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Estate Planning

By EDWARD M. HEFFERNAN
Assistant Vice-President, Ann Arbor Trust Company

Specialist likens estate planning to building a home, in which an architect is required to draft general plan and work out details. Calls for cooperation of professional estate planner, lawyer and life insurance underwriter in providing individuals with advice and instruction. Lists consecutive steps in proper estate planning.

In discussing Estate Planning with people, we, who are engaged in that profession, so frequently hear the comment, "Why, everything is taken care of."

Edward M. Heffernan

Many tragedies have occurred and are occurring because of this all too prevalent and common feeling. My experience has been that many of these same people have neglected to plan definitely for the future. Ill-planned estates today are resulting in great suffering to the loved ones of these very self-satisfied or careless individuals.

Under today's complex economy it is unwise either to attempt to plan "piece-meal" or to be concerned only with the transfer of property upon death. As a matter of fact, most individuals are doing these very things rather than making the best provisions for members of their families and other dependents by means of good Estate Planning. Examples of this unfortunate situation are found daily in the work of all financial counselors, trustmen, lawyers and life insurance underwriters.

Estate Planning is so comprehensive that it is rare that any individual who has not consulted with an experienced Estate Planner has considered carefully all factors involved in formulating an estate plan. It is my experience that most people consider only certain isolated phases of Estate Planning, such as making a will, or purchasing some life insurance, or transferring a part of their property. Seldom does a person connect these steps with the need for fitting them into the overall pattern of Estate Planning. Other equally important factors are not even considered.

Taking a cue from that well-known proverb, "We can be certain of only two things in life, death and taxes," our Estate Planning really begins with life itself. Present-day life is so intricate, due in part to our present tax

(Continued on page 8)

Free Banks, Free Enterprise and Free Men

By W. J. BRYAN*
Vice-President, Third National Bank, Nashville, Tenn.

Mr. Bryan attacks branch banking as monopolistic and holds the system has been unsuccessful. Says group banking is a disguise of monopoly and holds local independent banking not only conforms to our decentralized political system but furnishes better and more adequate service to the community.

There is a man-made cancer that is fatal to our economic and political bodies. This takes various forms, works secretly, is insatiable. I refer to monopoly. Yet we have the knowledge and the means of controlling and eliminating this, but too frequently wait until irreparable damage is done. In the cases of the trusts such as oil and tobacco, we broke them up into smaller, competitive units. The railroads were placed under strict regulations. The death sentence was given to utility holding companies, their holdings scattered, and their activities regulated. Furthermore, the government, by means of the Tennessee Valley Authority, actually took over the ownership and operation of some of these properties. Let us beware lest this foreshadows coming events.

W. J. Bryan

You are familiar with some of the practices which characterized the companies that were thus punished. They were evidence that "All power corrupts; absolute power corrupts absolutely." Yet from the standpoint of potential damage, all these were as surface cancers, which are relatively easy to cure. Also they monopolized products that are not indisensable. In fact, tobacco, oil, railroads, and electricity are all comparatively new, and mankind got along without them for untold centuries.

But even the ancient civilizations were unable to get along without money. It is the lifeblood of any economic system. And since banks are the deposi-

(Continued on page 6)

*An address by Mr. Bryan at the Independent Bankers' Association Convention, St. Louis, Mo., May 24, 1947.

Business and Real Estate Outlook

By ARTHUR M. WEIMER*
Dean, Indiana University School of Business

Dean Weimer outlines potential trends in business and real estate. Sees downward revision of prices and says construction costs can be lowered by more efficiency in building labor. Contends future real estate prices will vary in different localities and urges savings and loan associations to take active interest in local affairs.

Business conditions today may well remind us of the famous statement by Charles Dickens in "A Tale of Two Cities":

Arthur M. Weimer

"It was the best of time, it was the worst of time, it was the age of wisdom, it was the age of foolishness it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way—in sort, the period was so far like the present period that some of its noisiest authorities insisted on its

(Continued on page 9)

*From an address by Dean Weimer before the New Jersey Savings and Loan League at Atlantic City, N. J., May 23, 1947.

GENERAL CONTENTS

As We See It

EDITORIAL

How to Be Strong

There is an apparently growing disposition to speak of World War III as "inevitable." Of course, many who talk in this way are doing so for the purpose of persuading others to take some line of action desired by the speaker. A titanic struggle to the finish with Russia, or with "Communism," or with "totalitarianism" is usually "inevitable" if this or that is not done, or if some other course of action is not discontinued. But one suspects that more and more people are at least beginning to believe that current efforts to find a reasonably sure way to avoid war in the future are destined to failure.

For our part we doubt if any sort of mechanism is likely to be the deciding factor in matters of peace or war in the future. Far more fundamental forces are at work, and only too few appear to realize or understand what they are—and it may well be doubted whether any one knows precisely how they may be controlled or rendered impotent. Certainly the dispassionate mind must doubt whether the various nations, including the United States of America, are managing their affairs or dealing with the other nations of the earth in a way to give a great deal of assurance of an enduring peace.

Must Be Strong

The many who today keep saying that we must "keep strong" if we are to be reasonably safe in this world are, therefore, on strong ground. World events are so shaping themselves, and have been so shaping themselves for a good while past, that we simply cannot afford to shut our eyes to a depressing and threatening world situation into which we have thrust ourselves with such violence and such persistence. We have become too heavily involved with the destinies of too many peoples, and have won the suspicion,

(Continued on page 4)

From Washington Ahead of the News

By CARLISLE BARGERON

Perhaps, the most mysterious shenanigans going on in Washington and New York these days have to do with the vague business of how we must spend billions to habilitate and rehabilitate the earth. A few months ago, Standard Oil of New Jersey, adopted an unusual resolution at their annual board of directors' meeting. I am surprised that it hasn't received more attention.

This meeting, after dealing with the company's affairs, making a report on them, etc., as annual boards of directors usually do, then adopted a resolution to the effect, and I am paraphrasing:

Carlisle Bargeron

"We realize that we now live in one world and to the extent that we lift up the living standards of other peoples of the world, so will our own living standards be lifted."

I am told in every Leftist quarter that the business of pouring out money to Europe and to Japan, is not strictly of their own initiative, that Big Business and "influential financial interests" are behind it, that they are, indeed, behind ambitious schemes for the Middle and Near East. I am sure that I don't know if this is true but I can understand, and have reason to believe, that there are American enterprisers who feel, and rightly so, that there is gold in "them thar hills" of the world's undeveloped areas.

But there should be an understanding of how this is to be accomplished. At present, it seems to me that the Leftists are using the natural ambitions of American enterprisers as propaganda for their global WPA scheme.

You can't get any enlightenment on it in Washington, from the State Department, from President Truman or from Congress, the latter of which is frankly baffled and is trying to find out what is cooking as much as the

(Continued on page 9)

Are We, Indeed?

"If there is a Truman Doctrine on foreign affairs, and certainly if there is we do not know what it is, does it mean that America is going to pay off every country which is threatened with communistic infiltration? Shall we pour arms and money into every corner of the world where people threaten to go communistic? Shall we bolster the economy of every country, big and little, which shows an internal resistance to the communistic doctrine? Shall we backfill every hole that Russia continues to dig for us around the periphery of this aggressive power? If we are, we are committed to an unlimited policy of financial and, perhaps, military support in a hundred places. The cost is incalculable. This constant sapping at the economic wealth of our country can lead only to a weakened America, a less responsible place in world leadership. Apparently that is the policy of those who are set off against us in this evolving world."
—Senator John W. Bricker.

John W. Bricker

We wish there were greater disposition everywhere to pay the heed to such strictures that they deserve.

President's Commission Reports on Military Training

Group headed by Dr. Karl T. Compton favors a six months' compulsory period for youths from 18 to 20 years. Points out rapid and devastating character of future warfare and says universal training offers only method to insure sufficient number and dispersal of trained men, if huge standing forces are to be avoided. Notes additional means for balanced social security.

On June 1, President Truman released the summary of findings of the Advisory Commission on Universal Training which he appointed about six months ago to inquire and report upon the question. This Commission, headed by Dr. Karl T. Compton, President of the Massachusetts Institute of Technology, consisted of eight men and one woman. Besides Dr. Compton, the members appointed by the President, all of whom signed the report were, Joseph E. Davies, Harold W. Dodds, Truman K. Gibson, Jr., Daniel A. Poling, Anna M. Rosenberg, Samuel I. Rosenman, Edmund A. Walsh, and Charles E. Wilson.

The text of the summary of findings and recommendations follows:

After nearly six months of the most intensive study the members of this Commission have arrived at the unanimous conclusion that universal training is an essential element in an integrated program of national security intended to safeguard the United States and to enable us to fulfill our responsibilities to the cause of world peace and the success of the United Nations.

Our conviction stems from the following basic beliefs:

First—One of the deterrents to the effectiveness of the United Nations is the belief of other nations that we are stripping ourselves of the strength necessary to support our moral leadership and are thus encouraging powers that may not share our peaceful aims to plan campaigns of aggression. We believe that the adoption of universal training would reassure the peace-loving countries of the world and enhance the influence and authority of the United Nations.

Second—Universal training offers the only method through which we could insure a sufficient number and dispersal of trained military man power without overburdening the country's economy through the maintenance of a huge standing Army, Navy Air Force and Marine Corps.

Third—The addition of the atomic bomb to the incalculable horrors of modern war has eliminated the concept of zones of safety in any future attack on this country. By making war universal, devastating and immediate in its impact, new development in warfare have created a need for trained men in every city and town—men who would be available at once in an emergency.

We do not wish, however, to exaggerate the benefits that would be derived from the establishment of a universal training program. It offers no cheap or easy ticket to security. Only when combined with the other elements that enter into a balanced security system would it provide the measure of strength necessary to deter an aggressor from taking up arms against us or from violating the rights of less powerful nations.

Ingredients of National Security

In the light of the conditions that exist in the world today no program for national security would be complete unless it encompassed all of the following ingredients:

(1) A strong united, healthy and informed nation. This is our number one security requirement. It is the bedrock on which all our military preparations depend. The vigor and vitality of our democracy, as expressed in improved health, education, productivity and morale of the American people, are of paramount importance, not only for ourselves but also for millions subject to the deception of totalitarian philosophies abroad.

(2) A co-ordinated intelligence service. Only through the most diligent collection and the most exhaustive analysis of every scrap of data that might shed light on the war plans of a potential enemy or the extension of his sphere of influence can we hope to make up for the "cushion of time" that has been taken away from us by the deadly speed of air and atomic attack.

(3) Scientific research and development. No lesson of World War II was more convincing to the American people than the effectiveness of science in providing potent new instrumentalities of warfare. We strongly indorse continued interest in and support of both basic and applied research by the armed forces, and specifically add our recommendation in favor of legislation to establish a national science foundation.

Industrial Readiness

(4) Industrial mobilization. The development of new weapons will be of no value unless our scientific progress is matched by industrial readiness for the problems of war that may come without warning at supersonic speeds. Weapons that were not in being and in the possession of our troops when an aggressor struck would be worthless in inflicting swift retribution upon him or in preventing his approach to our shores. Because of the danger that production centers would be demolished in the first days of war, a start should be made now toward decentralizing the most vital plants and, in some cases, toward building underground or otherwise adequately protected facilities. Critical war materials must be stockpiled now and in the future.

(5) A striking Air Force—Spearhead of our professional armed services, this force would be charged with the crucial mission of "defense by attack." Its job would be to stop the enemy's first onslaught and to hit back at him with crushing force. We believe that an aggressor's reluctance to start a war, and his handicap in prosecuting it successfully if he did start, would be in direct proportion to the power and readiness of our mobile striking force. Its personnel would have to be highly trained and its equipment would have to be the most advanced in the world.

(6) Other Elements of the Regular Army, Navy, Air Forces, Marine Corps and Merchant Marine—Long-range operations of great destructive power and control of strategic bases might be decisive elements in determining the outcome of a war. Since we could not under our Constitution and would not under our conception of international morality launch a surprise attack against any country without an open declaration of war, the enemy would have the advantage of surprise. Replacements would have to be available speedily in large numbers. Maintenance of planes, mechanized equipment and the host of highly technical weapons and devices developed by science increases the need for specialists, supply troops and unbreakable supply lines.

(7) Unification of the Armed Forces—There can be no realistic planning or preparation for the kind of defensive and offensive strategy required for modern war without unity of command.

(8) Universal Training—For reasons discussed at length in our report, we unanimously recommend the adoption of universal training. We do not believe there is any other way of guaranteeing that the armed forces will be able to count on a sufficiently speedy flow of trained men to win a war if large-scale fighting for bases or invasion of the enemy homeland are required. These pre-trained young men would be ready to cope with the unprecedented problems of internal security that atomic warfare would bring—problems of such magnitude that our failure to meet them at once, wherever they developed, might lose us the war overnight.

Effect of Atomic Warfare

We have given careful attention to the argument most frequently put forward against the adoption of a universal training program; namely, that the development of the atomic bomb and other instruments of mass destruction has eliminated the need for mass military forces in wartime. We reject this conclusion because our analysis of the possible types and conditions of future warfare convinces us that increased, rather than decreased, numbers of trained troops would be quickly required for home defense, for effective counterattack and for complete victory.

Specifically, we believe that a universal training program would provide the following benefits:

(1) It would shorten the time in which our effective fighting force could be mobilized in case of war.

(2) It would give our young men the essentials of military training that would be the basic prerequisites for technical, specialized or unit training in an emergency; and training saves lives.

(3) It would make possible an effective National Guard and organized Army, Navy, Air and Marine Reserves capable of rapid absorption into the professional military establishment in time of war.

(4) It would improve the efficiency, quality and alertness of the regular forces in peacetime.

(5) It would help produce qualified reserve officers in numbers that would assist in meeting the officer requirements of the regular services and the civilian components and to staff the forces needed after M-Day in any future crisis.

(6) It would present additional opportunities for inculcating spiritual and moral ideals in support of the American democracy.

(7) It would establish a pool of young, physically fit and trained reserves who could be mobilized if a future crisis arose.

(8) It would provide a large trained group in every community capable of withstanding and dealing with the problems of civilian defense and mass disaster resulting from severe bombing attacks.

(9) It would provide a mechanism that could be converted immediately into a wartime selective service system, and it would make possible a continuous inventory of military skills, aptitudes and leadership qualities that could be used advantageously in making military assignments should war come.

(10) It would help to channel young men into programs of scientific and vocational training in fields important to national defense.

(11) It would bring together young Americans from all parts of the nation to share a common experience and to fulfill a common obligation to their country, thus contributing to national unity, the foundation of our security.

(12 It would give greater military strength at less cost than would be provided by exclusive reliance on a large standing military force, since it would be impossible to obtain enough volunteers for the professional force required for adequate defense and since the cost would overburden the national economy even if such a force could be raised.

Integration of Program

In submitting a training program intended to achieve these military benefits, we have been mindful of the need for integrating into the program, without sacrificing its essential military objectives, the maximum advantages to health, education, character development and training for citizenship. We recognize that there are definite limits to the non-military benefits that can be obtained, and we do not present these as in any way a justification for the adoption of a program that must be considered solely on the basis of its contribution to world peace and national security.

The program herein recommended reduces, in so far as possible, the disruption of normal community and family life, which inevitably attends the calling of young men from their homes in the national interest. We have endeavored to take realistic account of the losses the youth and society would suffer both economically and educationally if the training period were too long, and of the danger that it might be worthless for military purposes if it were too short.

Six Months' Basic Training

On the basis of all these considerations, we recommend that it be made the obligation of every young man upon reaching the age of 18, or upon completing or leaving high school, whichever is later, to undergo a period of training that would fit him for service to the nation in any future emergency. This period should generally be divided into two parts. The first would be six months of basic training in camps or aboard ship. The second would include a number of alternative programs or options, one of which would have to be chosen on completion of the basic training.

The general aim of these options would be (1) to organize men into units, such as those of the National Guard or the reserve components, in which they could keep their basic training up to date, move on to advanced and group training, and be available for effective use in time of war, and (2) to give advanced education or training to those who are qualified for and desire to take such training, including training that would provide a steady stream of young officers. For the most part these options could be performed in connection with, or at the same time as, the pursuit of any occupation in civilian life or of further education.

Six months of basic training is regarded by the Commission as an indispensable foundation without which the whole structure would be of no military utility. It is recognized that entrance into this part of the program will come at an age when most young men are moving from high school to college or are entering upon a vocation. Inevitably, the necessity for spending six months in full-time military training will involve some interference with these activities.

For some reasons set forth in this report, we believe that this situation can be handled best by establishing May 1 and Nov. 1 of each year as the dates on which young men would come into the program.

A Three Man Military Training Commission

We recommend that the entire training program be placed under the general control and direction of a commission of three members, reporting directly to the President, and composed of two civilians and one military representative. In suggesting that the commission have a civilian majority, we have been guided by our deep conviction that this undertaking must be a civilian effort resting on the understanding, interest and support of the American people, and surrounded by all the safeguards that the civilian community would wish.

In furtherance of this underlying principle, we also recommend that there be a general advisory board, representative of the public and including leaders in the field of recreation, religion, education and health, as well as local civilian advisory committees to each camp commander and a corps of full-time civilian inspectors whose function it would be to see that effective, democratic training is provided in all training establishments in accordance with the policies enunciated by the commission.

We are convinced that it is entirely possible to provide for American youth a wholesome, moral and religious environment in training camps. The experimental unit at Fort Knox has made a pattern and set a standard that the armed forces would be responsible for reasonably applying in all procedures and programs of universal training.

In the body of the report we make special recommendations for handling conscientious objectors, as well as others who do not meet the requirements of military type training.

In preparing this report we have attempted to evaluate all factors of importance to our security and the maintenance of world peace. Everything points inescapably to the conclusion that there is no real security for this country or any country unless war is abolished through the establishment of the reign of law among nations.

We recommend the adoption of universal training because we are convinced that weakness on our part not only involves our country in grave risks but also weakens the United Nations, on which rest our hopes for lasting peace. A weak and irresolute America is an invitation to failure. A strong and resolute America is the best guaranty for our safety and for the success of the United Nations.

Housing Controls Eased

Beginning June 1 Federal permits for the construction of houses are not required, Frank R. Creedon, Housing Expediter, announced on May 28, according to Associated Press Washington advices. The new ruling also lifts the restriction on the number of bathrooms permitted for new homes, and expands the area limitation for dwellings from 1,500 to 2,000 square feet. Ceilings on repairs or alterations, classified as "small job allowances" in the construtcion order, were also raised from $400 to $1,000 for dwellings, and from $1,000 to $2,500 for commercial and small industrial buildings. Mr. Creedon, according to advices to the New York "Times," said that relation of these controls would also apply to all permits already issued for housing to which the liberalized rulings could be adapted.

The following are the Housing regulations remaining in effect after May 31, it was indicated in the "Times" Washington advices:

The construction limitation order under which Federal approval must be obtained before erection of a non-housing type of building. Mr. Creedon described this as "the keystone of the housing program," without which "there would be a mad scramble for materials and home-building would suffer."

The veterans' preference provision, whch requires a builder of a house not intended for his own use to give a veteran first chance at buying or renting the property.

The requirement that houses must be built for year-round occupancy.

Rent ceilings on new construction which limit rents to $80 a month on new construction, or an average of $80 for multi-family projects.

Other continuing controls include the "guaranteed market contracts" for prefabricated housing and new-type materials, premium payments on pig iron and cast iron soil pipe through June 30, and allocations for a few scarce materials.

The State of Trade

Total industrial production for the country at large was maintained at the high levels which have prevailed in recent weeks. In several manufacturing lines spot reports told of lay-offs and shorter work-weeks. However, notwithstanding this condition, total employment was generally unchanged with no significant increase in unemployment, though job openings continued narrow.

In the week ended May 10, total continued claims for unemployment dropped fractionally under those of the previous week, while initial claims rose 1.5%.

For the third successive week the nation's production of crude oil the past week exceeded 5,000,000 barrels daily. Average daily output was at a new record of 5,024,850 barrels, an increase of 16,800 over the previous week, according to the American Petroleum Institute.

In the construction field reports indicated that local strikes and high prices were holding up building plans. Lumber shipments were approximately 4% below production for the week with new orders 11% under output. The weekly production of lumber was 6% over that of the corresponding week a year ago, while new orders declined by 17%.

Although the dollar volume of sales of electrical appliances continued well above that of a year ago, when stocks were less adequate, there was a noticeable decline in volume in comparison with previous weeks. Demand continued strong for large items such as stoves, refrigerators and washing machines. There was no let-up in the heavy demand for building materials. The shortage of paper and paper products continued to be evident in many sections of the country.

A sharp contraction occurred in automotive output of the United States and Canada the past week amounting to 77,843 units, which includes cars and trucks as against a revised total of 96,651 units, Ward's Automotive Reports reveal.

A year ago the total was 31,895 and, in the like period of 1941, it was 106,395.

U. S. factories turned out 56,168 cars and 16,675 trucks in the four working days of last week. Canada's five-day production was 3,040 cars and 1,960 trucks.

Preliminary May figures indicate that 281,795 passenger cars and 87,198 trucks were produced in this country, with 13,521 and 8,936 made in Canada. This compares with 313,702 and 113,283, for the U. S. and 13,496 and 8,745 for Canada in April.

The outlook for June is better than the industry's May performance. However, April very likely will prove to be the best of the first six months of the year, and especially so in the case of trucks.

Shoe production declined somewhat during the week with some curtailment of activity in woolen mill operations again apparent. Worsted mills, however, continued active as demand for those goods was strong.

The usual rise in retail trade due to approaching graduations, weddings, and vacations was somewhat limited the past week by the rainy weather in many sections of the country. The dollar volume of retail sales was moderately over that of last year primarily because of higher prices now than in 1946. The supply of most goods was adequate.

Activity in wholesale trade as in retail trade was little changed during the week, but remained above that of the corresponding week a year ago. Goods in seasonal demand moved well. Buyers were cautious about placing orders and sellers hesitant about quoting prices in lines where consumer resistance has been high.

Steel Industry—For the first time since it began late in March to drop from its postwar peak, the scrap market showed signs of strength last week, according to "The Iron Age," national metalworking weekly. Quotations on heavy melting steel were up $2.50 a gross ton at Pittsburgh with minor increases at other locations.

The current strength, the magazine suggests, may not be the forerunner of another upward trend but, rather 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.

Steel output the past week continued to roar on its way towards an annual rate of close to 88 million tons a year. If nothing occurs to reduce seriously the present rate, which the present week is scheduled at 97.0% of rated capacity, the yearly output, states "The Iron Age," would approximate the wartime record of 89 million tons. Even though this level is not reached, it is now almost certain that all previous peacetime records will be smashed.

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, the above trade authority points out. 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, "The Iron Age" adds. 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, the magazine states.

In the midst of the temporary domestic shortage of various steel products, there is little chance that the British inquiry for 1,200,000,000 tons of steel can be met even fractionally, since 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.

The American Iron and Steel Institute announced on Monday of this week the operating rate of steel companies having 94% of the steel capacity of the industry will be 97.0% of capacity (equal to postwar high established in the week of March 24, 1947) for

(Continued on page 11)

Full Control of Bank Holding Companies Needed

By MARRINER S. ECCLES*

Chairman, Board of Governors, Federal Reserve System

Chairman Eccles urges passage of bill to place further curbs and restrictions on bank holding companies on ground present regulations are inadequate to keep operations of these corporations in line with established banking principles and public policy. Cites bank holding company expansion, and extension into non-banking activities. Advocates placing holding companies under Federal Reserve control and supervision.

