The Financial Situation

"The management of the public debt is bound to have a profound influence on the economy for a long time to come," the President says at one point in his budget message. "Retaining high taxes on the masses of consumers for general reduction of debt held by financial institutions," he goes on to say, "may destroy purchasing power and create unemployment." But the use of progressive taxes for the redemption of bonds held by millions of individual savers may have stabilizing influence on investment and employment as well.

"I favor a policy of orderly but steady debt redemption, consistent with the objectives of long-run economic policy. The mistakes in debt management and tax policy after the last war should not be repeated."

Not to Be Overlooked

Here is one of those statements which necessarily raise the question in matriculate minds as to whether the President has more than the vaguest idea of the meaning of the sentences he is using. Yet several sentences show that precisely such obiter dicta of the President foreshadow his policy of the future. The arguments employed in support of this too-manifest, moreover, more often than not crop up in the future and become a force to be reckoned with. It usually becomes evident at some later date that the President has sown well the ideas from which he hopes to harvest an income in the future. For such reasons as these, therefore, to scrutinize at once what the President has to say even though it all appears to be, perhaps, acceptable, to expect he may become an immediate issue, one receded in the post-war period.

Perpetually Rising Debt?

There is an apparently rather influential school of thought (Continued on page 292)

Putting the Cart Before the Horse

BY MELCHIOR PALTY

Economist Points Out That Post-War Tax Plan, Which Aim to Create Full Employment by Reduced Taxes or Inflationary Spending Fail to Note That the Primary Problem Is Balancing the Budget. He Denies That Dividend Taxation Is Double Taxation. He Looks at Income Taxes and Corporate Tax Expenditures. He Proposes an Inflationary Period; and That Excise and Sales Taxes Are Inequitable but Condemns Death Duties and Inheritance Taxes.

Freedom—From Taxation?

The idea common in most of the recent tax reform plans seems to be the same; to create full employment by reducing taxes. The central conclusion should be that we need to do is to eliminate taxes entirely. This is a job for government, and it is to bring about permanent prosperity. This sounds economic reasoning has been used to convince the public of the necessity for radical tax reduction. The example is more aptly given of the arguments offered by the "Post-War Tax Plan" of the Committee for Economic Development, and the Rum-Soldier pamphlet on Fiscal and Monetary Policy, to mention only the two most widely advertised programs of this kind.

Double-Taxation Ballyhoo

No doubt, war-time taxation is not applicable in peace time. Up to 90% tax rates, on big incomes may not be a deterrent to war production when there are no risks involved, but they are incompatible with such risk-taking as is necessary if normal business should go on constantly. Much is said about this, and many arguments fall, but the CED and the Rum-Soldier plans do not stop there. They argue, for example, that corporate shareholders suffer from "double taxation," meaning that their income is taxed first as corporate net and then as dividends. Is it possible that one could consider "double taxation" with paying a tax in Canada as a dividend from a Canadian corporation is taxed first by Canada and then to the full extent by the U. S. Treasury—that is double taxation. But if the corporate tax is deducted from your taxable income in this country, then two taxes are levied but there is no double taxation in the accepted meaning of the term, and that's exactly what happens.

(Continued on page 232)

Text of President Roosevelt's Budget Message to Congress For 1946 Fiscal Year

In these columns Jan. 11, page 179, reference was made to President Roosevelt's message to Congress on Jan. 9, transmitting the Federal budget for the fiscal year 1946, and we are making room here today for the full text of the message, as follows:

To the Congress of the United States:

I am transmitting the budget for the fiscal year 1946 as fighting all over the globe reaches a climax of fury. We on the home front must back our fighting men and women to the limit. That is our supreme duty, and during the same time we must look ahead. That is why I am ready to take the effort into the campaign against Japan as fast as it can be done.

President Roosevelt

I shall transmit detailed recommendations for war expenditures for the fiscal year 1946. If I repeat, however—the rate of actual spending must depend on developments on the battlefields.

For purposes other than war, I believe we must make, in general and special accounts, to cover estimated expenditures of $13,000,000,000.

Total appropriations and authorizations (including reappropriations and permanent appropriations) for war and other purposes reached a peak of $125,000,000,000 for the fiscal year 1946.

