since the termination of OPA, these manufacturers have raised their prices less than 20%.

A downward trend continued to prevail in wholesale food prices the past week with several large firms reporting price reductions across the board to scale down high inventories and present a challenge to the public's current opposition to high prices.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period to May 17, 1947, increased 9% above the same period last year. This compared with an increase of 8% in the preceding week. For the four weeks ended May 17, 1947, sales rose 8% and for the year to date increased 10%.

Ill.-Wisc. Savs. & Loan Assns. Had Busy April

In April the advances by the Federal Home Loan Bank of Chicago to Illinois and Wisconsin savings, building and loan associations surpassed those of any month so far in 1947. A. R. Gardner, President, said on May 19 in his report to the Federal Home Loan Bank Administration at Washington, that the $2,020,998 disbursed last month represented the third busiest April in the central bank's history. It was surpassed only by the like month of 1946 when the first spurt forward of postwar private building was felt, and by April, 1943, when the wartime needs of savings and loan institutions for liquidity caused heavier-than-usual borrowings at the Home Loan Banks.

Despite discouraging conclusions which have been drawn from preliminary statistics about this year's building activity, Mr. Gardner believes that this upturn in home loan bank advances to the local institutions which handle the bulk of the home financing is an encouraging sign partially to counteract the gloom. He indicated that loan volume was seven times what it had been in March this year, a spectacular increase between these two months against the background of previous years.

Saturday Bank Closing In Seattle in Summer

All commercial banks, savings banks and savings and loan associations in Seattle, Wash., will go on a five-day week for the summer months, with Saturday closing, beginning June 21 and extending through September 1, according to the Seattle "Times," which said that Charles F. Frankland, President of the Clearing House Association of Seattle, announced the decision at the request of a joint committee from the affected institutions. The paper from which we quote also said:

"Because of the nature of their business, some banks expected to extend their banking hours one day of the week during the Saturday closing period, and normal banking operations are to be resumed Saturday, Sept. 6.

"It has been indicated that similar action will be taken throughout the State, including Spokane, Tacoma, Everett and Yakima. The Saturday recess was made possible by adoption at the recent session of the Legislature of a permissive closing law similar to those in effect in a number of other States."

Greene V.-P. of Statistical Bureau

Will Greene, textile market analyst and research executive for the International Statistical Bureau, has been made a Vice-President of that organization, it is announced by A. W. Zelomek, President. Mr. Greene joined the Bureau in 1944 after two years as research and operations administrator in the War Production Board. One of his wartime jobs was the coordination of the Government's first rayon tire cord program. Prior to his services at Washington he was for many years a market writer and editor for the Fairchild Publications.

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. Corpo-rate*	Corporate by Earnings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
May 27	121.64	117.00	122.50	120.22	116.22	109.60	111.62	118.60	120.84
26	121.64	117.00	122.50	120.22	116.22	109.60	111.62	118.80	120.84
24	a	117.00	122.50	120.22	116.41	109.60	111.62	118.80	120.84
23	121.64	117.00	122.50	120.22	116.22	109.60	111.62	118.60	120.84
22	121.67	117.00	122.50	120.43	116.41	109.60	111.81	118.60	121.04
21	121.64	117.00	122.50	120.22	116.41	109.60	111.81	118.60	120.84
20	121.64	117.20	122.50	120.43	116.41	109.79	111.81	118.60	121.04
19	121.64	117.00	122.29	120.43	116.41	109.79	111.81	118.60	120.84
17	a	117.20	122.50	120.43	116.41	109.97	112.00	118.60	121.04
16	121.64	117.20	122.50	120.43	116.41	109.97	112.00	118.80	121.04
15	121.64	117.20	122.50	120.43	116.61	110.15	112.19	118.80	121.04
14	121.64	117.20	122.50	120.43	116.61	110.15	112.19	118.80	121.04
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	116.22	109.60	111.62	117.80	120.02
1 Year Ago May 27, 1946	123.99	118.80	122.92	121.46	118.40	112.56	116.22	119.00	121.04
2 Years Ago May 26, 1945	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20

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

1947 Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate*	Corporate by Earnings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
May 27	1.57	2.80	2.53	2.64	2.84	3.19	3.08	2.72	2.61
26	1.57	2.80	2.53	2.64	2.84	3.19	3.08	2.71	2.61
24	a	2.80	2.53	2.64	2.83	3.19	3.08	2.71	2.61
23	1.57	2.80	2.53	2.64	2.84	3.19	3.08	2.72	2.61
22	1.57	2.80	2.53	2.63	2.83	3.19	3.07	2.72	2.60
21	1.57	2.80	2.53	2.64	2.83	3.19	3.07	2.72	2.61
20	1.57	2.79	2.53	2.63	2.83	3.18	3.07	2.72	2.62
19	1.57	2.80	2.54	2.63	2.83	3.18	3.07	2.72	2.61
17	a	2.79	2.53	2.63	2.83	3.17	3.06	2.72	2.60
16	1.57	2.79	2.53	2.63	2.83	3.17	3.06	2.71	2.60
15	1.57	2.79	2.53	2.63	2.82	3.16	3.05	2.71	2.60
14	1.57	2.79	2.53	2.63	2.82	3.16	3.05	2.71	2.60
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	2.84	3.19	3.08	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 27, 1946	1.48	2.71	2.51	2.58	2.73	3.03	2.84	2.70	2.60
2 Years Ago May 26, 1945	1.64	2.88	2.62	2.71	2.88	3.31	3.05	2.91	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.

National Fertilizer Association Wholesale Commodity Price Index Declines

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on May 26 declined to 195.4 for the week ended May 24, 1947 from 196.6 in the preceding week. The index is now down to the level reached for the week ended Feb. 22, 1947 and is lower than for any week since then. A month ago the index stood at 196.7 and a year ago at 147.5, all based on the 1935-1939 average as 100. The Association's report added:

During the week five of the composite groups in the index declined while one advanced; the other five remained at the level of the preceding week. Prices for cheese, bread, corn meal, cocoa, and some meats advanced, but the lower prices for butter, flour, coffee, lamb, pork, fowl, and fats and oils caused the foods index to decline. The higher prices for grains were more than offset by lower prices for livestock, with the result that the farm products index declined. Lower quotations for broadcloth and burlap were responsible for the fall in the textiles index. The decline in the building materials index was caused by lower prices for southern pine, oak flooring, and linseed oil. The index for the farm machinery group fell slightly. Prices were reduced for leather, rubber, cottonseed meal, and linseed meal, but higher prices for hides, bran, and middlings caused the miscellaneous commodities index to advance.

During the week 36 price series in the index declined and 20 advanced; in the preceding week 24 declined and 22 advanced; in the second preceding week 24 declined and 26 advanced.

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

% Each Group Bears to the Total Index	Group	Latest Week May 14, 1947	Preceding Week May 17, 1947	Month Ago Apr. 26, 1947	Year Ago May 25, 1946
25.3	Foods	212.2	213.8	218.5	145.8
	Fats and Oils	205.9	225.0	286.8	147.4
	Cottonseed Oil	279.2	307.7	433.1	163.1
23.0	Farm Products	243.8	245.4	242.5	178.4
	Cotton	342.1	342.1	336.1	261.2
	Grains	256.6	253.4	249.9	192.7
	Livestock	227.0	230.4	228.1	161.8
17.3	Fuels	170.4	170.4	169.8	131.4
10.8	Miscellaneous Commodities	161.8	160.5	157.8	138.6
8.2	Textiles	215.3	215.8	217.3	166.6
7.1	Metals	149.3	149.3	148.1	117.9
6.1	Building Materials	189.7	198.3	203.2	167.8
1.3	Chemicals and Drugs	157.4	157.4	156.9	127.5
.3	Fertilizer Materials	127.5	127.5	127.5	116.6
.3	Fertilizers	134.5	134.5	134.5	119.8
.3	Farm Machinery	125.3	125.5	125.5	105.8
100.0	All groups combined	195.4	196.6	196.7	147.5

*Indexes on 1926-28 base were: May 24, 1947, 152.2; May 17, 1947, 153.2; and May 25, 1946, 114.9.

Electric Output for Week Ended May 24, 1947 18.3% 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 24, 1947 was 4,662,858,000 kwh., an increase of 18.3% over the corresponding week of last year when electric output amounted to 3,941,865,000 kwh. The current figure also compares with 4,615,983,000 kwh. produced in the week ended May 17, 1947, which was 17.2% in excess of the 3,939,281,000 kwh. produced in the week ended May 18, 1946. The largest increases were reported by the Southern States and Pacific Coast groups which showed gains of 23.7% and 23.2%, respectively, over the same week last year.

PERCENTAGE INCREASE OVER SAME WEEK LAST YEAR

Major Geographical Division—	Week Ended— May 24	May 17	May 10	May 3	Apr. 26
New England	8.6	5.9	8.5	10.2	9.5
Middle Atlantic	12.3	9.2	10.7	8.3	10.8
Central Industrial	18.6	18.9	24.2	17.3	19.1
West Central	14.2	14.9	13.6	17.5	19.4
Southern States	23.7	23.6	23.7	18.3	19.0
Rocky Mountain	15.2	19.2	20.1	18.0	25.2
Pacific Coast	23.2	19.1	18.3	18.7	20.2
Total United States	18.3	17.2	19.0	15.7	17.4

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	4,615,983	3,939,281	+17.2	4,377,221	1,425,151	1,705,460
May 24	4,662,858	3,941,865	+18.3	4,329,605	1,381,452	1,615,085
May 31		3,741,256		4,203,502	1,435,471	1,689,925

Steel Wages Pass Quarter Billion Mark

More than a quarter billion dollars were paid to employees of the iron and steel industry proper during the first two months of 1947, according to estimated figures for the entire industry based upon actual returns from 120 companies, the American Iron and Steel Institute announced on April 12. Combined wages and salaries for the first two months of this year are estimated at $295,260,000 as compared to $169,890,500 paid during the similar interval of 1946. These figures exclude wages and salaries to workers of company subsidiaries engaged in other than iron and steel making. The Association's announcement adds:

The total number of employees in the industry's iron and steel plants during February increased to 606,700 workers, of whom 517,500 were wage earners. In January, 1947, total employment was 601,200 workers, of whom 512,600 were wage earners.