The purpose of this bill (S. 829) is to regulate bank holding companies so that their operations will be in accordance with established banking principles and public policy.

Marriner S. Eccles

This bill reflects the Federal Reserve System's experience over a period of approximately 14 years in dealing with bank holding company problems. Since its introduction it has been studied and appraised by various interested banking groups. With suggested technical amendments and others, all of which are acceptable to the Reserve Board and none of which would affect its basic purposes, the bill conforms to recommendations made in reports by the Federal Advisory Council of the Federal Reserve System and by the Association of Reserve City Bankers. In addition, it has the support of the Independent Bankers Association of the Twelfth Federal Reserve District and of the great majority of the major bank holding companies.

The bank holding company problem is not a new one to the Congress. In 1933, after extensive hearings which began in 1930, Congress recognized the need for and undertook to provide effective regulation of bank holding companies. As a part of the Banking Act of 1933, Section 5144 of the Revised Statutes was amended by adding several new paragraphs applying exclusively to bank holding companies (called "holding company affiliates" in the amendment) and placing limitations and restrictions upon the right of such companies to vote the stock of member banks which they owned. Prior to 1933, this section merely defined the rights of stockholders of national banks to vote their stock in such banks.

As amended, and as it now stands, this section provides that a holding company, before it may vote its stock of a member bank, must first obtain a permit to do so from the Federal Reserve Board. The Board, in turn, is authorized in its discretion to grant or deny such a permit. As a condition to the granting of the permit the holding company is required, on behalf of itself and its controlled banks, to agree to submit to examinations, to agree to establish certain reserves, to agree to dispose of all interest in securities companies, and its officers, directors and agents are subject to the same penalties for falsification of records as those applicable in the case of national banks.

Congress presumably felt that these amendments would be adequate to insure effective regulation. The Board's experience in administering those provisions, however, has demonstrated clearly the need for additional legislation if regulation is to be effective in correcting and preventing practices which are contrary to public policy and interest.

Present Law Is Entirely Voluntary

No one would suggest that in amending Section 5144 in 1933, Congress intended to bring some bank holding companies under regulation and to leave others, even though meeting the same definitions, free from regulation. Yet that is what the law now permits because it is based solely upon the voting permit. A holding company becomes subject to the law only if a voting permit is issued. But there is no mandatory requirement in the law that a holding company obtain such a permit. Undoubtedly it was believed that all would do so. All have not done so, however, because as a practical matter holding companies can in many instances control the operations of banks without the need for voting their shares in such banks. In one instance disclosed by the Board's files a holding company owns a controlling stock interest in 24 member banks, yet has obtained voting permits covering only two of these banks.

Whenever the Board receives an application for a voting permit, it makes a thorough examination of the holding company and its affiliates to determine what corrections, if any, are necessary to meet basic standards. If such corrections appear necessary, they are made a condition to the granting of the voting permit. In one important case, however, when advised of the need for such corrections, the applying company simply abandoned its application for a voting permit. It was able to control its banks without voting the shares which it owns in these banks, and thus was able to escape such regulation as existing law provided.

Clearly the law should apply to all bank holding companies alike. This cannot be accomplished by a law which permits a holding company to elect not to subject itself to regulation. The law must be mandatory to be effective. The proposed bill provides that all bank holding companies meeting the prescribed definition shall register with the Board and, having registered, shall be automatically subject to all of the regulatory provisions of the statute.

Present Definition of Holding Company Inadequate

Not only does the present law fail to reach those companies which elect not to apply for a voting permit, but it also fails to reach others because of inadequacies in the definition of a "holding company affiliate." The present definition embraces only those holding companies which control *member* banks. This excludes from any regulation those companies which operate in all respects as bank holding companies, but which control only non-member banks, even though, as is frequently the case, the latter include insured banks. There are a number of companies in this category which operate numerous banking

(Continued on page 4)

*A statement of Mr. Eccles before the Senate Banking and Currency Committee on S. 829, Washington, D. C., May 26, 1947.

As We See It

(Continued from first page)

if not the active dislike, of too many countries. We are in the mess now up to our ears, and it would be difficult to say precisely how we can quickly and surely extricate ourselves. The fact is unpleasant, but must not for that reason be ignored.

We must, therefore, see to it that we are as strong as we may be—and the most disconcerting aspect of the whole situation is the apparent lack in so many quarters of any real understanding of the problem of becoming and remaining as strong as possible. We hear a good deal of universal military training, although perhaps not as much as was formerly the case. One of the encouraging developments of recent months is the fact that the truth that universal military training is not a cure-all, that indeed it could be more of a handicap than an aid in keeping us ready for any emergency, is seeping through the minds of a good many who preached the universal military training idea day in and day out. This is encouraging despite the fact that many of our leaders in places of influence are still "harping on my daughter."

Other current discussions of this vital phase of our public policy usually have to do with such matters as maintaining "standby" facilities, technical research in armaments, and other related subjects. These are all important aspects of the subject. It would indeed be foolish to neglect the application of science to the development of weapons, or to fail to develop new techniques, and in general to keep abreast in all strictly military matters. All this goes without saying.

How to Be Strong

But there are even more fundamental matters which are being almost wholly neglected. Let no one say that the next world war will be a "push-button affair" ending in a day. The next struggle will again be a battle of the production lines. Assuming that we keep at least equal to potential enemies in technical matters of making war, we shall win or lose the next war depending, as it depended this last time, upon the degree in which we can outproduce the enemy. The economic strength of the nation is the fundamental military strength of any modern nation. The fundamental truth of this proposition is so obvious that it can scarcely be doubted for a moment.

Yet ignorance as to how economic strength can be developed and maintained is all but incredible. We hear constantly about "master plans" for converting the entire economy to war in a day—of blueprints for total conversion with each factory, each tool and each man in the proper place. Such plans, too, are necessary and important—assuming that their authors do not forget their objective and fall into the easy habit of supposing that the important thing is to control everything and everyone. Such economic strength as we have at opening of the conflict must be directed toward victory. That, all concede.

But what of making certain that our economic strength will be all that we can make it on such a fateful day? That, after all, is basic. Failure there can easily be fatal. When war is on it may be too late to build up an economy depleted by years of following after false gods. Yet where today do we find this aspect of the matter getting the attention it obviously deserves? Or, if it is getting attention, where is the leader who is not afflicted with the foolish notion that the way to strengthen the economy is to set the politicians or the day dreamers to work tinkering with it? All the quack notions are likely to be defended on the ground that they strengthen the economy and thus make us strong to defend ourselves against our enemies.

The simple truth of the matter is that the most important and the most effective action possible for the purposes here in question is to begin forthwith (1) to get our fiscal situation in order, and (2) simultaneously to abolish the New Deal and all its works. The two things go hand in hand, and without them there is no way in which we can can be even half sure that the economy of this country will move forward soundly, wisely and effectively during the years immediately ahead. Granted the adoption of such policies and our future is as nearly assured as circumstances otherwise permit. The situation is as simple as this. Yet the fact appears to have occurred to very few, if any, in public life.

Let us not forget that we won this last war in our factories. Those factories, or the know-how which enabled us to build new factories effectively and quickly, and the organizing techniques were all products of many, many years of industrial development under a system which was and is the very negation of the New Deal philosophy. It is all too easy for us to take for granted the productive ability of our economy. There is absolutely no reason why it should not continue to be productive and to grow constantly more productive — but it will not do so, indeed cannot do so, if it is shackled with restrictions, unwise taxes, governmentally sponsored unions and all the rest.

We must remain economically strong—and the way to do so is clear.

Canada to Stop U. S. Currency Hoarding

The Canadian Government on May 26 issued orders requiring Canadians possessing more than $10 in United States funds to sell them to the Bank of Canada. The move was said to be part of an effort to prevent hoarding of privately obtained United States currency, Associated Press advices from Ottawa stated. At the same time Finance Minister Douglas Abbott announced that no change was being made in the policy of making "any reasonable amount" of United States funds available to Canadian residents for legitimate travel purposes. Residents may continue to obtain necessary funds and permits from the foreign exchange control board through the banks, the announcement stated.

Under previous regulations, put into effect last September for a trial, Canadians were permitted to retain up to $100 in United States currency and to use it for travel purposes without the necessity of obtaining a permit. From the Associated Press we quote:

> When the regulations were adopted, the statement continued, it was "not contemplated they would result in any substantial accumulation of United States currency in private hands." In practice, however, it had been found that "considerable sums" of the money spent in Canada by American tourists were being held by individuals rather than being sold to their banks in Canada.
>
> Some residents had "taken advantage" of the regulations to acquire and use United States currency for unauthorized purposes.
>
> "The purposes of the changes now made is to make sure that United States currency earned by Canada through the tourist traffic is turned into official reserves and is thus available to meet the needs of the Canadian economy," the statement added.
>
> Mr. Abbott said that time would be provided to enable Canadians holding United States cash in amounts exceeding $10 to comply with the new regulation by selling surplus amounts to a bank in Canada. After a "short intital period," customs officials would be instructed to enforce the new permit regulations strictly and prosecutions would be instituted in cases of unlawful accumulation or export of the United States funds.

Against Permanent RFC

The House Banking Committee, which is making a study of Federal credit and financing operations, was told by John D. Goodloe, Chairman of the Reconstruction Finance Corporation, on May 26, that he did not think that the RFC ought to be made "permanent," Associated Press Washington advices stated. The Committee is to decide what to do about the future of the RFC, as, unless Congress acts, the government lending agency will go out of business June 30. Mr. Goodloe testified that there has been a great deal of discussion in Congress and outside as to whether the RFC will or should be "liquidated." He went on to say according to the Associated Press:

"My own feeling is that it ought to be continued beyond June 30, and that Congress should look at it periodically and decide. Maybe the time will come when it should not be continued. But I don't think that time is now."

Full Control of Bank Holding Companies Needed

(Continued from page 3)

offices having substantial amounts of deposits.

Another and more important defect is in that portion of the present definition which defines a bank holding company as any company "which owns or controls, directly or indirectly, either a majority of the shares of capital stock of a member bank or more than 50 per centum of the number of shares voted for the election of directors of any one bank at the preceding election. . . ."

The purpose underlying this definition is to reach those companies which control the management and policies of banks, and with this basic premise the Board is in entire agreement. However, it has long been recognized by Congress and by the courts that effective control of one company by another does not depend upon the ownership or control of a majority of the voting shares. Control can be, and often is, exercised through the ownership of a much smaller proportion of the total shares outstanding. Sometimes it is maintained without the ownership of any shares.

Similarly, the number of shares owned or controlled, as compared with the number of shares voted for the election of directors at the preceding election is an unsatisfactory basis for determining whether a holding company relationship exists. Such a restricted test puts it within the power of the holding company to establish an absence of control when, in fact, it is at the same time exercising most effective control. The case in which regulation is most necessary is usually the case in which the attempt is made to take advantage of the existing definition to escape regulation.

The definition of a bank holding company in S. 829 conforms more nearly to the practical realities of intercorporate relationships. It is derived in large part from the definition of a holding company adopted by Congress when it enacted the Public Utility Holding Company Act of 1935. The first part of the definition extends automatic coverage to all companies which own 15% or more of the voting shares of two or more banks. However, even though a company may own more than 15% but less than a majority of such shares, if it can demonstrate that it does not exercise a controlling influence over the management and policies of its banks, it would not be subjected to regulation under the Act. The second part of the definition permits the Board to declare a company to be a bank holding company even though it owns less than 15%, or possibly none, of the shares of two or more banks, provided the Board finds, after hearing, that the company does in fact control such banks.

The Board believes that this definition is practical and just. All companies owning the specified number of shares are affected alike. Each has a ready procedure at hand for escaping regulation by demonstrating that it does not control the management and policies of two or more banks. In the clear cases (such, for example, as insurance companies which own bank shares purely for investment purposes) absence of control may be easily demonstrated without hardship. In the close cases, the burden of proof wuold be upon the company to show that it is not in fact exerting the kind of influences upon banks which require that it be subjected to regulation.

Regulatory Aspects

Turning now to the regulatory aspects of the problem, under the present law the only provision which implies a degree of administrative supervision relates to such examinations "as shall be necessary to disclose fully the relations between" the holding company and its controlled banks, and the further provision that for violation of the statute or of its agreement with the Board, the holding company's voting permit may be revoked. In that event, certain penalties affecting the banks in the holding company system may be applied.

These provisions, particularly when considered in the light of the voluntary aspects of the existing law, fall far short of providing effective regulation. In the first place, the Board's right to examine a holding company and its controlled banks is not coupled with the specific power to require corrections. Furthermore, the penalties for violations of the statute or of a holding company's agreement with the Board are directed primarily at the banks in the holding company group and not at the holding company itself.

The existing law contains no declaration of Congressional policy upon matters which vitally affect the entire problem. The Board feels that bank holding company legislation should include as many specific declarations of Congressional purpose as possible, and that, where the exercise of administrative discretion must of necessity be called into play, the legislative standards for the exercise of such discretion should be clearly stated. The provisions of S. 829 are designed to give effect to these principles.

Nonbanking Activities of Bank Holding Companies

One of the most salutary requirements of S. 829 is that contained in Section 5, which would require that the activities of bank holding companies be limited solely to the business of banking or of managing and controlling subsidiary banks. To that end a holding company would be required within a stated period to divest itself of any securities except those in companies which are necessary and incidental to its banking operations, or which are eligible for investment by national banks.

The reasons underlying this requirement are simple. Accepted rules of law confine the business of banks to banking and prohibit them from engaging in extraneous businesses such as owning and operating industrial and manufacturing concerns. It is axiomatic that the lender and borrower or potential borrower should not be dominated or controlled by the same management. In one exceptional situation, however, the corporate device has been used to gather under one management many different and varied enterprises wholly unrelated to the conduct of a banking business.

When a bank holding company has expanded its operations into other and unrelated fields, it tends more and more to take on the characteristics of the type of institution to which the Investment Company Act of 1940 was addressed. Yet such a company, if it holds a voting permit from the Board, is exempted from the provisions of the Investment Company Act. It is necessary, in keeping with sound banking principles, that such a company should be required by law to adjust its affairs so as to become either a bank holding company or an investment company. It should not be permitted to remain a hybrid beyond a period reasonably necessary for it to adjust its affairs.

Section 5 would make it unlawful after two years, or longer if the Board deemed necessary to avoid undue hardship, for a bank holding company to own the securities of any company other than a bank or to engage in any business other than that of banking or managing and controlling banks. Exceptions are made in favor of those companies which are reasonably incidental to the business of banking, such as safety deposit companies and the like, and a bank holding company may lawfully acquire securities from its banks when requested to do so by any Federal or State examining authorities. In addition, under an amendment which has been suggested to and approved by the Board, the holding company would also be permitted to acquire such securities as are eligible for investment by member banks.

Bank Holding Company Expansion

The problem of how far bank holding company systems should be permitted to expand has long been of serious concern. There is perhaps a greater need for a positive declaration of Congressional policy on this question than on any other phase of the holding company problem. It is in this area that one of the greatest potential evils of bank holding company operations exists. That evil, which permits a holding company without legal hindrance to dominate major portions of the banking facilities of particular sections, is one which strikes at the heart of our traditional system of competitive banking.

Under existing law a chartered bank may be prevented by the regulatory agency to which it is subject from expanding its banking offices either by the establishment of new branches or by taking over and operating the offices of other banks. In order to establish branches, national banks must first obtain permission from the Comptroller of the Currency, State member banks from the Board, and non-member insured banks from the FDIC. But the bank holding company is not subject to any such requirements. If a bank in its group is denied the right to establish an additional office, there is nothing to prevent it from acquiring the stock of an existing bank and simply adding the institution to its list of controlled banks, operating it, for all practical purposes, as a branch of the entire system.

This loophole, enabling a bank holding company to expand at its pleasure, lends itself readily to the amassing of vast resources obtained largely from the public, which can be controlled and used by the relatively few who comprise the management of the holding company, giving them an unfair and overwhelming advantage in acquiring additional properties and in carrying out an unlimited program of expansion. Such power can be used to acquire independent banks by measures which leave the local management and minority stockholders little with which to defend themselves except their own strenuous protests.

While the managements of the great majority of the important bank holding company systems have sought the Board's views, if not its approval, on proposed bank acquisitions, there is one case where a holding company management has openly defied the Board in its attempt to halt an unbridled bank expansion program. I refer to Transamerica Corporation, with its vast group of controlled banks in Arizona, California, Nevada, Oregon and Washington. The Transamerica management has publicly sought to justify itself on the ground that Congress, by withholding from the Board the direct power to curb such expansion, has thereby indicated its approval of Transamerica policies.

It may be interesting to the members of the Committee to have the latest figures on the size of the Transamerica banking empire. As of Dec. 31, 1946, information available to the Board indicates that there are 41 banks in the Transamerica group, operating a total of 619 banking offices having aggregate deposits in excess of $6½ billion. This represents more than 40% of all the banking offices and 38% of all of the commercial deposits in the five-State area. Since 1934 the Transamerica group has acquired a total of 126 banks, which have been operated either as separate units or have been absorbed by the banks in the group. In addition, 74 new branches have been established over this period. On Dec. 31, 1933, this group served 242 towns; as of Dec. 31, 1946, this number had been increased to 379. These figures relate only to Transamerica's banking operations. In addition, it owns and operates many other types of business with aggregate resources of more than $275,000,000.

Section 6 of S. 829 would make it impossible for this or any other holding company system, to reach out and absorb more and more banks without first obtaining the approval of some agency of the Federal Government. Under this section any direct purchase of the stock or assets of banks by a bank holding company would have to be approved by the Board. If one of the banks in a holding company group wished to acquire the assets of a bank, the acquiring bank, if a national bank, would have to secure the approval of the Comptroller; if a State member bank, it would have to obtain approval by the Board; if a non-member bank, it would have to obtain the approval of the FDIC.

The proposed bill also enumerates the standards which would guide the banking agencies in deciding whether to approve such acquisitions. First, they would have to consider the financial history and condition of the applicant and the banks concerned; their prospects; character of management, and the needs of the communities involved. These are the considerations which are today the legislative guide for administrative action in such matters as the admission of State banks to membership in the Federal Reserve System and the granting of deposit insurance coverage. Next, they would take into consideration national policy against restraints of trade and commerce and the undue concentration of economic power. This would give effect to the anti-monopoly objectives stated in the Sherman and Clayton Acts. Finally, under an amendment suggested by the Federal Advisory Council and the Reserve City Bankers, they would consider whether an acquisition, regardless of its competitive effect, would extend the operations of a holding company beyond limits consistent with adequate and sound banking.

The Board believes that these standards would furnish an adequate guide for administrative action. Much consideration was given to various proposals on the subject, including the fixing of rigid, even mathematical, formulas governing expansion, but the Board concluded that such definitions would make the section difficult to enforce from an administrative standpoint, and, as indicated by representatives of the Justice Department, might conflict with existing governmental policy respecting the anti-trust statutes. Under the Board's proposals, each case would stand on its own merits, considered in the light of standards which are deeply rooted in American traditions.

Remaining Provisions

The remaining regulatory provisions of S. 829 require little discussion. The bank holding company would be required to register with the Board and to file periodic reports. It would be subject to examination as are each of its subsidiaries. Existing provisions of law respecting the maintenance of reserves by bank holding companies would be carried over and made a part of the proposed new law. Upstream loans between a bank and its holding company would be regulated, as well as loans involving the securities of the holding company and its other subsidiaries. The Board would be authorized to scrutinize the terms of any management or service contracts between a holding company and its banks. Finally, the Board would be authorized to make such rules, regulations, and orders as might be necessary to enable it to administer and carry out the purposes of the Act.

The proposed legislation for the first time to my knowledge in any Federal banking statute contains a provision granting a statutory right of judicial review to any one aggrieved by any action of the Board taken under any of the various regulatory provisions of the bill. This provision should help to crystallize at an early date the precise boundaries of Board authority under those sections involving the application of administrative discretion.

Hoover Urges Relief In Occupied Areas

Herbert Hoover, appearing before a private session of a House Appropriations subcommittee in support of the administration's request for $725,000,000 for relief in the American zones of occupation in Germany, Austria, Korea and Japan on May 27, was reported to have emphasized his contention that industry in the former Axis countries must be again put in produtcion. Declaring that Europe's swing toward "collectivism" and "proposed Utopias" has retarded world recovery the former President urged adoption of the civilian relief program for the occupied areas, according to Associated Press Washington advices.

Later Mr. Hoover was said to have told newsmen that he had "independently checked" all War Department estimates for the relief work, and was "entirely in support of them." The Associated Press reports him as having made the following additional points:

(1) With Europe short of farm machinery and fertilizer, the Fall harvest is not likely to be better than 75 or 80% of the prewar average, but that distribution should improve over the situation a year ago because there is "better organization."

(2) Governments abroad are having difficulty in preventing farmers from selling their produce on the black markets. He said this called for "more rigorous action" by governments in those countries which are under-producing.

(3) "Practically every country (in Europe) has gone over to some form of collectivism." He said this has hampered recovery through shorter hours for workers and loss of initiative by the "managerial class."

(4) The Western Hemisphere, Australia and South Africa representing 6% of the world's population, are "carrying on their backs the whole of western Europe," furnishing 90% of its relief. He described this as "testimony to the value of free enterprise as an agent of productivity."

(5) The former enemy countries "are not going to be self supporting until their industries are restored."

(6) But he expressed the opinion that recovery can come in "two or three years" if Russia and France will cooperate.

(7) "There is no need to put industry in chains" in disarming the former enemy countries. He said that this country's job of providing relief will only be prolonged by that action.

President Asks War Powers Extension

In a message to Congress on May 23 President Truman sought extension for a year beyond June 30 of his authority to control the domestic use and export of a few materials "to prevent harm to our own economy and give concrete support to our foreign policy." The President declared that is still essential to maintain certain limited materials control," and in part, stated:

"Specifically it is necessary to continue the power to allocate the following imported materials: tin and tin products, manila and agave fibers and cordage, antimony, cinchona bark, quinine and quinidine. Except in the case of tin products, where the allocation of tin plate is also essential to the solution of world food problems, the continuation of these controls is solely for the purpose of assisting our own industry and agriculture.

"As a corollary to the above, it is also necessary to continue the power to issue export priorities for materials needed to increase the production abroad of products that we urgently need in this country. This is a matter of direct and immediate self-interest.

"Allocation and priority powers needed to carry out our foreign policy and to assist in world reconstruction.

"We must be able to take the steps necessary to make certain that we do not add to the hunger of other peoples by importing more than our agreed share of scarce foods. I recommend, therefore, continued authority to maintain import controls on fats and oils, and rice and rice products.

"The lack of fertilizer is particularly acute in the case of nitrates. It is therefore essential that there be continued authority to restrict imports and to issue priorities for export of nitrogenous fertilizer materials.

"Economic and political conditions in many other countries are so critical that it is necessary to continue the power to issue export priorities in special cases for key industrial items that are vitally required for reconstruction and rehabilitation.

"The Congress has already recognized the importance of supporting our foreign policy with financial assistance. Financial assistance alone, without occasional priority backing, may be useless in instances where speedy aid in concrete form is essential. The use of the priority powers that I am recommending would be limited to cases certified by the Secretary of State to be of high public importance and essential to the successful carrying out of the foreign policy of the United States.

"I have omitted reference to the great importance of continued authority to allocate the use of transportation equipment and facilities by rail carriers.

"This matter is covered by separate bills, H. R. 3152 and S.1297, now pending before the Congress. Prompt action on these bills is urgently needed. Similarly, the Congress now has under consideration an extension of the Export Control Act. It, too, is essential in implementing our foreign policy. I also urge prompt action on this bill.