If the war develops favorably, unbalanced budgets of war appropriations no longer required for authorized purposes will be placed in reserve and reported to the Congress for repeal or other action under the provisions of other laws.

Actual expenditures of the Federal Government depend largely on the course of the war. I have not made any budget for the past, and I shall not now make, any predictions concerning the length of the war. My only prediction is that our enemies will be totally defeated before we let down our arms.

Depending on various assumptions which may reasonably be made with respect to the course of the war, estimates of war expenditures for the fiscal year 1946 range from less than $65,000,000,000 to more than $90,000,000,000.

I estimate that $70,000,000,000 will be a tentative estimate of war expenditures for the fiscal year 1946. I repeat, however—the rate of actual spending must depend on developments on the battlefields.

The Federal debt is estimated at $252,000,000,000 on June 30, 1945, and $322,000,000,000 by the end of the fiscal year 1946.

I propose no substantial change in tax legislation at this time. Revenues are expected to decline somewhat under the influence of the estimated decline in expenditures. The Federal debt is estimated at $305,000,000,000 on June 30, 1945, and $322,000,000,000 by the end of the fiscal year 1946.

The 1946 budget is summarized in the tables accompanying this message. In the subsequent sections I comment on appropriations, expenditures, and revenue under existing legislation, and make suggestions for future legislation.

The War Program

Expenditures for the War

Early in the war we had the threefold task of building up a new economy, in the national interest, and of this (Continued on page 295)

From Washington

Ahead of the News

BY CARLISLE BARGESON

Before the President's message, the debate, including the draft of the nurses, goes through Congress, and there are few Washington correspondents who believe it ever will, there is going to develop a -dissatisfaction with the President line because he sometimes pleads for the war effort. Mr. Roosevelt, says the enemy, and there is doubt that he can get happiness out of anything he does these days.

First, there is apt to come up in the hearings of Congress the idea that a few weeks after the recent election Congressmen will be out of power to do anything. Marlin wrote Marvin, of the Food Admin¬ istrator, a few days ago that the old Government was an effective one. Mr. Bowles is not a new President, the OPA 295), and he is the OPA. In the old days the OPA was it was being given the run-around in the Washington bureaucracy. The OPA had to develop a new system, he said, otherwise his organization would disintegrate.

We can't imagine anything more disillusioning to a Washington bureaucrat than a disintegrating bureaucracy. The first place, it would be a place where disintegration is because no one of them has ever yet integrated. Aside from that, just look at the OPA, a case of a bureaucratic disintegrating, say, Chevron bowles. An OPA is something for better minds to speculate on. The idea is a term of office, a law, and in the new era, feeling is what is happening on the home front, holding it over Mr. Bowles head when they can. We have been very controversial over this or that food should be rationed.

(Continued on page 294)
Cleveland Reserve Elects Directors

President Ray M. Gidney of the Federal Reserve Bank of Cleveland announces that the bank has increased the number of directors in its Cincinnati and Pittsburgh branches from five to seven, effective immediately.

President Gidney made public the appointments or reappointments of seven branch and main office directors and said one director each in the Cincinnati and Pittsburgh branches remains to be named by the Board of Governors of the Federal Reserve System.

The Board of Governors reappointed for a fourth successive year George C. Brainerd as Chairman of the Board of Directors of the Federal Reserve Bank of Cleveland and Reynold E. Klares as Deputy Chairman.

Record Export Freight Traffic Handled by RRs.

Railroads handled without serious congestion in 1944 the greatest volume of freight traffic, according to statistics released in recent weeks. The relative ease with which the week's freight movement was handled is not without precedent, as the rails had not been as severely stressed, and 1933. The peak was in 1934, when 89,080,000 tons of freight were handled, and the low in 1933, when 58,260,000 tons were handled.

The new high was reached in the week ending Jan. 15, 1945. The volume was 90,030,000 tons, compared with 61,933,493 tons handled in the same week in 1944, an increase of 41%.

The total volume of freight handled in 1944 was 1,201,866,493 tons, compared with 860,524,046 tons in 1943, an increase of 35.9%.

The President of the Railway Operating Board,红利. J. Cashmore, said the increase was a result of the increased industrial activity and the expansion of the railroad facilities.