These workers received $139,482,000 in wages and salaries during February, as compared with $155,778,000 in the 31-day month of January. Of these payments, wages represented $110,294,000 and $126,083,000, respectively.

During February, average hourly earnings of the industry's hourly, piecework and tonnage workers declined slightly to $1.370 from the January record of $1.381. One reason for the dip was the smaller average number of hours per week worked by these employees in February as against January. Average hours worked by the industry's wage earners during February totaled 39.0, as compared with 40.3 in January. In January and February, 1946, these workers averaged only 24.0 hours per week, as a result of the effects of the strike in the steel industry at that time.

Senate Confirms Clapp For TVA Post

The U. S. Senate confirmed on April 24, by a vote of 36 to 31 the nomination of Gordon R. Clapp to be a member of the Board of Directors of the Tennessee Valley Authority. A motion by Senator Hill to reconsider the vote was tabled by the Senate by a vote of 35 to 30. As noted in our issue of April 24, page 2255, Mr. Clapp was nominated early in January by President Truman to succeed David E. Lilienthal as director of the TVA, whose nomination as Chairman of the Atomic Energy Commission was also sent to the Senate by the President in January, that nomination having finally been confirmed on April 9. Reporting that Mr. Clapp's nomination was confirmed despite a fight against confirmation by Senator McKellar (Democrat) of Tennessee, Associated Press advices from Washington, April 24, said in part:

It was the second defeat within recent weeks for McKellar, 78-year-old Senate dean. Over his vehement objections the Senate had confirmed David E. Lilienthal, Mr. Clapp's predecessor as TVA head, to be Chairman of the Atomic Energy Commission. Referring to the Lilienthal vote and the forthcoming Clapp vote, McKellar said:

"I have never been more hurt." He said his views were being ignored even though TVA has headquarters in Tennessee.

Mr. Clapp, now serving as Chairman of the three-man TVA Board under interim appointment, was supported by two Republicans, Senators Revercomb (W. Va.) and Cooper (Ky.) Mr. Cooper, member of the Senate Committee which voted against recommending confirmation, told Senators he found "no substantial evidence" in the hearings that reflected upon Mr. Clapp's character or loyalty.

"It cannot be said that Mr. Clapp himself was a Communist," said Mr. Cooper, "and it cannot be said that he knew of this Communist activity (within TVA). . . . I certainly do not believe his ability can be questioned."

Mr. Clapp, a Wisconsin native, was nominated by President Truman early in January to be the third Chairman of TVA. He would complete the nine-year term on its board for which Lilienthal was confirmed in May, 1945.

Parcels For Overseas Forces

Postmaster Albert Goldman announced on April 25 that, beginning May 1, parcels may be accepted from the public without submitting a request from the addressee, for mailing to persons who are authorized to receive mail through overseas APOs and which contain articles for the personal use of the addressees. Also, effective the same date, the limitation on the mailing of one parcel a week to Army or civilian personnel at an APO address will be eliminated.

Moody's Daily Commodity Index

Tuesday, May 20	398.6
Wednesday, May 21	400.9
Thursday, May 22	397.9
Friday, May 23	396.7
Saturday, May 24	397.2
Monday May 26	398.4
Tuesday, May 27	394.3
Two weeks ago May 13	399.2
Month ago, April 26	403.1
Year ago	279.9
1946 High Dec. 24	380.6
Low Jan. 2	264.7
1947 High Mar. 26	431.8
Low Jan. 20	371.5

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended May 17, 1947, as estimated by the United States Bureau of Mines, was 12,970,000 net tons, a decrease of 185,000, or 1.4%, from the preceding week. Output in the corresponding week of 1946 amounted to 8,955,000 tons. In the current calendar year to May 17, soft coal production totaled 238,832,000 net tons, an increase of 36.7% over the 174,744,000 tons produced in the corresponding period of last year.

Output of Pennsylvania anthracite for the week ended May 17, 1947, as estimated by the Bureau of Mines, was 1,074,000 tons, an increase of 17,000 tons, or 1.6%, over the preceding week. When compared with the production in the corresponding week of 1946 there was a decrease of 263,000 tons, or 19.7%. The calendar year to date shows a decrease of 11.6% 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 17, 1947, showed an increase of 2,800 tons when compared with the output for the week ended May 10, 1947; and was 123,700 tons more than for the corresponding week of 1946.

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

	Week Ended			Jan. 1 to date	
Bituminous coal & lignite—	May 17, 1947	*May 10, 1947	May 18, 1946	†May 17, 1947	May 18, 1946
Total, including mine fuel	12,970,000	13,155,000	8,955,000	238,832,000	174,744,000
Daily average	2,162,000	2,193,000	1,493,000	2,057,000	1,492,000

*Revised. †Subject to current adjustment.

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

	Week Ended			Calendar Year to Date		
Penn. Anthracite—	‡May 17, 1947	§May 10, 1947	May 18, 1946	May 17, 1947	May 18, 1946	May 22, 1937
*Total, incl. coll. fuel	1,074,000	1.057,000	1,337,000	21,271,000	24,064,000	22,665,000
†Commercial produc.	1,033,000	1,016,000	1,286,000	20,452,000	23,138,000	21,532,000
Beehive Coke—						
¶United States total	140,000	137,200	16,300	2,348,000	1,238,500	1,475,200

*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.)

	Week Ended		
State—	May 10, 1947	May 3, 1947	May 11, 1946
Alabama	420,000	406,000	27,000
Alaska	6,000	6,000	6,000
Arkansas	20,000	14,000	10,000
Colorado	84,000	95,000	3,000
Georgia and North Carolina	1,000	1,000	*
Illinois	1,400,000	1,244,000	47,000
Indiana	582,000	470,000	28,000
Iowa	39,000	36,000	9,000
Kansas and Missouri	110,000	107,000	40,000
Kentucky—Eastern	1,321,000	1,140,000	20,000
Kentucky—Western	47,000	390,000	21,000
Maryland	43,000	44,000	1,000
Michigan	*	1,000	1,000
Montana (bituminous and lignite)	64,000	60,000	52,000
New Mexico	29,000	28,000	1,000
North and South Dakota (lignite)	33,000	36,000	34,000
Ohio	846,000	899,000	28,000
Oklahoma	49,000	45,000	23,000
Pennsylvania (bituminous)	3,136,000	3,033,000	56,000
Tennessee	147,000	143,000	6,000
Texas (bituminous and lignite)	1,000	1,000	1,000
Utah	136,000	151,000	4,000
Virginia	416,000	420,000	7,000
Washington	15,000	19,000	5,000
†West Virginia—Southern	2,597,000	2,550,000	12,000
‡West Virginia—Northern	1,123,000	1,107,000	14,000
Wyoming	130,000	123,000	7,000
§Other Western States	*	1,000	*
Total bituminous and lignite	13,155,000	12,570,000	463,000

†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.

Wholesale Prices Rose 0.2% in Week Ended May 17, Labor Department Reports*

Primary market prices rose 0.2% on the average during the week ended May 17, 1947, according to the Bureau of Labor Statistics, U. S. Department of Labor. The Bureau under date of May 22 reported that this is the first increase in its general index of commodity prices in primary markets since the week ended March 29. At 147.0% of the 1926 average, the index in the week ended May 17 was 0.1% below the level of a month earlier and 32.6% above the corresponding week of last year, said the Bureau, which further reported for the week indicated:

"Farm Products and Foods—Average market prices of farm products rose 0.3% during the week. Grain quotations increased more than 2%, reflecting increased purchases for foreign relief by the Department of Agriculture in accordance with the President's directive. Reduced shipments caused substantial advances for some livestock, especially calves and cows, but there were small declines for heavy hogs and lambs. Light supplies caused price increases for apples and citrus fruits, and sweet potatoes also increased with improved quality. There were substantial declines for white potatoes and onions as shipments increased. Egg prices rose slightly. Quotations for raw cotton declined. On the average, prices of farm products were 0.9% above mid-April 1947, and 28.3% above a year ago.

"The group index for foods was unchanged during the week as declines for dairy products and fats and oils balanced increases for cereal products, meats, and fruits and vegetables. Prices of butter and evaporated milk declined with increased production, and there were also declines for lard, oleomargarine, edible tallow and vegetable oils. Recent increases in costs of flour and labor caused substantial increases in bread prices, although wheat flour prices declined this week. Prices of corn products increased. Among meats, veal and pork prices increased, while fresh beef declined slightly. As a group, prices of foods were 5.6% below the peak level of early March and 44.5% above a year earlier.

"Other Commodities—Average prices of all commodities other than farm products and foods rose 0.3%, although there were declines for some commodities. Average prices of copper rose nearly 6%, as suspension of the 4-cent import duty permitted imports of higher-priced foreign copper. Domestic copper remained at the lower level. Prices of motor vehicles and farm machinery were slightly higher, while mercury and silver prices decreased. Further declines for copra and inedible tallow reduced the group index for fats and oils to a level 27% below the peak in mid-March. Prices of menthol and shellac were up, a reflecting light supplies. Lack of demand at previous high prices caused sharp reductions in the prices of navel stores; there were smaller declines for Chinawood and linseed oil. Lower costs reduced prices of synthetic camphor, and nux vomica was lower. Decreases for lower grades of Southern pine offset increases for higher grades of pines and for the shop grade of poplar. Wood pulp and box board prices continued to advance. Further declines were reported for crude rubber, anthracite, raw silk and soap. Reversing previous declines, prices of one prominent construction of print cloth advanced. Continued lack of demand for shoes at present high prices caused further declines in the prices of hides and skins. There were substantial advances for cattle feed, particularly mill by-products."