At the beginning of his message the President said:

"Since V-J Day, American industry, agriculture and labor have established notable production records. If production abroad had reached similar heights no materials controls at all would be needed today.

"But the progress of world reconstruction has been necessarily difficult and slow. In a few respects the United States has been adversely affected by this delay, and therefore in a few instances controls over certain imported commodities are still needed.

"However, any adverse effects suffered by us are slight in comparison with the tragic conditions of life faced by most countries of the world today. It is primarily because of these conditions, with their enormously important political and social repercussions, that we must still retain a very limited portion of our wartime powers over materials."

The President now possesses the requested powers by virtue of a 90-day extension of a small portion of the Second War Powers Act, which otherwise expired March 31.

"Marketing in Action" Conference June 11

Under the theme of "Marketing in Action," the American Marketing Association's 10th Anniversary Conference in New York (Hotel Commodore—June 11th—13th) is expected to attract a record assemblage of the nation's top marketing administrators, specialists and teachers.

Fourteen timely, practical sessions devoted to such diverse but important marketing problems as pricing, the return to real selling, the immediate as well as the long pull outlook for business, production and employment, international trade, and consumer credit as well as the more pertinent phases of distribution research, will be discussed by leaders in each of these fields—men with the practical experience as well as the broad fundamental knowledge of marketing in the national economy.

Opening with the leadership awards luncheon of the New York Chapter, the Convention will accelerate quickly with an address by Ernest Breech, of Ford, on the current acute problem of "Pricing." Immediately following, in the afternoon session, Earl Bunting, President, National Association of Manufacturers, will discuss "Marketing in Today's Economy," while Don Mitchell, President of Sylvania Electric Products, will talk on "The Job Ahead," and Harold W. Brightman, President of Lit Brothers, has as his subject the problem of pricing at the retail level.

The Thursday morning meetings will be highlighted by talks by Victor Lebow, authority on distribution methods of mail order chains, Red Motley of Parade and Raymond Rubicam of C. E. D.

At the luncheon session Edwin G. Nourse will give a most important talk on the future outlook of business. In the afternoon, Howard Chase of General Foods, Don Francisco of J. Walter Thompson and Edgar Kobak, President, Mutual Broadcasting Company will speak on timely subjects in their own special interest fields.

At the 10th Anniversary dinner the featured address on international trade will be given by Willard Thorp.

The Friday morning specialized sessions will be devoted to down-to-earth discussions of Copy Testing, Management of Field Interviewers, Specialized Markets, Merchandising Marketing Research to the Retailer, Sampling, Radio and Television, the Theory of Marketing (for teachers of marketing), Consumer Credit—Its Use and Control as a Selling Force.

Because of the particular timeliness of these sessions the American Marketing Association extends to representatives of all business an invitation to share in the privilege of attending this Convention.

Steel Operations Equal Postwar Peak—Scrap Market Stronger Despite Restricted Buying

"As long as the normal source of supply to many manufacturers of finished consumer goods is insufficient to support the high operating rate at those plants, it can be expected that gray market steel will be purchased to meet current production schedules," according to "The Iron Age," national metalworking weekly, which, in its issue of today (June 5) further states that "this process has been going on for some time and current hearings in Washington are only bringing to light what has been common knowledge in the trade for more than a year." The same publication further adds:

"At no time has the total tonnage of steel in the previous black or current gray market constituted a substantial proportion of total steel shipments. Practically all sales have been individual ones and have involved 1 to 10 carloads on each transaction. Prices on flat-rolled material have ranged from $175 a ton to as high as $300 a ton. In the past several months the going price in the gray market has dropped from around 15c a lb. to as low as 7c a lb.

"In extreme emergency cases where a manufacturer needs only a small amount of steel to complete a production schedule and maintain his working force he will even today pay as high as $250 a ton for cold-rolled sheets or strip. In another instance, 'distress' gray market steel may be sold in the same week at almost $100 a ton less. There is no regular pattern to the prices involved in present transactions—they depend on the individual circumstances of the customer seeking the steel.

"As the over-all supply of steel increases and as the number of offers of gray market steel expand, premium prices will drop towards the regular normal mill quotations. This trend is already in motion. Overpriced steel markets are supported entirely by demand from manufacturers who will pay almost any price to maintain their working force in order to turn unfilled orders into actual deliveries as rapidly as possible. Many manufacturers are afraid that if they do not complete and ship their backlogs at an early date their competitors will and cancellations will become more prevalent.

"Sources of gray market steel are: Redirected export tonnage; steel sold by consumers whose quotas with the mills have given them more material than they actually needed; and, finally, a concerted drive by some steel consumers to get rid of their unbalanced or obsolete inventories at prices higher than mill quotations. It is a physical impossibility for steel mills to police the final disposition of steel going to their regular customers. The so-called quota system is one of the fairest ways of distributing the current large steel production.

"In a special survey and investigation 'The Iron Age' has been able to find no evidence that steel companies were involved in gray market transactions. Wherever it has come to their attention that bona fide orders were being redirected to persons other than the regular customer, immediate action has been taken. In practically all gray market transactions, however, it is the persons second, third and fourth removed from the steel companies who peddle the material at the premium prices. Stories involving 'great' tonnages have been found to be nothing but rumors or a geometrical expansion of one or two small sales.

"The scrap market was stronger this week at most major consuming areas. Rises at Philadelphia and Chicago caused 'The Iron Age' steel scrap composite price to advance to $31.17 per gross ton, up 75c a ton from last week.

"In some circles the indefinite postponement of coal wage negotiations has not materially changed the belief that the country may escape a mine tie-up this year. If a strike should occur many steel companies will be forced to curtail blast furnace operations because of the short supply of high-grade metallurgical coke. Shut-downs in the industry, however, would not be uniform if the mines are closed—some companies have several weeks' supply of coal and coke on the ground."

The American Iron and Steel Institute this week announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 97.0% of capacity for the week beginning June 2, compared with 95.4% one week ago, 90.6% one month ago and 55.2% one year ago. This represents an increase of 1.6 points or 1.7% from the preceding week. The operating rate for the week beginning June 2 is equivalent to 1,697,400 tons of steel ingots and castings, compared to 1,669,400 tons one week ago, 1,585,400 tons one month ago and 972,800 tons one year ago. The current figure equals the peak postwar rate established during the week of March 24, 1947, and marks the 22d successive week that operations were above 90%.

"Steel" of Cleveland, in its summary of latest news developments in the metalworking industry, on June 2 stated in part as follows:

"Renewed strength is developing in the iron and steel scrap market reflecting completion of many high-priced tonnage shipments and trade expectations of a strong revival in demand with steelmaking operations holding at near-capacity. At Pittsburgh and in the East prices show definite signs of turning higher.

"The stronger tone is in the face of continued slow buying with most mills out of the market and exercising greater selectivity in accepting tonnage. Supplies are reported improving with the mills taking in considerable tonnage from customers. Dealers' stocks are low, however, with steel mill and foundry requirements expected to continue heavy for months to come, the feeling persists a renewal of consumer buying cannot long be deferred.

"Demand for finished steel products continues strong despite sustained production and signs of increasing caution in ordering. Requirements for sheets, strip, pipe, plates and carbon bars continue well in excess of supply. While there may be some easing before summer ends, indications are demand will still top supply in products now on the scarce list. Even structural shapes are expected to continue tight despite the lag in building. In the light, flat-rolled carbon items, including light gage plates, some trade observers look for no material easing in conditions this year. Supply pinch is most severe in sheets and strip but plates are also very active, with tank fabricators busy, railroad equipment needs expanding, and manufacturers of large line pipe pressing for tonnage.

"Consumers are ordering more conservatively, including sheets, but nevertheless they still want more tonnage than they can get. Some of this conservatism is due to unbalance in product inventories which is hampering some manufacturing operations. In sheets buyers appear less frantic for tonnage, reflecting some modification of manufacturing programs.

"'Gray' market operations in steel products appear tapering off. Offerings now are reported at prices considerably under recent high levels. Extent of trading in this market is uncertain. Testimony at the Senate Small Business Subcommittee hearing indicates the large aggregate tonnage offered in this market is of the 'daisy chain' variety with the same tonnages changing hands several times. Little evidence of illegal operations has been uncovered.

"In the regular steel market prices continue firm, talk of possible reduction having faded to a whisper. Last week one maker of bolts announced a new schedule of discounts, incorporating light increases and decreases. Other producers are understood refiguring lists. Important advances were effected last week on copper and copper-base alloy products."

New Officers of Illinois Bankers Association

The Inaugural Luncheon of the Illinois Bankers Association's 56th Convention in the Palmer House, Chicago on May 21, saw the installation of the following new officers of the Association, who will serve for the year 1947-48:

President—George C. Williams, President, State Bank & Trust Co., Evanston; Vice-President—Harry E. Emerson, Cashier, First Bank & Trust Co., Cairo; Treasurer—J. Weir Elliott, Jr., Cashier, Elliott State Bank, Jacksonville. Continuing in office, Secretary—Harry C. Hausman, Mundelein; Assistant Secretary—Kirk E. Sutherland, Wilmette; Assistant Secretary—H. T. Wanberg, Evanston.

Officers of Trust Division, IBA: President—A. G. Boeker, Vice-President Edwardsville National Bank & Trust Co., Edwardsville; Vice-President—Robert R. Bunting, Trust Officer, Mercantile Trust & Savings Bank, Quincy; Secretary—Kirk E. Sutherland; President, Farm Management Section—Ralph H. McAnulty, Illinois National Bank, Springfield; Vice-President, Farm Management Section—W. P. Scott, Peoples Bank, Bloomington; Secretary, Farm Management Section—J. H. Baird, Millikin Trust Co., Decatur.

Officers of Installment Lending Division, IBA: President—Bartholomew O'Toole, President, Pullman Trust & Savings Bank, Chicago; Vice-President—Robert J. Goll, Executive Vice-President, First State Bank, Harvard; Secretary—Dewey M. Beck. Officers of 50-Year Club, IBA: President—H. M. Merriam, Illinois National Bank, Springfield; Vice-President—Harry Kohl, Old National Bank, Centralia.

During the American Association session of the Convention, which was held May 20, the following State ABA officers were elected: Members of Executive Council—George C. Williams, President, State Bank and Trust Co., Evanston; Norman B. Collins, President, National Security Bank of Chicago. Member Nominating Committee—Philip L. Speidel, President, First National Bank, Lake Forest. Alternate Member Nominating Committee—M. C. Lockard, Vice-President, First National Bank, Cobden. State Vice-President, National Bank Division—Fritz J. Reu, President, First National Bank, Carthage. State Vice-President, Savings Division—Theo. L. Toline, Cashier and Trust Officer, First National Bank of Moline, Moline. State Vice-President, State Bank Division—Wade S. Allison, Cashier, Exchange Bank, Gardner. State Vice-President, Trust Division—A. G. Boeker, Vice-President, Edwardsville National Bank & Trust Co., Edwardsville.

Free Banks, Free Enterprise and Free Men

(Continued from first page)

tories of most of the money, and have the power to increase or decrease the supply by extending or withholding credit, they are the heart of the economic body. Should the heart deny its favor to any member, that member would shrivel and die. Should the heart fall prey to monopolistic cancer, the entire body would perish. Does it not seem strange, indeed, that a nation which is so zealous to protect the dispensable (though important) members, should be so complacent about a malignant growth which threatens the heart of our economic system—our free and independent banks! Need I tell you that I refer to the growth of monopoly banking by means of branches, chains, groups and holding companies?

Unrestricted Branch Banking Monopolistic

I realize that there are banks that technically fall into the above classifications which are rendering good service, and are run on a high plane. Yet, no one who is aware of the facts can deny that unrestricted multiple banking—branch, chain, group or holding company—leads ultimately to either complete monopolization of banking or the complete failure of the chain banks. It is usually the former, because after the cancerous growth has become entrenched, the government cannot permit them to fail, and therefore must step in and underwrite them. Among the countries which have had to rescue their big branch banks prior to World War II are: Australia, China, Japan, South Africa, Denmark, Austria, Italy, Germany, England and Canada. The United States, which started as a branch-banking country, originally followed the policy of letting them fail. So, of the hundreds of branch banks that were organized between 1791 and the Civil War, only one remained in 1865. We continued this policy until 1932. Even after granting charters (a governmental function) to 30,812 banks as of 1921 and thereby creating a badly over-banked situation, which combined with world economic conditions that were aggravated by our unwise national policies caused the failure of almost half those banks, our government kept hands off. However, evidently

"We are not now that strength
which in old days
Moved earth and heaven;"

because when our big branch and group banks began to fail, the government organized the Reconstruction Finance Corporation. Said its original director and later chairman, Mr. Jesse H. Jones, writing of the RFC's activities in the "Saturday Evening Post": "Our first application for a loan came from the largest branch bank in the country, whose branches cover its state almost as the stars cover the heavens . . . During the period between Feb. 15 and July 15, 1932, we lent this bank $64,488,644." Thus nearly did stars come to falling on that state.

Branch Banking Unsuccessful

Once embarked upon the new policy (for the United States) of underwriting banks, the RFC advanced tremendous sums to our big branch and group banks. While it made loans to all classes of banks (not all banks), the records show that the top 2% of the banks got $4,000,000 more than the bottom 69.9%. Even such herculean efforts could not save many of the group and branch banks, which were proved to be the "Achilles heel" of our banking structure. For the "American Banker" stated that, "Of the $3,000,000,000 tied up in United States bank failures from 1930 to 1933, at least $2,000,000,000 was tied up in the collapse of 30 of our own branch-banking banks, 19 of which, with deposits of over $1,300,000,000, and 494 branches, which had been kept open with Reconstruction Finance Corporation money from 1932 to 1933, were unable to reopen in 1933 after the banking holiday, and this $1,300,000,000 in United States branch banks was more than half the total tied up in our closed banks, which failed to reopen after the banking holiday."

Meanwhile, other countries were also saving their branch banks. Mussolini kept Italy's from failing, but he took over their direction and found that they fitted perfectly into his plans. Hitler found Germany's banks even better instruments for dictatorship, for they had not been satisfied with a monopoly of the money, but had bought control of the principal industries. A few years ago I met a former German banker who told me that when Hitler became Chancellor he had only to arrest four bank presidents and replace them with his men to gain control over a majority of the banking and industrial wealth of Germany. You can imagine my feeling when, a few weeks later, I saw a page and one-half story about how a prominent branch and holding company banker was "looking ahead" by employing a former head of a German bank! To what was he looking ahead? Let's let him answer. Said he of his latest acquisition: "Few men are so well qualified. In pre-war Germany, the big banks had large holdings of stock or control of the great industries. Bankers participated actively in the management—and knew a great deal about the inner working of companies . . ." Manufacturers, businessmen, advocates of free enterprise, do you require more warning? Hitler "looked ahead," told what he would do in "Mein Kampf," then proceeded to do almost all of it. It was no surprise to me to read later that the holding company which controlled the branch bank that had employed the German banker had added some manufacturing companies to its long list of bank and non-bank holdings. May I point out that conditions in "pre-war" Germany led to the conditions in *post-war* Germany? The best way to insure against the latter is to avoid the former.

Victorious England, a branch-banking country, has nationalized the Bank of England, and it is predicted that the same fate is in store for its banks of deposit. France had nationalized seven of its banks and their branches a year ago. It has been easy for governments to take over a handful of banks with many branches. I say again that this country's best defense against any ism is our 15,000 banks scattered the length and breadth of the nation.

Group Banking A Disguise

Some of you are familiar with a character now appearing in a comic strip who is called Anyface. He can assume any appearance he desires. He doesn't hesitate to murder a loving father surrounded by his adoring family, or an innocent babe in its mother's arm. He even kills a bride-to-be and, by name of his ability to change his features, substitutes for her at her wedding to his arch enemy. But whatever form he takes, he is the same dangerous individual. He could be the symbol of branch, chain, group, and holding company banking. For they change form and name as easily as Anyface. When the failure of so many "chain" banks brought that name into disrepute, they began to call themselves "group" banks. When they were confronted with laws prohibiting or restricting branch banking, they formed holding companies to circumvent those laws. Then, when the banks owned by the holding companies were about to fail, they used that fact as an argument for permitting them to convert into branch banks. I should like to read a statement by Senator Carter Glass from the "Congressional Record" of May 10, 1932:

"Mr. Glass. It is the view of the committee, upon information presented, that if we do not adopt state-wide branch banking, the holding companies and the banks which they hold are going to be pretty soon wrecked. I do not know that it ought to be stated here, but we want to consider this whole problem in frankness. If the existing requirements of the law were put into effect by the Comptroller of the Currency, there are thousands of banks which have not yet closed their doors, whose capital and surplus have been impaired, which would have to be closed up today, and unless we do something of this nature, that part of the country where these holding companies exist—and they are not confined to any one section, though perhaps they are more numerous in the northwestern section of the country than in any other section—are going to find themselves in inextricable difficulties."

Let me also quote two statements made within almost a year of each other by a top official of one of the big holding companies that controls many banks in several different states. The first was made to the Senate Committee on Banking and Currency on March 2, 1931:

". . . I consider this (group) setup of ownership and control, with its vital interest in the local territory, a more responsive and better system than any that can be devised . . . There has been some talk about branch banking. I am not in favor of branch banking. I am definitely opposed to it, and I will tell you the reasons why . . . I am afraid that, given a start, the thing may develop into that (nation-wide branch banking) and we feel definitely that the ownership by, and the business interests of, the people that own our institutions . . . is more assured under our system."

The second was made to the same Committee on March 29, 1932:

"The next subject of great interest to us as group bankers, and of even greater importance to the communities we serve, is the matter of branch banking . . . We have learned by our experience of the last three years how much more effective branch banking would be than group banking . . . A year's delay would be fatal. Every bank which closes between now and the next year represents a local tragedy. Each one which might have been prevented by branch banking at this time will forever stand as a reproach to the legislative body that might have saved it by the exercise of political courage when it was most needed."

These arguments were similar to those of the fellow who murdered his parents and then begged for mercy on the ground that he was an orphan. But such are the tactics of "Anyface banking."

The term "fifth column" originated in the Spanish civil war. However, the above quotations show that the branch bankers had already perfected the technique through the holding company, a device for evading the laws of our states and Federal Government. They not only make possible the evasion of laws respecting branch banking, but all the basic laws designed to protect depositors' funds. Where banks are prohibited from investing or lending, the holding companies can. Controlled banks must loan to controlled companies, and must refuse loans to competitors of the controlled companies if the holding company so orders. Assets of questionable nature are shifted from one subsidiary to another. Even the examiners of the supervisory agencies cannot compete in such a shell game. Some who were too curious are said to have been transferred in tha manner of the cop on the beat. When their superiors backed them up, they have been openly defied. That may be the German way, but it certainly is not the American way.

Decentralization—Economic Counterpart of Our Political System

The United States was founded by men and women who sought political and religious freedom, and the opportunity to earn their living. Our political system was a new experiment. It has never been perfect, but it is better than any yet devised. Our banking system, with its decentralization, its local ownership and control, its community interest is the economic counterpart of our political system. As tiny particles of yeast scattered throughout a batch of flour set to work and each in its area helps produce the finished loaf, so have our independent banks aided the economic development of our country. The elimination of such banks has brought stagnation or worse to other countries. The same destructive disease which eliminated them now threatens our free banks. Free banks are essential to free enterprise. Both help develop free men.

The medical authorities say that cancer must be treated in its early stages if cure can be expected. Unfortunately, a few of our states have let branch and holding company banking develop beyond the hope of cure. But most states have branch banking under control and can keep it so if they remain vigilant. They are protected from outside branches by our Federal prohibition against the establishment of branches across state lines. But these are Maginot Lines against the Luftwaffe of holding companies. We therefore seek Federal law to bring holding companies into conformity with the law they now violate in spirit. There must be no loophole, for we have repeated instances of how branch and holding company banks take advantage of the slightest technicality.

One would think that the sorry record of branch banks and holding companies (on the whole) would have removed them as a threat. But cancer continuously threatens the person once affected, and likewise multiple banking. It is true that of the 97 bank holding companies operating on Dec. 31, 1931, only 42 remained five years later. But new ones have started. Admittedly, some of these operate in a manner above reproach, and these have nothing to fear from the legislation we seek. Others have been licking their wounds the past 14 years, and gradually regaining strength. We should remove from all the temptation to engage in a bank-buying spree.

A man named Cresham noticed that when moneys of unequal quality were circulating at the same time, people spent the less desirable and kept the better. He then propounded "Cresham's Law"—that bad money drives out good. I have called attention to a variation of Cresham's Law in that worse banking practices tend to drive out the better ones. We have seen banks form holding companies—which they opposed in principle—because their competitors had done so, and they felt they must protect their position. The conservative banker is frequently at a disadvantage in competing with the other type—in good times.

Showing of Branch and Group Banks

The branch and group banks make a fine showing in fair weather, as is shown by the following quotation from an article which appeared in a national publication in 1930. It is about two banks in Detroit, Michigan, whose failure precipitated the banking holiday of March, 1933:

"Business in Automobile City Expects Big Things of the Two Mergers Now Covering 23 of its Banks. Detroit banking has become more than 85% organized—by the group, branch, or affiliation route . . . Two huge groups bulwark lower Michigan and Detroit. Business asked for them. They are an integral part of business. Their directorates read like a business blue book. They are growing, working with increasing smoothness and efficiency . . . In March, Detroit Bankers banks had 56% of all Detroit deposits, Guardian had 38%. Total: 94% of all the city's deposits. Twenty independents have the remainder. But one of the latter has minority holdings in several small out-of-Detroit banks—potentially another group. Deposits and resources of the two large groups are growing much more rapidly than the aggregate for the independents. Almost every unit of each group is the result of one or more mergers in recent years. Members of each group operate independently. That's a strong point. Branch banking is accepted in the city. Total branches number 385, nearly 100 for Guardian, about 175 for Detroit Bankers. Group banking they find more advantageous than the unit form, but more cumbersome than that of closer concentration. . . .

"Outside Detroit, Guardian owns the best and strongest banks in key cities, and, the same is true of the limited holdings of the First National in the Detroit Bankers group. The best banks in the larger cities, operating profitably, are the only ones susceptible to group membership on a sound business basis. For the smaller places, many believe branch banking the only solution.

"Each group now is coordinating, shaking down, smoothing out the structure it has built. Competing facilities are being merged. Excessive branches, duplicate securities companies and trust institutions are disappearing. Both the Guardian and the Detroit Bankers groups now have one large national and one large state bank and one trust company. Each group is holding both state and national charters in order to take advantage of the best features of both methods of operation.

Local Banking, A More Adequate System

"The bankers are enthusiastic about what they've built. The move was a local one, not a stock-jobbing operation by outsiders. Its success is shown by results. From the bankers' and the public's standpoint, the advantages are:

"More adequate banking facilities are available at home. 'Mass production' has been applied to banking. Experts can counsel together to ascertain and apply the best method for each minute step. They can carry on better and cheaper research than any one bank could afford. Money can be spent on the best possible credit files and information instead of being wasted in 'charge-offs.'

"Securities and security markets, increasingly important to the banks with collateral loans mounting and investments growing, can be better studied and handled. Bidding up the market in buying, glutting the market in selling, can be avoided.

"Millions in correspondent balances are conserved. One group doesn't need to carry as large out-of-town balances as 50 units. The savings are available for constructive work in Detroit and Michigan. And, when it is necessary to go out of town, the large group can get a quicker and better hearing.

"Massed resources make possible financing of which Detroit couldn't have dreamed before. More efficient utilization of funds permits better rates. Greater safety to the depositor is afforded by more efficient methods.