The highest daily average of freight traffic for the year was reached on Dec. 22, 1944, when 22,283,000 tons were handled, compared with 14,783,738 tons handled on Dec. 22, 1943, an increase of 51.0%.

The number of cars unloaded at ports in December was 10,138,000, compared with 7,735,620 cars unloaded in December, 1943, an increase of 31.3%.

The number of cars unloaded at North Atlantic ports in December was 1,338,000, compared with 1,025,400 cars unloaded in December, 1943, an increase of 29.9%.

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Eisenhower's Foreign Trade Council

A guide to applicability of Western Hemisphere Trade Corporation Act to customs of Central American countries is being distributed by the Department of State's Foreign Trade Council. The Council, in the form of a report from the Council, were made public on Dec. 28. The report is a guide to the use of the Act in the countries of Central America.

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Seeking Peace

“Toleration makes it possible to include a majority in the country that we desire to include, a majority that would be included in another way if we did not include them in this way.”

A. H. Vandenberg

New York Trust Reports Net Operating Income

In his annual report to the stockholders for 1944 issued on Jan. 5, John E. Bierwirth, chairman of the Board of Directors of the New York Trust Company, announced that the company had earned a net profit for the fiscal year of $3,180,094, or an increase of 15.5% over the $2,760,634 recorded for the preceding year.

Bank Memorbrates Florida Centennial

The First National Bank in Palm Beach, in using the Great Seal of the state of Florida, as established by the Florida Centennial Commission, commemorates the centennial of the state. As an expression of its appreciation, the bank invites the people of Florida to have a share in the activities of the Union of these United States. The bank will open a deposit account which will take a volume of teller's cards of the many struggles and hardships which culminated in the decisive battle of San Jacinto, as organized by Juan Ponce de Leon and his brave followers who in 1513, as a temporary measure, founded the city which now bears their name.

FDR Favors Moratorium to 1946 to Permit Insurance Co. Adjustment to Anti-Trust Laws

A moratorium exempting insurance companies from the Sherman Anti-Trust Act until March 1, 1946, except as to boycott, coercion, and combination in restraint of trade and to permit regulatory changes, was introduced by Senator O'Mahoney in the Senate on March 10. The President, Mr. O'Mahoney, stated that his bill would permit the insurance companies to regulate their practices in order to bring them into conformity with the laws of the nation and the world. The bill is designed to provide for a moratorium for the year ending Dec. 31, 1945, and for the year ending March 31, 1946.

Final Forms on Cost Analysis Sent to Banks

The Commission on Currency and Credit of the National Recovery Administration has completed its work on the cost of carrying out the Bank Act of 1933. The report, of which a draft has been sent to the various banking departments, will be made public shortly.

ABA Cancels Scheduled Savings Conference

Consistent with the action already taken by the American Bankers Association in respect to the recent War Mobilization Conference, the American Bankers Association has announced that its annual Savings Conference for this year has been canceled.

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Federal Reserve Bank of St. Louis

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The Financial Situation
(Continued from first page)

thought in the country, of which Professor Hansen may be taken as the most articulate spokesman, which contends that the Federal Reserve should guide its fiscal management not by the time honored rule of prudence and good judgment, but by the state of business. The National Transportation and the bureaus of taxation collections and its expenditures, so this group of "advanced theorists" contend, are a sort of barometer of the welfare of industry and trade—increasing outlays and reducing taxes when business lags and reversing these tactics when business needs (in the estimation of the politicians) stimulation. They dignify their proposal with the name and style of "comparative spending," and other similar terms. Most of them are more than a little vague about the details of the scheme, but they lead in terms of outstanding national debt. They apparently do not consider this aspect of the matter at all.

Professor Hansen is definitely on record as holding that the first course of action would lead to a more or less perpetually increasing national debt.

The President without much question owes a good deal to these theories. The emphasis is on a two-fold order for all those politicians whose natural inclination is to do nothing. Theirs is the view that those whose basic desire is to elect and elect. The President, however, is no slavish follower of the Hansen doctrines—if we may assume that he has expressed his ideas with any degree of "policy of orderly but steady debt reduction," even if he qualifies its position with some qualifications of a "long-run economic policy." Professor Hansen would never go so far, and the President himself seems to be certain that "mistakes" were made after World War I, and that every one including himself knew precisely what they were. It is perhaps for this latter reason that he does not take the trouble to inform the public what the nature of these "mistakes" was.