CHANGES IN WHOLESALE PRICES BY COMMODITY GROUPS FOR WEEK ENDED MAY 17, 1947
(1926=100)

						Percent changes to May 17, 1947 from—		
Commodity Groups—	5-17 1947	5-10 1947	5-3 1947	4-19 1947	5-18 1946	5-10 1947	4-19 1947	5-18 1946
All commodities	147.0	146.7	146.7	147.2	110.9	+ 0.2	— 0.1	+32.6
Farm products	176.9	176.3	174.6	175.4	137.9	+ 0.3	+ 0.9	+28.3
Foods	161.1	161.1	162.7	162.2	111.5	0	— 0.7	+44.5
Hides and leather products	166.4	166.7	166.7	172.5	120.9	— 0.2	— 3.5	+37.6
Textile products	138.5	138.0	138.0	138.8	108.2	+ 0.4	— 0.2	+28.0
Fuel and lighting materials	104.1	104.0	104.0	104.1	87.0	+ 0.1	0	+19.7
Metals and metal products	141.8	140.7	140.7	140.9	109.3	+ 0.8	+ 0.6	+29.7
Building materials	177.4	178.6	178.5	178.4	126.9	— 0.7	— 0.6	+39.8
Chemicals and allied products	125.9	127.2	128.6	132.5	96.3	— 1.0	— 5.0	+30.7
Housefurnishings goods	129.4	128.6	128.6	128.1	109.4	+ 0.6	+ 1.0	+18.3
Miscellaneous commodities	115.9	114.9	115.4	115.6	96.3	+ 0.9	+ 0.3	+20.4
Special Groups—								
Raw materials	160.2	160.1	159.4	160.3	124.6	+ 0.1	— 0.1	+28.6
Semi-manufactured articles	143.2	142.0	142.2	146.0	101.7	+ 0.8	— 1.9	+40.8
Manufactured products	142.2	141.9	142.2	142.1	106.1	+ 0.2	+ 0.1	+34.0
All commodities other than Farm products	140.5	140.2	140.6	141.1	104.8	+ 0.2	— 0.4	+34.1
All commodities other than Farm products and foods	132.1	131.7	131.8	132.4	104.0	+ 0.3	— 0.2	+27.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM MAY 10, 1947 TO MAY 17, 1947

Increases

Cattle feed	12.2	Motor vehicles	0.7
Grains	2.4	Iron and steel	0.5
Nonferrous metals	1.8	Paper and pulp	0.5
Cotton goods	1.7	Meats	0.2
Furnishings	1.7	Agricultural implements	0.1
Livestock and poultry	1.2	Fruits and vegetables	0.1
Cereal products	0.9	Other building materials	0.1
Woolen and worsted goods	0.1		

Decreases

Oils and fats	5.4	Furniture	0.7
Silk	5.2	Dairy products	0.6
Crude rubber	4.8	Other foods	0.6
Paint and paint materials	3.0	Anthracite	0.3
Hides and skins	1.2	Lumber	0.3
Other farm products	1.0	Other textile products	0.3
Drug and pharmaceutical 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.

Retail Prices Continued to Advance In April, According to Fairchild Index

Retail prices continued to rise for the 14th consecutive month according to the Fairchild Publications' Retail Price Index. Quotations in April showed an increase of 0.3% over March and a 9.0% gain over May 1 a year ago. There has been a gain of 8.0% since the lifting of price controls on July 1, 1946, said the Fairchild announcement issued May 16.

Except for piece goods, the report added, which showed a decline due to sharp reductions in silk fabric prices, each of the major groups advanced during April. The greatest increase was recorded in home furnishings, with men's and women's apparel showing comparable gains. As compared with a year ago, men's apparel, infants' wear and home furnishings showed the greatest gains. The same groups also recorded the greatest advances above July 1, 1946.

An analysis of the individual items comprising the index shows quite a few fractional declines. The following items in the index recorded decreases: silk piece goods, women's hosiery, men's furnishings, and luggage. There was very little change in the prices of woolen piece goods, corsets, furs, shirts and neckwear, men's clothing and chinaware. The greatest increases were recorded by men's shoes, radios and women's housedresses.

Prices will continue to show gains for the next two or three months. A decline in retail prices later this year is likely, according to A. W. Zelomek, economist, under whose supervision the index is compiled. This would reflect a lower level of wholesale prices, but is not likely to show up to any great extent in the Retail Price Index much before the fourth quarter of the year.

U. S. Exports in First Quarter

Exports of goods and services during the first quarter of 1947 reached $4.9 billion, an annual rate of about $19.5 billion, the Department of Commerce said on May 22 and aded:

This represents a new peacetime export record and it has been exceeded only in the war year of 1944 when lend-lease was at its peak.

Imports during the first quarter 1947 totaled $1.9 billion, leaving an export surplus of about $3 billion for the quarter.

Part of this difference between exports and imports was financed by unilateral transfers of about $700 million (net), consisting of private gifts and remittances, transfers through UNRRA, civilian supplies distributed by the Armed Forces in the occupied countries, and miscellaneous items of a similar character.

Net overflow of United States capital, chiefly loans by the Federal Government, covered an additional $1.2 billion. Disbursements on direct loans by the Export-Import Bank of $280 million and drawings of $500 million on the British Loan were the principal transactions in this category. Foreign countries drew down their dollar assets and sold gold to finance the remainder of their deficit with the United States to the combined extent of $1.2 billion.

Preliminary estimates of the balance of international payments of the United States for the first quarter of 1947 are shown in the following table together with comparable figures for the fourth quarter of 1946. The figures exclude transactions with the World Bank and Monetary Fund.

Balance of International Payments of the U. S.
(In Billions of Dollars)

	4th quart. 1946	1st quart. 1947
Exports—		
Recorded exports	2.6	3.6
Other goods transferred	.5	.5
Services	.7	.8
Total exports	3.8	4.9
Means of Financing—		
Recorded imports	1.4	1.4
Other purchases abroad	.1	.1
Services	.4	.4
Total imports	1.9	1.9
Gifts, gov. & priv., net	.6	.7
Loans, long & short-term	.6	1.2
Sale of foreign assets	.9	1.2
Unidentified transactions	—.2	—.1
Total	3.8	4.9

NY State Savings Bank Deposits Up in April

A net gain in savings deposits of $36,371,674 was scored in April by the 131 mutual savings banks in New York State, according to Robert M. Catharine, President of the Savings Banks Association. It was the 57th consecutive month in which savings have increased, exclusive of dividends credited. Accounts increased by 11,613 during the same month.

Comparative gains in deposits and accounts during April, 1946, amounted to $57,884,162 and 14,903, respectively.

Total deposits held by the mutual savings banks in New York State now stand at $9,377,371,776, the largest sum ever attained. Total accounts now number 7,021,751 or approximately one for every two persons in the State.

A 1946-1947 comparison of four-month totals reveals that from Jan. 1 through April 30 of this year, savings deposits, inclusive of dividends, gained $218,190,840 or 2.3%, as compared to $276,936,545, or 3.3%, during the same period last year. Accounts increased by 82,541 or 1.1% this year as against 120,797 or 1.8% in the corresponding four months of 1946.

Gains in savings accounts and dollar deposits during the first four months of this year are running approximately 68% and 79%, respectively, of 1946 levels.

Result of Treasury Bill Offering

The Secretary of the Treasury announced on May 26 that the tenders for $1,300,000,000 or thereabout of 91-day Treasury bills to be dated May 29 and to mature Aug. 28, which were offered on May 23 were opened at the Federal Reserve banks on May 26.

Total applied for, $1,807,342,000.

Total accepted, $1,311,450,000 (includes $13,892,000 entered on a fixed price basis 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, 99.906, equivalent rate of discount approximately 0.372% per annum.

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

(72% of the amount bid for at the low price was accepted.)

There was a maturity of similar issue of bills on May 29 in the amount of $1,320,620,000.

Daily Average Crude Oil Production for Week Ended May 17, 1947, Increased 3,450 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 17, 1947, was 5,008,050 barrels, a new all-time high record, representing an increase of 3,450 barrels per day over the preceding week and a gain of 256,700 barrels per day over the corresponding week of 1946. The current figure was also 137,050 barrels in excess of the daily average figure of 4,871,000 barrels estimated by the United States Bureau of Mines as the requirement for the month of May 1947. Daily output for the four weeks ended May 17, 1947, averaged 4,973,400 barrels. The Institute's statement further adds:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,867,000 barrels of crude oil daily and produced 14,522,000 barrels of gasoline; 2,137,000 barrels of kerosine; 5,662,000 barrels of distillate fuel, and 8,217,000 barrels of residual fuel oil during the week ended May 17; and had in storage at the end of that week 99,793,000 barrels of finished and unfinished gasoline; 10,586,000 barrels of kerosine; 33,844,000 barrels of distillate fuel and 44,390,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*B. of M. Calculated Requirements May	State Allowables Begin. May 1	—Actual Production— Week Ended May 17, 1947	Change from Previous Week	4 Weeks Ended May 17, 1947	Week Ended May 18, 1946
**New York-Penna.	49,200		48,650	+ 1,850	48,500	51,700
Florida			500	— 50	550	250
**West Virginia	8,000		7,850	— 50	7,700	7,900
**Virginia			200	----	200	----
**Ohio—Southeast	8,000		6,700	+ 500	6,500	5,750
Ohio—Other			2,550	— 50	2,500	2,650
Indiana	18,000		17,900	— 200	18,050	20,400
Illinois	210,000		185,800	— 3,650	187,050	207,850
Kentucky	29,000		25,900	----	25,550	30,150
Michigan	47,000		42,050	+ 900	40,800	46,000
Nebraska	700		†600	----	600	750
Kansas	275,000	280,000	†280,450	+ 7,800	281,500	261,350
Oklahoma	380,000	378,125	†385,750	+ 50	385,900	373,400
Texas—						
District I			21,100	----	20,950	----
District II			159,150	----	158,650	----
District III			485,150	----	483,200	----
District IV			243,400	----	242,800	----
District V			38,350	----	38,250	----
East Texas			338,000	----	336,700	----
Other Dist. VI			112,500	----	112,050	----
District VII-B			38,200	----	37,700	----
District VII-C			36,800	----	36,600	----
District VIII			530,150	----	511,200	----
District IX			137,800	----	137,100	----
District X			86,250	----	85,650	----
Total Texas	2,120,000	‡2,241,957	2,226,850	----	2,200,850	2,114,800
North Louisiana			98,050	+ 200	97,550	78,650
Coastal Louisiana			316,000	----	314,900	291,450
Total Louisiana	411,000	455,000	414,050	+ 200	412,450	370,100
Arkansas	79,000	79,960	74,700	— 250	74,400	72,250
Mississippi	86,000		87,950	— 1,800	87,900	61,850
Alabama	2,100		1,100	— 50	800	1,050
New Mexico—So. East	102,000	112,000	105,350	----	104,150	95,300
New Mexico—Other			500	+ 50	450	500
Wyoming	108,000		114,950	+ 1,900	114,450	112,950
Montana	24,000		22,600	— 700	22,850	19,400
Colorado	39,000		40,700	+ 400	39,200	29,600
California	875,000	§846,500	908,400	— 3,400	910,500	865,400
Total United States	4,871,000		5,008,050	+ 3,450	4,973,400	4,751,350
**Pennsylvania Grade (included above)			63,400	+ 2,300	62,900	65,350