"All banking services are being rounded out in a manner which individual banks could hardly make possible. Small loans, 'consumer financing,' Guardian handles through Michigan Industrial Bank, an industrial financing unit. Detroit Bankers plan a department. Trust departments are stronger and are kept strictly separate from security and trading departments, a practice which many institutions do not follow . . . Michigan hasn't suffered the heavy bank failures of other regions, so its people do not grasp the value of the great strength added to already strong institutions. The changes and advantages are largely internal, reacting to the advantage of big and small depositors and customers alike in many, if intangible, ways."

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency have repeatedly sited the need for authority to control holding companies. Legislation seeking this has been introduced in several sessions of Congress, but received no consideration. We are indebted to our distinguished guest of the evening for introducing and setting hearings on a bill looking toward our objective. I firmly and sincerely believe that he could render no greater service to his country than to secure a law that will help insure the continuation of free banks, without which there can be no free enterprise for long—or free men eventually.

I am proud that it was a President from my State who made possible the development of our banking system by refusing to renew the charter of the branch-banking second Bank of the United States. Referring to this in his Farewell Address, he said:

"No nation but the freemen of the United States could have come out victorious from such a contest; yet, if you had not conquered, the Government could have passed from the hands of the many to the hands of the few, and this organized money power from its secret conclave would have dictated the choice of your highest officers and compelled you to make war or peace, as best suited their own wishes. The forms of your government might for a time remain but its living spirit would have departed from it."

Trust Co. Section of Pa. Bankers Meets

Trust men were urged by Sidney D. Kline, newly elected Chairman of the Trust Section of the Pennsylvania Bankers' Association and President of Berks County Trust Co., Reading, to be more vocal in presenting their views to the public and legislators. He said trust companies were getting only 20% of trust fiduciary appointments, and that one of the Section's objectives should be to secure a larger share of trust business. The foregoing is from an Atlantic City account May 22 to the Philadelphia "Inquirer" by its staff reporter, E. S. Banks, who, in detailing the meeting of the Trust Section also said:

> Sterling L. Wandell, Executive Vice-President, First National Bank of Wilkinsburg, and out-going Chairman of Section, called on trust men to be "realistic in the operation of their trust activities." He said they should "realize that a service is worth its hire and on that premise should sell their trust service at cost plus a reasonable profit."

In the same advices it was also stated that Clinton L. Keister, Vice-President and Trust Officer of Dauphin Deposit Trust Company of Harrisburg, said in his report as Chairman of the Committee on Trust Investments that the 20-year fight of Philadelphia banks for passage of prudence investor rule legislation is once more doomed to failure. Mr. Keister further said, according to the "Inquirer" advices by Mr. Banks, that opposition on the part of certain banks in the State to inclusion of common stocks would result in the bill dying in committee.

From Mr. Bank's account, we also quote in part as follows:

"As a result, he [Mr. Keister] said, his Committee was seeking to have a compromise measure adopted by the present session of the Legislature which, while not legalizing common stocks, will broaden to a considerable degree the field of legal trust investments.

"The compromise measure would permit as legal investments most corporate bonds of investment grade, out-of-State municipal bonds and most high grade listed preferreds.

"Arguing for the prudent investor rule Mr. Keister declared that 'no rule or yardstick can be substituted for the trustee's own judgment in making trust investments'."

For the first time in the history of banking in Pennsylvania, PBA will have a complete, factual knowledge of the smaller trust departments of State banks, enabling the Trust Section to outline suggestions that will permit trust departments now being operated at a loss to show a profit, Ray W. Steber, trust officer, Warren Bank & Trust Co., revealed in his report as chairman of Smaller Trust Departments Committee.

Besides the election of Mr. Kline as Chairman of the Trust Company Section succeeding Mr. Wandell, other officers of the Section were noted as follows in Atlantic City advices to the New York "Herald-Tribune:"

> Louis W. Van Meter, Vice-President, Provident Trust Co., Philadelphia, Vice-Chairman; and Robert U. Frey, Assistant Treasurer, Pennsylvania Co. for Banking and Trusts, Philadelphia, Secretary-Treasurer.
>
> Executive Committee members are: Kenneth B. Crawford, Philadelphia; Darwin S. Harter, Pottsville; Samuel F. Rockafellow, Easton; Malvin F. Gataldder, Williamsport; Robert Y. Garrett, Jr., Lancaster; Frank Marsh, Altoona; Edward W. Wentworth, Franklin, and E. Alexander Hill, Pittsburgh.

Hunter President of Boston Bank Officers

John C. Hunter of the Federal Reserve Bank of Boston has been elected President of the Bank Officers' Association of Boston it was stated in the Boston "Herald" of May 23, which reported that other officers are:

> Harry E. Dearborn, State Street Trust Co., Vice-President; Harold E. Randall, First National Bank of Boston, Vice-President; Edward Norris, Home Savings Bank, Secretary; Harold A. Yeames, Webster & Atlas National Bank, Treasurer.
>
> Director selected, were Leone V. Gould, Wildey Savings Bank, and Edward E. Chute, National Shawmut Bank of Boston. The entertainment committee will be Elliot S. Boardman, Chairman; Ralph Young, Secretary; Edward A. Bullard, Carl W. Trempf and David Reed.

Estate Planning

(Continued from first page)

structure, that all "after-death" plans are affected by what we do while living. Conversely, many of our activities and transactions during life are guided by our "after-death" plans.

Similarity to Building a Home

We may compare Estate Planning with the simple analogy of building a home. When such a project is contemplated, the prospective owner usually contacts an architect who drafts the general plans. In other words, the architect blueprints the plan which will best meet the owner's requirements. The second step is the employment of a contractor who will carry out the wishes or ideas of the owner as evidenced by the architect's plans. The final step is the retention of legal counsel to prepare a contract embodying the plans and specifications of the architect, thereby insuring the owner of fulfillment of his plans In Estate Planning the individual may consult with an Estate Planner, who, in conjunction with other specialists, drafts the plans required to accomplish that individual's objectives. The lawyer then prepares the necessary legal documents which incorporate the wishes of the individual, while the life insurance underwriter, if deemed feasible, may prepare additional, or revise existing, policies. Lastly, the agent, executor and trustee for the individual insure fulfillment of the provisions of the estate plan as set forth in the legal documents—either during the lifetime of the individual or after his death, or both.

Cooperation of Specialists

The Estate Planner, the lawyer and the life insurance underwriter each should play an important role in all good estate planning. The cooperation of each of these specialists can insure an individual that the best provisions will be made for members of the family and other dependents. It has been proved time and time again that the trust instruments must truly and specifically reflect the provisions of an estate plan; that sufficient insurance provide cash to an estate so that no part of it will be jeopardized; and that the best efforts and judgment of the agent, executor or trustee be exercised so that the desires and wishes of the individual will be fulfilled.

Lack of Planning

It is apparent at this point that proper estate planning is lacking in many instances. At the same time the importance of it cannot be over-emphasized.

The simplest forms of estate planning today are:

(1) Making a will.

(2) Transferring property prior to death.

(3) Gifts of property.

The need for estate planning on an overall basis by most individuals may be determined from a brief discussion of these simpler forms of planning. Few people actually even make a will. Records throughout the country will substantiate this statement and in my own county over 80% of the people who died in 1945 had neglected to make their wills. Most people failed to take that step because of ignorance or that human weakness, procrastination. Others were advised, in many cases wrongly, that such action would be unnecessary if they made other plans to dispose of their property. Again one of the main purposes of estate planning—formulating a single pattern or design for servicing those who are to benefit—is missed. Consequently, people—and men in particular—merely transfer or give away part of their property during their lifetimes. They are fully confident that by such action their estates will avoid death taxes. It no longer is possible to be certain that the mere transfer or gift of property will accomplish even this relatively small part of the overall plan.

Recent tax decisions indicate that property is subject to death taxes if the deceased contributed to the major cost or maintenance thereof, regardless of the registration of ownership. Furthermore, many so-called "gifts" have been thrown out by the tax courts because the donor continued to receive some benefits, either direct or indirect, from the property involved. One other related factor is the necessity for the careful planning and designating of beneficiaries or heirs under a will. Such consideration may safeguard an estate from added tax liability.

The foregoing will give some indication of how the simplest forms of estate planning can miscarry if experienced persons in this field are not consulted.

Purpose of Estate Planning

Estate planning is a means of systematically and logically arranging *all* property in accordance with a pattern which will provide the greatest utility either for the owner or for those who are to benefit from that property.

Present Estates

Even in the case of a fairly simple estate, let us say, consisting only of a home, a few securities and some life insurance, there is a definite need for arranging a carefully drawn estate plan to care for a widow and children. In fact, it probably can be said that the smaller the estate, the greater the need for making the best provisions for members of the family and other dependents; hence, the greater urgency for estate planning.

Of course, it is equally important that adequate estate plans be provided for larger estates because usually in such estates we find problems which are greater in scope and also more varied. Furthermore, we often find in such an estate a substantial business interest or perhaps considerable real estate. Neither serves the best interests of the benficiaries unless provisions have been made which will insure continuing benefits from these properties.

Future Estates

And we should not overlook the fact that not all estate planning is concerned with present estates. It is likewise important that future estates—those in the process of being accumulated—be planned with the utmost care. Persons who are beginning to accumulate property may consult with an Estate Planner and make provisions for an estate plan which will include the types of investment for surplus funds; the amounts to be placed in or earmarked for each type of investment; and the selection of the proper mediums for the accomplishment of all estate objectives. Estate plans which are made early in life provide greater assurance that the desires and objectives of the individual will be achieved.

Steps in Estate Planning

The best way to assure one's self of accomplishment of desired estate objectives, both present and future, is to make all plans immediately. Even if some plan has been made, it at least should be reviewed. The following steps should be taken in consultation with an experienced Estate Planner:

(1) Analysis of the nature of all property.

(2) Review and reconsideration of any plans already formulated.

(3) Frank discussion of desired objectives.

(4) Consideration of tax liability.

(5) Disposition now of certain items in an estate through sale, outright gift or an irrevocable trust; or the determination of the methods of liquidation at a later date.

(6) Review of life insurance to ascertain the adequacy of the insurance program.

(7) Determination of the method of handling the insurance proceeds and consideration of establishment of a life insurance trust.

(8) Consideration of an immediate plan for the management of all or a part of present property.

(9) Make a will.

(10) Preparation of legal documents.

(11) Development of personal and family relationships with the agent, executor or trustee.

If the above steps are considered carefully by the individual with his financial adviser, with his attorney, with his life insurance underwriter, and, where necessary, with other specialists, it is quite likely that the objectives of all estate planning will be attained.

Education of Public

At present the general public is woefully lacking in its knowledge of estate planning as herein defined. Much remains to be done in educating all groups of people on this very important subject. More is being written every day and many advertising mediums are being utilized to acquaint and familiarize the public with the great need for formulating good estate plans. It is hoped that each of the specialists engaged in estate planning will continue to educate the residents in their own communities on the worthwhile advantages to be gained from overall planning.

When the general public becomes more aware of the benefits to be obtained from estate planning and the specialists realize more fully their obligations to the residents of their communities, I believe that estate planning will be recognized as a "must" by all individuals.

Perry Belmont Dead

Perry Belmont, former United States Minister Plenipotentiary to Spain, died at Newport, R. I., on May 25. Mr. Belmont, son of August Belmont, was 96 years of age. Associated Press accounts had the following to say regarding his career:

The last of his immediate family, he was the grandson of Commodore Matthew C. Perry, who opened the ports of Japan. A grand-uncle, Commodore Oliver Hazard Perry, was the hero of the battle of Lake Erie.

He was born in New York City, was graduated from Harvard in 1872, and received a law degree from Columbia in 1876.

After practicing law for several years, he was elected to Congress in 1881, and was a member of the 47th to 50th Congresses. At one time he was Chairman of the House Foreign Affairs Committee. He went to Spain as Minister in 1888.

A Democrat, Mr. Belmont was a delegate to the national conventions of that party from 1890 to 1912. He served in the Spanish-American War as a major in the inspector-general's department and in World War I, when at the age of 67, he was commissioned a captain in the Army Quartermaster Corps.

He was active in promoting the American Merchant Marine, the good neighbor policy with South America, settlement of the fisheries dispute with Canada and various other diplomatic agreements.

Commerce Department Reports Business Expansion Halted in April

Although business was maintained at a high level during April the uninterrupted expansion of more than a year was halted, the Department of Commerce said on May 26. It added 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. At the same time the Department stated that the following review of the current business picture is based on an article that will appear in the May issue of Survey of Current Business, official publication of the Department of Commerce.

"As in recent months, employment during April moved according to the usual seasonal pattern, although there were scattered reports of small declines in employment in soft goods manufacturing. Unemployment rose slightly from March to April but continued in the neighborhood of 2,500,000 persons, a level which has prevailed since the start of the year. This total is about 500,000 above the postwar low of the closing months of 1946.

"In retail distribution, dollar sales during March moved ahead seasonally, without, however, uniformity in movement for all lines of business. Sales volume declined in some retail non-durables lines and in some luxury fields, but the overall volume of durable goods moving to consumers continued to increase.

"Business continued to add to inventories, though at a somewhat slower rate than in the latter part of 1946. A notable first quarter development has been the sharp rise in the inventory-sales ratio for wholesalers, after adjustments for seasonal influences. This reflects earlier price increases, better supplies and some slowdown in the movement of goods to retailers.

"The total value of manufacturers' shipments for March reached $13.9 billion, $1 billion above February. However, the rise was due entirely to the difference in the number of working days in the two months. Daily average shipments declined slightly in the nondurable goods industries.

"Income payments to individuals, which represent the total of salaries and wages as well as all other types of money income, continued at an annual rate of $177 billion in March, an increase of about $20 billion (or 13%) from March a year ago. There was an increase in nonagricultural income during the first quarter of 1947, the increase resulting partly from higher rates of pay in the manufacturing industries.

"On the basis of preliminary data the Department of Commerce estimates that the gross national product—which represents the total value of all goods and services in the country—was at a seasonally adjusted annual rate of $209 billion in the first quarter of 1947. This represents a gain in the dollar total over the fourth quarter of 1946, but because prices were higher there was apparently little increase in the volume of output.

"Practically all of the rise in the gross national product is traceable to increased consumer spending. This was at a seasonally adjusted rate of $138 billion, compared with $130 billion in the third quarter of 1946 and $121 billion in the first quarter of 1946. Much of the increased consumer spending reflected higher prices.

"There is evidence of a levelling off in capital expenditures by business for new plant and equipment and in housing construction during the first quarter of 1947. However, in the public utility and commercial construction fields the trend was still upward, and net exports of goods and services continued to expand."

Shotwell Elected Pres. Of Pa. Bankers Assn.

At its annual meeting in Atlantic City, brought to a close on May 23, the Pennsylvania Bankers Association elected George Porter Shotwell, President of Williamsport National Bank, to succeed Edmund W. Thomas, President of the First National Bank, of Gettysburg, as President of the Association.

Russell J. Hopkins, President of the Titusville Trust Co., and Treasurer of the Association for the past two years, was named Vice-President and Donald P. Horsey, President, First National Bank of Conshohocken, was elected Treasurer of the Association to succeed Mr. Hopkins. In a report of the election of officers, and the speakers at the concluding day's session of the convention, E. S. Banks, staff reporter at Atlantic City for the Philadelphia "Inquirer," stated that the convention was told by Swayne P. Goodenough, Vice-President, Lincoln-Rochester Trust Co., of Rochester, N. Y., and President of the Financial Advertisers Association, that good public relations "are as necessary to a bank as a good bond list. In fact, without good public relations, there may come a time when we will not have to concern ourselves with a bond list."

Stating that Mr. Goodenough said banking was especially vulnerable to public opinion, Mr. Banks in his advices to the "Inquirer," further indicated Mr. Goodenough as saying:

"As long as there is a shadow of doubt in the minds of people as to the ability and willingness on the part of banks to make credit available," he declared, "and on terms acceptable to people, we shall have the threat of more and more bureaus to supply that credit in competition with us."

He said that he had found that public relations seemed to thrive more effectively "where not-so-old executives are in command. It may be that the younger executive is more closely in touch with the changing requirements of today and has less regard for the traditions of yesterday."

"There's many an older man with young ideas," he stated, "but the growing tendency in banks with pension plans to retire their officers at the age of 65 is significant. Executive obsolescence is an indulgence that few businesses can afford these days.

"Banking, perhaps more than any other business, is a matter of human relationships and if business in general is becoming concerned about its public relations, how much more should we, in banking, be concerned about our public relations.

"There's nothing about this business of ours that needs to be austere or formal. I see no reason why banking business shouldn't be done as agreeably and pleasantly as business at the corner cigar store.

"Bankers still have, I fear, a notorious reputation for sitting tight. We have over-played the role of massive, passive guardian of other people's funds. It is my thought that a bank in a community should be a dynamic force in the building of that community."

People of Moderate Means Largest Users of Trust Services Says ABA

People of moderate means are the largest users of trust services in the United States, according to a survey of the annual income from trusts completed by the Trust Division of the American Bankers Association. Findings of the survey announced on May 20 by Evans Woollen, Jr., President of the Trust Division and President of the Fletcher Trust Company, Indianapolis, Ind., show that 54% of all trusts administered by banks and trust companies of the United States have an annual income of less than $1,200 each, with an average income of $370 annually. For 73.5% of all trusts the income is less than $3,000 each and the average income is $788 annually.

"Results of this survey," Mr. Woollen said, "emphasize the fact that trust services are available to meet the needs of people from every income group."

The results of the survey cover 144,081 trusts managed by 868 representative banks and trust companies throughout the country. They represent reports from a large cross section of the active trust institutions of the United States. Only 2.8% of the 144,081 trusts reported represent trusts having an income of over $25,000 yearly. Trusts in the $3,000-$7,500 income bracket represent 13.86% of all the trusts reported and they have an average income of $4,557, it is stated, while the number of trusts in the $7,500-$10,000 group are shown to be but 3.97% of the total and their annual income averages $8,260. Trusts in the $10,000-$25,000 income group account for 5.88% of all trusts covered by the report.

The survey was conducted by the Committee on Trust Information of the Trust Division which includes Harve H. Page, Second Vice-President, of the Northern Trust Company, of Chicago, Ill., Chairman; H. Douglas Davis, Vice-President, of the Plainfield Trust Company, Plainfield, N. J.; Allan Herrick, Advertising Manager, Security-First National Bank, Los Angeles, Calif.; William H. Neal, Senior Vice-President, Wachovia Bank and Trust Company, Winston-Salem, N. C.; Towner Phelan, Vice-President, St. Louis Union Trust Company, St. Louis, Mo.; Craig R. Smith, Assistant Vice-President, Central Hanover Bank and Trust Company, New York, N. Y.

Business and Real Estate Outlook

(Continued from first page)

being received for good or for evil, in the superlative degree of comparison only."

More specifically we might describe our situation today as a period of prosperity overcast by the fear of depression, a time of high incomes with low purchasing power, a time of industrial peace and industrial unrest, an age of scientific advance and cultural decline, an era of wars amid threats of peace and peace amid threats of wars.

We could multiply the contradictions. We might mention housing shortages with rent controls, declining construction volume with higher building costs, a huge government debt with programs for lowering taxes, high wages with low labor productivity, and so on.

Some forecasters have convinced us that a depression is just around the corner while others insist that we have reached a new permanently high level of prosperity.

Many of us may be like Mr. Dolan who returned home after a lengthy evening of convivial elbow-bending. As he lurched quietly up the stairs of his home he lost his balance and went tumbling down amid much clatter and confusion. His wife called out sharply: "Is that you, Dolan?"

He jumped up, raised his fists and shouted, "Well, it better be!"

I am not suggesting that we are uncertain of our own identities at the present time but many of us aren't too sure of where we are or where we are going or even of where we have been. Most of us have been so busy that the second anniversary of V-E Day a couple of weeks ago came as a distinct surprise. Within a relatively few days we shall be in our third post-war year.

The reconversion period is just about over; the pipe lines of distribution are filling up, some of them are full; the backlogs of demand in many areas are being wiped out, at least in terms of current prices; a measure of industrial peace has been attained.

In comparison to the Post World War I period, we stand at a point somewhat comparable to late 1920, although we shouldn't carry this analogy too far. It's been said that every time history repeats itself the prices go up.

I think we can say that generally speaking, we have been pretty lucky in these Post World War II years. Despite great difficulties we have carried through a major part of our reconversion without great unemployment or maladjustment. It is true that some groups in our communities have suffered. Rapid price advances have hurt the white collar groups, wage increases have not benefited all workers, many veterans have been treated rather shabbily and have encountered great troubles, some new businesses have failed, and we all feel uncertain about the international situation. But still—we've done pretty well. The bulk of our economy is in reasonably good shape.

Potential Business Trends

Now—can we expect to proceed in the same general manner in the months ahead? Or has our luck, our managerial ability or our adaptability "run out"?

At the risk of being foolhardy, I will make the following general observations:

(1) We are coming near to the point of filling demands at current prices, including the demand for housing. Note that I say *at current prices*—a 10% decline in the price of housing, for example, would probably mean a considerable expansion in demand.

(2) A downward revision of prices will be necessary in the relatively near future for continued high levels of production and employment. Many goods have been priced out of the market. This is especially true of new houses in terms of current construction cost levels.

(3) Lower prices can only come through lowered costs on the one hand, or through more intense competition for the consumer's dollar on the other. Prices cannot be lowered except in a few instances by propaganda and political appeals. They will be forced down through competition for a slice of the consumer's dollar and they can go down and allow business to operate successfully only if costs are reduced.

(4) Lowered costs are possible —at least to a limited degree— because of probable industrial peace, higher labor productivity, elimination of delays because of shortages, more efficient operations, better trained employees, and more realistic planning by management.

In the construction industry relative cost reductions are likely to come chiefly from the increased efficiency of building labor. Increased labor productivity in this field has already been reported by a number of contractors and the prospects for improvement are good.

(5) If downward adjustments of prices and costs occur soon and take place gradually without too much "gear clashing" we can have a continuance of prosperity for at least several years. During that period competition will be keener and profit margins will be lower.

(6) To predict continuance of prosperity, however, we must assume that there will be no major adverse international developments and that our domestic government policies will follow current trends. Both of these assumptions seem reasonable. Of major importance domestically is the method of handling our public finances. We are now reducing the government debt—a deflationary process—and it seems likely that we shall continue this reduction. Business expansion and investment will have to proceed at sufficiently high levels to balance this deflationary process. In other words, economic conditions in the next few years are likely to depend more on business than on government decisions.

Real Estate Trends

With more specific reference to real estate, prices are likely to conform pretty closely to construction costs in the months ahead. The period of panic prices with large premiums for immediate occupancy is just about over. There are still some such cases here and there, of course. But most real estate prices are now being influenced chiefly by construction costs. I believe that we can expect a gradual decline in such costs, beginning in the near future and approximating overall reductions of around 10% by a year from this summer. Prefabricated houses will lead the downward trend of construction costs. The prices of older houses will tend to decline more sharply than the costs of building new houses.

But these are generalizations which may have little bearing on specific local situations. We must always remember that the real estate market, though influenced by national trends, is essentially a local market. For example, in university towns such as Bloomington, Indiana, we can not expect the same sort of developments so long as our student and faculty populations continue to expand.