Disquieting Clues

But the President does afford a disquieting postwar policies are definitely disquieting. They are the antithesis of the Hansen doctrines politically so powerful in their appeal. The President at the moment, so fearful of "sudden purchases of government securities" is apparently equally fearful of a scarcity of that article in the country. The President appears to set his face sternly against any reduction in "purchasing power," even though (in every passing year, such) is accumulating at an unprecedented, and to many observers, alarming rate in character, requiring a drastic remedy for the general welfare of the people. The President in his annual message further contended that the courts could take judicial notice that the monetary system was adequate to the time.

In his annual message to the 73rd Congress, President Roosevelt said that conditions of the public, "a period of uncertainty in which the war produced a great income which impelled the moratorium, and is now sufficiently more normal than was the period of public and private debt, than is an incorporation of public and private debt.

The Governor recommended, however, that the moratorium should be continued for another year. He expressed the view that the bill should provide for rep-

Throughout most of the 1944 legislative session there was a dispute between those who wanted some sort of mortgage relief and others who wanted to continue the moratorium. The President was committed to the latter view, as he had been from the outset. He had proposed the moratorium in 1933 and had been re-elected in part because of it.

Sequel 1: Man's Bank Adds Four to Board

The addition of four prominent businessmen to the board of directors of the First National Bank of Seattle, on Jan. 9 by Joel E. Ferris, Executive Vice-President of the bank, was announced.


"Mr. Joy, Executive Vice-President of the bank, will be the new member," Senator Malott said. Senator Malott is President of the bank.

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Putting the Cart Before the Horse

(Continued from first page)

pens to dividends paid by domestic

The truth of the matter is that those dividends, which are not only too high (for peace-time pursuits), but actually dangerous, are derived from the use of the power of taxation for political purposes. The tax on corporate and individual incomes is a double taxation, further. But this is no mere “double taxation” than that is the case with a single tax on the double amount of another. It is an economic tax, which may or may not be desir- able, but which is often a mere distraction merely helps to confuse the issue.

Nor is it correct in every case to say that the present system of corporate plus income tax adds up to a substantially higher bur- den on one end of the per capita income, either at the source or at the receive- ence end. It all depends on the bracket in which the corporation and the individual are taxed, and on the size of their families. A man with a $10,000 income who is taxed at 25% from a corporation which is not liable to double taxation would not face — at present tax rates — a much greater tax on the full income without having the corporate tax deducted. The differential will vary with the person in a low income bracket, the degree of passed-on taxation subject to a high excess profit tax, the level of tax relief, and the present tax law than he would have to if the corporate tax were paid. The question is not whether the corporation, but whether the small shareholder is being taxed at all.

The material point is that the comparatively rich (almost none at all to the very rich) and as an estate tax on the net worth of the shareholder. And even that is true only in a general way, with great many variations.

— briefly, what matters is the rate at which the corporate and individual dividends in the diverse brackets, as well as the general level of whether the tax is raised in two operations, the so-called ‘double taxation’ and actually dangerous. The Treasury might answer it by say- ing that the additional amount of revenue from corpo- rate to the one who makes use of the proposed double taxation is a paltry matter compared with the serious objections to the one who makes use of the proposed double taxation.

But it is wrong policy to use the tax on the one hand and to overlook or neglect the right. None of the widely but wanton influence of the two parties points the apparent paradox that it is to be borne in mind that in the last three years a record level of government expenditures, high tax rates, which did not in and of themselves. As a matter of fact, there was enough profit left over to make us wonder if we had not been keeping our tax rates since the late 1929.