*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 15, 1947.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and for certain other fields for which shutdowns were ordered for from 4 to 13 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 17, 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	99.4	839	102.7	1,976	22,006	4,754	9,251	7,157
Appalachian—								
District No. 1	89.2	99	76.2	300	2,554	195	391	245
District No. 2	100.0	72	110.8	239	1,135	56	114	107
Ind. Ill. Ky.	85.8	764	83.1	2,614	20,143	1,340	2,873	2,246
Okla. Kans. Mo.	80.1	422	93.0	1,472	9,323	402	1,225	996
Inland Texas	65.5	197	66.6	751	4,069	233	319	610
Texas Gulf Coast	94.5	1,072	81.2	3,206	13,963	1,641	5,818	5,112
Louisiana Gulf Coast	96.4	360	100.8	1,058	5,213	828	2,007	1,019
No. La. & Arkansas	64.4	65	57.0	164	1,979	229	381	110
Rocky Mt.—								
New Mexico	25.3	11	84.6	41	83	17	42	43
Other Rocky Mt.	71.5	129	74.1	422	2,967	68	501	622
California	88.0	837	88.7	2,279	16,358	823	10,922	26,123
Total U. S.—B. of M. basis May 17, 1947	88.6	4,867	86.9	14,522	*99,793	10,586	33,844	44,390
Total U. S.—B. of M. basis May 10, 1947	87.1	4,840	85.8	14,351	100,934	10,152	33,363	42,875
U. S. B. of M. basis May 18, 1946		4,747		14,163	†96,206	11,969	33,108	41,512

*Includes unfinished gasoline stocks of 8,434,000 barrels. †Includes unfinished gasoline stocks of 8,446,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §In addition, there were produced 2,137,000 barrels of kerosine, 5,662,000 barrels of gas oil and distillate fuel oil and 8,217,000 barrels of residual fuel oil in the week ended May 17, 1947, as compared with 1,921,000 barrels, 5,514,000 barrels and 8,224,000 barrels, respectively, in the preceding week and 1,963,000 barrels, 5,492,000 barrels and 8,199,000 barrels, respectively, in the week ended May 18, 1946.

Trading on New York Exchanges

The Securities and Exchange Commission made public on May 21 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 May 3, 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 May 3 (in round-lot transactions) totaled 1,735,988 shares, which amount was 19.03% of the total transactions on the Exchange of 4,560,060 shares. This compares with member trading during the week ended April 26 of 1,721,742 shares, or 18.43% of the total trading of 4,673,730 shares.

On the New York Curb Exchange, member trading during the week ended May 3 amounted to 327,975 shares, or 17.01% of the total volume on that Exchange of 963,850 shares. During the week ended April 26 trading for the account of Curb members of 296,245 shares was 15.27% of the total trading of 969,950 shares.

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

WEEK ENDED MAY 3, 1947

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	292,270	
‡Other sales	4,267,790	
Total sales	4,560,060	
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	534,190	
Short sales	95,820	
‡Other sales	421,850	
Total sales	517,670	11.53
2. Other transactions initiated on the floor—		
Total purchases	151,530	
Short sales	28,700	
‡Other sales	134,100	
Total sales	162,800	3.45
3. Other transactions initiated off the floor—		
Total purchases	176,520	
Short sales	23,410	
‡Other sales	169,868	
Total sales	193,278	4.05
4. Total—		
Total purchases	862,240	
Short sales	147,930	
‡Other sales	725,818	
Total sales	873,748	19.03

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

WEEK ENDED MAY 3, 1947

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	22,830	
‡Other sales	941,020	
Total sales	963,850	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	100,255	
Short sales	5,700	
‡Other sales	94,385	
Total sales	100,085	10.39
2. Other transactions initiated on the floor—		
Total purchases	15,750	
Short sales	3,100	
‡Other sales	12,200	
Total sales	15,300	1.61
3. Other transactions initiated off the floor—		
Total purchases	54,560	
Short sales	6,100	
‡Other sales	35,925	
Total sales	42,025	5.01
4. Total—		
Total purchases	170,565	
Short sales	14,900	
‡Other sales	142,510	
Total sales	157,410	17.01
C. Odd-Lot transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	50,870	
Total purchases	50,870	
Total sales	42,196	

*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."

Short Positions on Curb to May 15

The total short position in stocks traded on the New York Curb Exchange stood at 161,581 shares on May 15, 1947, an increase of 33,544 shares from the figure of 128,037 reported on April 15, 1947. This increase continues the rising trend experienced in the Curb mid-month short position each month since last September with the exception of March, when a decrease was registered. The Curb's announcement, issued on May 20, continued:

A short position of 5,000 shares or more was reported in five of the 851 stock issues traded on the Curb Exchange on May 15, compared with a like number of such issues on April 15. Some short position existed in 156 of the Curb stock issues on May 15, compared with 164 issues on April 15.

The report follows:

Security—	Short Position May 15, '47	Short Position Apr. 15, '47	Increase	Decrease
Central & South West Corp. (Com.)	59,643	25,521	34,122	
Cities Service Co. (Com.)	8,020	9,620	1,600	
Kaiser-Frazer Corp. (Com.)	18,408	13,500	4,908	
Pan American Airways Corp. (Wts.)	19,450	22,800		3,350
Selected Industries, Inc. (Com.)	5,200	5,300		100
Total Short Position (Stocks)	161,581	128,037	33,544	
Total Short Position (Bonds)	20	1	19	

Savs. and Loan Assns. Increase Assets

The first quarter of 1947 continued the climb of savings and loan association assets beyond all previous heights, saw an increasing amount of their assets invested in mortgage loans, and cut down on the ratio of delinquent loans, which was negligible to start with, said an announcement issued on May 17, which continued:

This is the picture revealed in the United States Savings and Loan League's survey of current operating conditions in this business which it has served 55 years as a trade organization. The results are based on reports from 554 associations which make up 40% of the resources of the entire system.

Morton Bodfish, Chicago, Chairman of the Executive Committee of the League, pointed to the following facts:

(1) A 2.7% increase in assets between Jan. 1 and March 31, 1947, giving the nation the largest specialized home financing system it has ever had. Assets were estimated at $10,500,000,000 at the beginning of the year.

(2) Reporting associations showed 71.5% of all of their resources employed in mortgage loans, principally to buyers and builders of homes. This compares with 69.3% in mortgage loans as of Dec. 31, 1946, and 60.2% as of Dec. 31, 1945.

(3) Only three borrowers had any back payments due for every $1,000,000 of home loans outstanding on March 31. This record of borrower ability and willingness to meet obligations was established despite the rapid increase in the volume of mortgage loans since V-J Day. An improvement has taken place even in the first three months of 1947, since the ratio was 3.05 borrowers with a payment or two behind for every $1,000,000 in loans on Dec. 31, 1946, and 3.97 on Dec. 31, 1945.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 21, 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 May 10, 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 May 10, 1947

	Total For Week
Odd-Lot Sales by Dealers—(Customers' purchases)	
Number of orders	20,511
Number of shares	568,809
Dollar value	$22,857,765
Odd-Lot Purchases by Dealers—(Customers' sales)	
Number of Orders:	
Customers' short sales	538
*Customers' other sales	17,104
Customers' total sales	17,642
Number of Shares:	
Customers' short sales	20,716
*Customers other sales	463,086
Customers' total sales	483,802
Dollar value	$18,078,703
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	0
†Other sales	145,440
Total sales	145,440
Round-Lot Purchases by Dealers—	
Number of shares	214,460

*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."

Civil Engineering Construction Totals $113,164,000 for Week

Civil engineering construction volume in continental United States totals $113,164,000 for the week ending May 22, 1947, as reported by "Engineering News-Record." This volume is 14% below the previous week, 9% above the corresponding week of last year, and 8% above the previous four-week moving average. The report issued on May 22 continued as follows:

Private construction this week, $54,617,000 is 41% less than last week and 23% below the week last year. Public construction, $58,547,000, is 50% above last week, and 78% greater than the week last year. State and municipal construction, $29,891,000, 8% below last week, is 15% above the 1946 week. Federal construction, $28,656,000, is 346% above last week, and 315% above the week last year.