To follow trends in your local real estate markets you need to pay special attention to local employment and incomes and to study them in relation to the national picture, rather than to trust solely to generalizations of the type which I can provide in a speech of this kind. There is a danger that some of us will rely too completely on the movements of the national real estate cycle, to the extent that there is such a thing, and rely too little on local economic trends. For example, in the April issue of the "Appraisal Journal" Homer Hoyt points out:

"The economic forces which cause a variation in the rate of growth for different cities also cause a difference in the timing of the real estate cycle . . . A generalized national real estate cycle like that prepared by Mr. Roy Wenzlick serves a useful purpose in indicating broad trends, but it is, nevertheless, an oversimplification or an averaging of differences. Thus, while Wenzlick indicates a peak in national real estate activity in 1888-89, it was actually reached in Los Angeles in 1887, in Kansas City in 1888, in Chicago in 1890 and in Essex County, N. J., in 1891. Nor is there an exact time interval between major cycles for all cities . . . Thus in Chicago, major peaks of real estate activity were reached in 1836, 1856, 1872, 1890 and 1925, which represent intervals respectively of 20, 16, 18, and 35 years. . . . In New York, the chart of the Lawyer's Title Corporation shows major peaks in realty values in 1836, 1857, 1873, 1893, 1906, 1921 and 1930 or intervals respectively of 21, 16, 20, 13, 15 and 9 years."

We must never overlook the importance of local forces in the real estate market. While all cities are affected by general business conditions, the effect of such trends may be felt in highly varying degrees between industrial, commercial, educational, governmental or specialized types of communities.

The Cycle and Individual Firms

Just as there is a danger that those of us interested in the real estate business will overstress the importance of national trends, there is also the danger that many businessmen are paying too much attention to the probable swings of the general business cycle and not enough to the efficiency of their own operations.

From Washington Ahead of the News

(Continued from first page)

inquisitive reporter. Frequently, I think Mr. Truman is in the same category.

For example, it is one thing for American enterprisers to go out into the undeveloped areas of the world on their own initiative, with the support of their government, to make money. In making money they would develop the resources of those areas and unquestionably lift the living standards of those people. Our enterprisers have been doing such as this, in Latin America, for example, for a long time. Then under the New Deal, a wave of indignation was aroused about what they were doing, and to the tune of high glee on the part of our New Deal government, their properties were expropriated. The point was made that the living standards of only a few people, the dictators and their cohorts, were lifted by these "exploitations."

Now, the proposition of the Leftists is that the living standards of all the inhabitants must be lifted, that there be no "exploitation," that we simply give the money, that we must not be an "imperialist" nation. As I understand it, an imperialist nation is one that wants to make money out of its investments.

The two viewpoints are making for a great political befuddlement here in Washington, and somebody is going to get into trouble unless the situation is clarified.

The boy wonder of Minnesota, has done nothing to do this. A few weeks ago he made a speech ringing with profundity, to the effect that we must "set aside" 10% of our production for the next several years to rehabilitate the stricken areas of the world. The global minded editors and columnists immediately hailed it as a masterly pronouncement, one of a realistic world student, and above all, a statesmanlike "implementation" of the "Truman Doctrine." I always get a kick out of that "Truman Doctrine," as the sequel to the Monroe Doctrine, because I don't think Mr. Truman, himself, knows what it is. Apparently it is something which the global thinkers wish were true.

But what has Stassen said? What does he mean by "setting aside" 10% of our production. Since I have been knee high to a gate post I have understood that we produced a surplus and had to get rid of it in foreign trade. During the Hoover Administration, if I heard once, I heard a thousand times, that the difference between exporting 10% of our production and not exporting it was the difference between prosperity and depression.

Well, what does Mr. Stassen mean by "setting aside" 10% of our production. Normally we have that much to get rid of.

The question now, of course, is how other nations are to pay us for those exports. Mr. Stassen does not commit himself on this. The question is controversial. He has added nothing to it. Are we to give them away, through government grants abroad? He doesn't say. Yet he "implements" the Truman Doctrine, whatever that is.

With great fanfare, of course, the International Bank was created. The creation of master financial minds, it was supposed to make possible the flow of capital for needy enterprises everywhere in the way in which bankers are supposed to juggle the bad risks against the good and come out on top. But ask any of the global minders now about what it is supposed to do and they look blank.

I wrote at the time that the Greek-Turkish grant was proposed, that Congress' job was to deglamorize it, to take out its "Truman Doctrine" implications and make it just another throwing away of money abroad. Congress has done just that. It was to be followed, apparently, by grants to other countries, one after another, until it ran into the billions. Now, Secretary Marshall and the State Department are saying no more appropriations of this kind will be sought in the near future. They've got to wait to see what the situation is.

The global minded boys are making no pretense of their disappointment. They are saying that the "Truman Doctrine" has been badly handled, that there should not have been the emphasis on stopping Communism in the request for the Greek-Turkish grant. It should have been a frank admission of our responsibility to the world.

The country had better watch these shenanigans closely in the next few months. It was about 10 years ago that Adolph Berle, one of the New Deal's wonder boys, told a Congressional committee, that we had gathered up all the world's gold, and that the thing to do, was like in a game of marbles, to give the gold back, so the international trade game could continue.

Silver Content of Australian Coinage

According to the May 23 number of the Australian News Summary, issued in New York City, "the silver content of Australian coinage is to be reduced from 92½% to 50% fine silver." The Summary added:

"Announcing this today, Prime Minister Joseph B. Chifley said the reason for the reduction was the sharp increase in the price of silver since the war. This increase was due to action taken in the United States to raise the price of silver. A reduction in the silver content of Australian coinage would enable Australia to build up the 11,000,000 ounces of silver obtained from the United States during the war. This quantity must be returned within a period of five years from the date when the United States President declared the war emergency ended. Annual production of silver in Australia was approximately 5% of the world's output, but the country ranked fifth on the list of producers."

The Summary from which we quote, is issued by the Australian News and Information Bureau at 636 Fifth Avenue.

Moody's Bond Prices and Bond Yield Averages

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

MOODY'S BOND PRICES
(Based on Average Yields)

1947 Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Earnings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
June 3	121.70	117.00	122.50	120.43	116.43	109.42	111.62	118.60	120.84
2	121.67	117.00	122.50	120.43	116.41	109.42	111.81	118.60	120.84
May 31	Market Closed								
30	Market Closed								
29	121.67	117.00	122.50	120.43	116.41	109.42	111.62	118.60	120.84
28	121.67	117.00	122.50	120.43	116.41	109.42	111.62	118.60	120.84
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	109.42	111.62	117.80	120.02
1 Year Ago									
June 3, 1946	124.02	118.80	123.13	121.46	118.40	112.56	116.22	119.00	121.04
2 Years Ago									
June 2, 1945	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20

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

1947 Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Earnings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
June 3	1.57	2.80	2.53	2.63	2.83	3.20	3.08	2.72	2.61
2	1.57	2.80	2.53	2.63	2.83	3.20	3.07	2.72	2.61
May 31	Market Closed								
30	Market Closed								
29	1.57	2.80	2.53	2.63	2.83	3.20	3.08	2.72	2.61
28	1.57	2.80	2.53	2.63	2.83	3.20	3.08	2.72	2.61
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	3.20	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									
June 3, 1946	1.47	2.71	2.50	2.58	273	3.03	2.84	2.70	2.60
2 Years Ago									
June 2, 1945	1.64	2.88	2.62	2.70	2.88	3.31	3.04	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.

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended May 24, 1947, as estimated by the United States Bureau of Mines, was 12,820,000 net tons, a decrease of 150,000 tons, or 1.2%, from the preceding week. Output in the corresponding week of 1946 amounted to 7,672,000 tons. In the current calendar year to May 24 soft coal production totaled 251,652,000 net tons, an increase of 38.0% over the 182,416,000 tons produced in the corresponding period last year.

Output of Pennsylvania anthracite for the week ended May 24, 1947, as estimated by the Bureau of Mines, was 1,084,000 tons, an increase of 10,000 tons, or 0.9%, over the preceding week. When compared with the production in the corresponding week of 1946 there was an increase of 70,000 tons, or 6.9%. The calendar year to date shows a decrease of 10.9% when compared with the corresponding period of last year.

The Bureau also reported that the estimated production of beehive coke in the United States showed a decrease of 400 tons when compared with the output for the week ended May 17, 1947; and was 127,700 tons more than for the corresponding week of 1946.

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

	Week Ended May 24, 1947	May 17, 1947	May 25, 1946	Jan. 1 to date *May 24, 1947	May 25, 1946
Bituminous coal & lignite—					
Total, including mine fuel	12,820,000	12,970,000	7,672,000	251,652,000	182,416,000
Daily average	2,137,000	2,162,000	1,279,000	2,061,000	1,482,000

*Subject to current adjustment.

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

	Week Ended ‡May 24, 1947	§May 17, 1947	May 25, 1946	Calendar Year to Date May 24, 1947	May 25, 1946	May 29, 1937
Penn. Anthracite—						
*Total, incl. coll. fuel	1,084,000	1,074,000	1,014,000	22,355,000	25,078,000	23,841,000
†Commercial produc.	1,042,000	1,033,000	975,000	21,494,000	24,112,000	22,649,900
Beehive Coke—						
¶United States total	138,300	138,700	10,600	2,485,000	1,249,100	1,544,100

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

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

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

State—	Week Ended May 17, 1947	May 10, 1947	May 18, 1946
Alabama	416,000	420,000	262,000
Alaska	6,000	6,000	6,000
Arkansas	18,000	20,000	13,000
Colorado	84,000	84,000	123,000
Georgia and North Carolina	1,000	1,000	1,000
Illinois	1,419,000	1,400,000	1,260,000
Indiana	564,000	582,000	442,000
Iowa	37,000	39,000	27,000
Kansas and Missouri	107,000	110,000	90,000
Kentucky—Eastern	1,214,000	1,321,000	758,000
Kentucky—Western	394,000	407,000	198,000
Maryland	44,000	43,000	52,000
Michigan	1,000	*	2,000
Montana (bituminous and lignite)	67,000	64,000	81,000
New Mexico	27,000	29,000	29,000
North and South Dakota (lignite)	27,000	33,000	39,000
Ohio	812,000	845,000	596,000
Oklahoma	47,000	49,000	32,000
Pennsylvania (bituminous)	3,150,000	3,136,000	1,207,000
Tennessee	147,000	147,000	38,000
Texas (bituminous and lignite)	1,000	1,000	1,000
Utah	138,000	136,000	109,000
Virginia	390,000	416,000	331,000
Washington	17,000	15,000	5,000
†West Virginia—Southern	2,578,000	2,597,000	1,846,000
‡West Virginia—Northern	1,133,000	1,123,000	1,250,000
Wyoming	130,000	130,000	157,000
§Other Western States	1,000	*	*
Total bituminous and lignite	12,970,000	13,155,000	8,955,000

†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.

Savings and Mortgage Conference in Augusta

At a recent meeting, the Executive Committee of the Savings Division of the American Bankers Association accepted an invitation from the Georgia Bankers Association and the banks of Augusta, Ga., to hold a Savings and Mortgage Conference in Augusta, November 20-21. Sherman Drawdy, President of the Georgia Railroad Bank and Trust Co., of Augusta and former President of the Georgia Bankers Association, will be Chairman of the Conference Committee. Mr. Dawdy is also Vice-President of the ABA for Georgia. The conference area will include Georgia, Florida, Alabama, North and South Carolina, and Tennessee.

Moody's Daily Commodity Index

Tuesday, May 27	394.3
Wednesday, May 28	396.9
Thursday, May 29	395.4
Friday, May 30	Holiday
Saturday, May 31	393.8
Monday, June 2	394.9
Tuesday, June 3	395.1
Two weeks ago, May 20	398.6
Month ago, May 3	396.7
Year ago	284.1
1946 High, Dec. 24	380.6
Low, Jan. 2	264.7
1947 High, March 26	431.8
Low, Jan. 20	371.5

Convention of AIB In Detroit June 2-6

The program for the 1947 convention of the American Institute of Banking, educational section of the American Bankers Association, which will be held in Detroit, Mich., from June 2 to 6. George J. Greenwood, Jr., National President of the Institute, and Vice-President of the Bank of California N. A., San Francisco, Calif. indicated that convention activity on a scale not possible since the beginning of the war would be resumed by the Institute at its 45th annual meeting. On the program will be six departmental conferences and seven Institute conferences besides the regular business sessions. The National Convention Debate will be resumed this year, and the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes will be continued. Because of the size of the convention, which it was stated, would bring delegates and members representing 350 chapters and study groups from all parts of the United States to Detroit, the Book-Cadillac and the Statler Hotels will be headquarters for the convention.

Policy Premiums Paid, High in 1946

American life insurance companies last year paid or credited to policyholders and beneficiaries, through direct benefits or additions to funds guaranteeing policies, 5% more than they received in premiums from policyholders, according to the Institute of Life Insurance which on May 28 stated that "last year's benefit payments and additions to policy funds reached a new high at an estimated $5,750,000,000, which is 40% greater than the pre-war 1941 figure of about $4,000,000,000." The advices added:

"Premium payments accounted for 78.5 cents of the average income dollar of the life insurance companies in 1946. Interest earnings and other income made up the remaining 21.5 cents. Payments to policyholders and beneficiaries represented 40.5 cents of the average income dollar; additions to policy reserves established to meet future claims required 40.3 cents; and 1.5 cents were used to add to special reserves and surplus funds. These combined to make 82.3 cents of payments to policyholders and beneficiaries or additions to funds guaranteeing their future benefits.

"Expenses of operation required 15.5 cents of the average income dollar, 9.7 cents going for agency commissions and expenses and 5.8 cents for home office and miscellaneous expenses. Agency commissions and expenses were higher than in the previous year, due to an unusually large increase in new business. Taxes required 1.8 cents and dividends to stockholders, going to shareholders of those companies in which there is a stock interest, represented 4/10 of a cent."

"The large increase in the ownership of life insurance in recent years, combined with the continuously falling rate of investment earnings, has resulted in increasing the portion of the average income dollar which comes from premium payments," Holgar J. Johnson, Institute President, commented. "In 1941, the premiums contributed 76.3 cents of this dollar, while in 1946, they accounted for 78.5 cents. In contrast to this, the portion of the income dollar coming from investment earnings and other income dropped from 23.7 cents in 1941 to 21.5 cents last year." He further said:

"In the uses to which the income dollar was put, there were also some changes. Benefit payments, though larger in aggregate, represented a slightly smaller portion of the average dollar in 1946, as compared with 1941. The additions to reserve funds were greater both in aggregate and in percentage of the whole, reflecting the larger amount of insurance and greater age of many policies in force. Expenses of operation, reflecting rising costs and payrolls and increased business, required more of the average life insurance dollar in 1946. Last year's figure was 15.5 cents, compared with 13.2 in 1945 and 14.0 in 1941.

"These average income dollar figures do not, of course, reflect the actual experience of any one policy or policyholder. They are averages of figures for the life insurance business as a whole and make no attempt to reflect the detailed processes by which life insurance operates. Benefit payments in any one year are largely paid from reserves previously built up for the purpose and not from the current year's income. The average income dollar figures give a long range view of what happens to the life insurance dollar."

The State of Trade

(Continued from page 3)

the week beginning June 2, 1947, as compared with 95.4% one week ago, 90.6% one month ago and 55.2% one year ago. This represents an increase of 1.6 points or 1.7% from the preceding week.

The week's operating rate is equivalent to 1,697,400 tons of steel ingots and castings compared to 1,669,400 tons one week ago, 1,585,400 tons one month ago and 972,800 tons one year ago.

Electric Production Higher — The Edison Electric Institute reports that the output of electricity increased to 4,662,858,000 kwh. in the week ended May 24, 1947, from 4,615,983,000 kwh. in the preceding week. Output for the week ended May 24, 1947, was 18.3% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 191,500,000 kwh. in the week ended May 25, 1947, compared with 173,400,000 kwh. for the corresponding week of 1946, or an increase of 10.5%. Local distribution of electricity amounted to 183,000,000 kwh. compared with 166,200,000 kwh. for the corresponding week of last year, an increase of 10.1%.

Railroad Freight Loadings Rise —Car loadings of revenue freight for the week ended May 24, 1947, totaled 890,605 cars, the Association of American Railroads announced. This was an increase of 2,397 cars, or 0.3% above the preceding week, and 319,132 cars, or 55.8% above the corresponding week for 1946, when loadings were affected by labor difficulties. Compared with the similar period of 1945, an increase of 7,852 cars, or 0.9%, is shown.

Paper Output and Paperboard Production Off—Paper production in the United States for the week ended May 24, was 105.1% of mill capacity, against 105.3% in the preceding week and 99.2% 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 101% compared with 102% in the preceding week and 93% for the corresponding week a year ago.

Demand for paper as shown by orders, order backlogs and stocks on hand at the mills continues at a high level the Association reports.

Production of paper and paperboard in the U. S. in the first four months of 1947 was at an annual rate of 21,300,000 tons. Production in 1946 reached a record 19,157,208 tons. This was 10% greater than 1945's output and 7% ahead of the 1941 level, the previous high.

Business Failures Still High — Although falling off from the previous week's high level, commercial and industrial failures in the week ending May 29 continued to be four times as numerous as in the comparable week of 1946. Dun & Bradstreet, Inc., reports 72 concerns failing against 102 last week and 18 a year ago.

There were seven times as many large failures this week as there were small failures. Sixty-three failures occurred involving liabilities of $5,000 or more whereas only 9 failures were reported with losses under that amount. Both size groups showed a decline from last week's level, but the sharpest decline was in large failures which totalled 89 a week ago. Likewise, the big failures were responsible for most of the increase from last year's level, with concerns failing up from 11 in 1946's comparable week to 63 in the week just ended. On the other hand, there were only 2 more small failures this week than a year ago.

Manufacturing accounted for 31 of the week's total failures. In this group concerns failing declined from the previous week's 41, but were four times as numerous as in the corresponding week of 1946. Retail trade ranked second in number of failures this week. Only half as many concerns failed in retailing last week, totaling 19 against 37, but they outnumbered the 5 reported for the same week a year ago. Wholesalers failing totaled 10, showing an increase from the previous week as well as from last year. In construction and commercial service failures continued at a very low level.

The Middle Atlantic States had about twice as many failures as any other regions this week. At 23, concerns failing in this area declined from the 29 recorded in the preceding week but exceeded by a wide margin the 6 occurring in the comparable week of 1946. Three other regions had more than 10 failures this week, the East North Central States with 13 the Pacific States with 12, and the New England States with 10. Most of the decline from last week's high level was centered in the Pacific States where concerns failing were down from 38 to 12. A slight rise in failures occurred in the New England and South Atlantic Regions. Only one district, the East South Central, did not have any failures this week as compared with five areas with no failures last year.

Four Canadian failures were reported against 11 in the preceding week and 3 in the corresponding week of 1946.

April New Business Incorporations Under Last Year's Level— New business incorporations throughout the country totaled 9,802 in the month of April, according to Dun and Bradstreet, Inc., representing a drop of 4.3% from the 10,247 recorded in March. The total was more than one-fifth, or 21.4%, less than the 12,469 for April last year. Each month during the current year new stock company formations have been fewer than in the corresponding month of the preceding year, with the decline growing progressively larger each month.

Food Price Index Shows First Rise in 12 Weeks—Reversing the downward movement of the past three months, the wholesale food price index, compiled by Dun & Bradstreet, Inc., advanced 1.2% to $6.02 on May 27, from the six-month low of $5.95 recorded a week earlier. The current figure compares with $4.20 on the corresponding date a year ago.

The rise was influenced by higher quotations for wheat, corn, rye, oats, barley, flour, beef, hams, lard, butter, coffee, cocoa, potatoes, steers and hogs. Only cheese, eggs, raisins and currants showed declines for the week. The index represents the sum total of the price per pound of 31 foods in general use.

Daily Wholesale Commodity Price Index Fractionally Higher— After the irregular movement of the previous week, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., trended upward during most of the past week but a sharp reaction at the close brought the May 27 figure to 254.56, only fractionally above the 254.37 recorded a week earlier. At this time a year ago it stood at 194.58.

Activity in grain markets increased during the past week. Prices developed additional strength, aided by the issuance of supplementary export allocations and fears of rust damage in wheat producing areas. Corn led the advance under heavy buying against export sales, coupled with a falling off in country offerings. Export sales of flour to European countries increased during the week but domestic flour buying remained slow as most bakers continued to limit purchases to nearby needs. After touching new low ground for the season, an upturn resulting from improved demand checked the prolonged downward movement in lard prices last week. Refined lard finished with a net gain of 2¼¢ per pound over a week ago. Hog values were mostly stronger. Receipts of hogs at principal Western markets continued above those of the comparable 1946 period, but there was a moderate decline for the week with indications that the peak of the Spring marketing movement has been passed. Coffee prices were firmer with a better tone resulting from small supplies reported afloat for this country. Cocoa advanced slightly. Spot sales were not large but demand from manufacturers showed improvement in the latter part of the week.

In comparatively light trading, leading cotton markets developed an easier trend at the close. This was influenced by speculative liquidation and a contraction of mill buying attributed to expectations of sharp reductions in textile prices by next Fall. Strength in early dealings was due to mill price-fixing and short covering, and active government buying of the staple for UNRRA account. Also tending to lend support was the high rate of domestic consumption which averaged 40,100 bales per day during April, as against 37,500 in April a year ago. The carded gray cotton cloth markets were featured by keen bidding on print cloths for both domestic and export use with about 10,000,000 yards reported booked for foreign consumption. Lightweight sheetings were also in good demand but supplies were scarce. Heavier sheetings were quiet with some price shading noted.

Rubber futures turned slightly uward toward the end of the week, but continued slow demand in the spot market brought quotations for smoked ribbed sheets to 18 cents per pound, a drop of about three cents from a week ago. Factory interest was light and dealers generally were hesitant in quoting prices beyond July delivery. The price of foreign silver in New York dropped two cents an ounce to 70¾ cents, reflecting an accumulation of silver stocks as a result of continued light industrial demand.

Retail and Wholesale Trade Moderately Higher — Although rainy weather interferred with the usual seasonal increase in consumer buying, the dollar volume of retail sales last week continued moderately above that of a year ago, according to Dun & Bradstreet, Inc., in its weekly review of trade. Stocks of many lines of goods were reported to be higher than those in recent weeks. Continued resistance to high prices was noted in many sections of the country especially for food, furniture, and small electrical appliances.

There was a slight drop in the volume of food sold last week in comparison with a week ago. The abundant supplies of fresh fruits and vegetables were bought in large quantities. A decrease in meat purchases reflected the resistance to high prices and the usual lack of demand for heavy foods in warm weather.

Buying of Summer and beachwear was retarded in those sections of the country where the weather was cool and rainy, but demand continued strong otherwise. Men's Summer suits, especially gabardine and palm beach suits, were eagerly sought with the volume of sales high. It became increasingly difficult to sell furs. The supply of white shoes was more numerous than a year ago and demand strong. With the usual large number of weddings and graduations at this time of year, there was an increase in dollar sales of women's finery, silverware and other jewelry.

Requests fof durable goods generally were numerous. Furniture demand remained heavy. Continued interest in lawn furniture, garden tools, housecleaning items and paint was indicative of the approaching Summer season. Automobile supplies sold well as motorists prepared for Memorial Day week-end trips.

The dollar volume of retail trade for the week ended on Wednesday, May 25, was estimated to be from 6 to 10% over that of the corresponding week a year ago. Regional estimates exceeded those of a year ago by the following percentages: New England 5 to 9, East 8 to 12, South 9 to 13, Middle West 3 to 8, Southwest 0 to 5, Northwest and Pacific Coast 6 to 10.