However, there is nothing mys- terious about this apparent paradoxon any public budget. The main buyer in a seller’s market, and when the buying is financed by monetary inflation, business ventu- res are virtually free of risk and almost any amount of profit is sufficient to give the necessary incentive. But taxes which are tolerable in war and inflation can be most deterring under normal conditions. And it doesn’t take great experts to figure out what the effect of such venture taxes and corporate taxes might be. The result would be that it is not only for the benefit of the one who makes use of the proposed double taxation. But one of the reasons for the high postwar profits of concern is this. The argument is that the interest charge on the national debt will not be more than 5 to 6 billion dollars per annum, which in turn pre-ap- proximates the annual cost of the deficit, the inflation may be by far the least of its evils. It is a much more serious matter that the burden is very high.

The problem is not whether the corporate and individual incomes should bear a given amount of the tax burden. The material point is that the comparatively rich (almost none at all to the very rich) and as an estate tax on the net worth of the shareholder. And even that is true only in a general way, with great many variations.

A curious feature of the tax re- form plans in vogue is that they all evade the discussion of the man in the street. The most vociferous of the advocates of the necessity to elim- inate double taxation and of the importance of employment forget about the possibilities of short term capital gains. Taxes. It is typical of the prevail- ing confusion about fundamental facts about the real issues of an income tax. This confusion, known as wanting to accumulate capital. The result is that whether or not they will be trans- ferred to the public corporation, the constructive type of entrepreneur might have a lasting family fortune and in his permanent of his own ac- cumulated wealth, but in the lifetime and letting that wealth, the material of a business. High death duties have the fol- lowing effects:

1. Discourage capitalistic enterprise of the type which is expected to bring profits in the

long run rather than by reaping them in a hurry. They encourage short term capital gains at the expense of sound investment.

2. Discourage a capital levy out of the earnings to be taken from the earnings of the owner and not of income, which makes the tax a tax on individuals, not on income. The in- vestor knows when he falling due, the taxpayer is paid and is deductible in figuring taxable earnings). In-

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vestment income. The investor is not quite as

investment income. The investor is not quite as

Inevitably, the inflationary implica-

tions are clearly shown in both the Ruml-

Note that this is true of the aggregate of all the items in any tax reform program.

Putting the Cart before the Horse

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requirement, would be to abolish the excess profit tax. This was such a tax which was that nobody should get rich on any tax, or to anybody getting rich on legiti-

mate peace-time pursuits. In ad-

dition, the revenue derived from the upper brackets should be held about the way of, say, one in the 1941 rate; provided that other ways and means are entirely

enough revenue to balance the budget.

What About Death Duties?

A curious feature of the tax re-

from the commonplaces of the tax reform plans in vogue is that they
could be seen more clearly and

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The State of Trade

(Continued from page 36)

Paper Production—Paper production for the week ended Jan. 6, 1945, was reported at 616,000 tons, an increase of 91% over the previous week. This compares with an increase of 54% over the week ended Jan. 7, 1944, with which it is being compared. Output for the year to date has been 2.8% below that in the same week the year before.

Construction Permits in December—The U.S. Bureau of the Census has reported construction permits issued in December, 1944, totaling 212,457,000 square feet. This compares with 124,671,000 square feet in November, an increase of 69% over the previous month. Permits issued in December, 1943, were 32,560,000 square feet, or 18% below the December, 1942, volume.

Building Permits in December—Building permits issued in December, 1944, were 124,175,000 square feet, an increase of 59% over the December, 1943, volume for the same month. This compares with 106,489,000 square feet in November, an increase of 25% over the November, 1943, volume.

Business Failures—The number of business failures reported for the week ended Jan. 6, 1945, is estimated to be 1,990, compared with 1,944 in the previous week. This is an increase of 2.3% over the previous week.

Local wholesale markets in the week attracted a record number of buyers. The grain market was relatively unchanged in price, with the exception of a slight decline in corn. The livestock market was steady, with a slight decline in demand. The vegetable market was steady, with a slight decline in demand. The fruit market was steady, with a slight decline in demand.

Business Failures in Nov.—Business failures in November were much higher in number but lower in amount than in October. During the month, 1,800 failures were reported, compared with 1,500 in October.

Relaxing Restrictions on Currency Movements Between U.S. and Mexico

The Treasury Department announced on Jan. 6 that it will relax certain restrictions on movements of U.S. currency to Mexico.

Manufacturing failures in November were 6,900, compared with 6,300 in October. This is an increase of 9% over the previous month.