Total engineering construction for the 21-week period of 1947 records a cumulative total of $2,084,464,000, which 4% above the total for a like period of 1946. On a cumulative basis, private construction in 1947 totals $1,251,489,000, which is 4% below that for 1946. Public construction, $832,975,000, is 18% greater than the cumulative total for the corresponding period of 1946, whereas state and municipal construction, $612,614,000 to date, is 33% above 1946. Federal construction, $220,361,000, dropped 9% below the 21-week total of 1946.

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

	May 22, '47	May 15, '47	May 23, '46
Total U. S. Construction	$113,164,000	$131,313,000	$104,163,000
Private Construction	54,617,000	92,226,000	71,233,000
Public Construction	58,547,000	39,087,000	32,930,000
State and Municipal	29,891,000	32,662,000	26,021,000
Federal	28,656,000	6,425,000	6,909,000

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

New Capital

New capital for construction purposes this week totals $30,326,000 and is made up of $27,736,000 in state and municipal bond sales and $2,590,000 in corporate securities. New capital for construction purposes for the 21-week period of 1947 totals $648,807,000, 20% greater than the $541,080,000 reported for the corresponding period of 1946.

Factory Earnings in March Equals Wartime Peak, Labor Dept. Reports

Weekly earnings in manufacturing industries averaged $47.47 in March, the same as the January 1945 wartime peak, according to preliminary estimates issued on May 1 by the Bureau of Labor Statistics of the U. S. Department of Labor. However, the factory work week averaged five hours shorter in March than at the war peak.

Preliminary averages for March are:

	Weekly Earnings	Weekly Hours	Hourly Earnings
All Manufacturing	$47.47	40.3	117.9¢
Durable	49.96	40.4	123.6¢
Nondurable	44.80	40.1	111.7¢

The February average work week in manufacturing was 40.4 hours, a half hour below the level of last December In the soft goods industries the reduction was even more marked. However, throughout manufacturing the work week continued to average over 40 hours.

Average weekly earnings rose between January and February, reflecting widespread wage increases and some premium pay for work on Lincoln's Birthday. The largest increases were reported in the soft goods industries. In the woolen and worsted industry, for example, substantial wage rate increases under union agreements increased average weekly earnings to $47.44 as compared with approximately $43.00 in December and January. In the rayon and allied products industry, weekly earnings rose to $47.31, a gain of about $3.50 over the two-month period.

Of the 20 major manufacturing groups, eight had weekly earnings of more than $50. Apparel and tobacco alone averaged less than $40 a week. Less than 10% of all production workers in manufacturing in February were employed in these two groups.

Non-Ferrous Metals—Domestic Copper Price Situation Unchanged—Lead Continues Firm

"E. & M. J. Metal and Mineral Markets," in its issue of May 22, stated: "Developments in copper in the week that ended May 21 left the price situation here about unchanged. The scrap market for copper was easier. Producers of ingot brass and bronze announced lower prices. In this atmosphere of uncertainty some of the recent bullishness seemed to suffer, and operators wondered whether a compromise between 21½¢ and 24¢ copper might be in order. Demand for lead remained active, with the supply still tight. Zinc buying moderated. Aluminum, primary as well as secondary, was offered more freely. Quicksilver was unsettled in a quiet market, the price declining $1 per flask. Tungsten moved higher on light offerings from foreign sources." The publication further went on to say in part as follows:

Copper

"E. & M. J. M. & M.'s" average price of copper in the domestic market for the week was 22.138¢., f.o.b. refinery, which compares with 22.513¢., f.o.b. refinery, in the preceding week. Domestic metal sold at 21½¢., Valley, in three directions. Two custom smelters and one foreign producer were sellers on the 24¢ basis. Business booked during the week averaged close to 5,000 tons a day. Fabricators continued to base their price schedules on 21½¢ metal.

The Government will release about 10,000 tons of copper for June shipment to domestic consumers, the trade believes.

The demand for copper in the foreign division of the market was fairly active, and the bulk of the business closed last week was transacted on the unchanged basis of 23¾¢, f.a.s. New York equivalent.

The Copper Institute reports that deliveries of copper to customers in April amounted to 120,311 tons, against 123,590 tons in March. In view of the uncertain conditions that obtained during most of the month, the deliveries were viewed as substantial. Of the total quantity shipped in April, the Office of Metals Reserve supplied 23,089 tons. Proudciton of refined copper totaled 107,270 tons, and included a fair tonnage derived from foreign blister, etc. Production of crude copper in the United States totaled 88,817 tons in April, of which 13,130 tons was secondary.

Lead

Unless demand for lead falls off from its present high rate, producers look for the market to remain firm over the summer period, even though other nonferrous metals may show some unsettlement. Domestic production is likely to decline in the next two or three months, owing to an expected drop in smelter output and vacations.

Demand for lead last week was active, sales amounting to 10,218 tons. From present indications the Government will release between 5,000 and 6,000 tons of lead for June.

Mine production of recoverable lead in the United States in March amounted to 31,442 tons, which compares with 29,850 tons in February and 31,476 tons in January, the Bureau of Mines reports.

Lead consumed in the United Kingdom in the first quarter of 1947 totalled 70,860 long tons, of which 42,535 tons was virgin lead and 28,325 tons scrap. During 1946 the United Kingdom consumed lead at the rate of 79,298 tons per quarter, of which 48,376 tons was virgin metal and 30,922 tons scrap. The decline in consumption in the first quarter of the current year was caused by the coal shortage and severe weather conditions.

The United Kingdom imported 32,251 tons of pig lead in the first quarter of 1947, against 34,762 tons in the same period a year ago. Imports in the January-March period of this year, by countries, were: Burma, 36 tons; Australia, 16,704 tons; Canada, 8,951 tons; Mexico, 2,623 tons; Peru, 1,000 tons; other countries, 2,937 tons.

Zinc

Compared with recent months, producers have experienced a reduced volume of business for zinc for June shipment. Otherwise the market remains unchanged, Prime Western holding at 10½¢, East St. Louis.

The Monsanto electrolytic refinery of the American Zinc, Lead & Smelting Co. has been strike-bound for more than a week.

The foreign market for zinc was described as unsettled, with indications that 10½¢, Gulf ports, has been shaded.

Tin

About 50 tons of tin arrived in this country during the last week from Siam. This is part of an estimated 16,000 tons of tin accumulated in Siam during the war years. Approximately one-half of the tonnage on hand has been earmarked for shipment to the United States. Some questions have been raised here over the quality of the tin, as most of it was produced at small, inefficient smelting plants. Before the war, the mine output of Siam was treated at smelters located in the Straits Settlements.

A nine-day strike at the mines of Patino, Bolivia, was settled last Saturday.

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

	May	June	July
May 15	80.000	80.000	80.000
May 16	80.000	80.000	80.000
May 17	80.000	80.000	80.000
May 19	80.000	80.000	80.000
May 20	80.000	80.000	80.000
May 21	80.000	80.000	80.000

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

Quicksilver

Business in quicksilver during the last week was on the quiet side and prices showed further unsettlement. The metal was available at $84 to $87 per flask, depending on seller and quantity involved, or $1 lower than in the preceding week. Prices named by foreign producers were unchanged.

Imports of quicksilver into the United Kingdom in the first quarter of 1947 amounted to 6,456 flasks, which compared with 1,322 flasks in the January-March period of 1946. The British market continued at £17 5s. per flask.

Silver

The New York Official quotation for silver continued at 72¾¢ an ounce throughout the week. London was unchanged at 44¼d.

Mine production of silver in the United States in March amounted to 2,668,707 oz., against 2,538,888 oz. in February, according to the Bureau of Mines. Production in 1946 averaged 1,814,853 oz. a month.

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

	—Electrolytic Copper— Dom. Refy.	Exp. Refy.	Straits Tin, New York	——Lead—— New York	St. Louis	Zinc St. Louis
May 15	22.225	23.675	80.000	15.000	14.800	10.500
May 16	22.325	23.675	80.000	15.000	14.800	10.500
May 17	21.225	23.675	80.000	15.000	14.800	10.500
May 19	22.625	23.675	80.000	15.000	14.800	10.500
May 20	22.525	23.675	80.000	15.000	14.800	10.500
May 21	21.900	23.675	80.000	15.000	14.800	10.500
Average	22.138	23.675	80.000	15.000	14.800	10.500

Average prices for calendar week ended May 17 are: Domestic copper f.o.b. refinery, 22.267c; 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, 10.500c; and silver, 72.750c.

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.

April Hourly Earnings Above War Peak

Average hourly earnings of production workers in the 25 manufacturing industries included in the National Industrial Conference Board's monthly survey has risen since the end of 1945, the Board announced on May 26. In February, 1946, the wartime peak was passed, the report added, and the February, 1947, average was 13% higher than a year earlier. On the other hand, the average work week during the first two months of 1947 was much shorter than during the war period, although a slight upward trend was evident after the first part of last year. The Board went on to say:

"Weekly earnings, the result of the combination of hourly earnings and the number of hours worked, have risen each month since last June, and both the January and February, 1947, averages were above the highest point reached during the war.

"Real weekly earnings, or actual weekly earnings adjusted for changes in the consumers' price index in terms of 1923 dollars, have fluctuated so widely since the beginning of 1946 that no general trend can be discerned. However, even the lowest point reached during these 14 months was substantially above prewar levels.

"Since June, 1945, workers received the highest earnings of any month during the war—$1.11 for an average hour's work—that month was selected for comparison with February of this year, the latest month for which data are available. The increase in hourly earnings over this period of less than two years amounted to 16.5 cents or 14.9%. In June, 1945, the work week averaged 45.2 hours and in February, 1947, it was 40.8 hours, a decrease of 4.4 hours or 9.7%.

