



**FEDERAL
HOME
LOAN
BANK**

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No matter how cramped his present living quarters may be, today's buyer in crowded war-production centers should check prices carefully before purchasing a home. Otherwise, future years may find the purchaser with his investment in the property shrunken and committed to continue payments on a home which has dropped in market value far below present inflated levels.

Even in peace-times, any prudent home buyer will investigate to see that he gets his money's worth, because the purchase of a home usually is the most important investment of his lifetime. In today's artificial market such an investment faces many uncertainties.

Overcrowded or unable to find satisfactory rental accommodations, the home seeker may be tempted to take a house larger than needed or not well located or in a poor state of repair, or more expensive to pay for and maintain than his future income will justify. If buying today does not meet common-sense tests, the home seeker in most cases would be better off to hold on to his money and put his surplus funds into War Bonds.

Commissioner,
Federal Home Loan Bank Administration

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APPROVED BY THE BUREAU OF THE BUDGET.

ARRESTING REAL-ESTATE INFLATION

Because of the prominence of anti-inflationary discussion in relation to post-war conditions, the REVIEW presents the recent statements to Congress made by the Administrator of the Office of Price Administration and the Chairman of the Federal Reserve Board of Governors.

■ **ULTIMATE** military victory of the Allied Forces gradually appears on the horizon. If the same could be said for economic victory, the world would be a long way farther on the road toward an enduring peace. Economic equilibrium, which is a major goal of such a peace, will not come through desire alone. Neither will it necessarily follow the end of hostilities, as experience after the last war showed. Runaway inflation, inevitably followed by a period of deflation, would wreck the hopes for an orderly reconversion to peace and general prosperity.

While real estate is by no means the only field in which inflation is already apparent, it is what might be termed an exposed flank. A great deal has been said about it, officially and unofficially, and the subject has been receiving the serious attention of the Congress. Because of the specific interest to the home-financing industry, the following records of testimony provided for the Congress are reproduced below.

Mr. Bowles' Statement

Chester Bowles, Administrator of the Office of Price Administration, in his statement before the Senate Committee on Banking and Currency had this to say on real-estate inflation:

"Absence of control over the prices of real estate, urban and rural, is bringing about a boom in this field reminiscent of the lush twenties, a boom which can have a disastrous effect upon an important segment of our economy.

"Farm land prices rose 43 per cent during the period March 1939 to November 1944. For the last year and one-half the increase has been at the annual rate of about 14 per cent and it is estimated that by the Spring of this year farm land prices will have increased by 50 per cent since the Spring of 1939.

"During the past three years, equities in residential properties have shown a dangerously inflationary rise. Surveys by the National Association of Real Estate Boards covering a large number of cities throughout the country indicate average increases of at least 12 per cent a year in each of the last three years. An independent survey in Los Angeles

indicated that current sales prices there are at least 60 per cent above 1940 prices.

"Inflation in real estate values will undermine the mortgage structure of the entire country. Mr. Fahey, Commissioner of the Federal Home Loan Bank Administration, in a number of public statements has pointed out the dangers inherent in the present situation. A wave of foreclosures during the post-war period such as occurred in the thirties would be disastrous. Without a strong mortgage structure underneath, there can be no expectation of a strong building and home construction program on a continuing basis in the post-war era.

"The size of the stake of the government in the problem is huge. As of 1943, the government through the Home Owners' Loan Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation, the Federal Housing Administration and other similar agencies had an interest, as owner or insurer, in over 45 per cent of the country's urban mortgage indebtedness, amounting to approximately \$12 billion.

"An inflation of values of residential property has a very direct tie-in with our control of rents. The longer the real estate sales market remains without any control, the more difficult it will become to hold rents steady.

"OPA rent regulations control evictions where sales of tenant-occupied property take place and the new owner wishes to occupy the premises. A down payment of 20 per cent is required and eviction of the tenant is stayed for 90 days. In recent months the number of such evictions has shown an alarming increase. Our area rent offices all over the country report that sales of rented properties are making the job of rent control exceedingly difficult. Owners, tempted by prices from 25 per cent to 75 per cent higher than pre-war prices, are resorting to all sorts of devices to evade the rent regulations in order to get possession for sales purposes. Complaints are steadily increasing from war workers and in-migrants that they are being forced to purchase in order to have a place to live and at prices which are far out of line with sound values. The plight of newly elected

Congressmen has focussed particular attention on this problem in the District of Columbia. With no checks upon prices of real estate, this unsettling and adverse effect upon the war effort will surely accelerate.

"We have been seriously concerned with the certain effect of inflationary movement in real estate upon purchases by discharged veterans under the provisions of the so-called G. I. Bill. Although the regulations issued under this bill provide that properties are to be sold at fair and normal values, the pressure of unrestrained prices, if allowed to continue, will, in our opinion, make this goal impossible of achievement.

"This problem is one which is, of course, a matter of concern to a number of governmental agencies, and I do not wish to be thought to speak for them. Nor do I mean to express any opinion as to whether the OPA is the most appropriate agency to be charged with the responsibility for administering any plan of control. However, I urge the Committee to give its attention to the problem."

Mr. Eccles' Statement

While Mr. Bowles' statement was limited to a review of existing conditions, Marriner Eccles, Chairman of the Federal Reserve Board of Governors, sought legislative reforms. His statement was issued to clarify previous testimony which he had given before the Senate Banking and Currency Committee.

"When questioned by members of the Senate Banking and Currency Committee last week as to what could be done to prevent further inflation of capital values, I reiterated my opinion that the most effective single instrument would be a wartime penalty rate on capital gains. Since the proposal, which was only briefly discussed before the Committee, has been widely misunderstood and misrepresented in some quarters, I feel that I should outline what I advocated and why.

"I did not propose any change in the present capital gains tax. My proposal would apply only to the sale of capital assets (as defined under the present law) acquired during a period to be fixed by Congress. My suggestion was that this period be from January 1, 1945 until such time as inflationary dangers have passed, which might be two or possibly three years after the war. This special wartime capital gains tax would not be superimposed upon the existing tax, but would apply only to assets purchased during this period. It would not apply to

real estate, stocks or other assets acquired at any time prior to January 1, 1945. These assets, if sold, would continue to be subject to the existing capital gains tax. This special tax I have in mind would impose a 90 percent rate on capital gains derived from the sale, within two years, of capital assets acquired during the specified period; thereafter it would diminish by 10 percent, or more, annually until equal to the existing rate. Capital losses incurred on transactions subject to the special rate would be deductible against profits.

"The special tax, like any other anti-inflation control, should be discontinued when the need for it no longer exists. Since the purpose of the special tax is anti-inflationary, revenue is not the objective and the more effective the tax, the less it would yield. However, such yield as resulted would be based on rates in line with those imposed under the wartime individual and corporate income tax structure.

"The reasons for such a special capital gains tax may be summarized as follows:

"1. Capital values, as reflected in current prices of homes, farms, business properties and stocks, have increased sharply since this country entered the war, and are still increasing. If unchecked, this trend would undermine the entire price and wage stabilization program, with grave consequences to postwar reconversion. It would make war-financing problems more difficult and increase the cost of the war. It would make a mirage of the hopes of millions of war veterans who are counting on being able to obtain a home, or a farm, or to get started in business when they return from the front. Congress has encouraged this hope in the so-called G. I. Bill of Rights, and by providing dismissal pay and otherwise. Those on the home front have an inescapable obligation to take whatever steps may be necessary to protect the values of homes, farms and other necessities so that they will not be hopelessly out of reach of the veteran's purse. There are no war profits in that purse.

"2. While other sectors on the home front have been protected by direct measures, such as rationing, allocations, price and wage controls, no effective controls have been applied to curb rising prices of homes, farms, stocks and other capital assets. The wartime expansion of liquid assets presents a vast and growing danger to these unprotected sectors. Currency, demand deposits and Government securities held principally by individuals and corporations are rapidly approaching 200 billion dollars and have nearly tripled since we entered the war. This

huge inflation potential will continue to grow as long as deficit financing continues. Unless effective action is taken to prevent these liquid funds from increasingly inflating capital values, it will become more and more difficult, if not impossible, to hold the line against inflationary price and wage increases. Veterans of the last war, especially farmers, have not forgotten the inflation and the consequent ruinous deflation resulting from failure to control a relatively small volume of liquid funds in the last war. The present volume of such funds is already four times as great as it was in 1920. The national debt is nearly ten times larger today and is still growing.

"3. The most serious gap in the line of defense against inflationary forces is the capital gains loophole in the wartime tax structure. While Congress has provided sharply progressive surtax rates, rising to a high of 91 percent on individual incomes, and a maximum excess profits tax of 95 per cent levied upon operating profits of corporations, no corresponding curb has been put upon capital gains, which continue to be subject to prewar rates, with a 25 per cent maximum. This huge differential in favor of the capital gains tax benefits only the larger taxpayers. The bigger they are, the greater the inducement today to dispose of or refuse to put money into fixed interest-bearing obligations that return only a small yield and have little chance for a capital gain, and to put money instead into capital assets, which, when sold on a rising market, yield profits subject only to a capital gains tax of 25 per cent, or less.

"Yet these profits are just as much a result of war expenditures as are high individual and corporate incomes which are subjected to high wartime tax rates. The inequity of this situation is the more pronounced because the benefit of the tax differential accrues only to those in the higher income brackets. The smaller income taxpayers can derive no tax benefits from it. Large operators, however—so-called smart money—are taking more and more advantage of the opening, and this is a principal factor at present in bidding up real estate, stocks and other capital values. It is not the bona fide investor or the small taxpayer who is applying this upward leverage to prices of capital assets. This is speculation—not investment. It is speculation in basic essentials such as homes, or farms, or in stocks representing business investments. It adds nothing to national wealth. Such forms of gambling as betting on horse races or playing slot machines do little economic damage. But speculating in the

things that people need and use, speculation that leads to disruption of production and employment, is the worst form of gambling.

"4. The proposal I have in mind would simultaneously reach and discourage all such speculative transactions, whether in homes, farms, stocks or commodities, and whether based upon credit or cash—and would do so without interference with normal, nonspeculative transactions, whereas, if credit restrictions alone were applied, they would fail entirely to reach cash transactions for speculative purposes and would interfere with legitimate, nonspeculative credit transactions. The bona fide investor would not be deterred either now or in the reconversion period by the proposed tax, for he puts his money into a farm, or into stocks of existing or of new enterprise for the purpose of obtaining current income and for long-range appreciation of values. It is the speculator, not the investor, who puts money into capital assets in anticipation of a quick rise in price from which a speculative profit can be realized through selling before the price breaks. However, should the investor be obliged or desire to sell while the wartime rate is still in effect, he would not be injured, since he had not purchased in anticipation of selling in order to make a speculative profit. In any event, under the proposed tax, he would be permitted to retain a profit of 10 percent, or more, depending on how long he held the asset.

"5. To the extent that the proposed tax would discourage surplus funds from going into speculative fields, to which they will be attracted so long as prices are rising, there will be that much more available to go into Government securities where they should go to help finance this war. It would appear from criticisms expressed by some of the financial press and market operators that they fear the tax would be effective in greatly reducing buying activity that might otherwise develop. That is the purpose of the tax. According to these critics, the proposed tax would dry up the market because it would deter holders of capital assets from selling. But it need not deter holders of assets acquired prior to the effective date of the tax from selling, because it would not apply to them. It would deter the buying and hence the bidding up of capital assets while the tax is in effect, and that is exactly the result desired. It is the only way to keep the prices of these assets from being bid higher and higher until the bubble bursts. Nothing would be a greater deterrent to postwar reconversion than such an

(Continued on p. 198)

HOW WELL DO YOU KNOW YOUR COMMUNITY?

This is the third of a series of articles on urban planning prepared in collaboration with the Urban Development Division, National Housing Agency. Having covered in summary discussion the types of problems involved in planning and the significance of land-use studies, this article describes briefly the basic source data needed for community planning.

■ HOW well do you know your community—not only its people, its economy, and present problems, but equally important, its potentialities? Today, progressive business men are laying plans to open broader post-war markets, basing these largely on the calculated assumptions of a sound, healthy economy. In the field of housing and home finance, as in other lines of activity, the volume of future business depends upon the ability of our entire economy to function efficiently. The home-financing industry in setting its sights for a vigorous future is participating in planning the development of the country's housing supply, taking part in laying the broad pattern not only for housing but for all phases of well rounded community development.

To do this, the first requirement is a fingertip familiarity with one's own town and the area surrounding it; its physical attributes, economic and social structures. The future of a community is intimately bound up with the future of its satellite area, of the state of which it is a part and of the nation as a whole. Consideration of what is a good plan for the metropolitan community must take account of the place it holds and is likely to hold in the continuing prosperity and development of these larger regions. The economic life of the locality is nourished by the region's resources and its need for goods and services.

It is a fundamental principle that sound planning of post-war housing must be based on a knowledge of the basic facts of employment, income, population, family composition, housing supply and potential housing production. Any post-war plan must be in terms of future estimates and projections of trends in the economic and social life of the community. These estimates and projections must start from known facts of the past and present if they are to have any chance of being reasonably accurate.

Fact-gathering may be done in a number of ways: by municipal research bureaus, by special staffs and

consultants, the Committee for Economic Development and chambers of commerce, or by participation in volunteer organizations by the community as a whole. In recent years there have been notable examples of such effort—in Louisville, Syracuse, Cleveland and other cities. In Syracuse, joint efforts of the citizens' planning organization, the University, special-interest groups and individuals resulted in the compilation in an 18-month period of a research base that would have taken a number of years to prepare in the normal progress of a plan commission.

The acquisition of fundamental *social, economic* and *physical* data must precede efforts to plan. The wealth (and sometimes surfeit) of material readily available requires definite hypotheses upon which to begin the selection. Only information known to have specific use should be gathered, and only in the scale of detail necessary. The next logical steps, preceding actual planning, are to analyze and coordinate the assembled data.