There was little change in the over-all dollar volume of wholesale trade during the week in comparison with the previous week. Due primarily to the higher price level, volume continued to exceed that of the corresponding week a year ago. Both sellers and buyers were hesitant about commitments beyond the third quarter due to price uncertainties.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended May 24, 1947, increased 13% above the same period of last year. This compared with an increase of 11% in the preceding week. For the four weeks ended May 24, 1947, sales increased by 12% and for the year to date by 11%.

Seasonal and Decoration Day needs bolstered retail trade here in New York last week. Department store volume was estimated as approximating 15% over the like week of last year.

Durable goods lines such as copper and brass fabricators raised prices to equal increases in costs caused by purchases of foreign copper. Price increases on finished metal lines of old established manufacturers, reports state, averaged close to 2%.

The Memorial Day holiday on Friday last, caused activity in fall openings early in the week to show a marked drop as the week-end approached. Trade was heavy in the summer dress line and prices of rayon fabrics were reported firmer for the week. As for cotton, activity was confined to 30-day deliveries.

In food lines, the price movement was spotty and lower.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period to May 24, 1947, increased 11% above the same period last year. This compared with an increase of 9% in the preceding week. For the four weeks ended May 24, 1947, sales rose 8% and for the year to date increased 10%.

Plantz Heads Savs. Bank Life Council

The appointment of Clarence B. Plantz as President of Savings Bank Life Insurance Fund of New York was announced on May 13 by Harris A. Dunn, Chairman of the Board of Trustees of Savings Bank Life Insurance Fund and President of the North River Savings Bank. Mr. Plantz, who was formerly Vice-President and Treasurer of the New York Savings Bank, has been Executive Vice-President of the Fund for the past year.

Other new officers of the Fund announced by Mr. Dunn were: Carl F. Vietor, Jr., Vice-President and Actuary, William P. Hughes, Secretary, and Harold Daus, Assistant Treasurer. Mr. Vietor has been Actuary of the Fund since its formation, Mr. Hughes was until recently Director of Statistics and Research for the Institute of Life Insurance and Mr. Daus was formerly Manager of the Life Insurance Department of the Bushwick Savings Bank.

National Fertilizer Association Wholesale Commodity Price Index Advances Slightly

During the week ended May 31, 1947 the weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on June 2, rose to 196.5 from 195.4 in the preceding week. A month ago the index stood at 195.6 and a year ago at 148.0, all based on the 1935-1939 average as 100. The Association's report continued as follows:

During the week six of the composite groups in the index advanced while two declined; the other three remained at the level of the preceding week. Lower prices were quoted for dried prunes, cocoa, fowl, and soybean oil, but the higher prices for flour, corn meal, potatoes, ham, coffee, lard, and some meats caused the foods index to advance. The declines registered for livestock and eggs were more than offset by advances for cotton and grains, with the result that the farm products index advanced. The fuels index advanced slightly, as did the textiles index. The price of silver bars fell, but the rise in the price of steel scrap was enough to cause the metals index to advance. Higher prices for nitrogenous tankage and nitrogenous sewage sludge caused the fertilizer materials index to advance slightly. Higher prices for calfskins and cottonseed meal were not enough to offset lower prices for hides, leather, rubber, wood pulp, and feed stuffs with the result that the miscellaneous commodities index declined. A decline in the price of southern pine was responsible for the fall in the building materials index.

During the week 23 price series in the index advanced and 19 declined; in the preceding week 20 advanced and 36 declined; in the second preceding week 22 advanced and 24 declined.

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

% Each Group Bears to the Total Index	Group	Latest Week May 31, 1947	Preceding Week May 24, 1947	Month Ago May 3, 1947	Year Ago June 1, 1946
25.3	Foods	215.6	212.2	215.9	146.8
	Fats and Oils	215.9	205.9	240.3	147.4
	Cottonseed Oil	279.2	279.2	302.0	163.1
23.0	Farm Products	245.6	243.8	241.1	179.4
	Cotton	343.2	342.1	335.4	264.7
	Grains	268.1	256.6	243.9	192.1
	Livestock	226.2	227.0	227.7	162.9
17.3	Fuels	172.2	170.4	169.8	131.4
10.8	Miscellaneous Commodities	157.6	161.8	158.1	138.6
8.2	Textiles	215.5	215.3	215.0	167.1
7.1	Metals	149.4	149.3	147.9	117.9
6.1	Building Materials	188.2	189.7	203.2	167.8
1.3	Chemicals and Drugs	157.4	157.4	156.9	127.5
.3	Fertilizer Materials	128.0	127.5	127.5	114.8
.3	Fertilizers	134.5	134.5	134.5	119.8
.3	Farm Machinery	125.3	125.3	125.5	105.8
100.0	All groups combined	196.5	195.4	195.6	148.0

*Indexes on 1926-28 base were: May 31, 1947, 153.1; May 24, 1947, 152.2; and June 1, 1946, 115.3.

Bankers Dollar Acceptances Outstanding on April 30, $215,100,000

The volume of bankers dollar acceptances outstanding on April 30, amounted to $215,100,000, a decrease of $12,930,000 from the March 31 total, according to the monthly acceptances survey issued on May 13, by the Federal Reserve Bank of New York. As compared with a year before, the April 30 total represents an increase of $46,221,000.

In the month to month comparison, Exports and those figures based on goods stored in or shipped between foreign countries were higher, while Imports, Domestic Shipments, Domestic Warehouse Credits were lower, and Dollar Exchange remained unchanged.

In the yearly analysis of those same items, Imports, Exports and Domestic Shipments were higher, while the others showed a decrease from April 1946.

The Reserve Bank's report follows:

BANKERS DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Apr. 30, 1947	Mar. 31, 1947	Apr. 30, 1946
1 Boston	$21,026,000	$17,960,000	$21,712,000
2 New York	139,606,000	146,975,000	100,514,000
3 Philadelphia	12,699,000	13,942,000	12,578,000
4 Cleveland	1,367,000	2,053,000	794,000
5 Richmond	900,000	1,094,000	1,215,000
6 Atlanta	4,177,000	4,507,000	3,591,000
7 Chicago	4,596,000	4,951,000	3,868,000
8 St. Louis	1,774,000	2,450,000	728,000
9 Minneapolis	95,000	159,000	300,000
10 Kansas City	------	------	------
11 Dallas	3,443,000	3,447,000	551,000
12 San Francisco	25,417,000	30,492,000	23,028,000
Grand Total	$215,100,000	$228,030,000	$168,879,000

Decrease for month $12,930,000 Increase for year $46,221,000

ACCORDING TO NATURE OF CREDIT

	Apr. 30, 1947	Mar. 31, 1947	Apr. 30, 1946
Imports	$139,828,000	$157,709,000	$114,224,000
Exports	42,035,000	35,887,000	15,519,000
Domestic shipments	12,191,000	13,508,000	11,029,000
Domestic warehouse credits	13,259,000	13,536,000	18,634,000
Dollar exchange	101,000	101,000	386,000
Based on goods stored in or shipped between foreign countries	7,686,000	7,289,000	9,087,000

The decrease in outstandings may be considered seasonal as since 1925 there have been 19 decreases as against 4 increases in the month of April. This decrease was due principally to a decline in imports of coffee, tea and wool. Bills drawn against exports of cotton, rice, flour and general merchandise accounted for a large part of the increase in that category.

BILLS HELD BY ACCEPTING BANKS

Own bills $71,031,000 Bills of others $83,231,000 Total $154,262,000

Decrease for month $16,219,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES, MAY 13, 1947

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	7/8%	13/16%
60	7/8%	13/16%
90	7/8%	13/16%
120	15/16%	7/8%
150	1%	15/16%
180	1%	15/16%

Latest Summary of Copper Statistics

The Copper Institute on May 15 released the following statistics pertaining to production, deliveries and stocks of duty-free copper through March, 1947 (all sources U.S.A. beginning April, 1947):

SUMMARY OF COPPER STATISTICS, U. S. A.—REPORTED BY MEMBERS OF THE COPPER INSTITUTE

(In Tons of 2,000 Pounds)

	Production		Deliveries to Customers		‡Refined Stocks End of Period	Stock Increase (+) or Decreases (—)	
	*Crude	Refined	In U.S.A.	Export		§Blister	Refined
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	— 67,208
Year 1942	1,152,344	1,135,708	1,635,236	----	65,309	+16,636	— 10,255
Year 1943	1,194,699	1,206,871	1,643,677	----	52,121	—12,172	— 13,188
Year 1944	1,056,180	1,098,788	1,636,295	----	66,780	—42,608	+ 14,659
Year 1945	841,667	843,113	1,517,842	----	76,512	— 1,446	+ 9,732
Year 1946	651,260	604,071	1,260,921	909	80,832	+47,189	+ 4,320
4 Mos., 1947	¶325,903	353,136	505,105	222	87,139	----	----
Jan., 1946	58,178	69,008	115,601	----	72,799	—10,830	— 3,713
Feb., 1946	41,667	49,923	86,089	909	74,339	— 8,256	+ 1,540
Mar., 1946	41,832	20,139	58,590	----	70,249	+21,693	— 4,090
Apr., 1946	29,280	18,989	75,756	----	65,448	+10,291	— 4,801
May, 1946	31,897	20,551	93,647	----	75,754	+11,346	+ 10,306
June, 1946	32,785	23,870	95,267	----	79,145	+ 8,915	+ 3,391
July, 1946	56,906	43,606	97,527	----	101,183	+13,300	+ 22,038
Aug., 1946	64,462	59,591	118,381	----	94,669	+ 4,871	— 6,514
Sept., 1946	69,748	67,803	113,158	----	98,619	+ 1,945	+ 3,950
Oct., 1946	72,807	77,947	136,481	----	91,161	— 5,140	— 7,458
Nov., 1946	73,024	75,066	129,206	----	90,896	— 2,042	— 265
Dec. 1946	78,674	77,578	141,218	----	80,832	+ 1,096	— 10,064
Jan., 1947	78,256	80,144	143,692	----	76,680	— 1,888	— 4,152
Feb., 1947	74,474	77,591	117,734	----	74,645	— 3,117	— 2,035
Mar., 1947	84,356	88,131	123,590	----	69,727	— 3,775	— 4,918
Apr., 1947	88,817	107,270	120,089	222	87,139	----	5,398

*Includes primary and secondary metals.

‡At refineries on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

§Computed by difference between mine and refined production.

¶Includes 291,332 tons of primary metal and 34,571 tons of secondary metal.

NOTE—Statistics for the month of March, 1947, have been revised.

Wholesale Prices Dropped 0.1% in Week Ended May 24, Labor Department Reports*

Lower prices for foods were largely responsible for a decline of 0.1% in average primary market prices during the week ended May 24, 1947, according to the Bureau of Labor Statistics, U. S. Department of Labor. The Bureau states that "at 146.9% of the 1926 average, the index was 0.1% higher than in late April and 32.7% above a year ago." The Board further reported as follows on May 29 on the week ended May 24:

"**Farm Products and Foods**—As a group prices of foods declined 0.5% with lower prices in all subgroups except dairy products. Wheat flour prices dropped nearly 2% in anticipation of a bumper wheat crop and lower prices. Prices of corn meal increased. Among meats, which declined fractionally as a group, prices of mutton, pork loins, and dressed poultry were lower, while veal and cured pork increased. Liberal supplies caused price decreases for oranges, onions, and white potatoes in some markets. Prices of dried fruits and canned tomatoes also declined with light demand and expectations of large new crops. Increased demand caused small price increases for cheese. Among other foods there were substantial declines for oleo oil, lard, vegetable oils and black pepper. Cocoa beans were higher reflecting the tight world supply. As a group food prices were at the same level as in late April and 44.4% higher than the corresponding week of last year.

"Higher grain quotations raised the group index for farm products 0.2% during the week. Continued heavy demands for export with emergency purchases by the government caused increases for most grains. Quotations for livestock declined with good supplies. Sheep quotations were down more than 6%, hogs and cows about 2%. Decreased demand also caused lower prices for live poultry. Raw cotton quotations increased 2½% with good export prospects. As a group prices of farm products were 0.2% lower than a month ago and 29.2% above late May, 1946.

"**Other Commodities**—Among other commodities there were both increases and decreases with the average for all commodities other than farm products and foods up slightly. Prices of cattle feed again increased and prices of some fats and oils rose following recent declines. However, prices of castor oil, soybean oil, oleic acid and soap dropped substantially, continuing their general downward trend. There also were further declines for China wood oil and linseed oil reflecting improved supplies. Crude rubber continued to decline. Higher prices were reported for some crude petroleum and petroleum products and anthracite. Reduced buying by rope manufacturers brought a substantial decline in prices of Manila hemp, and print cloth decreased slightly following last week's increase. On the average prices of all commodities other than farm products and foods were 0.2% higher than 4 weeks earlier and 27.0% above the corresponding week of last year."

WHOLESALE PRICES FOR WEEK ENDED MAY 24, 1947

(1926=100)

Commodity Groups—	5-24 1947	5-17 1947	5-10 1947	4-26 1947	5-25 1946	Percent changes to May 24, 1947 from— 5-17 1947	4-26 1947	5-25 1946
All commodities	146.9	147.0	146.7	146.8	110.7	— 0.1	+ 0.1	+32.7
Farm products	177.2	176.9	176.3	177.6	137.2	+ 0.2	— 0.2	+29.2
Foods	160.3	161.1	161.1	160.3	111.0	— 0.5	0	+44.4
Hides and leather products	166.4	166.4	166.7	171.9	120.9	0	— 3.2	+37.6
Textile products	138.3	138.5	138.0	137.8	108.2	— 0.1	+ 0.4	+27.8
Fuel and lighting materials	104.3	104.1	104.0	103.9	87.1	+ 0.2	+ 0.4	+19.7
Metals and metal products	141.8	141.8	140.7	140.8	109.4	0	+ 0.7	+29.6
Building materials	177.0	177.4	178.6	178.0	127.2	— 0.2	— 0.6	+39.2
Chemicals and allied products	126.0	125.9	127.2	130.5	96.6	+ 0.1	— 3.4	+30.4
Housefurnishings goods	129.4	129.4	128.6	128.6	109.4	0	+ 0.6	+18.3
Miscellaneous commodities	116.5	115.9	114.9	115.2	96.6	+ 0.5	+ 1.1	+20.6
Special Groups—								
Raw materials	160.3	160.2	160.1	161.3	124.2	+ 0.1	— 0.6	+29.1
Semi-manufactured articles	142.6	143.2	142.0	144.7	101.7	— 0.4	— 1.5	+40.2
Manufactured products	142.1	142.2	141.9	141.1	106.2	— 0.1	+ 0.7	+33.8
All commodities other than Farm products	140.4	140.5	140.2	140.1	104.9	— 0.1	+ 0.2	+33.8
All commodities other than Farm products and foods	132.2	132.1	131.7	132.0	104.1	+ 0.1	+ 0.2	+27.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM MAY 17, 1947 TO MAY 24, 1947

Increases

Cattle Feed	9.8	Hides & Skins	0.6
Grains	3.1	Petroleum & Products	0.3
Oils & Fats	1.2	Anthracite	0.1
Other Farm Products	0.8	Dairy Products	0.1
Shoes	0.1		

Decreases

Rubber Crude	5.3	Other Textile Products	0.5
Livestock & Poultry	1.9	Leather	0.4
Fruits & Vegetables	1.2	Drug & Pharmaceutical Material	0.3
Paint & Paint Materials	1.2	Cotton Goods	0.2
Cereal Products	0.8	Chemicals	0.2
Other Foods	0.8	Meats	0.2
Other Miscellaneous	0.2		

*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.

Electric Output for Week Ended May 31, 1947 18.4% 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 31, 1947 was 4,429,109,000 kwh., an increase of 18.4% over the corresponding week of last year when electric output amounted to 3,741,256,000 kwh. The current figure also compares with 4,662,858,000 kwh. produced in the week ended May 24, 1947, which was 18.3% in excess of the 3,941,865,000 kwh. produced in the week ended May 25, 1946. The largest increases were reported by the Southern States and Pacific Coast groups which both showed gains of 23.8% over the same week last year.

PERCENTAGE INCREASE OVER SAME WEEK LAST YEAR

Major Geographical Division—	Week Ended— May 31	May 24	May 17	May 10	May 3
New England	4.2	8.6	5.9	8.5	10.2
Middle Atlantic	9.5	12.3	9.2	10.7	8.3
Central Industrial	21.0	18.6	18.9	24.2	17.3
West Central	21.3	14.2	14.9	13.6	17.5
Southern States	23.8	23.7	23.6	23.7	18.3
Rocky Mountain	6.7	15.2	19.2	20.1	18.0
Pacific Coast	23.8	23.2	19.1	18.3	18.7
Total United States	18.4	18.3	17.2	19.0	15.7

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	4,429,109	3,741,256	+18.4	4,203,502	1,435,471	1,689,925

Pitts. Res. Branch Observes Pa. Saturday Bank Closing

With respect to the Saturday closing of Pennsylvania banks, Allan Sproul, President of the Federal Reserve Bank of New York, issued a circular on May 22 to banks in the local district saying:

"Under the provisions of Act No. 52 of the General Assembly of Pennsylvania, approved May 1, 1947, banks in the State of Pennsylvania may remain closed on any Saturday or Saturdays upon approval of their Boards of Directors with 15 days public notice. Pursuant to such act and consistent with the action of the Philadelphia Clearing House Association, the Federal Reserve Bank of Philadelphia will be closed on each Saturday beginning May 24, 1947. Accordingly, on and after May 24, 1947, Saturday will not constitute a business day in determining the time when credit will be given, pursuant to our time schedules, for deferred-credit items drawn on or payable at banks located in the Third Federal Reserve District.

"Pursuant to the provisions of the above-mentioned act, and consistent with the action of the Pittsburgh Clearing House Association, the Pittsburgh Branch of the Federal Reserve Bank of Cleveland will not be open for business on any Saturday during June, July, August and September, 1947. Accordingly, for the period June 7, 1947 to Sept. 27, 1947, inclusive, Saturday will not constitute a business day in determining the time when credit will be given, pursuant to our time schedules, for deferred credit items drawn on or payable at banks located in the area served by the Pittsburgh Branch of the Federal Reserve Bank of Cleveland."

An item bearing on the Saturday closing of banks in Pennsylvania appeared in our issue of May 15, page 2636.

Parcel Post to Russia

Postmaster Albert Goldman announced on May 29, that the Postal Administration of the Union of Soviet Socialist Republics has advised that in addition to the articles previously allowed to enter without a permit when intended for personal use, it is permissible to send, until the end of 1947, the following foodstuffs without limit as to the gross weight or total number of articles per year:

Flour; gruel (cereals to be cooked, such as oatmeal, rice, cream of wheat, etc.); fatty substances; sweets (candy, sugar, chocolate, etc.). It is stated that parcel post packages must not weigh in excess of 22 pounds.

Result of Treasury Bill Offering

The Secretary of the Treasury announced on June 2 that the tenders for $1,300,000,000 or thereabout of 91-day Treasury bills to be dated June 5 and to mature Sept. 4, which were offered on May 29, were opened at the Federal Reserve banks on June 2.

Total applied for, $1,879,803,000.

Total accepted, $1,307,369,000 (includes $14,356,000 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.

(69% of the amount bid for at the low price was accepted.)

There was a maturity of similar issue of bills on June 5 in the amount of $1,315,453,000.

Trading on New York Exchanges

The Securities and Exchange Commission made public on May 28 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 10, 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 10 (in round-lot transactions) totaled 1,337,030 shares, which amount was 16.96% of the total transactions on the Exchange of 3,940,360 shares. This compares with member trading during the week ended May 3 of 1,735,988 shares, or 19.03% of the total trading of 4,560,060 shares.

On the New York Curb Exchange, member trading during the week ended May 10 amounted to 285,130 shares, or 16.05% of the total volume on that Exchange of 888,460 shares. During the week ended May 10 trading for the account of Curb members of 327,975 shares was 17.01% of the total trading of 963,850 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 10, 1947

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	215,340	
‡Other sales	3,725,020	
Total sales	3,940,360	
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	428,360	
Short sales	70,370	
‡Other sales	322,640	
Total sales	393,010	10.42
2. Other transactions initiated on the floor—		
Total purchases	104,960	
Short sales	16,300	
‡Other sales	97,240	
Total sales	113,540	2.77
3. Other transactions initiated off the floor—		
Total purchases	135,310	
Short sales	15,270	
‡Other sales	146,580	
Total sales	161,850	3.77
4. Total—		
Total purchases	668,630	
Short sales	101,940	
‡Other sales	566,460	
Total sales	668,400	16.96

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

WEEK ENDED MAY 10, 1947

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	11,210	
‡Other sales	877,250	
Total sales	888,460	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	81,960	
Short sales	4,285	
‡Other sales	86,955	
Total sales	91,240	9.75
2. Other transactions initiated on the floor—		
Total purchases	10,000	
Short sales	1,500	
‡Other sales	5,800	
Total sales	7,300	0.97
3. Other transactions initiated off the floor—		
Total purchases	59,680	
Short sales	2,600	
‡Other sales	32,350	
Total sales	34,950	5.33
4. Total—		
Total purchases	151,640	
Short sales	8,385	
‡Other sales	125,105	
Total sales	133,490	16.05
C. Odd-Lot transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	53,839	
Total purchases	53,839	
Total sales	42,153	

*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."

Civil Engineering Construction Totals $72,226,000 for Week

Civil engineering construction volume in continental United States totals $72,226,000 for the four-day week ending May 29, 1947, as reported by "Engineering News-Record. This volume is 36% below the previous five-day week, 0.5% above the corresponding four-day week of last year, and 35% below the previous four-week moving average. The report issued on May 29 added:

Private construction this week, $39,037,000, is 29% less than last week, but 33% above the week last year. Public construction, $33,189,000, is 43% below last week, and 22% less than the week last year. State and municipal construction, $27,433,000, 8% below last week, is 26% below the 1946 week. Federal construction, $5,756,000, is 80% below last week, but 6% above the week last year.

Total engineering construction for the 22-week period of 1947 records a cumulative total of $2,156,690,000, which is 4% above the total for the like period of 1946. On a cumulative basis, private construction in 1947 totals $1,290,526,000, which is 3% below that for 1946. Public construction, $886,164,000, is 16% greater than the cumulative total for the corresponding period of 1946, whereas State and municipal construction, $640,047,000 to date, is 28% above 1946. Federal construction, $226,117,000, dropped 9% below the 22-week total of 1946.

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

	May 29, 1947 (four days)	May 22,1947 (five days)	May 30, 1946 (four days)
Total U. S. Construction	$72,226,000	$113,164,000	$71,855,000
Private Construction	39,037,000	54,617,000	29,412,000
Public Construction	33,189,000	58,547,000	42,443,000
State and Municipal	27,433,000	29,891,000	37,028,000
Federal	5,756,000	28,656,000	5,415,000

All of the classified construction groups dropped this week from the previous week. Five of the nine classes recorded gains this week over the 1946 week as follows: waterworks, sewerage, commercial buildings, public buildings, and unclassified construction.

New Capital

New capital for construtcion purposes this week totals $42,761,000 and is made up of $14,276,000 in State and municipal bond sales and $28,485,000 in corporate securities. New capital for construction purposes for the 22-week period of 1947 totals $691,568,000, 16% greater than the $594,479,000 reported for the corresponding period of 1946.