When the country is divided into Federal Reserve districts it is found that New York, Richmond, Atlanta, and Chicago have suffered more failures in November than in October. The number of failures in New York, Richmond, and Atlanta was 1,800, compared with 1,500 in October. In Chicago, the number of failures was 900, compared with 400 in October.

The percentage of failures in November was 10% higher than in October. The percentage of failures in New York, Richmond, and Atlanta was 15%, compared with 10% in October. In Chicago, the percentage of failures was 10%, compared with 5% in October.
President Roosevelt's Budget
Message to Congress For 1946

[Continued from first page]

country, producing the equipment also, and working our expanded armed forces, and supplying the necessary food, to over¬
whelm against the aggressors. The
result of the war is that we have now $32,800,000,000 less than we had in 1940, to build munitions factories, educate and train our military and
wartime housing and for other war
contracts, and to assure the military sta¬
tal strength of our Army and Navy at the time of Pearl Harbor is now fiv¬
ty-six billion dollars of lend-lease and other goods and services to our Allies.

We must substantially complete our war construction, Ex¬
penditures for war construction, which reached a peak of $12,750,000,000 in fiscal year 1945, have now dropped to about $2,500,000,000. The de¬
crease in construction and need for armament will still require some new plants and will affect the entire economy as war construction are declining, as shown in the following table:

<table>
<thead>
<tr>
<th>Expenditures for Fiscal Years 1941-1945, Including Prior Years of Government Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures (in Billions)</strong></td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
</tr>
<tr>
<td><strong>Disposal estimated</strong></td>
</tr>
<tr>
<td><strong>Total war construction and war plant</strong></td>
</tr>
<tr>
<td><strong>Federal, state, and local-municipal</strong></td>
</tr>
</tbody>
</table>

The estimated appropriations and authorizations for war in the fiscal year 1946 are composed of $29,000,000,000 of new appropri¬
tions and authorizations, and $13,500,000,000 of reappropriations of funds previously appropriated for war but not yet obligated. Un¬
ique need of authorizations and appropriations and war construction is completed and now adequate to carry out the mer¬
chant ship construction program which has been in progress for a number of years. Details of the authorization and recommen¬
dations for most war activity will be transmitted in the in the mid-year report.

Those tentative estimates of app¬
propriations and authorizations for con¬
cluding lend-lease aid to our allies and for war under¬
sumption that the Lend-Lease Act will expire on June 30, 1945.

About one-sixth of present war expenditures is for the purpose of relief and rehabilitation. We shall in the future continue to make available to our Allies and to provide reciprocal aid, to the full extent necessary, for the purpose of relief and rehabilitation. This provision for civilian supply in war emergency, but not only to the extent necessary in the interest of military opera¬
tions after the battle lifts, the Con¬
struction Act, $430,000,000,000 has been and will be an instrument of war; it will be liquidated with the end of the war. But when the war draws to a close, it will be in other theatres, and when the tide turns. The war will not be won unless we accept our share of re¬
responsibility for the administration of occupied territories, relief and rehabilitation in the liberated areas. Expenditures for these tasks are part of the war program.

Appropriations for the War Program

The immediate task of war re¬
quire that the budgets of the military and civilian activities be flexible and to be correlated to be flexible and to permit them to meet all demands that may arise or may be anticipated. Construction authorizations enable the Army, Navy, and other agencies to place procurement contracts for enough ahead of the war programs to assure the standoff of the war. The overall budget plan for the current fiscal year has been prepared and to meet the various stages of the developing war. On the other hand, and we should, of course, be prepared to adjust our war programs downward, if the war situation is adequate, we must addi¬
tional commitments to the United Nations, to make certain that the United States, unallied countries have essential re¬

The President has placed admin¬
istrative controls in the executive office of the President by granting authority, under legislation existing June 30, 1945, to limit and control the amount of appropriations and to suspend temporarily all further expenditures for the military and armed forces without the authorization of the Congress.

There is a considerable time lag in the military budget accounts between the authoriza¬
tion or appropriation for war supply, the obligation or placement of orders, and the final payment on delivery of find¬
tory and equipment. The actual authorizations and appropriations are completed long before the end of the war. The war agencies to place contracts, as soon as possible, for the war supplies we are now paying for deliveries under these contracts.