The Local Economy

“Any sound plan for the future development and redevelopment of the metropolitan area must take into account and give expression to the characteristics of the area as an economic unit. . . . Functionally, some urban communities are predominantly industrial; others are primarily centers of trade, some are principally governmental centers; still others largely resort cities. . . . Some communities have a well balanced, fairly stable and expanding economic base; others are handicapped by a badly balanced, vulnerable, or even decadent economic structure.”¹

Specific questions to guide the search for facts are: (1) What are the present major economic functions of the community? What are its strengths,

¹ *Basic Survey and Research Program*, Cincinnati City Planning Commission, October 1944. Because of its excellent approach to the economic evaluation of an area, this report has been drawn upon extensively.

its weaknesses? (2) What are the implications of these facts for the future existence of the community? The probable effects of specific social, economic and technological changes? (3) What steps might be taken toward leveling of seasonal and cyclical fluctuations in industry and employment? (4) What are the possibilities for: Bringing about an expanding, more stable, better balanced, and less vulnerable economic structure? Maintaining high levels of employment, production and consumer income?

A sound background of factual information should give reality to the consideration of these questions and provide a satisfactory foundation for constructive joint efforts in planning for the enhancement of economic opportunity in the community and for a rising standard of goods and services for all who live in it.

What are the limits of the area to be studied? It has been noted previously that account must be taken of regional and national conditions in obtaining an evaluation of the economic prospects of the community. However, in order to make a beginning, it will be well to keep inquiries within manageable proportions and to utilize the information that is readily at hand. In practice the most convenient unit for study is the metropolitan district or, in smaller cities, the urban area. After facts have been secured for this primary unit, it should be possible to broaden and extend the horizons of the project to include wider areas and determine the bearing that they may have on the community's problems.

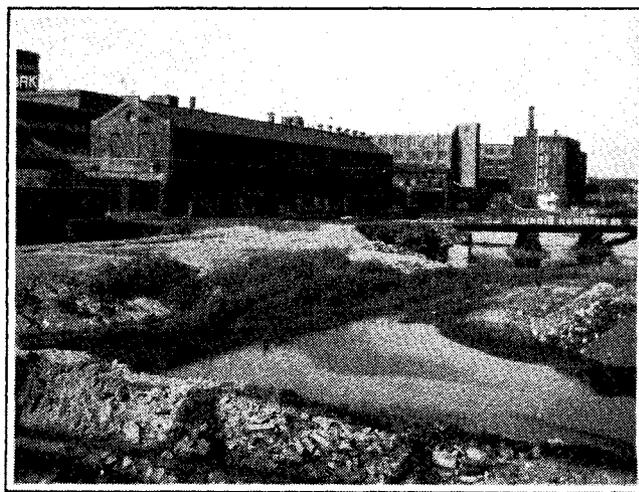
Employment and Income

An estimate of the community's economic prospects may properly start with an examination of its manufacturing activity, commerce and trade, and service industries. Although manufacturing activity generally is regarded as the basic index of economic strength, recent trends indicate that the magnitude of employment in service industries is rising in relation to manufacturing employment. In any case, each area has a distinctive pattern of its own, varying with the local situation.

As complete a picture as possible must be obtained of employment and income, past and present. The effective demand for personal services will determine to a large extent the number of people who might be gainfully employed and supported, and thereby would indicate the number of homes needed; the level of wages and income payments will determine the proportions of demand in the various price classes of dwellings.

Pre-war Levels—An industry-by-industry analysis of employment and income in the area is thus required. As a base, or benchmark, 1940 levels are usually considered to be "normal." Depression lows had generally been surmounted by that year and the heightened effects of war activity had not yet been felt. For an adequate consideration of long-term movements it is also desirable to carry the search back one or two decades, perhaps to 1920 levels. The U. S. Census of Manufactures, the local chamber of commerce, local trade associations, local planning agencies, the area branch of the Committee for Economic Development, and individual plant reports are among the sources of this material which are readily available to planning groups.

War Effects—Present employment and income in the light of war-increased activity may be the next subject of investigation. New industries in the area may have swelled employment opportunities and attracted additional workers to the labor market. As accurate a gauge of present levels as can be procured will bring the trend lines up into the moving present. At this point it may be noted that, whatever the future economic prospects for a community, under conditions of war-created full employment, certain peak levels of production and employment have been reached and are thus technically capable of being maintained. For the most part, the same sources of information are available for this as for the pre-war data, with the addition of a number of national agencies which have been assigned definite responsibility for reporting currently in these fields. The War Manpower Commission will have up-to-date material, as will the local U. S. Employment Service. The U. S. Bureau

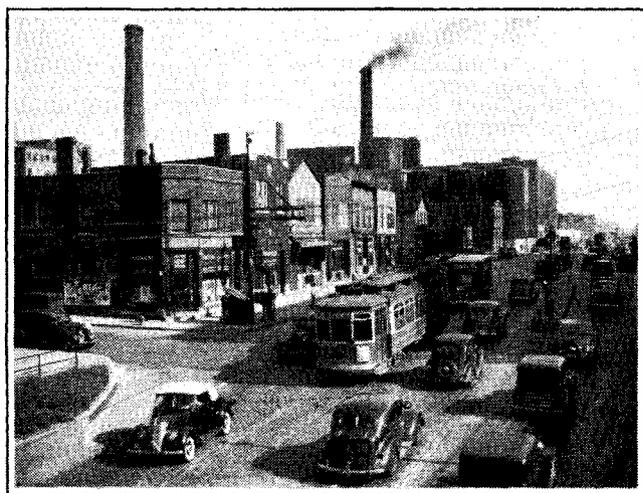


of Labor Statistics reports on employment, while the War Production Board has available records on war contracts.

Post-war Prospects—Finally an estimate can be made of future possibilities. Many complex elements enter into such a determination. Can specific war plants be converted to peacetime production? Can the war-expanded population continue to find employment in the area? Are the natural advantages of the locality in modern plant facilities, nearness to raw material sources and markets, available transportation, trained and experienced management and skilled labor sufficient to enable it to hold its own in the regional and national framework?

As a starting point, there is no substitute for sound local judgment on these points, buttressed by the plans of the particular plants, industries and services which make up the community employment and income totals. Local opinion in many fields must be sought—realtors and builders, banking and lending agencies, transportation and utility companies, wholesale distributors, labor and trade organizations. Many individuals and organizations should be able to contribute both specific plans and considered estimates of prospective activity in the immediate area.

The place which each community occupies in regional and national totals must be given attention in setting up estimates of future possibilities, as well as in the analysis and summary of past and present standing. Organizations with a wider regional base are perhaps in the best position to furnish information for the larger areas. Research data are to be found in the State Planning Board or Commission, State Departments of Labor and Commerce,



Industrial Commissions, regional plan associations, national trade associations and study groups, universities and regional offices of Federal agencies in specific fields such as housing, highways, public works, transportation, labor and many others that can be used in placing the local community in proper perspective with relation to these larger areas.

In the light of all factors that have been uncovered and in view of the most reasonable assumptions as to utilization of labor and skills, new materials, technology, power and plant and other facilities, an estimate of prospective employment may be made for the community. This estimate can then be balanced against the probable labor force available in the area in the post-war period.

The market for housing in any community is, in the final analysis, dependent upon the size and stability of the income of its residents. The probable housing needs in terms of rental or sales-price classes, in accessible locations, can be translated into effective demand only if that income is maintained and strengthened. Similarly, the ability of the community to support public and private facilities and services of all kinds rests basically upon its human and material resources and the effectiveness with which they are employed.

Social Data for Planning

The economic approach is concerned, among other things, with factors of demand: purchasing power or bidding potentials for goods and services at various price ranges. But the satisfaction of all basic human needs is necessary for sound community development. Any disparity between need and actual demand requires adjustment. The issues cannot be ignored or dismissed.

Research Data—Since planning is directed toward the health, happiness, security and satisfaction of the people, it is necessary to know their kinds and numbers to plan for jobs, houses, facilities, services, production, markets and city size. Through research in social problems, we can understand the past and plan for the future of the community.

Limiting questions must be asked in order to restrict the amount of material gathered to that which is useful and effective in planning: (1) What population will the economic activity anticipated actually serve on a reasonable basis? (2) To what extent will veterans of the armed forces want to return to the local community to re-establish their homes? To what extent will in-migrant war workers remain as permanent residents? (3) On the basis of

answers to these questions and to apparent trends of births, deaths, marriages and divorces, what estimates can be made for population as to distribution by age groups, race, sex, marital status, family size, income ranges?

Desirable data would include the decennial census figures since 1900—both the number and characteristics of the population, and a breakdown of the 1940 population by sex, age, and race groups, number and size of families. In addition, birth, death, marriage and divorce trends data should be included. Migration of population to and from the area and from neighborhood to neighborhood should be studied. Entrants into the armed services must be included in calculations.

Such information can be obtained largely from the U. S. Census, chambers of commerce, local or state vital statistics bureaus, county clerk's or municipal court records. The War Manpower Commission, Office of Community War Services, utility companies, local Selective Service offices and the National Housing Agency can also be consulted.

Experiences of the 1920's have shown that it is a fallacy to merely project past rates of growth to determine future populations; even the best general estimates of future population with which the planning procedure starts are assumptions and must be verified against the analysis of economic possibilities. Birth and mortality rates alone are insufficient to consider since most cities have depended on immigration from rural areas. Migration to and from the area as a result of war changes must be calculated for the immediate post-war years as well as for a longer period.

The number of families and their size is important in determining housing need; the age composition of the population is necessary in determining the labor force, services and facilities. Cities ordinarily contain more women than men; this affects not only the character of the labor force but population growth. Racial and nationality estimates are desirable in order to understand and deal with everyday problems. Other characteristics to be included in a basic planning survey are: health, education, income, citizenship and length of residence.

In studying the distribution of population by area, it is necessary to consider income groupings, the suburban push and its effect on the slums, location of business and industry, rental and problem areas. Too little attention in the past has been given to the growth and direction of the growth of the community. The phenomenal size increase of

some cities during the war period has been entirely a result of the concentration of war production.

From the comprehensive data assembled it will be possible to analyze the past growth or decline and the problems of the communities. Coordinated with economic and physical resources data, the findings may be projected or trends calculated in order to anticipate needs or future problems in the field of residential real estate.

Physical Resources Data

The importance of information relating to the physical aspects of the land was discussed at some length in the preceding article on land use.¹ At first thought, it may seem that most of this material could be obtained at a glance, as much of it can. However, the physical aspects, including the geology as well as the topography of the planning area demand more than superficial scrutiny, for the purpose of planning is to determine the most beneficial employment of land and does not stop with the identification of its existing use. In the more advanced stages of planning, cooperation with county, state and Federal departments will bear returns through the coordination of highway and other service systems, thereby amplifying whatever work the community may undertake on its own initiative.

Again, as in the search for effective economic and social data, it is desirable to pose the problems clearly: (1) What amounts and kinds of land will be needed for manufacturing, commerce, residences, public transportation and open space uses? (2) What relationship is desirable between the home and work, business centers, schools, cultural centers, recreational areas? (3) How should industrial sites be located? (4) How should transportation best serve the area?

Necessary basic facts must include geologic and topographic studies. Soil and subsoil conditions, climate, water supply and drainage are important considerations in planning residential development. Timber and reforestation of unbuildable land, ores and agricultural uses of the area must be considered.

Many of the required data for planning may already be expressed in land-utilization studies of the community, although all such uses indicated may not be fundamentally satisfactory. Maps showing proposed land classification and desirable land use may have been prepared by local planning or zoning boards. Land-use plans may be so developed as to

¹ See "Land Use: Foundation of Urban Planning," *FHLB REVIEW*, January 1945, p. 102.

indicate housing in the existing and desired community picture by the designation of areas for redevelopment, conservation (middle-aged) areas, and areas of arrested or premature subdivision development. Existing transportation routes and location of industries will largely determine development.

In many instances topographical problems are of a different nature than the mere establishment of highway systems. For instance a number of cities and towns in the valleys of the Ohio, Mississippi and Missouri Rivers are confronted with serious problems of seasonal floods. Here there may be a matter of regional or Federal planning calling for the cooperation of a number of towns to arrest this damage—possibly through the construction of dams which in turn raises the subsidiary issue of electric power.

Through similar processes, state and Federal cooperation may be solicited in compiling data on the geology and soil composition of a planning area. If a town services a rural area, its business future lies largely in the prosperity of the farms surrounding it; by joining efforts with its farm customers (and suppliers) their mutual prosperity is increased. Field offices of the Department of Agriculture and departments of state governments offer a wealth of services which make this possible.

But what has this to do with nonfarm home financing? By providing a favorable climate for business it increases the economic activity of the urban area. By this means it encourages greater employment and therefore greater ability among more people to purchase homes.

Coordination of Basic Data

Having progressed this far, a planning group is in possession of the following information: a definition of the planning area; its relation to the surrounding region as well as the country as a whole; the topographical and geological features of the locality and region; its population classified by age, households, racial stock, employment and income range; the present and past pattern of industry, commerce and service trades in the local and regional economy; and a general indication of plans for future economic activity. To this, it must add other basic data. To draft its plans, there must be available information relative to present and past trends in local revenues and their expenditures, deficiencies in local governmental income and the structure of the local government debt. From this information may be gained some idea of the community's ability to finance planning. Also, this will form the basis for

determining possible improvements in tax collection which planning should effect.

This information should provide a working point from which community studies may be launched. In handling these facts, their limitations must be fully understood if unjustified conclusions are to be avoided. Furthermore, the data must be continually revised to be maintained on a current basis, and previous assumptions and conclusions periodically checked in the light of new information.

Inflation

(Continued from p. 193)

inflationary rise in prices, which would inevitably be followed by a deflationary collapse. Hence nothing would do more to wreck postwar programs for full employment and economic stability on which a lasting peace depends.

"6. The proposed tax is an essential wartime expedient, like price, wage and other direct measures of control that deal with the effects, not with the causes, of inflationary forces resulting from huge deficit-financing of the war. Had the public and hence the Congress been willing to deal with inflationary causes, deficit-financing would have been held to a minimum by far higher taxes and by far greater economy and efficiency in war expenditures. Some of us urged that course from the outset, but since it has not been followed, the only alternative is to deal with inflationary effects by such expedients as are necessary to hold the line so long as inflationary dangers exist. After reconversion, demand, which has so vastly exceeded supply in wartime, should be met by fully employing our manpower and material resources in peacetime production, and creation of further inflationary forces should be ended by greatly reducing public expenditures and by maintaining such taxes as are necessary to bring about a balanced budget.