Changes in Holdings of Reacquired Stock of N. Y. Stock and Curb Listed Firms

The New York Stock Exchange announced on April 15 that the following companies have reported changes in the amount of stock held as heretofore reported by the Department of Stock List:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Alleghany Corp., $2.50 pr. conv. pfd.	10,800	12,500	
Alleghanw Corp., 5½% cum. pfd. series A	52,800	61,400	
American-Hawaiian Steamship Company, capital	90,600	92,400	
American Hide and Leather Company, 6% cum. conv. pfd.	4,700	4,900	
Associates Investment Company, common	38,438	38,328	
Atlas Corporation, common	178,058	16,113	(1)
Borden Company (The), capital	204,358	205,358	
Burlington Mills Corporation, common	54,039	86,539	(2)
Carrier Corporation, 4% ser. cum. preferred	None	None	(3)
City Investing Company, cum. pfd. 5½% ser.	1,560	800	(4)
Follansbee Steel Corporation, common	None	1,219	(5)
General Motors Corporation, common	7,950	23,950	
Gimbel Brothers, $4.50 cum. preferred	16,787	17,787	
Glidden Company (The), common	8,900	10,000	
Guantanamo Sugar Company, $5 cum. conv. preferred	940	960	
International Minerals & Chemical Corporation, common	3,149	3,099	
Jewel Tea Co., Inc., common	1,198	1,188	
Johnson & Johnson, cum. 2nd pfd., series A, 4%	763	744	(6)
Johnson & Johnson, common	15,675	15,216	(6)
Kinney (G. R.) Co., Inc., $5 prior preferred	1,470	1,670	
National Distillers Products Corp., common	96	100	
Outboard, Marine & Manufacturing Co., common	49	50	
Paramount Pictures Inc., common	120,200	192,700	(7)
Penick & Ford, Ltd., Inc., common	64,773	None	(8)
Pittsburgh Coke & Chemical Co., common	67,586	65,986	
Plymouth Oil Company, common	6,614	9,014	
Reliable Stores Corp., common	2,010	2,610	
Scovill Manufacturing Company, 3.65% cum. preferred	None	None	(9)
Sinclair Oil Corp., common	954,172.68	954,173.73	
Sloss-Sheffield Steel & Iron Co., $1.20 cum. preferred	None	90	
Tide Water Associated Oil Company, $3.75 cum. pfd.	2,790	None	(10)
Westvaco Chlorine Products Corp., $3.75 cum. preferred	90	170	
Wilson & Co., $4.25 cum. preferred	9,814	5,114	

NOTES

(1) 4,904 shares acquired during March. 166,849 shares retired per stockholders' approval at annual meeting held April 2, 1947.

(2) 32,500 shares acquired for own account at market prices.

(3) Held in Treasury as of Oct. 31, 1946. 735 shares purchased; 735 shares retired and cancelled in accordance with provisions relating to annual retirement fund.

(4) 760 shares purchased for 1946 sinking fund instalment were cancelled and retired Dec. 27, 1946.

(5) 334 shares held on Jan. 1, 1947 plus 2,540 shares acquired in merger; plus 645 shares from conversion of own debentures; less 2,300 shares sold on open market. Total of 1,219 shares held in Treasury on March 31, 1947.

(6) 19 shares of preferred and 459 shares of common issued during March pursuant to Employee Extra Compensation Plan.

(7) 72,500 shares purchased in open market.

(8) 64,773 shares retired per stockholders' approval at meeting held March 25, 1947.

(9) 100 shares acquired and retired during March.

(10) 650 shares acquired on March 21, 1947. 3,440 shares retired at meeting held March 27, 1947.

The New York Curb Exchange also made public on April 15 the following changes in holdings of reacquired stock as reported to it by issuers of fully listed securities traded on that exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
Aero Supply Mfg. Co., Inc., class B	6,460	8,260
American General Corporation common	32,954	33,454
American General Corp., $2 div. ser. pfd.	25,304	35,555
Charis Corporation, common	8,910	9,160
Corroon & Reynolds Corporation, $1 div. A preferred	None	2,000
Crown Central Petroleum Corp., common	637	640
Dennison Manufacturing Co., debenture stock	500	None
Electrographic Corporation, common	886	822
Equity Corporation, $3 conv. preferred	51,968	79,182
First York Corporation, common	30,824	31,205
First York Corporation, $2 div. preferred	6,055	6,130
Heller (Walter E.) & Company, 4% preferred	None	132
Hygrade Food Products Corp., common	49,674	50,474
Kleinert (I. B.) Rubber Co., common	28,437	28,937
Merritt-Chapman & Scott Corp., 6½% A preferred	2,100	2,200
Niagara Share Corp., B common	271,290	273,990
Tobacco and Allied Stocks, Inc., capital	310	60

Commercial Paper Outstanding on April 30

Reports received by the Federal Reserve Bank of New York from commercial paper dealers show a total of $256,000,000 of open market paper outstanding on April 30, 1947, compared with $266,000,000 on March 31, 1947, and $149,000,000 on April 30, 1946.

The following are the totals for the last two years:

	$		$
1947—		1946—	
Apr. 30	256,000,000	Mar. 29	171,500,000
Mar. 31	266,000,000	Feb. 28	178,200,000
Feb. 28	242,700,000	Jan. 31	173,700,000
Jan. 31	236,400,000	1945—	
1946—		Dec. 31	158,900,000
Dec. 31	227,600,000	Nov. 30	156,100,000
Nov. 29	226,800,000	Oct. 31	127,100,000
Oct. 31	201,500,000	Sep. 28	111,100,000
Sep. 30	147,600,000	Aug. 31	110,200,000
Aug. 31	141,600,000	July 31	106,800,000
July 31	130,800,000	Jun. 29	100,800,000
June 28	121,400,000	May 31	102,800,000
May 30	126,000,000	Apr. 30	118,600,000
Apr. 30	148,700,000		

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 28, 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 17, 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 17, 1947

	Total For Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of orders	30,149
Number of shares	852,387
Dollar value	$29,367,495
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	739
*Customers' other sales	21,927
Customers' total sales	22,666
Number of Shares:	
Customers' short sales	29,281
*Customers' other sales	630,516
Customers' total sales	659,797
Dollar value	$22,985,891
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	0
†Other sales	189,760
Total sales	189,760
Round-Lot Purchases by Dealers—	
Number of shales	305,160

*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."

Time Lost in April Because of Strikes

Working time lost because of labor-management disputes registered a sharp rise in April said special advices May 27 from Washington to the New York "Times," which went on to say:

For three months the idleness averaged about 1,100,000 man-days per month, but in April, the loss of time increased precipitately to 7,750,000 man-days, the Bureau of Labor Statistics reported today.

This was the greatest monthly loss from strikes and lockouts since May, 1946. Strikes by telephone workers accounted for more than three-fourths of the total. The April loss, however, was little more than half the total for April, 1946.

New stoppages rose from 325 in March to 460 in April and involved 600,000 workers. The man-days of idleness from all stoppages in April was estimated at 1.1% of the available working time.

The United States Conciliation Service finished assignments on 1,223 dispute cases in April, 230 of which were work stoppages involving 73,500 workers. In 993 cases, settlements were arranged before actual stoppages developed.

French Indo-China Bank Opens Tokyo Branch

Under date of May 24, Associated Press advices from Tokyo appearing in the New York "Times," said:

The French Bank of Indo-China reopened its branch here today with a headquarters permit to operate on a limited scale to meet requirements of the French Mission and other French personnel here.

It is the second bank to start operation in Japan under occupation license. Walter K. Le Count, Occupation Finance Division Chief, said several other foreign-controlled banks will be licensed soon.

The National City Bank of New York was the first to begin operations.

Daily Average Crude Oil Production for Week Ended May 24, 1947 Increased 16,800 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 24, 1947 was 5,024,850 barrels, a new high record. This was the third week that output exceeded 5,000,000 barrels daily, and was an increase of 16,800 barrels per day over the week ended May 17, 1947, and a gain of 265,750 barrels per day over the week ended May 25, 1946. The current figure was also 153,850 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 24, 1947 averaged 4,997,100 barrels. The Institute's statement further adds:

Reports received from refining companies indicate that the industry as a whole ran to stills on the Bureau of Mines basis approximately 4,970,000 barrels of crude oil daily and produced 14,927,000 barrels of gasoline 2,010,000 barrels of kerosine; 5,518,000 barrels of distillate fuel, and 8,292,000 barrels of residual fuel oil during the week ended May 24, 1947; and had in storage at the end of the week, 97,827,000 barrels of finished and unfinished gasoline; 11,074,000 barrels of kerosine; 35,212,000 barrels of distillate fuel and 44,499,000 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 24, 1947	Change from Previous Week	4 Weeks Ended May 24, 1947	Week Ended May 25, 1946
**New York-Penna.	49,200		47,000	— 1,250	48,200	49,200
Florida	----		500	----	500	250
**West Virginia	8,000		7,350	— 500	7,650	7,800
**Virginia	----		200	----	200	----
**Ohio—Southeast }	8,000		5,950	— 750	6,450	5,550
Ohio—Other }			2,150	— 400	2,450	2,550
Indiana	18,000		17,500	— 400	17,950	19,000
Illinois	210,000		185,900	+ 100	186,950	209,050
Kentucky	29,000		25,650	— 250	25,600	30,700
Michigan	47,000		45,700	+ 3,650	42,150	48,050
Nebraska	700		†600	----	600	750
Kansas	275,000	280,000	†287,900	+ 1,450	283,200	270,150
Oklahoma	380,000	378,125	†387,000	+ 1,250	386,050	372,650
Texas—						
District I			21,000	----	21,050	----
District II			159,150	----	158,950	----
District III			485,150	----	484,350	----
District IV			243,400	----	243,150	----
District V			38,350	----	38,300	----
East Texas			338,000	----	337,450	----
Other Dist. VI			112,500	----	112,300	----
District VII-B			38,200	----	38,300	----
District VII-C			36,800	----	36,700	----
District VIII			530,150	----	522,250	----
District IX			137,800	----	137,500	----
District X			86,250	----	86,000	----
Total Texas	2,120,000	‡2,241,957	2,226,850	----	2,216,000	2,114,800
North Louisiana			97,800	— 250	97,800	79,850
Coastal Louisiana			316,000	----	315,550	291,450
Total Louisiana	411,000	455,000	413,800	— 250	413,350	371,300
Arkansas		79,960	74,400	— 300	74,600	72,900
Mississippi	86,000		90,900	+ 2,950	88,900	63,100
Alabama	2,100		1,050	— 50	1,000	1,150
New Mexico—So. East }	102,000	112,000	105,350	----	104,850	95,300
New Mexico—Other }			450	— 50	450	500
Wyoming	108,000		116,700	+ 1,750	114,500	115,700
Montana	24,000		22,550	— 50	22,700	19,350
Colorado	39,000		39,800	— 900	39,600	29,100
California	875,000	§846,500	919,200	+10,800	913,200	860,200
Total United States	4,871,000		5,024,850	+16,800	4,997,100	4,759,100
**Pennsylvania Grade (included above)			60,900	— 2,500	62,500	62,550

*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 22, 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 24, 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	835	102.2	1,909	20,943	4,816	9,701	7,021
Appalachian—								
District No. 1	89.2	87	66.9	230	2,421	188	408	230
District No. 2	100.0	70	107.7	243	1,122	62	112	119
Ind. Ill. Ky.	85.8	784	85.3	2,612	19,299	1,430	2,943	2,381
Okla. Kans. Mo.	80.1	417	91.9	1,434	8,970	471	1,254	1,017
Inland Texas	69.6	180	60.8	866	3,856	237	326	620
Texas Gulf Coast	94.5	1,160	87,9	3,589	14,843	1,888	6,006	4,808
Louisiana Gulf Coast	96.4	364	102.0	961	5,132	979	2,169	1,132
No. La. & Arkansas	64.4	62	54.4	163	1,701	219	453	111
Rocky Mt.								
New Mexico	25.3	11	84.6	41	89	15	39	37
Other Rocky Mt.	71.5	139	79.9	461	2,940	80	524	615
California	88.0	861	91.2	2,418	16,511	689	11,277	26,408
Total U. S.—B. of M. basis May 24, 1947	88.7	4,970	88.7	14,927	*97,827	11,074	35,212	44,499
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
U. S. B. of M. basis basis May 25, 1946	---	4,844	---	14,282	†94,679	12,412	33,857	42,905

*Includes unfinished gasoline stocks of 8,454,000 barrels. †Includes unfinished gasoline stocks of 8,226,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §In addition, there were 2,010,000 barrels of kerosine, 5,518,000 barrels of gas oil and distillate fuel oil and 8,292,000 barrels of residual fuel oil produced in the week ended May 24, 1947, as against 2,137,000 barrels, 5,662,000 barrels and 8,217,000 barrels, respectively, in the preceding week and 2,006,000 barrels, 5,342,000 barrels and 8,671,000 barrels, respectively, in the week ended May 25 1946.

Non-Ferrous Metals—Spread in Copper Price Continues—Zinc Trade Quiet—Silver Drops

"E. & M. J. Metal and Mineral Markets," in its issue of May 29, stated: "The copper market remained divided on the question of prices, and, though several fabricators raised their quotation to the basis of roughly 23c per pound, Valley, virtually no progress was made last week in eliminating the spread. If anything the undertone appeared to be easier because of increasing consumer resistance. The situation in lead was unchanged. Zinc buying has quieted down. Silver was heavy on lack of buying interest by consumers, and the price fell 2¢ an ounce. President Truman has asked Congress to extend his authority to allocate tin and antimony for another year." The publication further went on to say in part as follows:

Copper

Except that several sellers were disposed to offer copper to consumers on the basis of the "E. & M. J." quotation, the situation underwent little change last week. The leading domestic producer continued to sell copper at 21½¢, Valley, and foreign metal again brought 24¢. In more than one direction it was stated that independent buyers at 24¢ were few and far between, particularly since May 26.

The "E. & M. J." average price of copper sold in the domestic market during the week ended May 28 was 22.104¢, f. o. b. refinery, which compares with 22.138¢ in the previous week.

Early on May 26, Anaconda Wire & Cable announced that its prices for copper wire had been increased 1½¢ per pound, reflecting the rise in the cost of copper to the company to approximately 23¢ per pound. Later that day American Brass advanced its schedule on prices to cover increased costs of copper, labor, and supplies. Revere Copper & Brass and Scovill advanced prices on the following day. Chase Brass & Copper and Phelps Dodge Copper Products held to the old basis.

Foreign buyers of copper were confused over price developments here and showed less interest in acquiring metal. However, the price on foreign business held to the equivalent of 23¾¢, f. a. s. New York.

Licenses will be granted to export foreign copper refined in this country, the Office of International Trade announced May 26. Procedure that applied to metal formerly treated "in bond" will be continued.

Lead

So far as primary lead was concerned, consumers last week absorbed all of the metal that producers cared to sell. Quotations continued firm at 15¢, New York, and 14.80¢, St. Louis. Secondary lead was not as firm as in recent weeks.

Sales of primary metal in the week that ended yesterday totaled 6,634 tons.

The refined-lead statistics for April placed production at 53,424 tons, the highest monthly total since March 1944, according to the American Bureau of Metal Statistics. Output in March came to 51,239 tons. Domestic refineries shipped 50,568 tons of lead to consumers in April, against 52,465 tons in the preceding month. Refiners' stocks increased moderately to 44,834 tons. Metals Reserve allocated 8,230 tons of lead to domestic consumers during April.

Zinc

Call for zinc moderated considerably last week, but the price remained steady at 10½¢, East St. Louis, for Prime Western.

In the export market there were sellers of foreign-origin Prime Western at 10¼¢, Gulf ports.

The Monsanto electrolytic zinc refinery of the American Zinc, Lead & Smelting Co. resumed operations on May 24 after a two-weeks' suspension resulting from an unauthorized strike.

Consumption of slab zinc in February totaled 67,773 tons, against 81,769 tons in January, the Bureau of Mines reports. Consumers' stocks at the end of February amounted to 89,244 tons, which compares with 85,592 tons a month previous.

During the first three months of 1947 Canada exported 43,421 tons of slab zinc, of which 16,755 tons was consigned to the United States. Total exports from Canada in 1946 averaged 36,224 tons per quarter.

Tungsten

The British Ministry of Supply announced May 23 that it has withdrawn its "fixed" prices from tungsten ores. Effective immediately, the ore will be sold in the United Kingdom at prices related to current world prices at time of sale.

Tungsten ore quotations in the United States were firm last week at $28 to $31 per short ton unit of WO 3.

Tin

President Truman has asked Congress to extend tin control for another year, as present legislation expires June 30, 1947. Allocation and priority powers are essential in tin, tin-plate, and antimony, he said.

Stocks of tin (pig tin and tin in concentrates) in the hands of the Office of Metals Reserve on April 30 totaled 34,309 long tons, against 38,801 tons a month previous.

The price situation here was unchanged. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	May	June	July
May 22	80.000	80.000	80.000
May 23	80.000	80.000	80.000
May 24	80.000	80.000	80.000
May 26	80.000	80.000	80.000
May 27	80.000	80.000	80.000
May 28	80.000	80.000	80.000

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

Quicksilver

No selling pressure to speak of has been in evidence in quicksilver, but, with buying restricted, chiefly by mercurial houses, offerings of scattered lots from various sources have sufficed to keep the market in an unsettled state. Quotations on spot continued at $84 to $87 per flask.

Silver

The New York Official quotation for silver was reduced 2¢ an ounce on May 26, establishing the market at 70¾¢. Demand has been moderate for the last two weeks and metal has accumulated in the hands of refiners and dealers. Industrial buying has been on the light side.

An inquiry from India by a firm unknown in the local trade for 10,000,000 ounces of silver created interest for a short time. According to advices from Bombay, natives states would like to acquire silver, but because of tight import and exchange restrictions no purchases of foreign silver have been possible for some time in that market. The Reserve Bank of India continues to control all operations in silver involving foreign exchange.

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 22	22.425	23.675	80.000	15.000	14.800	10.500
May 23	22.325	23.675	80.000	15.000	14.800	10.500
May 24	21.225	23.675	80.000	15.000	14.800	10.500
May 26	22.300	23.675	80.000	15.000	14.800	10.500
May 27	22.350	23.675	80.000	15.000	14.800	10.500
May 28	22.000	23.675	80.000	15.000	14.800	10.500
Average	22.104	23.675	80.000	15.000	14.800	10.500

Average prices for calendar week ended May 24 are: Domestic copper f.o.b. refinery, 22.171c; 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.

Distributions for Charity By NY Community Trust

In the first quarter of 1947, $166,374 was paid out for charitable uses by the New York Community Trust. It was the largest first-quarter distribution the Trust has made and compares with $124,198 disbursed in the initial three months of last year. Ralph Hayes, Director of the local Community Trust, in reporting this added:

"Among recipients of larger allocations were Community Service Society, $13,270; United Hospital Fund, $10,180; Salvation Army, $6,121; Visiting Nurse Service, $5,100; Y.W.C.A. of New York, $2,200; and Girl Scouts, $1,440. The aggregate of grants by the Trust at the close of the quarter was $5,928,294."

O'Neal Named to Philippine Post

President Truman's appointment of former Democratic Representative Emmet O'Neal of Kentucky as Ambassador to the Philippines was announced at the President's temporary headquarters in Kansas City, Mo., on May 22; the nomination was received by the U. S. Senate on May 23. Mr. O'Neal, a lawyer, whose nomination has long been expected, if approved by the Senate will succeed Paul V. McNutt, this country's first Ambassador to the new republic. Joaquin M. Elizalde, Philippine Ambassador to the United States, was reported in Associated Press Kansas City advices to have termed Mr. O'Neal "the ideal man" for the Philippine assignment. "His wide acquaintance with members of Congress will prove a great help in expediting Philippine programs here," Mr. Elizalde is quoted as saying.

Revenue Freight Car Loadings During Week Ended May 24, 1947, Increased 2,397 Cars

Loading of revenue freight for the week ended May 24, 1947 totaled 890,605 cars, the Association of American Railroads announced on May 29. This was an increase of 319,132 cars or 55.8% above the corresponding week in 1946 when railroads were shut down for 2½ days due to a strike of certain workers, and an increase of 7,852 cars or 0.9% above the same week in 1945.

Loading of revenue freight for the week of May 24 increased 2,397 cars or 0.3% above the preceding week:

Miscellaneous freight loading totaled 385,919 cars, a decrease of 1,076 cars below the preceding week, but an increase of 136,248 cars above the corresponding week in 1946.

Loading of merchandise less than carload freight totaled 119,626 cars, a decrease of 1,416 cars below the preceding week, but an increase of 27,898 cars above the corresponding week in 1946.

Coal loading amounted to 188,721 cars, a decrease of 698 cars below the preceding week, but an increase of 68,355 cars above the corresponding week in 1946.

Grain and grain products loading totaled 44,656 cars, an increase of 2,370 cars above the preceding week and an increase of 9,751 cars above the corresponding week in 1946. In the Western Districts alone, grain and grain products loading for the week of May 24 totaled 28,668 cars, an increase of 1,372 cars above the preceding week and an increase of 4,541 cars above the corresponding week in 1946.

Livestock loading amounted to 12,194 cars a decrease of 1,031 cars below the preceding week but an increase of 2,045 cars above the corresponding week in 1946. In the Western Districts alone loading of livestock for the week of May 24 totaled 8,940 cars, a decrease of 941 cars below the preceding week, but an increase of 1,497 cars above the corresponding week in 1946.

Forest products loading totaled 45,851 cars, a decrease of 2,505 cars below the preceding week but an increase of 13,457 cars above the corresponding week in 1946.

Ore loading amounted to 79,349 cars an increase of 6,752 cars above the preceding week and an increase of 50,708 cars above the corresponding week in 1946.