"The over-all change in employment from June, 1945, to February, 1947, was a small rise of 0.9%. The charges in employment in the individual industries, however, ranged from a decrease of 30.8% to an increase of 42.1%, with six industries showing decreases and 19 increases. In June, 1945, the proportions of the workers in the female, unskilled male and skilled male groups were 26.8%, 13.0% and 60.2%, respectively. For February, 1947 the corresponding figures were 19.4%, 14.9%, and 65.7%. This increase in the highest-paid group, the skilled males, with the decrease in the lowest-paid, the women workers; would tend to raise hourly earnings somewhat, but certainly not so much as the 14.9% increase which acutally occurred.

"A new round of increases has recently been announced by the major companies in three industries—iron and steel, automobile and electrical manufacturing. The increases in hourly rates will amount to 12.5 cents for the steel workers and 11.5 cents for those in the other two industries. The rise in the average earnings of all workers in these industries depends, of course, on what proportion of the industry pays the new rates. Assuming that the rest of the companies in each case grant the same increases as those already announced, the new hourly earnings will be approximately 9% higher than the February averages."

Revenue Freight Car Loadings During Week Ended May 17, 1947, Increased 3,966 Cars

Loading of revenue freight for the week ended May 17, 1947 totaled 888,208 cars, the Association of American Railroads announced on May 22. This was an increase of 199,998 cars or 29.1% above the corresponding week in 1946 when loadings were affected by labor difficulties, and an increase of 19,294 cars or 2.2% above the same week in 1945.

Loading of revenue freight for the week of May 17 increased 3,966 cars or four-tenths of 1% above the preceding week.

Miscellaneous freight loading totaled 386,995 cars, an increase of 4,386 cars above the preceding week, and an increase of 79,468 cars above the corresponding week in 1946.

Loading of merchandise less than carload freight totaled 121,042 cars, a decrease of 1,584 cars below the preceding week, but an increase of 1,986 cars above the corresponding week in 1946.

Coal loading amounted to 189,419 cars, an increase of 347 cars above the preceding week, and an increase of 49,934 cars above the corresponding week in 1946.

Grain and grain products loading totaled 42,286 cars, an increase of 263 cars above the preceding week and an increase of 148 cars above the corresponding week in 1946. In the Western Districts alone, grain and grain products loading for the week of May 17 totaled 27,296 cars, a decrease of 220 cars below the preceding week and a decrease of 1,390 cars below the corresponding week in 1946.

Livestock loading amounted to 13,225 cars a decrease of 1,026 cars below the preceding week and a decrease of 1,416 cars below the corresponding week in 1946. In the Western Districts alone loading of livestock for the week of May 17 totaled 9,881 cars a decrease of 1,111 cars below the preceding week, and a decrease of 956 cars below the corresponding week in 1946.

Forest products loading totaled 48,356 cars, a decrease of 366 cars below the preceding week but an increase of 13,536 cars above the corresponding week in 1946.

Ore loading amounted to 72,597 cars an increase of 2,283 cars above the preceding week and an increase of 47,016 cars above the corresponding week in 1946.

Coke loading amounted to 14,288 cars, a decrease of 337 cars below the preceding week but an increase of 9,326 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, Centralwestern 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
Week of May 10	884.242	684.942	838.764
Week of May 17	888,208	688,210	868,914
Total	16,406,096	14,381,491	16,029,277

The following table is a summary of freight carloadings for the separate railroads and systems for the week ended May 17, 1947. During this period 107 roads reported gains over the week ended May 18, 1946.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS WEEK ENDED MAY 17)

Railroads	Total Revenues Freight Loaded 1947	1946	1945	Total Loads Received from Connections 1947	1946
Eastern District—					
Ann Arbor	307	352	280	1,758	1,144
Bangor & Aroostook	1,624	1,263	1,195	419	397
Boston & Maine	7,293	6,853	7,062	12,326	10,867
Chicago, Indianapolis & Louisville	1,416	379	1,023	2,541	1,571
Central Indiana	14	31	28	42	31
Central Vermont	1,056	1,017	1,148	2,243	1,829
Delaware & Hudson	5,232	4,426	3,317	10,625	7,921
Delaware, Lackawanna & Western	7,090	7,524	6,298	9,413	7,349
Detroit & Mackinac	353	301	245	262	168
Detroit, Toledo & Ironton	2,822	1,272	1,641	1,416	827
Detroit & Toledo Shore Line	406	274	426	3,043	1,641
Erie	12,840	10,241	11,572	15,638	11,129
Grand Trunk Western	4,523	3,956	4,059	7,920	5,776
Lehigh & Hudson River	196	208	146	2,262	2,031
Lehigh & New England	1,626	2,793	704	1,003	813
Lehigh Valley	8,822	8,134	5,342	8,214	6,029
Maine Central	2,715	2,443	2,426	3,384	2,387
Monongahela	8,136	5,542	3,260	298	198
Montour	2,775	1,517	2,927	33	6
New York Central Lines	52,827	39,665	51,182	51,876	36,384
N. Y., N. H. & Hartford	9.954	10,202	10,801	14,601	14.226
New York Ontario & Western	1,061	1,048	841	2,702	2,508
New York, Chicago & St. Louis	7,059	5,356	6,627	14,728	10,380
N. Y., Susquehanna & Western	412	304	387	1,224	1,286
Pittsburgh & Lake Erie	6,443	4,708	7,914	10,439	6,963
Pere Marquette	6,494	5,244	5,274	6,862	5,172
Pittsburg & Shawmut	1,469	825	762	51	39
Pittsburg, Shawmut & Northern	¶	248	325	0	178
Pittsburgh & West Virginia	903	951	1,046	2,645	1,617
Rutland	403	380	372	1,175	1,034
Wabash	6,264	5,419	6,104	11,894	8,955
Wheeling & Lake Erie	6,550	4,046	6,475	4,276	3,014
Total	169,085	137,522	151,209	205,313	153,870
Allegheny District—					
Akron, Canton & Youngstown	705	419	764	1,374	988
Baltimore & Ohio	44.871	37,377	47,010	24,451	20,208
Bessemer & Lake Erie	6,333	2,600	6,911	3,068	761
Cambria & Indiana	1.380	2	1,585	13	8
Central RR. of New Jersey	6,308	5,784	5,619	14,862	12,640
Cornwall	427	409	454	68	19
Cumberland & Pennsylvania	327	334	162	12	8
Ligonier Valley	107	86	91	6	13
Long Island	1,333	1,269	1,889	4,475	4,908
Penn-Reading Seashore Lines	1,731	1,524	1,880	1,870	1,954
Pennsylvania System	88,005	62,771	87,704	57,429	46,144
Reading Co.	14,177	14,352	10,782	24,863	18,446
Union (Pittsburgh)	19,110	3,995	20,619	7,299	3,454
Western Maryland	4,852	3,851	3,844	11,894	7,864
Total	189,716	134,773	189,314	151,684	117,415
Pocahontas District—					
Chesapeake & Ohio	37,195	26,214	28,433	15,348	10,368
Norfolk & Western	25,077	18,103	21,484	7,055	5,627
Virginian	5,185	4,632	4,520	2,878	1,278
Total	67,457	48,949	54,437	25,281	17,273
Southern District—					
Alabama, Tennessee & Northern	428	273	437	79	137
Atl. & W. P.—W. RR. of Ala.	872	645	815	2,083	1,822
Atlantic Coast Line	15,213	11,834	12,628	8,112	7,001
Central of Georgia	4,322	3,713	3,885	4,448	3,929
Charleston & Western Carolina	538	412	516	1,594	1,231
Clinchfield	2,351	1,284	1,301	3,436	2,493
Columbus & Greenville	335	315	223	197	288
Durham & Southern	116	87	147	621	369
Florida East Coast	1,953	1,902	1,460	1,475	1,196
Gainesville Midland	108	56	63	106	100
Georgia	1,118	1,142	1,140	2,095	1,706
Georgia & Florida	412	352	431	750	736
Gulf Mobile & Ohio	5,016	3,663	5,610	4,282	2,958
Illinois Central System	26,040	22,734	29,630	15,390	12,558
Louisville & Nashville	29,630	19,292	27,091	10,210	8,368
Macon, Dublin & Savannah	227	208	187	1,029	1,179
Mississippi Central	265	275	599	353	367
Nashville, Chattanooga & St. L.	3,455	2,997	3,507	4,371	3,543
Norfolk Southern	1,175	872	891	1,560	1,192
Piedmont Northern	381	335	414	1,830	1,100
Richmond, Fred. & Potomac	469	308	474	9,108	9,999
Seaboard Air Line	12,464	10,440	11,236	9,351	6,747
Southern System	28,089	20,519	25,092	24,475	19,926
Tennessee Central	880	538	582	813	645
Winston-Salem Southbound	200	120	137	982	969
Total	136,057	104,316	128,956	108,750	90,559
Northwestern District					
Chicago & North Western	19,910	14,534	19,731	13,611	11,114
Chicago Great Western	2,459	2,044	2,428	3,355	2,759
Chicago, Milw., St. P. & Pac.	22,793	18,857	21,459	11,141	8,253
Chicago, St. Paul, Minn. & Omaha	3,421	3,025	3,587	4,013	3,651
Duluth, Missabe & Iron Range	24,577	12,273	26,561	306	173
Duluth, South Shore & Atlantic	1,004	455	1,116	600	493
Elgin, Joliet & Eastern	9,072	5,692	9,057	11,368	6,987
Ft. Dodge, Des Moines & South	682	499	386	159	116
Great Northern	21,342	13,131	24,892	6,254	5,384
Green Bay & Western	469	391	458	948	704
Lake Superior & Ishpeming	2,334	162	2,024	116	61
Minneapolis & St. Louis	2,459	1,938	1,972	2,577	2,256
Minn., St. Paul & S. S. M.	7,131	4,716	7,520	3,628	3,328
Northern Pacific	10,785	9,375	11,932	4,735	4,460
Spokane International	147	144	276	764	378
Spokane, Portland & Seattle	2,792	2,125	2,939	2,812	2,305
Total	131,377	89,361	136,338	66,387	52,422
Central Western District—					
Atch. Top. & Santa Fe System	23,946	23,974	26,532	10,049	9,339
Alton	2,957	2,481	3,326	3,074	2,734
Bingham & Garfield	373	5	365	87	6
Chicago, Burlington & Quincy	21,122	17,703	18,669	11,527	9,354
Chicago & Illinois Midland	3,434	3,370	3,072	715	1,151
Chicago, Rock Island & Pacific	12,772	11,054	12,807	12,908	11,010
Chicago & Eastern Illinois	2,876	1,981	2,966	3,722	2,827
Colorado & Southern	525	463	536	1,824	1,709
Denver & Rio Grande Western	3,589	2,775	3,948	5,093	4,159
Denver & Salt Lake	*	*	*	*	*
Fort Worth & Denver City	1,115	1,228	1,047	1,519	1,231
Illinois Terminal	2,323	1,725	2,407	1,873	1,428
Missouri-Illinois	1,5[illegible]3	999	1,117	547	518
Nevada Northern	1,531	1,404	1,492	104	77
North Western Pacific	1,024	615	703	571	530
Peoria & Pekin Union	5	8	0	0	0
Southern Pacific (Pacific)	31,620	32,390	32,369	10,206	9,470
Toledo, Peoria & Western	106	0	410	348	0
Union Pacific System	14,871	12,294	15,633	14,380	13,211
Utah	737	570	517	11	0
Western Pacific	2,047	1,935	2,303	3,696	3,162
Total	128,496	116,974	130,219	82,254	71,916
Southwestern District—					
Burlington-Rock Island	328	287	398	668	480
Gulf Coast Lines	5.596	5,924	7,636	2,807	2,549
International-Great Northern	2,204	1,755	3,032	4,129	4,456
†K. O. & G.-M. V.-O. C.-A.-A.	1,112	1,018	1.276	1,750	1,262
Kansas City Southern	2,898	2,839	5,243	3,846	2,559
Louisiana & Arkansas	2,503	2,112	4,028	2,313	2,139
Litchfield & Madison	491	280	316	1,444	907
Missouri & Arkansas	§	111	169	§	282
Missouri-Kansas-Texas Lines	5,812	4,689	7,198	3,984	3,813
Missouri Pacific	16,736	13,058	17,090	16,289	14,134
Quanah Acme & Pacific	148	151	89	244	199
St. Louis-San Francisco	9,583	7,736	9,981	7,885	6,100
St. Louis-Southwestern	2,684	2,374	3,513	5,061	4,883
Texas & New Orleans	10,008	8,784	12.672	6,235	4,956
Texas & Pacific	5,789	5,048	5,652	7,572	6,213
Wichita Falls & Southern	97	119	100	61	54
Weatherford M. W. & N. W.	31	30	48	14	25
Total	66,020	56,315	78,441	64,302	55,011