"I have received a few letters from civilians who fail to see why we should have either such disagreeable things as taxes sufficient to deal with inflationary causes or, alternatively, direct control measures necessary to deal with inflationary effects. On the other hand, I have also received a number of letters from men in the armed forces who hope, if their lives are spared, to buy a home or a farm. They do see, with a clarity that should be a warning, why those on the home front should do whatever is necessary to make this country's economic future secure, with all that portends for the peace of the world."

STABILITY CHARACTERIZES SHARE-CAPITAL TRENDS IN INSURED ASSOCIATIONS

This is the fifth annual survey of the major characteristics of private savings invested in insured savings and loan associations. An analysis of this information, based on a study by the Division of Operating Statistics, shows remarkable capital stability under conditions of wartime operation.

■ THE year 1944 proved to be one of many superlatives in the U. S. history of money and finance. More money was made by the general public than ever before; more was paid out for goods, services and taxes; and at the same time, a record peak was reported in individual savings.

A measure of the extent to which savings and loan associations have been sharing in the results of this thrift consciousness of the public is to be seen in the records of all insured associations. Although the factor of insurance of accounts makes for a somewhat better-than-average picture, this group is sufficiently representative of the industry to provide a pattern of the general trends in private capital.

However, the whole story of the year does not lie in the fact that in 1944 these institutions received a record volume of private share investments. Only when something is known about the stability and longevity of these funds is management able to assess its real position and make plans for the future. At a time when liquidity positions and policies are a matter of such prime importance, information on those vital contributory factors—the relationship of repurchases to new investments and the rate of capital turnover—serves a particularly significant purpose. It is in order to enable managers and boards of directors of individual associations to evaluate the progress of their own institutions in the light of national, regional and state trends that this analysis of share capital trends is presented.

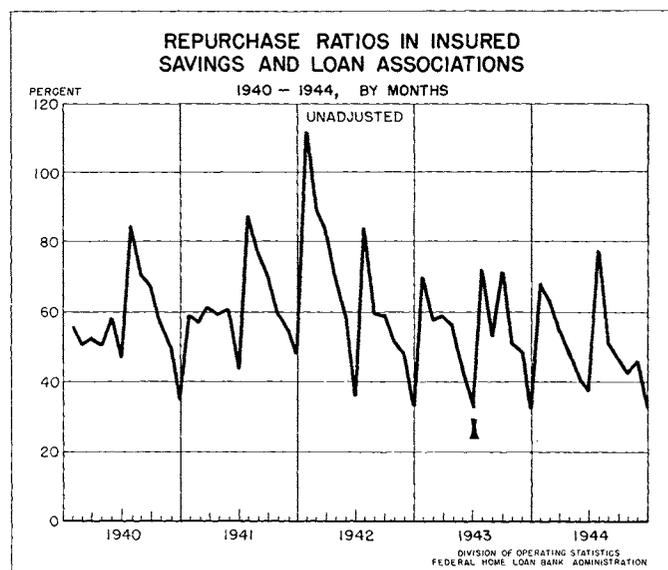
Repurchase Ratio

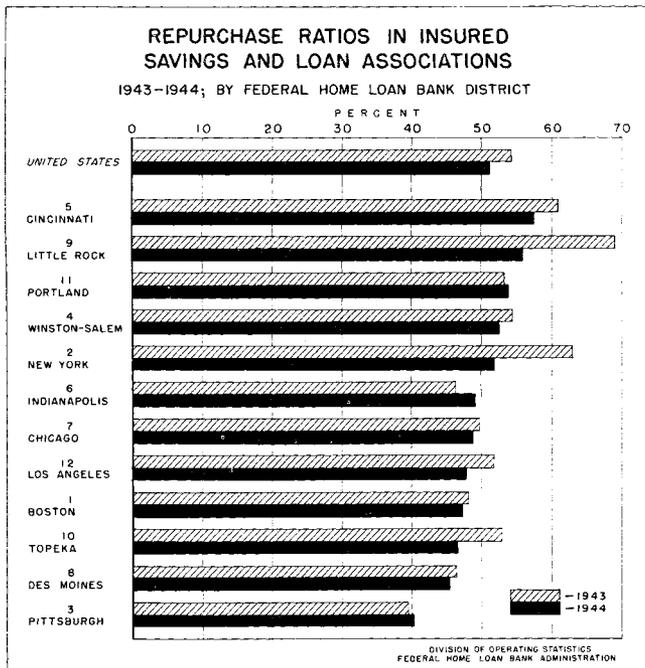
The primary conclusion which can be drawn from this study is that stability as well as volume was again characteristic of the private repurchasable funds invested in insured savings and loan associations during 1944. For the second successive war year, the ratio of current repurchases to current new investments declined, reaching the lowest point on record. At the same time, the rate of capital turnover remained practically stationary at the low level

shown in 1943, indicating that the average dollar invested in insured associations was remaining on the books only a negligibly shorter time than before.

During 1944, the public invested \$1,484,000,000 in insured associations of the country—29 percent more than in 1943. Repurchases, on the other hand, increased only 21 percent from 1943 and last year amounted to \$755,000,000. Relating this inflow to the outgo in 1944 gives a repurchase ratio of 51 percent compared with 54 percent in 1943, and 66 percent during the first year of war. Even in pre-war years, the most favorable ratio was the 56-percent record achieved in 1939. (As a measure of comparison between insured associations and all operating associations, it is of interest to note that the repurchase ratio for the latter group was 54 percent last year compared with 60 percent in 1943.)

On a month-by-month basis, the 1944 trend of the repurchase ratio of all insured associations followed closely the pattern of the previous year—that is, aside from the anticipated seasonal upturns in January and July, each month showed a progressive





decline. There were only three months during 1944 (February, June and July) in which the repurchase ratio showed more than a fractional excess over that of the same 1943 month. (The December 1944 ratio was 32.3 compared with 32.0 percent the year before.) This is probably to be explained by the war bond drives which were under way during those periods.

Regional Picture

The regional picture last year did not show the same universal reduction in repurchase ratios that it had in 1943. Fractionally higher ratios were reported in two Bank Districts, while in the Indianapolis area the ratio was 3 points greater in 1944 than it had been during the preceding year.

However, in spite of these increases, the composite picture improved last year to the extent that the range between the ratios shown by various areas was considerably narrower than in 1943. Last year, this relationship between repurchases and new investments varied from 40 percent in Pittsburgh to 57 percent in Cincinnati; the previous year the low point was 39 percent (again in Pittsburgh) while Little Rock, with a ratio of 69 percent, was the highest. Little Rock showed the greatest improvement during 1944, dropping to 56 percent—still the second highest ratio for the country. It will be seen from these figures and the accompanying chart that there was no geographical pattern in the ratios reported by the various Bank Districts.

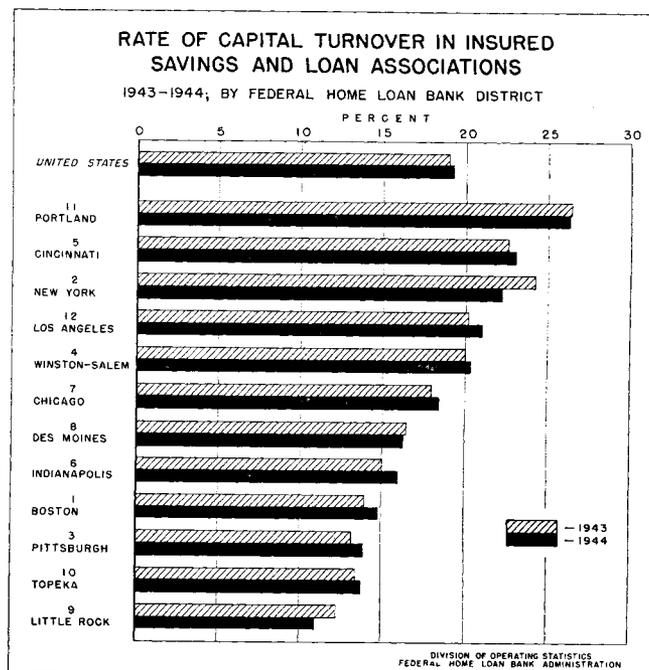
A state breakdown also shows less geographical uniformity in improvement last year than had been the case in 1943 when only five states reported increases. In 1944, fifteen states and the District of Columbia failed to share in the generally lower repurchase ratios. These states were scattered from Connecticut to Washington and from North Dakota to Florida. Aside from some concentration in the east-central area (District of Columbia, Maryland, Pennsylvania and West Virginia) the nationwide picture was spotty, even to the extent that not all states within a region necessarily showed the same trends.

Turnover

To give the whole picture, an analysis of the repurchase ratio must be complemented by data on the rate of capital turnover. In order to arrive at conclusions which are sufficiently definite to be useful for operational planning, it is necessary to know the rate of capital turnover of the average dollar invested in the institution.

For purposes of this study, this rate is defined as the ratio of private share repurchases during the year to average private repurchasable capital outstanding. It is a valuable statistical tool since trends in this series indicate the "life expectancy" of the average dollar.

The relative stability of privately invested funds, as measured by the turnover rate, did not show the



same improvement as did the repurchase ratio. This virtual stability in the turnover rate reflects the fact that the rate of increase shown by the average outstanding capital was almost the same as that for withdrawals. The dollar volume of average outstanding capital during 1944 amounted to approximately \$3,945,000,000, an increase of 20.2 percent over the previous year. Repurchases, on the other hand, showed a fractionally greater gain (21.0 percent) last year, rising to \$754,929,000. This resulted in a turnover rate of 19.1 percent in 1944 compared with 19.0 percent the year before. However, the maintenance of this indicator at approximately an equal level is, in itself, a sign of substantial stability in the face of wartime conditions. This ratio (19.1 percent) is the same that prevailed in 1939 and during the intervening period it has shown considerably less fluctuation than has the repurchase ratio.

This would seem to indicate that since 1939 (the first year that this information was available) a span of approximately five years has been characteristic of the life expectancy of the average dollar invested in insured associations. Since the data for this period include pre-war, defense and wartime years, it would seem reasonable to conclude that the war has had very little effect on the longevity of the investments made in this type of institution. Whether the drop in turnover rate which has occurred since 1941 can be taken to indicate a permanent tendency toward a lengthening of the savings span is a subject which defies prediction at this time. During the war years when the consumer-goods market is limited, money once invested may be more likely to remain than it will when civilian production hits its stride. Even before that time, the day may come when quicker repurchases will be brought about by dislocations of reconversion getting under way. Possibly the slight increase in turnover rate which occurred in 1944 foreshadows this situation. It seems only reasonable to anticipate such a development on some scale as the country progresses toward the period of reconversion and ultimate peace.

Geographic Comparison

Only four Federal Home Loan Bank Districts reported a declining rate of turnover in 1944 in contrast to a universal reduction the year before. New York, with a drop from 24.2 in 1943 to 22.2 percent last year showed the most improvement.

(Continued on p. 214)

Repurchase ratios and rates of capital turnover by Bank District and State

Federal Home Loan Bank District and State	Repurchase ratio			Rate of turnover		
	1944	1943	1942	1944	1943	1942
UNITED STATES.....	50.9	54.2	66.4	19.1	19.0	21.0
Boston.....	47.2	48.0	61.1	14.8	14.0	16.2
Connecticut.....	43.3	40.1	45.9	17.9	17.3	21.0
Maine.....	42.3	47.1	47.5	17.7	21.1	21.1
Massachusetts.....	49.7	52.8	70.8	13.5	12.7	14.8
New Hampshire ¹	57.9	50.1	58.7	14.0	11.5	13.4
Rhode Island ¹	32.6	51.1	61.1	21.2	22.5	24.6
Vermont ¹	53.3	67.2	69.6	12.2	13.4	17.7
New York.....	51.7	62.9	83.0	22.2	24.2	28.5
New Jersey.....	43.2	60.2	75.2	18.6	22.2	24.4
New York.....	55.2	63.9	85.3	23.7	24.9	29.8
Pittsburgh.....	40.1	39.3	47.4	13.9	13.2	15.7
Delaware ¹	30.8	39.0	45.2	6.2	15.7	10.5
Pennsylvania.....	39.5	38.8	47.4	14.2	13.5	16.3
West Virginia.....	50.7	46.9	46.6	10.8	10.1	11.3
Winston-Salem.....	52.4	54.4	65.6	20.2	20.0	23.5
Alabama.....	40.7	51.4	54.9	12.3	12.8	15.4
District of Columbia.....	64.6	56.8	72.2	25.1	21.9	27.3
Florida.....	55.2	54.6	76.5	29.4	28.8	35.3
Georgia.....	39.2	44.9	48.8	14.9	16.1	17.3
Maryland.....	52.5	47.7	51.3	20.3	20.1	21.5
North Carolina.....	53.1	69.2	72.3	18.4	21.1	23.0
South Carolina.....	56.3	80.0	82.0	14.1	14.0	19.3
Virginia.....	44.7	47.1	57.8	11.8	12.4	15.5
Cincinnati.....	57.4	60.7	71.3	23.0	22.5	23.7
Kentucky.....	47.6	50.3	66.3	10.2	9.8	11.5
Ohio.....	58.6	61.8	73.1	24.9	24.6	25.7
Tennessee.....	45.3	51.5	47.1	16.3	16.3	16.8
Indianapolis.....	49.0	46.2	60.6	16.0	15.0	16.9
Indiana.....	47.0	43.5	59.9	14.1	13.3	15.5
Michigan.....	51.6	49.9	61.6	19.1	17.9	19.2
Chicago.....	48.6	49.8	65.1	18.4	18.0	20.8
Illinois.....	49.3	50.4	64.7	20.6	20.1	23.4
Wisconsin.....	44.9	46.5	67.2	10.8	11.0	13.2
Des Moines.....	45.2	46.2	53.9	16.3	16.5	17.6
Iowa.....	39.5	49.4	51.3	13.9	14.0	16.7
Minnesota.....	46.3	40.5	54.8	20.0	18.7	22.2
Missouri.....	46.4	53.0	53.5	13.7	15.5	14.4
North Dakota.....	44.7	39.6	54.9	16.3	15.2	18.7
South Dakota.....	44.7	56.8	63.4	16.7	17.4	20.4
Little Rock.....	55.7	68.9	70.1	11.0	12.3	12.7
Arkansas.....	64.8	76.1	58.2	11.2	12.3	12.1
Louisiana.....	59.5	81.0	81.4	9.9	12.7	12.5
Mississippi.....	38.4	54.2	47.5	7.4	9.0	9.5
New Mexico.....	53.6	49.2	75.2	13.0	12.2	16.5
Texas.....	53.9	62.9	66.3	12.0	12.4	13.1
Topeka.....	46.3	52.7	70.0	13.8	13.5	17.0
Colorado.....	56.0	62.1	64.1	17.9	18.2	19.5
Kansas.....	43.8	50.2	65.4	15.5	15.4	19.9
Nebraska.....	45.4	43.8	61.9	13.7	11.4	14.9
Oklahoma.....	42.7	50.2	82.0	10.6	10.2	14.2
Portland.....	53.6	53.3	57.0	26.4	26.5	27.0
Idaho.....	43.5	55.0	58.5	25.5	27.5	25.0
Montana.....	59.6	68.2	71.3	14.5	16.9	17.2
Oregon.....	49.9	53.3	57.0	23.7	24.0	25.7
Utah.....	51.0	44.2	48.8	26.3	24.6	24.3
Washington.....	56.0	54.1	57.4	28.8	28.8	29.8
Wyoming.....	44.1	56.6	58.4	18.0	19.6	19.7
Los Angeles.....	47.6	51.6	66.0	20.9	20.1	21.1
Arizona ¹	53.6	56.3	50.9	36.0	38.4	33.4
California.....	47.3	51.0	66.7	20.5	19.5	20.8
Nevada ¹	52.9	27.5	65.7	15.5	8.4	15.3