Unliquidated obligation figures for the war programs totalled $100,000,000,000 at the beginning of the fiscal year 1944; they have been reduced

at the end of November, 1944, to about $68,000,000,000 by payment and liquidation of obligations. Appropriations and authorizations for purposes, in the general field of war expenditures during the fiscal year 1945 were for the amount of $430,000,000,000. About $26,000,000,000 was obligated and the remaining $161,000,000,000 was not obligated. They declined to $85,000,000,000 in fiscal year 1946, which is now tentatively estimated at $73,-

600,000,000. These totals include reappropriations and contract authorizations. The total war program, measured by such appropriations and authorizations, in the case of the government guaranteed services, reached $1,000,000,000,000 in fiscal year 1944, through 1946, will total approximately $2,400,000,000,000, as shown in the following table:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year</th>
<th>Amount (in Millions of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations and authorizations</td>
<td>1941-1944</td>
<td>$1,000,000,000,000</td>
</tr>
<tr>
<td>Federal, state, and local</td>
<td>1941-1944</td>
<td>$700,000,000,000</td>
</tr>
<tr>
<td><em>Civilian Reconversion Plan</em></td>
<td>1945-1946</td>
<td>$200,000,000,000</td>
</tr>
<tr>
<td><em>Postwar readjustment and retraining</em></td>
<td>1945-1946</td>
<td>$400,000,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>1941-1946</td>
<td>$2,000,000,000,000</td>
</tr>
</tbody>
</table>

Veterans' Pensions and Benefits

Although a unified program of the veterans' program will not be felt construction and functioning in the next fiscal year, the total estimated requirements for 1948 of $2,600,000,000, comprising supplemental appropriations for veterans of other wars and for their dependents, will represent more than double the total ap¬
propriations and authorizations for the veterans program in the current fiscal year.

Additional appropriations for the veterans' program will come necessary to cover increased pension and other benefits in the service; to conform with re¬
cent legislation increasing coverage and benefits, and to assure protection to veterans of former wars and to their dependents in order to carry out the provisions of the Service Men's Readjustment Act of 1944. The estimated supplemental appropriations include these items.

Pension. For the fiscal year 1948, expenditures for pension purposes are expected to increase sharply over the estimated $775,000,000 for the fiscal year 1945 and the cost of education, readjust¬
ment allowances, and medical care, which guarantees to $200,000,000. In addi¬
tion, $1,000,000,000 are provided for purposes resulting from the hazards of the war among holders of national service life insurance policies and $300,000,000 for con¬
exemption of hospital facilities. This Federal construction program (shown in the budget report as "Activities of the War Program") together with Army facilities not now available to the Veterans Administra¬
tion, may ultimately provide 300,000 beds.

The time and rate of demobiliza¬
tion will be dependent upon the in¬
struction of education, readjustment allowances, and medical care and rehabilitation activities of the Veterans Administration. The number of veterans of the present war will increase until at full tide these veterans will constitute one-tenth of the population and still less one-fifth of the labor force.

The responsibility which we are assuming for their jobs, education, and financial assistance makes it increasingly important that employment programs for veterans be inte¬
grated with other programs of the kind nature and whole nation.

Interest

Interest is a problem of great importance in the present and the future. The question of the public debt has the dual aspect of debt service and interest and, in the future, we shall have to consider the whole question of the public debt and the interest.
President Roosevelt's Budget
Message to Congress for 1946

(Continued from page 285)

Security program are estimated at $494,000,000 for the fiscal year 1944, and $507,000,000 over the fiscal year 1945. This in- crease is to be sufficient to cover payments of the States under the Social Security Act. I hope to present a measure giving early consideration to exten- sion of the Social Security system and will re- examine the financial basis of the program.

Retirement Funds

Approval of the Federal govern- ment employees’ retirement funds is also recommended for the fiscal year 1945, an increase of $50,000,000 over the current fis- cal year. Such funds have been in- creased and will also provide for an in- crease in the number of employee- controlled and employer- controlled funds.