Coke loading amounted to 14,289 cars, an increase of one car above the preceding week and an increase of 10,670 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 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
Week of May 24	890,605	571,473	882,753
Total	17,296,701	14,952,964	16,912,030

The following table is a summary of freight carloadings for the separate railroads and systems for the week ended May 24, 1947. During this period 119 roads reported gains over the week ended May 25, 1946.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS WEEK ENDED MAY 24)

Railroads	Total Revenues Freight Loaded			Total Loads Received from Connections	
	1947	1946	1945	1947	1946
Eastern District—					
Ann Arbor	284	214	286	1,617	907
Bangor & Aroostook	1,380	1,002	1,290	424	333
Boston & Maine	7,452	5,827	7,089	11,812	7,682
Chicago, Indianapolis & Louisville	1,472	1,155	1,089	2,449	1,391
Central Indiana	16	27	41	40	36
Central Vermont	1,044	839	1,140	2,383	1,334
Delaware & Hudson	5,406	3,611	5,318	10,573	6,964
Delaware, Lackawanna & Western	7,705	5,756	7,768	9,619	5,568
Detroit & Mackinac	285	278	225	281	188
Detroit, Toledo & Ironton	2,446	970	1,848	1,345	736
Detroit & Toledo Shore Line	403	237	433	2,931	2,000
Erie	12,486	9,304	12,756	15,415	9,714
Grand Trunk Western	4,725	3,601	4,141	8,109	5,371
Lehigh & Hudson River	223	185	161	2,223	1,633
Lehigh & New England	2,056	1,876	2,256	1,190	949
Lehigh Valley	8,558	6,821	8,050	8,001	5,035
Maine Central	2,753	1,974	2,491	3,332	1,824
Monongahela	8,389	3,968	3,731	279	161
Montour	2,696	1,148	2,776	24	7
New York Central Lines	52,646	32,599	52,285	50,949	28,957
N. Y., N. H. & Hartford	10,013	7,323	10,660	14,086	9,682
New York Ontario & Western	1,001	823	1,207	2,455	2,225
New York, Chicago & St. Louis	7,616	4,072	6,829	14,783	8,469
N. Y., Susquehanna & Western	425	258	437	1,281	1,365
Pittsburgh & Lake Erie	6,506	3,091	8,222	11,810	4,961
Pere Marquette	6,489	4,081	5,511	6,793	4,127
Pittsburg & Shaymut	1,286	831	943	63	33
Pittsburg, Shawmut & Northern	¶	233	360	0	149
Pittsburgh & West Virginia	1,001	858	1,201	2,608	1,171
Rutland	405	347	390	1,155	834
Wabash	6,338	4,301	6,173	11,483	7,130
Wheeling & Lake Erie	5,719	3,555	6,488	4,011	3,016
Total	169,224	111,165	163,604	203,524	123,952
Allegheny District—					
Akron, Canton & Youngstown	671	388	769	1,404	706
Baltimore & Ohio	45,955	30,107	45,601	23,812	16,464
Bessemer & Lake Erie	6,905	3,284	5,538	2,629	1,003
Cambria & Indiana	1,590	3	1,620	3	11
Central RR. of New Jersey	6,639	4,477	7,029	15,410	10,795
Cornwall	438	315	25	78	26
Cumberland & Pennsylvania	245	449	180	10	8
Ligonier Valley	132	63	113	8	6
Long Island	1,259	1,139	1,879	3,858	3,202
Penn-Reading Seashore Lines	1,834	1,278	1,785	1,757	1,360
Pennsylvania System	89,219	49,539	87,690	58,970	43,672
Reading Co.	14,712	10,552	15,292	24,861	17,493
Union (Pittsburgh)	19,680	3,350	19,353	7,952	2,890
Western Maryland	4,216	3,805	3,500	11,484	8,191
Total	193,495	108,749	190,374	152,236	105,827
Pocahontas District—					
Chesapeake & Ohio	36,316	25,253	29,560	15,690	9,485
Norfolk & Western	24,459	19,159	21,679	6,899	4,196
Virginian	5,091	4,232	4,804	1,980	971
Total	65,866	48,644	56,043	24,569	14,652

Railroads	Total Revenues Freight Loaded			Total Loads Received from Connections	
	1947	1946	1945	1947	1946
Southern District—					
Alabama, Tennessee & Northern	408	281	490	360	96
Atl. & W. P.—W. RR. of Ala.	800	571	887	2,182	1,262
Atlantic Coast Line	13,741	10,870	13,379	8,094	5,609
Central of Georgia	3,812	2,601	3,707	4,423	2,877
Charleston & Western Carolina	477	415	522	1,459	984
Clinchfield	2,179	1,230	1,686	3,870	1,996
Columbus & Greenville	310	272	221	192	198
Durham & Southern	105	75	123	589	642
Florida East Coast	1,701	995	1,232	1,458	868
Gainesville Midland	102	51	54	114	71
Georgia	1,164	745	1,229	2,167	1,040
Georgia & Florida	457	235	420	814	427
Gulf Mobile & Ohio	4,892	3,938	5,750	3,864	2,736
Illinois Central System	26,343	20,050	29,441	14,843	9,502
Louisville & Nashville	30,675	16,884	27,450	9,970	6,002
Macon, Dublin & Savannah	243	180	220	1,034	685
Mississippi Central	230	302	459	446	211
Nashville, Chattanooga & St. L.	3,420	2,425	3,545	4,091	2,597
Norfolk Southern	1,146	811	1,107	1,728	960
Piedmont Northern	446	337	418	1,560	880
Richmond, Fred. & Potomac	453	310	513	8,338	6,931
Seaboard Air Line	11,808	8,980	10,993	8,351	5,065
Southern System	27,034	18,250	25,608	23,915	16,775
Tennessee Central	740	544	598	826	565
Winston-Salem Southbound	122	120	140	888	836
Total	132,808	91,472	130,192	105,576	69,815
Northwestern District					
Chicago & North Western	20,907	12,153	19,233	13,483	8,351
Chicago Great Western	2,418	1,439	2,482	3,597	1,748
Chicago, Milw., St. P. & Pac.	22,776	14,305	21,866	10,997	6,680
Chicago, St. Paul, Minn. & Omaha	3,723	2,378	3,517	3,862	2,444
Duluth, Missabe & Iron Range	26,688	13,473	25,386	355	172
Duluth, South Shore & Atlantic	732	720	871	510	391
Elgin, Joliet & Eastern	9,337	4,231	9,102	11,154	5,465
Ft. Dodge, Des Moines & South	679	368	412	185	82
Great Northern	22,352	11,703	23,218	6,436	4,167
Green Bay & Western	516	295	427	899	450
Lake Superior & Ishpeming	3,249	173	2,333	112	54
Minneapolis & St. Louis	2,495	1,220	2,194	2,618	1,421
Minn., St. Paul & S. S. M.	7,263	4,929	7,154	3,589	2,641
Northern Pacific	10,872	7,259	11,616	4,800	3,868
Spokane International	193	105	281	745	299
Spokane, Portland & Seattle	2,704	1,919	2,566	2,968	1,846
Total	136,904	76,670	132,658	66,310	40,079
Central Western District—					
Atch. Top. & Santa Fe System	24,556	18,838	27,570	10,330	7,263
Alton	3,038	1,983	3,581	3,276	1,787
Bingham & Garfield	463	3	364	98	4
Chicago, Burlington & Quincy	20,386	14,078	19,023	10,824	6,992
Chicago & Illinois Midland	3,480	1,395	3,279	795	799
Chicago, Rock Island & Pacific	12,652	9,167	13,315	12,585	8,482
Chicago & Eastern Illinois	2,734	1,488	2,740	3,675	1,997
Colorado & Southern	558	441	615	1,733	1,119
Denver & Rio Grande Western	3,202	2,194	3,741	4,884	2,599
Denver & Salt Lake	*	*	*	*	*
Fort Worth & Denver City	1,105	1,046	1,127	1,426	1,047
Illinois Terminal	2,387	1,434	2,166	1,882	914
Missouri-Illinois	1,334	833	1,073	579	426
Nevada Northern	1,507	1,520	1,462	117	143
North Western Pacific	1,079	499	814	625	392
Peoria & Pekin Union	25	3	8	0	0
Southern Pacific (Pacific)	33,854	21,267	33,077	11,298	6,369
Toledo, Peoria & Western	129	0	342	349	0
Union Pacific System	14,227	9,408	15,174	13,983	8,827
Utah	964	557	466	5	9
Western Pacific	1,985	1,412	2,335	3,709	1,863
Total	129,665	87,565	132,272	82,173	51,032
Southwestern District—					
Burlington-Rock Island	305	317	340	516	415
Gulf Coast Lines	4,776	4,347	6,767	2,506	2,383
International-Great Northern	2,127	1,543	2,991	3,875	3,754
†K. O. & G.-M. V.-O. C.-A.-A.	1,176	1,039	1,389	1,785	1,277
Kansas City Southern	2,882	2,375	5,372	3,738	1,879
Louisiana & Arkansas	2,277	1,621	3,715	2,381	1,581
Litchfield & Madison	510	260	302	1,396	794
Missouri & Arkansas	§	159	187	§	294
Missouri-Kansas-Texas Lines	5,460	4,308	7,219	4,214	2,948
Missouri Pacific	15,600	11,824	17,549	15,179	11,092
Quanah Acme & Pacific	125	119	129	196	173
St. Louis-San Francisco	9,414	6,589	10,138	8,038	4,547
St. Louis-Southwestern	2,518	1,864	3,678	5,230	3,099
Texas & New Orleans	9,491	6,509	11,707	5,837	3,275
Texas & Pacific	5,857	4,216	5,992	7,092	4,811
Wichita Falls & Southern	110	83	118	54	52
Weatherford M. W. & N. W.	25	35	38	17	13
Total	62,643	47,208	77,610	62,054	42,387

*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	Percent of Activity Cumulative
Feb. 1	204,033	179,347	579,562	102	99
Feb. 8	202,189	181,017	599,009	104	99
Feb. 15	169,624	178,458	589,544	102	100
Feb. 22	147,458	177,282	565,571	103	100
Mar. 1	192,670	181,709	574,356	102	101
Mar. 8	237,292	179,025	614,471	102	101
Mar. 15	163,207	179,819	595,648	104	101
Mar. 22	155,794	176,918	574,090	103	101
Mar. 29	160,450	180,729	549,774	102	101
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
May 23	148,740	179,001	507,171	101	100

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.

Life Ins. Cos. Increased Funds

With the purchase of well over $1 billion worth of corporate securities and real estate mortgages in the first quarter of this year, the U. S. life insurance companies increased their policy holder funds at work through these investments in the national economy by $782,000,000, after taking into account refundings and maturities, the Institute of Life Insurance said on May 30.

The Institute advices also said:

"The quarter's purchases of corporate bonds and stocks came to $620,000,000, and real estate mortgages were acquired in the amount of $562,000,000. The aggregate of such investments was $1,182,000,000. Holdings of corporate securities and mortgages on March 31 were $12,327,000,000, compared with $19,545,000,000 on Jan. 1 and $17,244,000,000 on March 31 of last year. Of the quarter's increase in holdings, $477,000,000 was in corporate securities and $305,000,000 in mortgages.

"Purchases of government and foreign securities in the amount of $419,000,000 during the first quarter brought total new investments in mortgages and securities of all types to $1,601,000,000 for the quarter. Investment holdings of all mortgages and securities on March 31 were $43,874,000,000. This was an increase of $561,000,000 in the quarter and $3,204,000,000 over the aggregate on March 31 last year."

Extend Time to File Alien Property Claims

Attorney General Tom C. Clark announced on May 23 the extension through Sept. 2, 1947 of the deadline for filing debt claims against persons whose property was seized as alien property prior to Jan. 1, 1947. The advices from the Department of Justice added:

"Creditors of persons or firms whose property has been taken over by the U. S. Government under the Trading With the Enemy Act may file claims, the Attorney General explained. The statute also provides generally, Mr. Clark continued, that claimants must be U. S. or Philippine citizens, or residents of the United States since Pearl Harbor. Claims also may be filed by corporations organized under Federal, State, Territorial or Philippine law.

"Information about debtors and forms necessary for filing claims may be obtained from the Office of Alien Property, Department of Justice, Washington 25, D. C., or from the office of any United States Attorney."

Weekly Lumber Shipments 11.8% Below Production

According to the National Lumber Manufacturers Association, lumber shipments of 418 mills reporting to the National Lumber Trade Barometer were 11.8% below production for the week ending May 24, 1947. In the same week new orders of these mills were 14.4% below production. Unfilled order files of the reporting mills amounted to 69% of stocks. For reporting softwood mills, unfilled orders are equivalent to 25 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 7.7% above production; orders were 9.6% above production.

Compared to the average corresponding week of 1935-39, production of reporting mills was 23.7% above; shipments were 11.3% above; orders were 12.1% above. Compared to the corresponding week in 1946, production of reporting mills was 5.2% above; shipments were 6.2% below; and new orders were 6.1% below.

Hoover Proposes RFC Reforms

Writes Congressman Wolcott institution, founded in his Administration, should be restricted to making only private emergency loans and loans for self-liquidating public works.

Ex-President Herbert Hoover, in a reply, dated May 30, to an inquiry from Rep. Jesse P. Wolcott (R.-Mich.), Chairman of the House Banking and Currency Committee, stated his views regarding the continuance of operations of the Reconstruction Finance Corporation, an institution which was set up during his Administration as President. Because of the weight of authority of Mr. Hoover's views in this matter, we publish below the complete text of his letter to Rep. Wolcott:

Herbert Hoover

The Hon. Jesse P. Wolcott,
Chairman, House Committee on Banking and Currency,
House of Representatives,
Washington, D. C.

Dear Mr. Chairman:

I have your kind telegram asking for my views on "whether the RFC should be continued and within what limitations its operation should be confined."

I am not familiar with the actions of this institution for the past 15 years, and I am therefore unable to offer suggestions based on this experience. The institution was of great service during the economic emergency of 1931-32.

In any event, if it is to be continued, it should be returned to its original purpose and now be limited to loans to private business and self-liquidating loans for public works. Except for self-liquidating works, all loans to governmental agencies should be prohibited, together with all loans to foreign countries or persons. Whether justified in the past or not, the continuation of these kinds of governmental loans leads into a circumvention of Congressional control of the national purse.

A further limitation might well be placed upon its authority, such as that business or persons seeking loans should present evidence that they have exhausted the possibility of securing credit from private institutions. In this same direction, a further provision might be made that loans in the future should be at a rate of interest 3% or 4% above the rate of governments of the same period as a check upon using the government for cheap money.

As the economic situation will continue to be uncertain for the next few years, it would be well to continue the institution for two or three years in this limited field.

These provisions would tend to get the institution out of the lending business except during economic emergencies.

HERBERT HOOVER

May 30, 1947.

Demand Action on Bowles-Ada Report

52 Congressmen agree boom-and-bust must be averted.

WASHINGTON—A group of 52 Congressmen on May 29 asked the Joint House-Senate Economic Committee to take prompt action to avert the "old and tragic cycle of boom and bust."

Chester Bowles

The petition requested Vice-Chairman Jesse P. Wolcott of the Joint Committee to urge "immediate hearings" on the recent report of the Committee on Economic Stability headed by Chester Bowles and sponsored by Americans for Democratic Action.*

Declaring that their appeal was no "partisan measure," the signers asserted that if the conclusions reached by Bowles and the 10 nationally-known economists who collaborated on the report, are correct, "there is no more important problem before the Congress and the nation."

"We know," the House members declared, "that if the Congress lives up to its responsibility, it is not necessary for this country to go through the old and tragic cycle of boom and bust."

"The issue clearly lies before this session of Congress," the group added.

The Congressmen expressed "increasing concern over the rapidly mounting price level and the attending decline in purchasing power."

They observed that the ADA report presents "a concrete program of legislative and executive action which merits prompt and earnest consideration."

The names of the signing Congressmen follow:

Henry Jackson, Washington; George P. Miller, California; Walter K. Granger, Utah; J. Mercy Priest, Tennessee; Albert Gore, Tennessee; Frank Buchanan, Pennsylvania; Herman P. Eberharter, Pennsylvania; James W. Trimble, Arkansas; Aime J. Forand, Rhode Island; Prince H. Preston, Jr., Georgia; Wilbur Mills, Arkansas; John Folger, North Carolina; Herbert Bonner, North Carolina.

Mike Mansfield, Montana; George Smathers, Florida; Martin Gorski, Illinois; Olin E. Teague, Texas; Brooks Hays, Arkansas; Melvin Price, Illinois; Otto E. Passman, Louisiana; Mary T. Norton, New Jersey; Carl Albert, Oklahoma; Charles B. Deane, North Carolina; Estes Kefauver, Tennessee; Ray Madden, Indiana; Arthur G. Klein, New York.

Cecil R. King, California; Franck R. Havenner, California; John A. Carroll, Colorado; Walter B. Huber, Ohio; Francis E. Walter, Pennsylvania; Thomas E. Morgan, Pennsylvania; Mike Monroney, Oklahoma; John E. Fogarty, Rhode Island! John D. Dingell, Michigan; Helen Gahagan Douglas, California; John Lyle, Texas; Antonio Fernandez, New Mexico; Georgia Lush, New Mexico.

John F. Kennedy, Massachusetts; William Dawson, Illinois; Frank Karsten, Missouri; Porter Hardy, Jr., Virginia; Chet Holifield, California; John A. Blatnik, Minnesota; Michael A. Feighan, Ohio; John R. Murdock, Arizona; John McCormack, Massachusetts; Thomas J. O'Brien, Illinois; Harold Donahue, Massachusetts; Richard F. Harless, Arizona; Henderson Lanham, Georgia.

Editorial comment on the Report of Americans For Democratic Action will be found in "Observations" on page 5 of this issue.—Ed.

Items About Banks, Trust Companies

Col. Hugh H. McGee, for 25 years a Vice-President of the Bankers Trust Company of New York and more recently financial counselor to the bank and other financial and industrial institutions throughout the nation, died on June 2 after a brief illness at the North Country Community Hospital, Glen Cove, L. I. He was 61 years old. A pioneer in loans to small business, Col. McGee was active during recent years in the establishment of regional credit pools to permit individual banks to underwrite loans to local enterprises throughout the nation. In 1944 he was named Chairman of the Credit Committee of a $100,000,000 New York bank credit group, the aim of which was to foster the expansion of small business organizations. He was a frequent contributor to professional journals and spoke at credit meetings and forums in all parts of the United States.

Col. McGee was born in 1885 in North Dakota and was graduated from the U. S. Military Academy at West Point in 1909. He served and was twice wounded in the Philippine Insurrection and with the A. E. F. as Chief of Staff of the 77th Division in France during the first World War. He retired as a Colonel in 1919 to join the Bankers Trust Company; in 1920 he was made Assistant Treasurer and was elected a Vice-President in 1921. Col. McGee retired from the bank in 1946 following 27 years' service, following which he maintained offices at 44 Wall Street and had since served as a consultant to a number of banks, industrial and utility companies as a counselor specializing in financial advice. A member of the American Bankers Association and the Association of Reserve City Bankers, he had been active in both during recent years. He was recently elected to life membership in the Reserve City Bankers. Col. McGee was a trustee of the Association of Graduates of the U. S. Military Academy at West Point, director of the Association of Reserve City Bankers, member of the American Bankers Association Post War Small Business Credit Commission, and served as Chairman of the financial advisory committee of the Committee for Economic Development.

Jerrold R. Golding, Vice-President of the Sterling National Bank & Trust Co. of New York, has been elected a director of the bank. He is president of Essex House Hotel. Mr. Golding was graduated from Dartmouth College in 1937. During World War II he served with the Army and upon his release from military service held the rank of Lieutenant-Colonel.

The Rockaway Park office of the Bank of the Manhattan Co. of New York opened for business on June 2 in its new locaton at 257 Beach 116th Street.

Louis Armstrong and his orchestra will play at the First Annual Spring Dance and Party, Friday night, June 6, sponsored by the Brooklyn Trust Co. Chapter of Financial Employees Guild (Local 96, United Office and Professional Workers of America, CIO). The affair will be held at the Roof Garden of the Hotel St. George, Brooklyn. Candidates of Brooklyn Trust Co. branches and departments will participate in a Beauty Contest to be judged by Broadway and Hollywood personalities.

Approval of plans to increase the capital of the Schenectady Trust Co., of Schenectady, N. Y., from $1,000,000, consisting of 10,000 shares of the par value of $100 each, to $1,300,000, consisting of 13,000 shares of the par value of $100 each, was given by the State Banking Department on May 29.

The Keansburg National Bank, of Keansburg, N. J., has increased its capital from $90,000 to $100,000, by the sale of $10,000 of new stock. The increase became effective May 19.

It was announced on May 27 that Stanley W. Cousley, Senior Vice-President of the Fidelity-Philadelphia Trust Co., would become President of the institution on June 1. The announcement was made by the board of directors of the bank, according to the Philadelphia "Inquirer," which stated that Mr. Cousley will succeed Marshall S. Morgan, who is retiring as an officer, but will continue as a director of the bank. In part, the "Inquirer" continued:

> Mr. Morgan has been with the company 27 years and served as a director and as President since 1937.
>
> Mr. Cousley has worked in all departments of the bank and has been in charge of both the real estate and the trust departments. He was elected a Vice-President in 1929 and to the board of directors in 1941. He was made Senior Vice-President in 1945. He is a member of the Pennsylvania Bar, the Council of Administration of the Pennsylvania Bankers Association, the Executive Council of the American Bankers Association and the Publicity and Public Relations Committee of the Philadelphia Stock Exchange. Mr. Cousley also is a Past President and a member of the Executive Committee of the Corporate Fiduciaries Association. He serves as a director of the Beneficial Saving Fund Society.

Archie D. Swift, President of the Central-Penn National Bank of Philadelphia, will become Chairman of the board of the bank on June 30, at which time he will be succeeded in the Presidency by C. A. Sienkiewicz, a Vice-President of the Federal Reserve Bank of Philadelphia. The changes were announced on May 30, it was noted in the Philadelphia "Evening Bulletin" of that date, from which we also quote the following:

> Mr. Swift, who entered the banking business 55 years ago as a clerk in the Ridgway Bank, Ridgway, Pa., came to Central-Penn in 1916 and was named President in 1929. He is Chairman of the Clearing House Committee of the Philadelphia Clearing House Association and a director of the Commonwealth Title Co. of Philadelphia, Philadelphia Suburban Transportation Co., Philadelphia and Western Railway, Quaker City Fire and Marine Insurance Co and the Bellevue-Stratford Hotel.
>
> Mr. Sienkiewicz, who has been with the Federal Reserve Bank for 27 years, was a consultant to the House Post-War Economic Policy and Planning Committee during the 79th session of Congress. He is known as a speaker and writer on business, banking and credit developments.

The election of Messrs. Swift and Sienkiewicz to their new posts occurred on May 29.

T. W. Gormly, Assistant Manager of the time plan department, and J. M. Palframan, Senior Credit Analyst of the Credit Department of the Peoples First National Bank & Trust Co. of Pittsburgh, were elected Assistant Cashiers of the institution on May 26, according to an announcement by Robert C. Downie, President. The Pittsburgh "Post Gazette," reporting this, said:

> Mr. Gormly began his banking career with the Peoples-Pittsburgh Trust Co. in November, 1925.
>
> Mr. Palframan, formerly with the Royal Bank of Canada, joined the credit department of the Peoples-Pittsburgh Trust Co. in December, 1945.

The Workingmans Savings Bank & Trust Co., of Pittsburgh, has established a consumer credit department, Jay D. Swigart, President, announced. On May 26 it was made known in the Pittsburgh "Post-Gazette," which also said:

> S. Frank Cole, formerly Ford sales director with Universal-CIT Credit Corporation, was named to manage the new division.

The Toledo Trust Co., of Toledo, O., will open a branch office, at Detroit and West Central Avenues, it was announced on May 28 by John T. Rohr, President, and reported by the Toledo "Blade," which added:

> Manager of the branch will be Edward S. White, for more than 10 years operator of White's Service Bureau in the building which will be occupied by the new branch Oct. 1.
>
> Louis R. Snyder, now Assistant Manager of the West Toledo branch, will be assistant at Detroit-Central.

An increase of $50,000 in the capital of the Overland National Bank of Grand Island, Neb., raising it from $100,000 to $150,000, became effective on May 20, it is reported by the Office of the Comptroller of the Currency.

The newly organized Riverside Bank of Jacksonville, Fla., formally opened for business at Riverside on May 29. The bank, which recently received its charter from the State Banking Department, has a capital of $100,000 and surplus and undivided profits of $20,000. In the Florida "Times-Union" of May 29 it was stated:

> E. E. Patterson, a former member of the State Banking Department, will serve as Executive Vice-President of the bank, and A. G. Frampton will be Cashier.
>
> Other officials of the bank include Julian E. Fant, President; J. E. Graves, Jr., Chairman of the board of directors; F. W. Brundick, Jr., Vice-President, and B. P. Beville, William Catlin, Sr., James L. Ingram, James E. Workman, H. Terry Parker, Paul Smoak and Fuell Warren, Directors.

Advancement of three executives of the Seattle-First National Bank, of Seattle, Wash., to higher positions and the addition of Henry A. Frey, Jr., of New York City, to the main office staff, as an Assistant Vice-President, were announced on May 28 by Lawrence M. Arnold and Thomas F. Gleed the bank's Chairman and President, respectively.

The Seattle "Times," in indicating these bank changes, also said in part:

> Under the local promotions Reno P. Ransom, Trust Officer at the bank's main office since May, 1943, moved up to Vice-President, while Robert M. Smith, of the Branch Credit Supervision Department, and E. T. Wickwire, assistant personnel officer, advanced to assistant cashiers.