¹ Less than 5 insured associations. These states have been omitted from discussion in the article.

BOND SALES TO INDIVIDUALS ACCENTED

THE Seventh War Loan opens officially on May 14 and from that date through June 30 the Treasury Department expects to raise \$14,000,000,000 through the sale of Government securities. Most important, though, is the fact that 50 percent of this quota, or \$7,000,000,000, is to be obtained through sales to individuals, the largest quota yet established for this category. With individual spending gaining in volume over the past 12 months, the diversion of spendable funds into war bonds becomes an absolute necessity if an inflationary movement is to be checked before it reaches serious proportions. Department of Commerce estimates show that, despite curtailed civilian production, consumer expenditures in 1944 reached an all-time record of \$97.6 billion. In view of the production situation, this volume of trade could only be supported by withdrawals from inventories impossible of replacement now at the rate of depletion. Most commodity reports of recent months and over-all estimates of civilian supplies for the current year indicate that tight conditions are generally prevalent. Warehouse stocks may not be depended upon to support the same volume of trade in 1945 as they did the preceding year. Although price regulations can check gains for specific commodities of a particular type, they cannot be relied upon to prevent forced-up trading caused by the disappearance of cheaper and medium-priced commodities. Intensive bond-selling to individuals by checking inflation will help to avert an economic catastrophe and to prevent unnecessary increases in the cost of the war.

In setting sights for sales to individuals for the Seventh War Loan, it should be noted that the \$7,000,000,000 quota is considerably above sales reached in the record Fifth War Loan for which a total of \$6,330,000,000 was achieved. To surpass

the goal set there is also a psychological barrier to hurdle—the encouraging news from the European Theatre of Operations. Before, we have paid the price of over-optimism. There still remains the very earnest and deadly struggle to be won in the Pacific before final victory is achieved.

Member Activity

With a total of 3,147 members of the Federal Home Loan Bank System reporting sales and purchases of Government securities amounting to \$41,469,000 during February, cumulative activity since the beginning of 1943 was raised to \$2,958,267,000. February sales and purchases represented a decline of about 47 percent from the total of \$78,302,000 reported for January. Sales by members to others aggregated \$13,644,000 in February, or about 38 percent below the figure for the preceding month, while purchases by these institutions for their own accounts amounted to \$27,317,000, or approximately 51 percent less than in January. Government obligations held by members totaled \$1,363,474,000, representing 25.7 percent of their assets.

Below, appear the names of the 129 member institutions which qualified in February for *Honor Roll*

listing by reporting sales of Government securities equivalent to at least 1 percent of assets. This will be the last issue of the REVIEW in which an *Honor Roll* will be published. The section is being discontinued in the belief that it has now served its purpose and that this space should be released to accommodate other material. However, the Federal Home Loan Bank System will continue its compilations of member activity in support of the War Finance Program. Significant developments will be reported from time to time in the REVIEW.



NATIONAL HOUSING AGENCY
FEDERAL HOME LOAN BANK ADMINISTRATION
101 INDIANA AVENUE, N. W.
WASHINGTON 25, D. C.
April 20, 1945

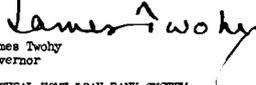


TO ALL MEMBER INSTITUTIONS:

The Honor Roll of War Bond Sales which has been appearing regularly in the FEDERAL HOME LOAN BANK REVIEW will be discontinued after the April issue. While this feature has been of considerable interest to all institutions actively participating in the War Finance Program, it is believed that the Honor Roll has now served its purpose.

We know that this will NOT be interpreted as an indication that the need for our unflagging support in the sale of Government securities has passed. On the contrary -- it is a measure dictated by the necessities of wartime economy. We believe that more space in the REVIEW must be devoted to the broad problems facing the thrift and home-financing industry today. To accomplish this without increasing our consumption of paper, we are dispensing with this section, secure in the knowledge that our industry is wholeheartedly supporting the Treasury's program.

May I take this opportunity to congratulate you upon your excellent performance in the past and to wish you the greatest success in the forthcoming Seventh War Loan. While the Honor Roll is being discontinued at this time, tabulations of member activity in the purchase and sale of Government securities will continue, and we look with interest to the outcome of this vast new sales campaign.

Very truly yours,

James Twohy
Governor
FEDERAL HOME LOAN BANK SYSTEM

NO. 1—BOSTON

Bristol Federal Savings and Loan Association, Bristol, Conn.
Windsor Federal Savings and Loan Association, Windsor, Vt.

NO. 2—NEW YORK

Berkeley Savings and Loan Association, Newark, N. J.
Center Savings and Loan Association, Clifton, N. J.
Edison Savings and Loan Association, New York, N. Y.
First Federal Savings and Loan Association, New York, N. Y.
First Federal Savings and Loan Association, Rochester, N. Y.
Progressive Savings and Loan Association, Hawthorne, N. J.

NO. 3—PITTSBURGH

Brentwood Federal Savings and Loan Association, Brentwood, Pa.
Cambria County Federal Savings and Loan Association, Cresson, Pa.
Coraopolis Home Building and Loan Association, Coraopolis, Pa.
First Federal Savings and Loan Association, Logan, W. Va.
First Federal Savings and Loan Association, Wilkes-Barre, Pa.
First Federal Savings and Loan Association, Wilmerding, Pa.
Foster Federal Savings and Loan Association, Pittsburgh, Pa.
Friendly City Federal Savings and Loan Association, Johnstown, Pa.
Montour Valley Savings, Building and Loan Association, Imperial, Pa.
St. Edmund's Building and Loan Association, Philadelphia, Pa.
United Federal Savings and Loan Association, Morgantown, W. Va.

NO. 4—WINSTON-SALEM

Albemarle Building and Loan Association, Elizabeth City, N. C.
Bartow Federal Savings and Loan Association, Bartow, Fla.
Clewiston Federal Savings and Loan Association, Clewiston, Fla.
Donalsonville Federal Savings and Loan Association, Donalsonville, Ga.
Emporia Federal Savings and Loan Association, Emporia, Va.
First Federal Savings and Loan Association, Andalusia, Ala.
First Federal Savings and Loan Association, Bradenton, Fla.
First Federal Savings and Loan Association, Cordele, Ga.
First Federal Savings and Loan Association, Decatur, Ala.
First Federal Savings and Loan Association, Gastonia, N. C.
First Federal Savings and Loan Association, Raleigh, N. C.
Fort Hill Federal Savings and Loan Association, Clemson, S. C.
Hamlet Building and Loan Association, Hamlet, N. C.
Lexington County Building and Loan Association, West Columbia, S. C.
Mutual Building and Loan Association, Martinsville, Va.
Peoples Building and Loan Association, Thomasville, N. C.
Tifton Federal Savings and Loan Association, Tifton, Ga.
Virginia State Building and Loan Association, Charlottesville, Va.
Wateree Building and Loan Association, Camden, S. C.

NO. 5—CINCINNATI

Bellefontaine Federal Savings and Loan Association, Bellefontaine, Ohio
Citizens Federal Savings and Loan Association, Dayton, Ohio
Cookeville Federal Savings and Loan Association, Cookeville, Tenn.
Fidelity Building Association, Dayton, Ohio
First Federal Savings and Loan Association, Greeneville, Tenn.
Fulton Building and Loan Association, Fulton, Ky.
Home Federal Savings and Loan Association, Cincinnati, Ohio
Market Building and Savings Company, Cincinnati, Ohio
Mutual Federal Savings and Loan Association, Sidney, Ohio
Peoples Building and Loan Company, DeGraff, Ohio
Union Building and Loan Company, St. Marys, Ohio
Versailles Building and Loan Company, Versailles, Ohio

NO. 6—INDIANAPOLIS

Calumet Federal Savings and Loan Association, Hammond, Ind.
First Federal Savings and Loan Association, Detroit, Mich.
Logansport Building and Loan Association, Logansport, Ind.
Monon Building, Loan and Savings Association, Monon, Ind.
Peoples Federal Savings and Loan Association, Detroit, Mich.
Peoples Federal Savings and Loan Association, East Chicago, Ind.
Peoples Federal Savings and Loan Association, Monroe, Mich.
Peoples Federal Savings and Loan Association, Royal Oak, Mich.
Peoples Savings and Loan Association, Huntington, Ind.
Sault Ste. Marie Federal Savings and Loan Association, Sault Ste. Marie, Mich.
Wayne County Federal Savings and Loan Association, Detroit, Mich.

NO. 7—CHICAGO

Abraham Lincoln Savings and Loan Association, Chicago, Ill.
Belmont Central Savings and Loan Association, Chicago, Ill.
Central Federal Savings and Loan Association, Milwaukee, Wis.
Concord Savings and Loan Association, Chicago, Ill.
East Side Federal Savings and Loan Association, Milwaukee, Wis.
Fairbury Federal Savings and Loan Association, Fairbury, Ill.
Irving-Elston Savings and Loan Association, Chicago, Ill.
Kinnickinnic Federal Savings and Loan Association, Milwaukee, Wis.
Lawndale Savings and Loan Association, Chicago, Ill.
Lombard Building and Loan Association of Du Page County, Lombard, Ill.
Midwest Savings and Loan Association, Chicago, Ill.
Mt. Vernon Loan and Building Association, Mt. Vernon, Ill.
Narodni Savings and Loan Association, Chicago, Ill.
National Savings and Loan Association, Chicago, Ill.
New London Savings and Loan Association, New London, Wis.
Reliance Building and Loan Association, Milwaukee, Wis.
Sacramento Avenue Building and Loan Association, Chicago, Ill.
Springfield City Building and Loan Association, Springfield, Ill.
St. Francis Building and Loan Association, St. Francis, Wis.
United Savings Association, Taylorville, Ill.

NO. 8—DES MOINES

Aberdeen Federal Savings and Loan Association, Aberdeen, S. Dak.
Fidelity Building and Loan Association, Winona, Minn.
First Federal Savings and Loan Association, Jamestown, N. Dak.
Public Service Company's Savings and Loan Association, Kansas City, Mo.
Standard Federal Savings and Loan Association, Kansas City, Mo.

NO. 9—LITTLE ROCK

Amory Federal Savings and Loan Association, Amory, Miss.
Atlanta Federal Savings and Loan Association, Atlanta, Tex.
Batesville Federal Savings and Loan Association, Batesville, Ark.
Baton Rouge Building and Loan Association, Baton Rouge, La.
Capital Building and Loan Association, Baton Rouge, La.
Citizens Building and Loan Association, Baton Rouge, La.
Cleburne Savings and Loan Association, Cleburne, Tex.
Continental Building and Loan Association, New Orleans, La.
Electra Federal Savings and Loan Association, Electra, Tex.
El Paso Federal Savings and Loan Association, El Paso, Tex.
Equitable Building and Loan Association, Fort Worth, Tex.
First Federal Savings and Loan Association, Belzoni, Miss.
First Federal Savings and Loan Association, Corinth, Miss.
First Federal Savings and Loan Association, Natchitoches, La.
First Federal Savings and Loan Association, New Braunfels, Tex.
First Homestead and Savings Association, New Orleans, La.
Graham Federal Savings and Loan Association, Graham, Tex.
Greater New Orleans Homestead Association, New Orleans, La.
Guaranty Savings and Homestead Association, New Orleans, La.
Home Building and Loan Association, Plainview, Tex.
Inter-City Federal Savings and Loan Association, Louisville, Miss.
Jennings Federal Savings and Loan Association, Jennings, La.
Natchez Building and Loan Association, Natchez, Miss.
Nashville Federal Savings and Loan Association, Nashville, Ark.
Ponchatoula Homestead Association, Ponchatoula, La.
Quannah Federal Savings and Loan Association, Quannah, Tex.
Rapides Building and Loan Association, Alexandria, La.
Riceland Federal Savings and Loan Association, Stuttgart, Ark.
Roswell Building and Loan Association, Roswell, N. Mex.
Slidell Savings and Homestead Association, Slidell, La.
Third District Homestead Association, New Orleans, La.
Union Federal Savings and Loan Association, Baton Rouge, La.