*Included in Denver & Rio Grande Western RR.

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

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	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	574.856	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
May 9	159.888	179,059	560,526	101	101
May 16	153,869	179,155	532,231	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.

More Freight Cars and Locomotives on Order

Railroads and private carlines had 99,896 new freight cars on order on May 1, as compared with 95,497 on April 1, 1947, according to the Association of American Railroads. Of the total number, the Class I railroads and railroad-owned private controlled refrigerator companies on May 1, 1947, had 93,622 new freight cars on order, which included 30,724 hopper (including 1,745 covered hoppers), 5,713 gondolas, 1,043 flat, 9,584 refrigerator, 526 stock, 318 miscellaneous freight cars and 45,714 box (including 40,934 plain and 4,780 automobile box cars). New freight cars on order by Class I railroads on April 1, last, were 87,080, and on May 1, 1946 totaled 39,708.

Of the total number of new freight cars which Class I railroads had on order on May 1, 20,353 will be built in railroad shops and 73,269 in outside shops.

The Class I railroads also had 662 locomotives on order May 1, this year, which included 36 steam, six electric and 620 Diesel locomotives. On May 1, 1946, they had 490 locomotives on order, which included 74 steam, six electric and 410 Diesel one year ago.

The Class I railroads put 11,348 new freight cars in service in the first four months of this year (of which 4.099 were installed in April). This included 3,313 hopper (including 516 covered hoppers), 1,592 gondolas, 567 refrigerator, 454 flat, 24 stock, 100 miscellaneous freight cars and 5,298 box cars (which included 3,788 plain and 1,510 automobile). New freight cars put in service in the first four months of 1946 totaled 11,115.

They also put 286 new locomotives in service in the first four months of 1947 of which 40 were steam and 246 were Diesel. New locomotives installed in the same period last year totaled 59 of which 29 were steam and 30 were Diesel.

Weekly Lumber Shipments 3.7% Below Production

According to the National Lumber Manufacturers Association, lumber shipments of 414 mills reporting to the National Lumber Trade Barometer were 3.7% below production for the week ending May 17, 1947. In the same week new orders of these mills were 10.5% below production. Unfilled order files of the reporting mills amounted to 72% of stocks. For reporting softwood mills, unfilled orders are equivalent to 26 days' production at the current rate, and gross stocks are equivalent to 34 days' production.

For the year-to-date, shipments of reporting identical mills were 8.6% above production; orders were 10.8% above production.

Compared to the average corresponding week of 1935-39, production of reporting mills was 20.6% above; shipments were 16.1% above; orders were 11.8% above. Compared to the corresponding week in 1946, production of reporting mills was 6.1% above; shipments were 1.8% above; and new orders were 17.2% below.

U. S.-So. Africa Air Pact

The United States concluded a bilateral air transport agreement of standard form with South Africa on May 23 through negotiations there, according to a State Department announcement, it was indicated in Washington advices May 23 to the New York "Times," which added:

Under it Pan American Airways will be authorized to serve Johannesburg by way of the Azores, and Capetown by way of Natal and Ascension Island.

Items About Banks, Trust Companies

Guaranty Trust Company of New York announced on May 26 the appointment of Arthur T. Peterson as Joint Manager of the Company's main London Office, 32 Lombard Street. Mr. Peterson has been associated with the bank's foreign organization for the last 20 years and has been Joint Manager of the Kingsway Office, London, since 1940.

The election of Robert K. Christenberry, President, director and General Manager of the Hotel Astor, as a director and Chairman of the Board of the Clinton Trust Co. at 57th St. and 10th Ave., New York, was announced on May 20 by Edward W. Smith, President, following a meeting of the board. The position of Chairman had been vacant since the death of William J. Waite in 1945. Mr. Christenberry became associated with the Hotel Astor in 1935 as Vice-President and General Manager and was elected President in 1944. Previously he had been actively engaged in the hotel business in Cleveland, Detroit, Pittsburgh and Peoria, and for a time was Deputy Hotel Commissioner of Florida. In November, 1945, following the close of the war, and again in the latter quarter of 1946, at the request of the War Department, he made a tour of inspection of all rest, recreation, hotel and food facilities in the American zone of occupation in Europe, recommending extensive changes in operations. Mr. Christenberry for the past six years has been President of the Broadway Association. He is a director of the Ritz Carlton Hotel and of the Hotel Association of New York. He is a member and past President of the Exchange Club.

In addition to its principal office at 57th Street and Tenth Avenue, Clinton Trust Company maintains an office in the McGraw Hill Building, 42nd Street near Eighth Avenue, New York. Organized in 1929 the company has devoted its interest to business organizations in the West Side area and has shown steady growth in resources which at present are in excess of $25,000,000.

Manufacturers Trust Company of New York announces the following promotions: Raymond C. Deering who has served the Manufacturers Trust Company since 1923 first as Assistant Secretary, then as Assistant Comptroller and most recently as Deputy Comptroller was elected Comptroller of the bank; Joseph M. Vollmer, who came to the bank in 1912, was promoted from Assistant Vice-President to Vice-President; William S. Vanek, who came to Manufacturer's Trust Company in 1928 was likewise advanced from Assistant Vice-President to Vice-President; Michael J. Burke, formerly with The Mortgage Corporation of New York which became a part of Manufacturers Trust Company in 1941, was also promoted from Assistant Vice-President to Vice-President; Ernest L. Hall, Assistant Secretary in the bank's Real Estate and Mortgage Management Department, was elected an Assistant Vice-President.

Manufacturers Trust Company of New York announces that it has opened two new branch offices in Queens County, namely, at 43-33 91st Place, Elmhurst, and 37-29 Junction Boulevard, Corona. This brings to 75 the number of branch offices of the bank in Manhattan, Brooklyn, Bronx and Queens. Andrew W. Orr will be in charge of the new Elmhurst Office and James J. Brennan will be in charge of the new Corona Office.

On Monday, May 26, the City Bank Club, the employees' club of The National City Bank of New York and City Bank Farmers Trust Company, presented a "Musical Jamboree" at the New York City Center Theater, 131 West 55th Street. Over 100 Citibankers took part in the performance. The show was followed by a dance in the Grand Ballroom of the Center Theater Casino.

The New York Agency at 67 Wall Street of the Standard Bank of South Africa Ltd. announces the receipt of the following advices by cablegram from the bank's Head Office in London, regarding the operations of this Bank for the year ended March 31, 1947:

"The Directors of The Standard Bank of South Africa Ltd., have resolved to recommend to the shareholders at the General Meeting to be held on July 23 next the payment of a final dividend of nine shillings per share together with a bonus of four shillings per share, both payable in British currency and subject to income tax at nine shillings in the pound, making a total distribution of 20% for the year ended March 31, 1947; to appropriate £75,000 to the writing down of Bank premises and £250,000 to the Officers Pension Fund, carrying forward a balance of £179,307. Bank's investments stand in the books at less than the market value as at March 31 last and all other usual and necessary provisions have been made. The Directors have decided to transfer £500,000 from Contingencies Account to the Officers Pension Fund.