NO. 10—TOPEKA

American Building and Loan Association, Oklahoma City, Okla.
Citizens Federal Savings and Loan Association, Sand Springs, Okla.
First Federal Savings and Loan Association, Arkansas City, Kans.
First Federal Savings and Loan Association, Osawatimie, Kans.
First Federal Savings and Loan Association of Sumner County, Wellington, Kans.
Garnett Savings and Loan Association, Garnett, Kans.
Home Building and Loan Association, Lawton, Okla.
Home Savings and Loan Association, Ottawa, Kans.
Larned Building and Loan Association, Larned, Kans.
Mutual Savings and Loan Association, Emporia, Kans.
Prudential Building and Loan Association, Great Bend, Kans.
Routt County Federal Savings and Loan Association, Oak Creek, Okla.

NO. 11—PORTLAND

Deer Lodge Federal Savings and Loan Association, Deer Lodge, Mont.
Polk County Federal Savings and Loan Association, Dallas, Oreg.
Portland Federal Savings and Loan Association, Portland, Oreg.
Wenatchee Federal Savings and Loan Association, Wenatchee, Wash.

NO. 12—LOS ANGELES

California Savings and Loan Company, San Francisco, Calif.
Central Federal Savings and Loan Association, San Diego, Calif.
Century Federal Savings and Loan Association, Santa Monica, Calif.
First Federal Savings and Loan Association, Fullerton, Calif.
First Federal Savings and Loan Association, Wilmington, Calif.
Golden Gate Federal Savings and Loan Association, San Francisco, Calif.

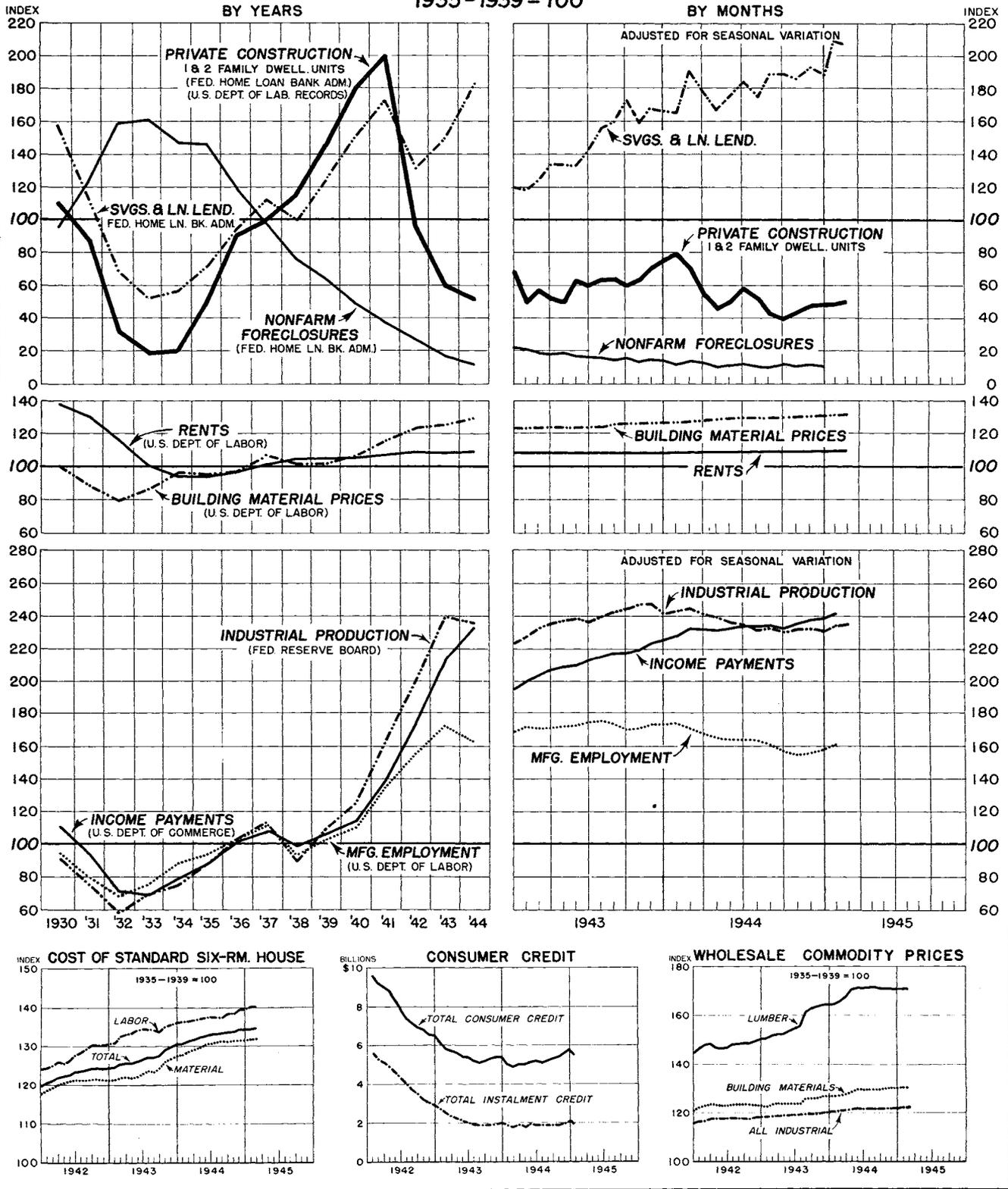
New Directors Appointed

■ JAMES C. OTIS, attorney of St. Paul, Minnesota, has been appointed a public interest director of the FHL Bank of Des Moines to fill an unexpired term ending December 31, 1946, as announced by James Twohy, Governor of the Bank System.

Appointment of John W. Cadman, president of the Homestead Savings and Loan Association of Buffalo, New York, as director-at-large of the New York FHL Bank was also announced. He will fill the unexpired part of a term ending December 31, 1945, succeeding the late LeGrand W. Pellett.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1935-1939 = 100



MONTHLY SURVEY

HIGHLIGHTS

- I. For the second successive month, no publicly financed residential construction was reported in February.
 - A. Private construction, almost two-fifths of which was centered in Texas and California, showed a small increase over January.
 - B. The February 1945 volume was, however, 41 percent below total residential building in the same 1944 month.
- II. Savings and loan associations continued their new mortgage-lending operations at a high level in February.
 - A. Home-purchase loans increased 2 percent during the month, continuing to account for about three-fourths of all savings and loan lending.
 - B. Construction loans were the only ones to show a decrease.
- III. Nonfarm mortgage recordings of \$20,000 or less showed a seasonal decline of 4 percent during the month to \$339,000,000.
 - A. Recordings of individuals registered the greatest gain over February of last year—29 percent.
 - B. Real-estate financing by savings and loan associations was 9 percent above February 1944.
- IV. FHL Bank advances outstanding reached the low total of \$79,170,000.
 - A. New investments in savings and loan associations increased more than withdrawals, dropping the repurchase ratio to 53. All types of associations shared in this decline.
 - B. Private capital of all insured members reached a new peak of \$4,469,000,000 in February, accounting for 88 percent of total resources.
- V. Industrial production continued to increase in February when it stood at 235 percent of the 1935-1939 base period.



BUSINESS CONDITIONS—Industrial output on up-grade¹

Recoiling from the impact of our year-end military reverses and responding to stepped-up schedules for increased munitions production, the volume of industrial output rose steadily during the first two months of 1945. For the month of February it was reported by the Federal Reserve Board at 235 percent of the seasonally adjusted 1935-1939 average, as compared with 234 percent in January and 232 percent in each of the last three months of 1944. Severe climatic conditions resulted in curtailed steel production during the first part of the month, but, with improving weather, output increased substantially. As yet data on total output are not available but gains of 2 and 7 percent have been reported for open hearth and electric furnace steel, respectively. In non-ferrous lines, a slight increase was noted, while machinery and transportation equipment industries remained approximately unchanged.

Little change during February was recorded in most non-durable goods but the production of explosives and small-arms ammunition showed additional large gains.

Employment in February rose to 50,550,000, an increase of about 0.86 percent above the January figure as gains were reported in both agricultural and non-agricultural lines. Despite this rise in employment, unemployment mounted from 840,000

in January to 880,000 the following month, due to an expansion in the labor force.

Department store sales increased in volume during February to 211 percent of the seasonally adjusted 1935-1939 average from 200 percent the preceding month, reflecting both the freer spending evidenced since the middle of 1944 and the early date of Easter this year.

Freight carloadings were 139 percent of the 1935-1939 seasonally adjusted average, having shown a decline from 143 percent in January. This was due in part to adverse weather conditions.

With only minor changes in the retail prices of most staples purchased by moderate-income families, the Department of Labor reported a decline of 0.2 percent on the 1935-1939 base in its cost-of-living index between mid-January and mid-February. This resulted from a drop of 0.6 percent in the index of food prices offsetting gains which occurred in other items.

[1935-1939=100]

Type of index	Feb. 1945	Jan. 1945	Percent change	Feb. 1944	Percent change
Home construction (private) ¹	50.4	47.0	+7.2	70.6	-28.6
Rental index (BLS).....	108.3	108.3	0.0	108.1	+0.2
Building material prices.....	130.6	130.4	+0.2	126.9	+2.9
Savings and loan lending ¹	207.1	208.8	-0.8	191.7	+8.0
Industrial production ¹	235.0	234.0	+0.4	244.0	-3.7
Manufacturing employment ¹	163.9	166.3	-1.4	178.4	-8.1
Income payments ¹	245.1	241.9	+1.3	232.4	+5.5

^{*} Revised.

¹ Adjusted for normal seasonal variation.

BUILDING ACTIVITY—Low level continued in February

As was the case during the opening month of this year, no publicly financed residential construction was placed under contract in February. Permits were issued for the construction of only 5,324 dwelling units, a small increase over the 5,046 units provided in January but a substantial decline (41 percent) from the 9,050 houses built during February of last year.

Geographically, residential construction during February was widely, although not evenly, distributed throughout the country. As the result of acute housing shortages in war-production areas of Texas and California, these states accounted for almost two-fifths of the total number of dwelling units provided during the month. In contrast, four states reported no building permits issued that month, and in 37 states and the District of Columbia permits were issued for less than 100 units.

During the first two months of 1945, permits were issued for approximately 10,400 dwelling units, all of which were financed by private funds. This compares with about 20,100 units during the same period of 1944, of which 4,000 were publicly financed. [TABLES 1 and 2.]

BUILDING COSTS—Another fractional increase shown

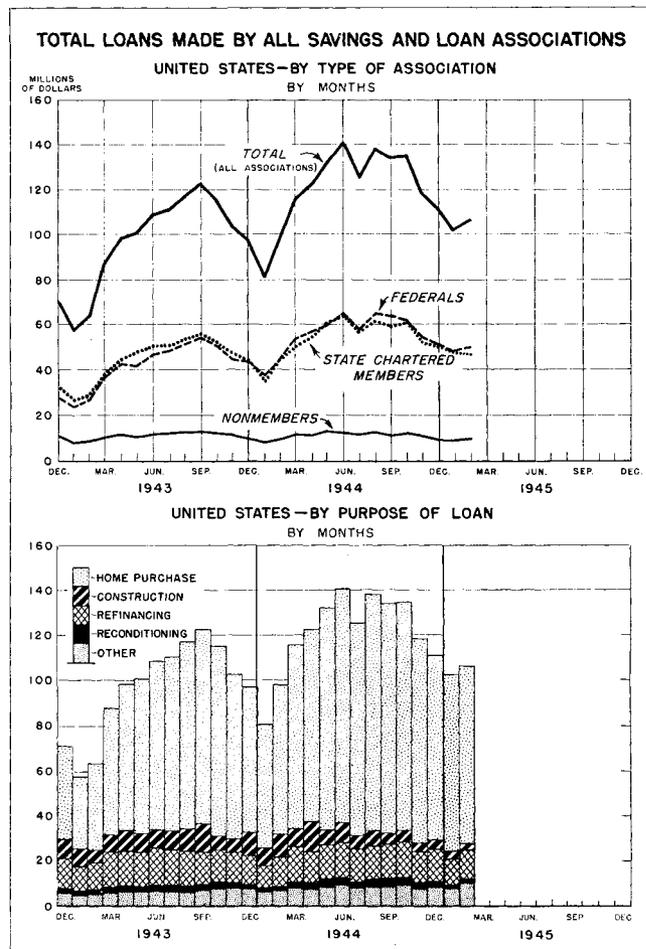
The gradual upward trend in residential construction costs, which has prevailed since before the war, continued during February. A fractional rise of 0.1 percent in the total cost of building the standard house, which raised the index to 134.7, resulted from a small increase in the cost of building materials. Labor costs showed no change from the revised January level. Material and labor cost indexes in February stood at 131.9 and 140.1, respectively (1935-1939=100). During the 12 months ending

Construction costs for the standard house

[Average month of 1935-1939=100]

Element of cost	Feb. 1945	Jan. 1945	Percent change	Feb. 1944	Percent change
Material.....	131.9	131.7	+0.2	128.8	+2.4
Labor.....	140.1	140.1	0.0	136.5	+2.6
Total.....	134.7	134.5	+0.1	131.4	+2.5

† Revised.



last February, total costs have advanced 2.5 percent, material costs, 2.4 percent, and labor costs, 2.6.

Wholesale building material prices, as reported by the U. S. Bureau of Labor Statistics, also continued upward during February carrying the composite index from 130.4 to 130.6 (1935-1939=100). With the exception of plumbing and heating supplies and structural steel, all types of materials contributed to this rise in the composite index. [TABLES 3, 4 and 5.]

MORTGAGE LENDING—High volume maintained in February

New mortgage lending by savings and loan associations continued at a very high level in February. This was indicated by the fact that the seasonally adjusted index of new mortgage lending by these institutions stood at 207.1 (1935-1939=100).

The \$106,000,000 of new mortgage credit extended by operating savings and loan associations during the month represented an increase in activity of 4 percent from January and was 8 percent greater

than the volume of new loans made during February of last year. From January to February this year, all types of loans increased, except those for the construction of homes which dropped 18 percent. The greatest increase, 28 percent, was shown by loans for "other" purposes, followed by advances of 7 and 3 percent, respectively, for reconditioning and refinancing loans. New loans for the purchase of homes, which continue to account for about three-fourths of total savings and loan lending, rose 2 percent from January.

During the first two months of 1945, savings and loan associations made approximately \$208,300,000 of new loans, about 16 percent more than in the same period of last year. With the exception of Los Angeles, which reported a 6-percent drop, new lending in all Bank Districts was greater than in the first two months of 1944. [TABLES 6 and 7.]

New mortgage loans distributed by purpose

[Dollar amounts are shown in thousands]

Purpose	Feb. 1945	Jan. 1945	Percent change	Feb. 1944	Percent change
Construction	\$3,081	\$3,772	-18.3	\$11,195	-72.5
Home purchase	78,140	76,495	+2.2	66,138	+18.1
Refinancing	12,524	12,167	+2.9	11,955	+4.8
Reconditioning	1,994	1,868	+6.7	1,960	+1.7
Other purposes	10,270	7,999	+28.4	6,916	+48.5
Total	106,009	102,301	+3.6	98,164	+8.0

* Revised.

MORTGAGE RECORDINGS—Declined seasonally in February

Nonfarm mortgage financing activity responded to normal seasonal influences during February, declining almost 4 percent from the preceding month. A total of \$339,000,000 in mortgages, representing approximately 103,000 instruments of \$20,000 or less, was reported during the month. Activity by all types of mortgagees was lower than in January.

The level of real-estate financing activity during February was, however, more than 9 percent above that of the same month of last year. Recordings by individuals, which have been assuming an increasingly important role in the mortgage market, evidenced the largest gain in this comparison, 29 percent, followed by mutual savings banks, savings and loan associations and bank and trust companies. The volume of nonfarm mortgages recorded by insurance companies and "other" mortgagees during

Mortgage recordings by type of mortgagee

[Dollar amounts are shown in thousands]

Type of lender	Percent change from Jan. 1945	Percent of Feb. 1945 amount	Cumulative recordings (2 months)	Percent of total recordings
Savings and loan associations	-0.3	32.8	\$222,656	32.1
Insurance companies	-10.3	4.7	33,916	4.9
Banks, trust companies	-1.8	18.9	129,042	18.6
Mutual savings banks	-17.3	3.1	22,843	3.3
Individuals	-6.0	27.5	192,448	27.8
Others	-9.2	13.0	92,370	13.3
Total	-4.5	100.0	693,275	100.0

February was 14 and 7 percent, respectively, below February 1944.

Only two types of mortgage lenders accounted for a greater proportion of the total financing during February 1945 than in the same month of last year. The most outstanding gain was reported by individual lenders who increased their share of the total from 23.3 to 27.5 percent. Recordings by mutual savings banks represented 3.1 percent of the February total as compared with 3.0 percent one year earlier. Savings and loan associations, which continued to command the leading role in the home-mortgage field, accounted for 32.8 percent of total recordings in both February 1944 and February 1945.

During the first two months of this year, nonfarm mortgage recordings of \$20,000 or less amounted to approximately \$693,000,000, an increase of 13 percent over the January-February period of 1944, and almost 55 percent above recordings during the same 1943 period. [TABLES 8 and 9.]

FHLB SYSTEM—Repayments reached all-time high

As a result of unusually small current advances and a large volume of repayments received during February, the balance of outstanding advances at the end of the month stood at \$79,170,000—the lowest shown in February since 1935. The February volume represented a drop of \$26,556,000 from January and was \$34,984,000 less than at the end of February 1944.

Advances made during February this year showed the usual seasonal decline from January (in this case 86 percent) and amounted to only \$1,534,000. This was \$11,746,000 less than the amount advanced in February 1944 and, with two exceptions (1943 and

1935) the smallest volume of money ever advanced during February. Indianapolis and Portland made no advances during the month and only Winston-Salem and Topeka showed increases over January.

February repayments totaled \$28,090,000—a decline of \$7,693,000 from the previous month. In spite of this, the amount repaid to the Banks during February was the highest on record for that month and has been exceeded only three times. On these occasions (1940, 1941 and 1945) it occurred in January which is ordinarily a month of high repayments. Three Banks—New York, Des Moines and Portland—reported increases. [TABLE 12.]

Share investments and repurchases, February 1945

[Dollar amounts are shown in thousands]

Item and period	All associations	All insured associations	Uninsured members	Non-members
Share investments:				
1st 2 mos. 1945	\$392, 666	\$320, 846	\$44, 349	\$27, 471
1st 2 mos. 1944	310, 604	248, 107	38, 177	24, 320
Percent change	+26	+29	+16	+13
February 1945	156, 099	125, 769	19, 345	10, 985
February 1944	122, 592	94, 831	16, 289	11, 472
Percent change	+27	+33	+19	-4
Repurchases:				
1st 2 mos. 1945	\$237, 545	\$187, 032	\$29, 115	\$21, 398
1st 2 mos. 1944	214, 655	164, 729	30, 432	19, 494
Percent change	+11	+14	-4	+10
February 1945	82, 567	63, 089	11, 799	7, 679
February 1944	80, 910	59, 890	12, 825	8, 195
Percent change	+2	+5	-8	-6
Repurchase ratio (percent):				
1st 2 mos. 1945	60. 5	58. 3	65. 6	77. 9
1st 2 mos. 1944	69. 1	66. 4	79. 7	80. 2
February 1945	52. 9	50. 2	61. 0	69. 9
February 1944	66. 0	63. 2	78. 7	71. 4

FLOW OF PRIVATE REPURCHASABLE CAPITAL

New investments by the public in savings and loan associations during February were estimated at \$156,000,000, an increase of about 27 percent over the \$122,600,000 invested during the same month of last year. Withdrawals also increased in this comparison—from \$80,900,000 in February 1944 to \$82,600,000—but the rate of increase, 2 percent, was only a fraction of that shown by new investments. As a result, the repurchase ratio for all associations showed substantial improvement, dropping 13 points to 53 percent. More favorable repurchase ratios were shown by each of the three types of savings and loan associations.

During the first two months of 1945, approximately \$393,000,000 of private savings was invested in all savings and loan associations. During this period, withdrawals amounted to about \$238,000,000, resulting in a net addition of \$155,000,000 to the private capital accounts of these institutions, about 62 percent more than the net addition during the same period of last year. So far this year \$61 was withdrawn for each \$100 invested compared with \$69 during the first two months of 1944.

INSURED ASSOCIATIONS—Report further increase in resources

Total resources of the 2,463 insured savings and loan associations amounted to \$5,077,000,000 at the end of February after increasing \$41,000,000, or 1 percent, during the month and \$789,000,000, or 18 percent, over the year. As has been the case for a number of years, the private capital of insured associations continued to expand at a more rapid rate than total assets. During the last 12 months, private capital rose almost \$807,000,000, or 22 percent. This account, which reached a new peak of \$4,469,000,000 in February, represented 88 percent of total resources compared with 85 percent in February 1944.

New mortgage loans totaling \$79,000,000 were made during February. This represented an increase of nearly 9 percent over the same month last year. [TABLE 13.]

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

The 1,464 Federal savings and loan associations expanded their assets by \$22,000,000 during February to \$3,200,000,000. In addition, Federals reduced their advances from the Federal Home Loan Banks by more than \$21,000,000 and retired \$400,000 of Government-owned shares. Private repurchasable capital rose \$42,500,000 during the month to \$2,849,000,000.

Progress in number and assets of Federals

[Dollar amounts are shown in thousands]

Class of association	Number		Approximate assets	
	Feb. 28, 1945	Jan. 31, 1945	Feb. 28, 1945	Jan. 31, 1945
New	632	633	\$1, 083, 308	\$1, 077, 087
Converted	832	831	2, 117, 016	2, 101, 045
Total	1, 464	1, 464	3, 200, 324	3, 178, 132

Table 1.—BUILDING ACTIVITY—Estimated number and valuation of new family-dwelling units provided in all urban areas in February 1945, by Federal Home Loan Bank District and by State

[Source: U. S. Department of Labor]

[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and State	All residential structures				All private 1- and 2-family structures			
	Number of family-dwelling units		Permit valuation		Number of family-dwelling units		Permit valuation	
	Feb. 1945	Feb. 1944	Feb. 1945	Feb. 1944	Feb. 1945	Feb. 1944	Feb. 1945	Feb. 1944
UNITED STATES.....	5,324	9,050	\$16,861	\$28,069	4,692	6,570	\$14,589	\$20,818
No. 1—Boston.....	17	42	54	148	17	42	54	148
Connecticut.....	6	29	30	117	6	29	30	117
Maine.....	3	3	8	8	3	3	8	8
Massachusetts.....	8	9	15	22	8	9	15	22
New Hampshire.....	3	3	9	3	3	3	9	3
Rhode Island.....		1		1		1		1
Vermont.....								
No. 2—New York.....	40	156	97	519	40	98	97	319
New Jersey.....	28	89	71	283	28	89	71	283
New York.....	12	67	26	236	12	9	26	36
No. 3—Pittsburgh.....	26	71	73	248	26	60	73	243
Delaware.....	2		1		2		1	
Pennsylvania.....	6	69	24	247	6	58	24	242
West Virginia.....	18	2	48	1	18	2	48	1
No. 4—Winston-Salem.....	842	1,132	2,232	2,542	762	588	2,027	1,011
Alabama.....	82	114	49	129	76	114	47	129
District of Columbia.....	43	103	90	320	39	3	82	14
Florida.....	462	154	1,346	174	410	146	1,195	167
Georgia.....	80	157	229	361	70	157	189	361
Maryland.....	6	448	25	1,175	6	48	25	101
North Carolina.....	71	20	189	10	71	20	189	10
South Carolina.....	51	82	169	184	51	82	169	184
Virginia.....	47	54	135	189	39	18	131	45
No. 5—Cincinnati.....	552	1,069	2,213	4,118	192	537	601	2,040
Kentucky.....	18	153	63	355	10	33	32	59
Ohio.....	397	821	1,831	3,495	53	409	275	1,713
Tennessee.....	137	95	319	268	129	95	294	268
No. 6—Indianapolis.....	211	665	1,051	3,267	211	665	1,051	3,267
Indiana.....	63	61	248	211	63	61	248	211
Michigan.....	148	604	803	3,056	148	604	803	3,056
No. 7—Chicago.....	270	495	1,266	2,174	248	458	1,169	2,061
Illinois.....	263	459	1,243	2,054	241	438	1,146	1,983
Wisconsin.....	7	36	23	120	7	20	23	78
No. 8—Des Moines.....	121	123	423	258	114	43	416	78
Iowa.....	47	87	225	183	47	7	225	3
Minnesota.....	25	5	91	16	22	5	90	16
Missouri.....	35	30	65	58	35	30	65	58
North Dakota.....								
South Dakota.....	14	1	42	1	10	1	36	1
No. 9—Little Rock.....	1,118	1,273	1,730	2,024	1,076	1,050	1,664	1,653
Arkansas.....	58	40	66	9	46	40	63	9
Louisiana.....	127	259	231	373	127	59	231	41
Mississippi.....	64	37	44	17	64	37	44	17
New Mexico.....	44	29	31	24	44	29	31	24
Texas.....	825	908	1,358	1,601	795	885	1,295	1,562
No. 10—Topeka.....	408	307	1,399	929	350	240	1,256	726
Colorado.....	190	99	638	261	152	99	539	261
Kansas.....	104	21	414	24	104	17	414	11
Nebraska.....	50	106	176	387	34	43	137	197
Oklahoma.....	64	81	171	257	60	81	166	257
No. 11—Portland.....	400	586	1,618	2,216	384	391	1,564	1,533
Idaho.....	17	1	28	1	17	1	28	1
Montana.....	12		53		12		53	
Oregon.....	59	263	164	859	59	118	164	330
Utah.....	38	23	150	101	38	23	150	101
Washington.....	235	299	1,114	1,255	219	249	1,060	1,101
Wyoming.....	39		109		39		109	
No. 12—Los Angeles.....	1,319	3,131	4,705	9,626	1,272	2,398	4,617	7,739
Arizona.....	87	114	341	411	87	102	341	374
California.....	1,226	3,017	4,348	9,215	1,179	2,296	4,260	7,365
Nevada.....	6		16		6		16	

Table 2.—BUILDING ACTIVITY—Estimated number and valuation of new family-dwelling units provided in all urban areas of the United States

[Source: U. S. Department of Labor]

[Dollar amounts are shown in thousands]

Type of construction	Number of family-dwelling units					Permit valuation				
	Monthly totals			Jan.-Feb. totals		Monthly totals			Jan.-Feb. totals	
	Feb. 1945	Jan. 1945	† Feb. 1944	1945	† 1944	Feb. 1945	Jan. 1945	† Feb. 1944	1945	† 1944
Private construction.....	5,324	5,046	7,860	10,370	16,082	\$16,861	\$14,185	\$25,120	\$31,046	\$51,152
1-family dwellings.....	4,326	4,095	6,161	8,421	12,418	13,593	11,562	19,535	25,155	39,608
2-family dwellings ¹	366	213	409	579	1,386	996	580	1,284	1,576	4,358
3- and more-family dwellings ²	632	738	1,290	1,370	2,278	2,272	2,043	4,301	4,315	7,186
Public construction.....	0	0	1,190	0	3,984	0	0	2,949	0	9,001
Total urban construction.....	5,324	5,046	9,050	10,370	20,066	16,861	14,185	28,069	31,046	60,153

¹ Includes 1- and 2-family dwelling combined with stores.

² Includes multi-family dwellings combined with stores.

† Revised.