"Transfer books will be closed from July 2nd to 15th, both dates inclusive."

Cable advices received by the New York agent of Barclays Bank (Dominion, Colonial and Overseas), state that the bank has declared interim dividends of 4% actual on the old A stock and on the A stock recently issued in exchange for 8% cumulative preference stock and on the B shares less income tax in each case at the standard rate of 9/- in the £. and payable on June 18, 1947. These dividends are for the period Oct. 1, 1946 to March 31, 1947. As already announced £2,146,000 A stock issued Jan. 15. 1947 does not rank for this interim dividend, but only for subsequent dividends.

Barclays Bank (Dominion, Colonial and Overseas) which is affiliated to Barclays Bank Limited, London, maintain branches overseas in South, East and West Africa, Egypt and the Sudan, Mediterranean, Palestine, the British West Indies, and also in Eritrea, Libya and Somalia.

The offices and directors of The National Bronx Bank of New York announce the opening of its new main office building on May 28, at 360 East 149th Street, Bronx, New York.

In commemoration of its 75th Anniversary, the Riverhead Savings Bank of Riverhead, N. Y., has issued in booklet form a short sketch of the early history, growth and present condition of the bank. The institution was organized on May 18, 1872, and, it is noted in the sketch that in 1922, in celebration of the 50th Anniversary, the bank's Secretary at that time, Otis G. Pike, prepared a history covering the half century period.

On April 1, 1922 the bank had deposits of $7,850,235, surplus and undivided profits of $1,690,654 and accounts of 10,721. On April 1, 1947 the deposits are shown as $25,335,751, the surplus, undivided profits and reserves as $3,045,022, with the number of accounts totaling 15,411. The present officers are George M. Burns, President; William A. AtLee, Vice-President and Comptroller; George H. Perkins and Robert P. Griffing, Vice-Presidents; Archibald D. Skidmore, Secretary; William M. Burns, Assistant Secretary; Albert A. Jewett, Assistant Vice-President and William T. Riley, Auditor.

Walter T. Collins of Hartford, Executive Vice-President of the Savings Banks Deposit Guaranty Fund of Conn., has been elected a Vice-President of the New Haven Savings Bank of New Haven, Conn., effective July 1, it was anounced on May 22 following a special meeting of the Board of Corporators. The New Haven "Register" in reporting this said in part:

For 14 years until 1940, Mr. Collins was associated with Clinton Gilbert & Co., New York investment bankers, in sales and research work, and from 1940 to 1942 was with A. M. Kidder & Co., of New York, working in the bank and insurance investment field.

The Windham County National Bank of Danielson, Conn. increased its capital on May 9 from $225,000 to $250,000 by a stock dividend it is learned from a recent bulletin issued by the office of the Comptroller of the Currency.

The isuance of a charter on May 14 by the Comptroller of the Currency for the Fayette National Bank and Trust Company of Uniontown, Pa. was made known in the May 19 issue of the Comptroller's Bulletin. The capital consists of $200,000 of common stock. S. Ray Shelby and Howard B. Johnson, Jr. are President and Cashier respectively in the primary organization.

An increase of $100,000 in the capital of the Exchange National Bank of Chicago, Ill. by the sale of new stock raising it from $600,000 to $700,000 became effective May 13, according to the May 19 Bulletin of the Office of the Comptroller of the Currency.

The Gallatin County State Bank of Ridgway, Ill., a newly organized institution, opened for business and became a member of the Federal Reserve System on May 19, according to an announcement from the Federal Reserve Bank of St. Louis, which said:

"The new bank is succeeding to the business of the Gallatin County Bank, Ridgway, Ill. It has a capital of $50,000 and surplus of $25,000, and other capital funds of $25,000. Its total resources approximate $2,200,000. The bank's officers are, J. W. Karber, President; Arnold Valter, Vice-President; E. A. Hon, Cashier and Ruby F. Allen and W. S. Hall, Assistant Cashiers.

Edward R. Bradley has been appointed Assistant Trust Officer in the Trust Department of the Mercantile-Commerce Bank & Trust Company, St. Louis, Mo.

The Officers and Directors announce the death of Henry J. Coerver, President of the First National Bank of Arizona and Chairman of the Board of The Phoenix Savings Bank & Trust Co. on May 5.

Directors of the California Trust Company, Los Angeles, have elected F. K. Pollitt to the post of Assistant Trust Officer and named C. J. Fuglaar, Treasurer. J. T. Matushek and F. J. Boulton were elected Assistant Secretaries. G. F. Rennie was elected to the office of Assistant Auditor.

ABA Opposes Liberalizing Land Bank Loans

Presents testimony to House Committee on Banking and Currency opposing giving authority to Federal Land Banks to increase margin on farm mortgages lending from 65% to 75% of value and making farm mortgage loans to city workers.

Proposals contained in H.R. 3330 to liberalize the powers of the Federal Land Banks to lend on farm mortgages were opposed by the American Bankers Association at a hearing held on May 16 by the House Committee on Banking and Currency. The bill would increase the authority to lend on farm mortgages from 65% to 75% of the appraised value of the farm and would perpetuate the Federal Farm Mortgage Corp. as a stand-by agency to make emergency farm mortgage loans if needed. It would also permit the making of "farm mortgage loans" to city workers, combining city business with rural living by taking their outside earnings—earnings of the farmer other than earnings produced by the farm—into consideration when appraising the loan, and would transfer to the Land Bank system $82,000,000 of the surplus in the hands of the Federal Farm Mortgage Corp.

The A.B.A.'s position was presented to the House Committee by John H. Crocker, Vice-President of the Citizens National Bank, Decatur, Illinois, who is a member of the A.B.A. Legislative Subcommittee on Agricultural Credit.

Mr. Crocker pointed out that the Federal Land Banks were created to become "farmer-owned and farmer-operated financial institutions to make long-term real estate loans to farmers on a sound basis. The American Bankers Association wants to see these institutions achieve and maintain that status but on a sound and businesslike basis," he said.

He stated that the proponents of the bill had already admitted that its provisions would result in high risk loans which would threaten the capital structure of the Land Banks. Therefore, he said they sought to put more government capital into the Land Bank system to meet anticipated losses, through the setting up of a reserve fund supplied from the surplus of the Federal Farm Mortgage Corporation.

Mr. Crocker stressed the emergency nature of the Federal Farm Mortgage Corporation to make loans for a period of two years from Feb. 1, 1934, to Feb. 1, 1936, and stated that instead of being allowed to expire when the emergency was over, the lending powers of the corporation were extended no less than seven times.

"It was recognized at the time the Federal Farm Mortgage Corporation was created that its 75% loans were rescue loans and would involve a greater amount of risk than would regular Land Bank loans. That they were rescue loans and did involve the extra risk was demonstrated by the fact that by 1938 more than 25% of them were delinquent and only the war boom bailed them out.

"In 1945," he said, "the Federal Land Banks sought and obtained an increase in the amount they could lend on a farm from 50% to 65% of its appraised value on the representation that if the Land Banks were permitted to make 65% loans, the Land Bank Commissioner loans made on behalf of the Federal Farm Mortgage Corporation could be permitted to lapse.

"In spite of the delinquency and in spite of the representations that the Land Bank Commissioner loans could and would be discontinued if the Land Banks were given permission to make 65% loans, this bill has now been introduced apparently to perpetuate this type of loan by increasing the limit on Land Bank loans from 65% to 75%," he declared.

"At the time the Federal Land Banks were established, they were authorized to make farm mortgage loans up to 50% of the value of the farm plus 20% of the insurable value of the buildings thereon. This figured out," Mr. Crocker said, "at 43% of the value of the farm as a whole. To increase the loans now to 75% would represent an increase of 72% from that figure which applied to Federal Land Bank loans made prior to the Farm Credit Act of 1945."

Mr. Crocker told the committee that "at a time when everybody is concerned about the boom taking place in farm land prices, it would seem unwise to pump into the farm land market such loose credit as is contemplated in this bill, which would further increase prices by creating more potential buyers to compete for farms through the use of such liberalized credit.

"This proposal to permit the Federal Land Banks to make 75% loans is a threat to the integrity of sound farm mortgage credit," he declared. "It is doubtful if appraisers can be expected to exercise judgment as to the normal agricultural value of farms without being influenced by the current trend in the prices of commodities and the selling price of land. Furthermore, if Land Banks are granted the privilege of making 75% loans on any appraisal basis, 75% will become the established practice and other lenders will seek the same privilege."

Mr. Crocker asserted that there were two purposes behind the bill, one being to enable the Land Banks to secure more mortgage loans in order to support their swollen organization. "Private business institutions which do not have access to government funds to take care of their deficits and must remain solvent or go out of business have to adjust their operations in such a way as to live within their income," he stated. "We do not see why government institutions and government sponsored agencies should not be subject to the same rules of sound business practice."

The other purpose of the bill, Mr. Crocker said, "is to secure for the Land Bank System approximately $82 million of surplus in the hands of the Federal Farm Mortgage Corporation which rightfully belongs to the taxpayers of the country. If it is necessary for the government to subsidize this insurance reserve fund to the extent of $82 million to meet anticipated losses from the operations of the Land Banks under the liberalized provisions of this bill, the Land Banks should not be authorized to make the high risk loans," he declared.

"In the face of the present tremendous government debt, the entire surplus of the Farm Mortgage Corporation should be returned to the Treasury to be used for debt retirement," he stated. "The proposed transfer of $82 million of the surplus of the Federal Farm Mortgage Corporation appears to be a device to avoid the necessity of obtaining the approval of the Appropriations Committee of Congress."

He urged that the Federal Farm Mortgage Corporation be dissolved and that all of its surplus fund as well as its capital be paid over to the Treasury "to be covered into miscellaneous receipts."