Table 3.—BUILDING COSTS—Index of building costs for the standard house in representative cities in specific months¹

[Average month of 1935-1939=100]

Federal Home Loan Bank District and city	1945	1944				1943	1942	1941	1940	1939
	March	Dec.	Sept.	June	March	March	March	March	March	
No. 1—Boston:										
Hartford, Conn.*.....	136.8	136.5	135.2	135.1	134.6	128.2	128.6	111.0	101.7	
New Haven, Conn.....			144.1	140.6	138.3	130.5	† 129.0	† 111.4	103.6	
Portland, Me.*.....	152.5	152.4	151.4	148.2	146.7	129.8	121.4	106.3	99.9	
Boston, Mass.*.....	133.6	133.2	133.2	132.8	130.5	128.3	123.8	108.0	104.1	
Manchester, N. H.*.....	123.3	120.6	120.4	118.3	118.1	114.1	108.0	99.6	98.1	
Providence, R. I.*.....	141.8	141.4	139.7	138.6	136.2	124.0	119.8	111.5	104.6	
Rutland, Vt.....			129.1	127.0	126.8	124.5	120.3	107.1	96.9	
No. 4—Winston-Salem:										
Birmingham, Ala.*.....	129.7	129.8	129.7	127.7	127.3	116.8	116.9	108.3	93.6	
Washington, D. C.*.....	154.1	153.7	153.7	152.4	149.5	141.1	133.8	116.4	104.4	
Tampa, Fla.....		134.2	130.3	130.2	130.2	† 123.8	113.8	111.5	103.9	
Atlanta, Ga.*.....	146.0	146.4	143.8	142.5	140.3	130.1	120.4	111.5	97.4	
Baltimore, Md.*.....	150.2	150.1	148.8	148.8	147.2	132.4	127.1	113.0	† 100.9	
Cumberland, Md.....			141.0	141.0	138.4	123.9	114.1	110.1	102.3	
Asheville, N. C.....		138.1	133.0	134.1	134.1		118.8	† 113.9	100.0	
Raleigh, N. C.....		130.0	128.0	126.7	127.2	126.1	† 120.7	105.0	96.1	
Columbia, S. C.....		139.7	139.2	131.9	131.9	† 141.4	131.9	116.6	99.5	
Richmond, Va.*.....	133.7	133.1	130.2	136.2	127.3	118.4	113.9	105.2	96.3	
Roanoke, Va.....			137.6	137.6	136.6	127.2	128.1	† 120.6	105.7	
No. 7—Chicago:										
Chicago, Ill.*.....	112.8	112.8	112.4	112.4	112.7	109.5	107.1	99.5	99.8	
Peoria, Ill.....			125.5	125.6	125.6	119.7	119.8	112.6	108.9	
Springfield, Ill.....			123.5	123.7	123.7	† 117.7	116.1	110.7	104.8	
Milwaukee, Wis.*.....	142.3	142.4	142.1	142.3	141.3	131.5	120.7	112.5	108.2	
Oshkosh, Wis.....			133.6	133.6	133.6	133.6	125.1	111.6	102.5	
No. 10—Topeka:										
Denver, Colo.*.....	127.9	125.3	122.8	122.5	120.1	112.9	112.4	103.3	98.9	
Wichita, Kans.*.....	135.3	136.3	136.1	134.8	133.6	127.5	124.4	112.6	103.3	
Omaha, Nebr.*.....	135.3	133.6	134.0	133.3	131.2	126.4	124.2	111.0	106.8	
Oklahoma City, Okla.*.....	156.9	156.9	156.4	156.3	155.1	137.5	127.4	122.7	107.7	

*Indexes of March 1941 and thereafter have been revised in order to use retail material prices collected by the Bureau of Labor Statistics.

† Revised.

¹ This index is designed to measure the changes in the costs of constructing a standard frame house and to provide a basis for the study of the trend of costs within an individual community or in different cities. The various units of materials and labor are selected in accordance with their contribution to the total cost of the completed dwelling.

Material costs are based on prices for a limited bill of the more important items. Current prices are furnished by the Bureau of Labor Statistics and are based on information from a group of dealers in each city who report on prices for material delivered to job site, in average quantities, for residential construction. Because of wartime conditions, some of the regular items are not available at times and, therefore, substitutions must be made of similar products which are being sold.

Labor costs are based on prevailing rates for residential construction and reflect total earnings, including overtime and bonus pay. Either union or nonunion rates are used according to which prevails in the majority of cases within the community.

Figures presented in this table include all revisions up to the present time. Revisions are unavoidable, however, as more complete information is obtained.

Cities in FHLB Districts 2, 6, 8, and 11 report in January, April, July and October of each year; those in Districts 3, 5, 9 and 12 report in February, May, August and November; and those in Districts 1, 4, 7 and 10 report in March, June, September and December.

Table 4.—BUILDING COSTS—Index of building costs for the standard house

[Average month of 1935-1939=100]

Element of cost	Feb. 1945	Jan. 1945	Dec. 1944	Nov. 1944	Oct. 1944	Sept. 1944	Aug. 1944	July 1944	June 1944	May 1944	Apr. 1944	Mar. 1944	Feb. 1944
Material	131.9	131.7	131.6	131.5	131.5	131.2	131.3	131.0	130.7	130.3	129.7	129.1	128.8
Labor	140.1	140.1	140.1	139.9	139.1	138.5	137.3	137.3	137.5	137.3	137.0	136.8	136.5
Total	134.7	134.5	134.4	134.4	133.9	133.7	133.3	133.1	133.0	132.7	132.2	131.7	131.4

† Revised.

Table 5.—BUILDING COSTS—Index of wholesale prices of building materials in the United States

[1935-1939=100; converted from 1926 base]

[Source: U. S. Department of Labor]

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
February	123.1	108.5	103.4	151.9	124.4	118.8	103.5	110.5
February	126.9	110.2	102.7	165.3	127.7	120.6	103.5	111.2
March	127.5	110.4	102.7	167.8	128.4	120.6	103.5	111.2
April	128.6	110.4	103.1	170.8	128.4	120.6	103.5	111.2
May	129.2	110.6	105.8	171.5	128.7	121.4	103.5	111.4
June	129.4	110.7	105.8	171.5	130.0	121.4	103.5	111.4
July	129.4	110.8	105.8	171.7	129.7	121.4	103.5	111.5
August	129.5	110.8	105.8	171.9	129.7	121.4	103.5	111.6
September	129.5	111.7	106.3	171.5	129.7	121.4	103.5	111.7
October	129.9	115.3	107.0	171.3	130.3	121.4	103.5	111.7
November	130.0	115.6	107.2	171.3	130.7	121.4	103.5	111.7
December	130.0	115.9	107.0	171.3	130.7	121.4	103.5	111.7
January	130.4	121.5	106.9	171.3	130.7	121.4	103.5	111.9
February	130.6	121.6	108.7	171.4	130.8	121.4	103.5	112.0
Percent change:								
February 1945-February 1944	+0.2	+0.1	+1.7	+0.1	+0.1	0.0	0.0	+0.1
February 1945-February 1944	+2.9	+10.3	+5.8	+3.7	+2.4	+0.7	0.0	+0.7

Table 6.—MORTGAGE LENDING—Estimated volume of new home-mortgage loans by all savings and loan associations, by purpose and class of association

[Thousands of dollars]

Period	Purpose of loans					Total loans	Class of association		
	Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes		Federals	State members	Nonmembers
1943	\$106,497	\$802,371	\$167,254	\$30,441	\$77,398	\$1,183,961	\$511,757	\$539,299	\$132,905
January-February	11,767	71,904	23,918	3,620	9,971	121,180	49,956	55,085	16,139
January	4,594	39,084	12,510	1,953	5,183	63,324	26,566	28,175	8,583
1944	95,243	1,064,017	163,813	30,751	100,228	1,454,052	669,433	648,670	135,949
January-February	19,067	121,138	21,931	3,481	13,525	179,142	81,220	79,595	18,327
January	11,195	66,138	11,955	1,960	6,916	98,164	44,144	44,139	9,881
February	9,127	81,846	14,422	2,266	8,469	116,130	53,883	50,686	11,561
March	13,484	85,568	13,491	2,679	7,421	122,643	57,045	54,212	11,386
April	7,338	98,872	14,415	2,967	8,931	132,523	59,229	60,141	13,153
May	9,663	103,276	14,963	2,957	9,850	140,709	64,474	63,851	12,384
June	7,078	93,232	13,871	2,841	8,014	125,036	57,164	56,539	11,333
July	7,589	105,050	14,152	3,067	8,816	138,674	64,400	61,377	12,897
August	5,923	101,884	14,495	3,160	8,993	134,455	63,489	59,162	11,804
September	6,095	101,461	15,253	2,699	9,720	135,228	61,965	60,945	12,318
October	4,635	90,182	13,265	2,507	7,785	118,374	54,978	52,241	11,155
November	5,244	81,508	13,555	2,127	8,704	111,138	51,586	49,921	9,631
December									
1945									
January-February	6,853	154,635	24,691	3,862	18,269	208,310	96,339	93,027	18,944
January	3,772	76,495	12,167	1,868	7,999	102,301	46,439	46,452	9,410
February	3,081	78,140	12,524	1,994	10,270	106,009	49,900	46,575	9,534

† Revised.

Table 7.—LENDING—Estimated volume of new loans by savings and loan associations

[Thousands of dollars]

Federal Home Loan Bank District and class of association	New loans			Cumulative new loans (2 months)		
	Feb. 1945	Jan. 1945	Feb. 1944	1945	1944	Percent change
UNITED STATES	\$106,009	\$102,301	\$98,164	\$208,310	\$179,142	+16.3
Federal	49,900	46,439	44,144	96,339	81,220	+18.6
State member	46,575	46,452	44,139	93,027	79,595	+16.9
Nonmember	9,534	9,410	9,881	18,944	18,327	+3.4
Boston	5,875	6,852	5,678	12,727	11,249	+13.1
Federal	2,499	2,447	1,738	4,946	3,550	+39.3
State member	2,776	3,656	3,157	6,432	5,925	+8.6
Nonmember	600	749	783	1,349	1,774	-24.0
New York	8,845	9,483	6,945	18,328	13,462	+36.1
Federal	2,936	3,259	1,668	6,195	3,322	+86.5
State member	4,442	4,555	4,176	8,997	7,574	+18.8
Nonmember	1,467	1,669	1,101	3,136	2,566	+22.2
Pittsburgh	8,304	8,608	7,966	16,912	14,970	+13.0
Federal	3,851	3,952	3,512	7,803	6,634	+17.6
State member	3,052	3,169	2,572	6,221	5,016	+24.0
Nonmember	1,401	1,487	1,882	2,888	3,320	-13.0
Winston-Salem	14,212	13,329	11,991	27,541	21,935	+25.6
Federal	7,501	7,139	6,392	14,640	11,376	+28.7
State member	5,916	5,428	4,918	11,344	9,216	+23.1
Nonmember	795	762	681	1,557	1,343	+15.9
Cincinnati	16,578	15,071	15,612	31,649	29,155	+8.6
Federal	6,869	6,148	6,413	13,017	11,915	+9.2
State member	8,478	7,814	7,497	16,292	14,358	+13.5
Nonmember	1,231	1,109	1,702	2,340	2,882	-18.8
Indianapolis	6,978	5,616	6,532	12,594	10,793	+16.7
Federal	3,566	2,781	3,156	6,347	5,343	+18.8
State member	2,972	2,517	3,009	5,489	4,937	+11.2
Nonmember	440	318	367	758	513	+47.8
Chicago	11,875	9,886	10,633	21,761	18,690	+16.4
Federal	4,892	3,954	4,254	8,846	7,440	+18.9
State member	5,810	4,982	5,499	10,792	9,407	+14.7
Nonmember	1,173	950	880	2,123	1,843	+15.2
Des Moines	6,101	6,108	5,464	12,209	9,175	+33.1
Federal	2,922	2,689	2,441	5,611	4,432	+26.6
State member	2,222	2,432	2,053	4,654	3,366	+38.3
Nonmember	957	987	970	1,944	1,377	+41.2
Little Rock	5,767	6,426	7,147	12,193	11,771	+3.6
Federal	2,871	3,195	2,364	6,066	4,369	+38.8
State member	2,801	3,160	4,690	5,961	7,259	-17.9
Nonmember	95	71	93	166	143	+16.1
Topeka	6,211	6,213	5,260	12,424	9,064	+37.1
Federal	3,351	3,265	2,517	6,616	4,399	+50.4
State member	1,722	1,900	1,514	3,622	2,533	+43.0
Nonmember	1,138	1,048	1,229	2,186	2,132	+2.5
Portland	4,023	3,956	2,858	7,979	5,434	+46.8
Federal	2,656	2,432	1,955	5,088	3,682	+38.2
State member	1,192	1,379	790	2,571	1,489	+72.7
Nonmember	175	145	113	320	263	+21.7
Los Angeles	11,240	10,753	12,078	21,993	23,444	-6.2
Federal	5,986	5,178	7,734	11,164	14,758	-24.4
State member	5,192	5,460	4,264	10,652	8,515	+25.1
Nonmember	62	115	80	177	171	+3.5

Table 8.—RECORDINGS—Estimated nonfarm mortgage recordings, \$20,000 and under

FEBRUARY 1945
[Thousands of dollars]

Federal Home Loan Bank District and State	Savings and loan associations	Insurance companies	Banks and trust companies	Mutual savings banks	Individuals	Other mortgagees	Total
UNITED STATES	\$111,176	\$16,034	\$63,933	\$10,343	\$93,248	\$43,963	\$338,6
Boston	7,041	343	3,000	4,970	3,946	1,693	20,6
Connecticut	793	203	1,170	761	1,270	536	4,7
Maine	495	23	232	526	410	48	1,7
Massachusetts	4,702	117	961	2,791	1,503	807	10,8
New Hampshire	231	112	402	262	15	15	1,0
Rhode Island	668	470	278	346	263	2,0	2,0
Vermont	152	55	212	155	24	24	5
New York	7,591	1,190	4,468	4,055	10,178	4,681	32,
New Jersey	2,901	523	2,620	438	3,430	1,873	11,
New York	4,690	667	1,848	3,617	6,748	2,808	20,
Pittsburgh	7,275	1,173	5,272	311	4,295	2,360	20,
Delaware	171	105	148	21	216	62	17,
Pennsylvania	6,328	818	4,064	290	3,542	2,148	17,
West Virginia	776	250	1,060	537	150	2,	2,
Winston-Salem	13,538	1,977	5,514	89	14,557	3,634	39,
Alabama	565	166	451	950	319	2,	2,
District of Columbia	2,181	236	665	1,676	263	5,	5,
Florida	1,392	398	799	5,298	1,210	9,	9,
Georgia	1,834	285	1,194	1,312	588	5,	5,
Maryland	3,456	116	811	89	1,394	112	5,
North Carolina	1,815	486	296	1,284	393	4,	4,
South Carolina	345	207	399	696	263	1,	1,
Virginia	1,950	83	899	1,947	486	5,	5,
Cincinnati	19,404	1,578	7,014	313	4,514	3,864	36
Kentucky	2,179	273	863	391	117	3	3
Ohio	16,735	628	5,459	313	3,562	1,152	27
Tennessee	490	677	692	561	2,595	5	5
Indianapolis	7,648	2,080	6,596	37	3,486	1,123	20
Indiana	5,250	730	2,760	37	1,788	580	11
Michigan	2,398	1,350	3,836	1,698	543	9	9
Chicago	12,143	784	4,411	14	5,655	6,648	25
Illinois	9,417	511	2,789	3,405	6,279	25	25
Wisconsin	2,726	273	1,622	14	2,250	369	7
Des Moines	7,287	1,267	5,353	174	4,225	3,376	2
Iowa	1,911	131	1,524	655	365	1	1
Minnesota	2,631	288	999	174	1,282	841	1
Missouri	2,325	812	2,581	1,995	2,123	1	1
North Dakota	215	30	69	154	25	1	1
South Dakota	175	6	180	139	22	1	1
Little Rock	7,987	2,299	2,262	7,944	2,656	2	2
Arkansas	403	75	351	476	53	1	1
Louisiana	1,802	173	114	1,581	354	1	1
Mississippi	325	81	269	479	125	1	1
New Mexico	202	183	287	287	5	1	1
Texas	5,255	1,970	1,345	5,121	2,119	1	1
Topeka	6,929	667	2,102	4,814	1,718	1	1
Colorado	1,005	78	377	2,444	865	1	1
Kansas	2,074	138	555	465	203	1	1
Nebraska	1,174	233	251	480	150	1	1
Oklahoma	2,676	218	919	1,425	500	1	1
Portland	3,725	477	3,522	380	3,497	2,586	1
Idaho	244	53	116	396	121	1	1
Montana	237	15	86	159	8	1	1
Oregon	1,220	127	355	33	1,317	316	1
Utah	330	121	545	270	116	1	1
Washington	1,563	151	2,096	999	2,019	1	1
Wyoming	131	10	324	356	6	1	1
Los Angeles	10,638	2,199	14,419	26,137	9,624	1	1
Arizona	259	14	401	1,254	20	1	1
California	10,305	2,182	13,920	24,577	9,599	1	1
Nevada	74	3	98	306	5	1	1

Table 9.—MORTGAGE RECORDINGS—Estimated volume of nonfarm mortgages recorded

[Dollar amounts are shown in thousands]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
1944	\$1,563,678	33.9	\$256,173	5.6	\$877,762	19.0	\$165,054	3.6	\$1,134,054	24.6	\$613,908	13.3	\$4,610,629	100.0
January-February	191,592	31.3	39,338	6.4	122,526	20.1	19,025	3.1	144,846	23.7	94,266	15.4	611,593	100.0
February	101,705	32.8	18,753	6.1	60,346	19.5	9,294	3.0	72,246	23.3	47,300	15.3	309,644	100.0
March	121,210	32.9	22,660	6.1	70,570	19.2	11,255	3.1	89,136	24.2	53,409	14.5	368,240	100.0
April	127,429	34.5	19,671	5.3	72,438	19.6	12,338	3.4	89,466	24.2	47,926	13.0	369,268	100.0
May	139,748	34.5	21,794	5.4	79,083	19.5	14,882	3.7	95,730	23.6	53,858	13.3	405,095	100.0
June	145,893	34.6	22,215	5.3	79,453	18.8	15,536	3.7	99,140	23.5	59,394	14.1	421,631	100.0
July	138,762	33.7	24,707	6.0	80,858	19.7	15,261	3.7	98,194	23.9	53,354	13.0	411,136	100.0
August	149,835	34.8	22,646	5.2	83,094	19.3	15,920	3.7	104,215	24.2	55,066	12.8	430,776	100.0
September	146,151	35.1	22,432	5.4	77,000	18.5	15,447	3.7	104,479	25.1	50,676	12.2	416,185	100.0
October	148,131	35.0	20,985	5.0	76,181	18.0	16,552	3.9	109,767	26.0	51,223	12.1	422,839	100.0
November	134,359	34.1	20,543	5.2	71,752	18.2	15,176	3.9	103,513	26.3	48,296	12.3	393,639	100.0
December	120,568	33.5	19,182	5.3	64,807	18.0	13,662	3.8	95,568	26.5	46,440	12.9	360,227	100.0
1945														
January-February	222,656	32.1	33,916	4.9	129,042	18.6	22,843	3.3	192,448	27.8	92,370	13.3	693,275	100.0
January	111,480	31.4	17,882	5.0	65,109	18.4	12,500	3.5	99,200	28.0	48,407	13.7	354,578	100.0
February	111,176	32.8	16,034	4.7	63,933	18.9	10,343	3.1	93,248	27.5	43,963	13.0	338,697	100.0

Table 10.—SAVINGS—Sales of war bonds¹

[Thousands of dollars]

Period	Series E	Series F	Series G	Total	Redemptions
1944					
February	\$2,102,345	\$157,422	\$521,702	\$2,781,469	\$177,980
March	575,714	22,933	110,347	709,054	261,549
April	605,709	19,306	113,528	738,543	230,614
May	624,253	15,287	111,088	750,628	271,597
June	1,349,794	115,119	377,284	1,842,197	241,278
July	1,686,509	101,082	337,459	2,125,050	220,145
August	499,357	17,807	85,272	602,436	272,125
September	590,827	15,953	85,286	692,066	277,445
October	598,570	13,653	82,871	695,094	394,846
November	806,817	42,680	173,858	1,023,355	376,053
December	1,855,300	124,669	405,880	2,385,849	358,572
1945					
January	803,819	42,034	228,327	1,074,180	333,443
February	653,222	30,695	164,073	847,990	317,083

¹ U. S. Treasury War Savings Staff. Actual deposits made to the credit of the U. S. Treasury.

Table 11.—FHA—Home mortgages insured¹

[Premium paying; thousands of dollars]

Period	Title II		Title VI (603)	Total insured at end of period
	New	Existing		
1944: February	\$249	\$13,795	\$40,616	\$5,439,775
March	250	12,729	41,620	5,494,374
April	130	13,200	36,793	5,544,497
May	81	18,319	37,739	5,600,636
June	81	17,768	34,238	5,652,723
July	82	18,322	42,322	5,713,449
August	90	20,256	48,166	5,781,961
September	79	19,967	42,592	5,844,599
October	40	21,941	43,354	5,909,934
November	54	21,646	38,053	5,969,687
December	31	18,269	36,573	6,024,560
1945: January	67	19,006	38,640	6,082,273
February	27	14,085	31,417	6,127,802

¹ Figures represent gross insurance written during the period and do not take account of principal repayments on previously insured loans.

Table 12.—FHL BANKS—Lending operations and principal assets and liabilities

[Thousands of dollars]

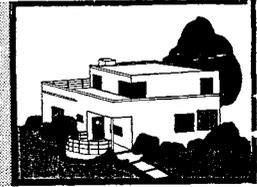
Federal Home Loan Bank	Lending operations February 1945		Principal assets February 28, 1945			Capital and principal liabilities February 28, 1945			Total assets February 28, 1945 ¹
	Advances	Repayments	Advances outstanding	Cash ¹	Government securities	Capital ²	Debentures	Member deposits	
Boston	\$35	\$1,367	\$8,004	\$1,237	\$14,039	\$20,100	\$2,000	\$1,259	\$23,431
New York	50	3,491	6,325	2,834	36,247	27,792	5,000	12,865	45,685
Pittsburgh	264	2,511	8,018	5,300	10,709	16,895	5,500	1,755	24,166
Winston-Salem	462	1,373	5,549	1,193	11,671	17,879	0	616	18,496
Cincinnati	68	1,509	4,286	2,802	28,529	26,414	2,500	7,012	35,948
Indianapolis	0	1,750	7,245	1,489	15,777	14,795	5,000	4,942	24,749
Chicago	288	3,047	13,516	3,771	16,944	23,130	6,000	5,326	34,472
Des Moines	76	5,385	2,891	2,590	17,221	13,058	8,500	1,272	22,841
Little Rock	87	795	4,092	1,361	9,219	12,536	2,000	225	14,764
Topeka	119	444	3,081	1,299	7,683	10,847	1,000	307	12,156
Portland	0	1,221	1,189	422	10,113	8,612	2,000	1,176	11,791
Los Angeles	85	5,197	14,974	3,139	13,632	16,295	10,500	5,069	31,886
February 1945 (combined total)	1,534	28,090	79,170	27,437	191,784	208,353	50,000	41,824	300,385
January 1945	10,946	35,783	105,726	25,778	156,183	207,522	50,000	31,695	289,285
February 1944	13,280	13,690	114,154	20,763	153,109	200,791	64,300	21,705	289,500

¹ Includes interbank deposits.

² Capital stock, surplus, and undivided profits.



THE HOME FRONT



FHA Title VI lending extended

Resumption of Federal Housing Administration lending operations under Title VI of the National Housing Act was authorized last month because of Congressional approval of an amendment to the Act. The action added \$100,000,000 to Title VI authorization and extended the war-housing insurance power until July 1, 1946.

It is estimated that raising this insurance authorization to \$1,800,000,000 will make possible the construction of 22,000 additional privately financed dwelling units. About 16,000 of these have already been programmed by the National Housing Agency to meet the urgent needs of war workers. By February 1945 privately financed construction of approximately 380,000 war-housing units had been insured by the FHA under Title VI.

WPB reports on lumber for use abroad

Needs having a direct bearing on our military operations in Europe will be alleviated by the allocation of less than 1 percent of the projected 1945 domestic lumber production of this country, according to a recent report of the War Production Board. Species and grades to be used are being carefully chosen to conflict as little as possible with military and essential civilian needs in this country.

The approximately 280,000,000 board feet of lumber authorized for overseas rehabilitation and for prefabricated housing to be exported, is broken down as follows: 5,600,000 board feet to repair dikes in Holland; 84,750,000 to be used toward the restoration of devastation in England and formerly occupied countries; 23,400,000 for barracks to house essential French dock workers; and 164,000,000 to make 30,000 temporary dwellings for England. The barracks and housing units are to be prefabricated in this country, with specifications for the latter drawn to use a minimum of lumber while other

materials will be used for sheathing, siding and roofing. The over-all figure for this allotment includes flooring, millwork and crating necessary for transportation to points of assembly in England.

Controlled test of radiant heating planned

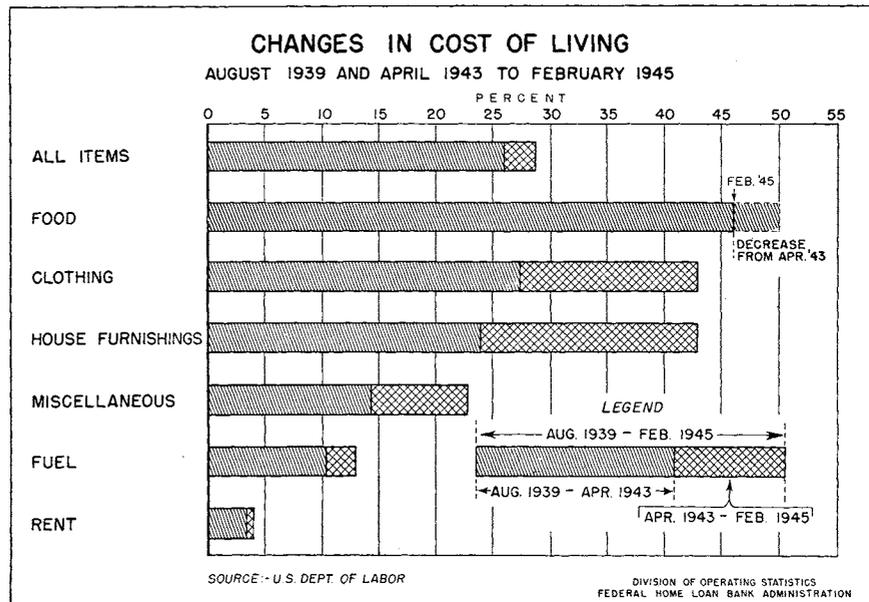
Although the principle of radiant heating is old, its commercial possibilities have only recently been explored. Because of the implications that this technique has for post-war construction, the Government is sponsoring a scientifically controlled test to compare the performance of such a system with that of a conventional plant using radiators. (A complete account of this test, now in blueprint stage, was published in the March issue of *Domestic Commerce*.)

Under the joint direction of the National Bureau of Standards and the Federal Public Housing Authority, three-story buildings containing 40 apartments, divided equally between the two types of heating systems, will be erected in Washington, D. C. Throughout each system, meters will be installed to measure the volume of

steam, with recording thermometers in different sections to graph the temperatures on a 24-hour basis. Branch lines will be equipped with extra shut-off valves to control the steam volume.

Radiant heating coils are embedded in the floor, usually on a cinder or gravel base, and concrete is poured on top to make a large "heating pad." Tests indicate that any type of floor covering can be used satisfactorily on the concrete, or a layer of wood flooring may be added. It is also possible to put the coils in the walls or ceilings or in several combinations of wall, floor and ceiling. This system may be used in prefabricated as well as in conventionally built structures.

Although radiant heating is most easily installed at the time of construction, some thought has been given to heating old houses with high ceilings in this way by placing the steam coils in false ceilings. Proper installation at any stage of operations requires considerable skill but it is claimed that any competent heating contractor can learn the necessary technical formulas and designs and apply his knowledge of heating principles to install a satisfactory system.



**THE
MIGHTY**



WAR LOAN