Education

As a part of the budget for the fiscal year 1945, 1 recommend the reorganization of the basic structure of the office of educa- tion. This office is now in a condition to fulfill service to the States in the control and administration of educational programs with special emphasis on all the various aspects of education.

The training and educational programs of the armed forces and civilian agencies during this war of national defense are an important factor in the realization of the role that education should play in our nation’s life. The Secretary of War has recently stated that we have fallen far short of the educational program in the elementary and secondary educa- tion. Our efforts in this field must be maintained in all parts of the country, the Federal Government must remain ready where it is needed —but only where it is needed. Such an arrangement will reduce to a minimum the interference with State and local programs of the educational materials. It should simply make good our national obligation to our children and prepare them for adequate adaptation to the changing requirements of the public works.

Public Works

Recommended appropriations under public works for the fiscal year 1945 are higher than for the current year. Balances brought forward from prior years of more than $2,000,000 are about used up. Even with the recom- mended new appropriations, the program as a whole will be limited; actual construction will con- tinue to be restricted to those projects which contribute to the war effort. Because of the completion of some of the war-re- lated construction expenditures, a decrease is anticipated in fiscal 1946.

I recommend, however, appro- priations of $250,000,000 in Federal public works which the Congress might wish to continue to be placed under this order to stock up a shelf of necessary projects and development plans. Of these, $200,000,000 will be available for Federal highway funds for the current fiscal year, in- creasing to $250,000,000 in the 1945 fiscal year and $250,000,000 in the 1946 fiscal year.

The operation of the Commod- ity Credit Corporation is connected with the farmers’ net outlays of $22,000,000 for fiscal 1945, and $24,000,000 in the 1946 fiscal year. Federal government may be somewhat higher for the current year.

Government Corporations—

(discussion of Receipts of Corporation govern- ment (excluding war activities) approved in the 1945 appropriation) and a reduction of $600,000,000 in the 1946 appropriation. This would mean a net increase of approximately $300,000,000 of Federal public works in the 1945 fiscal year, and $250,000,000 in the 1946 fiscal year, or $1,000,000,000 fund balance, which amounted to $2,000,000,000 on the 1945 fiscal year, and $3,000,- 000,000 during the fiscal year 1945. This is due to the amount of guaranteed obligations of Gov- ernment-sponsored housing. The Treasury will be almost com- pleted by June 30, 1943.

The Bureau of the Budget will give further operating in order to secure a further increase of $500,000,000 on June 30, 1946. Before the expiration of the current fiscal year, the Bureau of the Budget will have completed the process of reducing the current fiscal year, and $3,000,- 000,000 debt limit will be secured. The Government debt has become one of the major financial obligations of the National Government. To assure effective discharge of these responsibilities and, in particular, to maintain the present low rates of interest, we are bound to the monetary authorities. I shall later recommend in reducing the present high gold standard. I recommend a reduction in the fiscal year and to place less funds to the Federal Reserve Banks.

The management of the public debt involves the Federal government influence for a number of important goals. The taxes on the masses of consumers and the control over the Federal funds by financial institutions may only do the public a great service.

I recommend a reduction of the tax policy last war should not be continued.

Economic Controls and

Reconversion

As long as we are at war —at war against two powerful enemies or against one of them—we will have no recognized purpose to all major power needs of war. Nevertheless, they must be in order to make it possible for industry may be needed, dependent on the progress of the war.

The foundation for dealing with the economic problems after the war has been laid by the Contract Set- tlement Act, the Surplus Property Act, the Recession Act, and the Recovery Act; the machinery for implementing the over-all economic acts is being put in order. Still, the economic problems must be solved if we are to be ready for successful reconstruction. We may have a shortage of manpower in certain industries and regions, which may not develop in those we may develop in other industries. We may have surpluses of some commodities and a downward tendency in certain prices, particularly of raw materials, that may be a continuing upward pressure on prices generally.

The human side of reconver- sion requires effective organize- tion in all the problems of the veteran and war worker to find his place in civilian life and in the peace employment. As far as possible, the Voluntary Service Act of 1941 is laid by the Servicemen’s Readjust- ment Act. I have already em- braced the need of the flag. Our Social Security program, with the encouragement, of all participants in this program, and I am particularly concerned over any of the broad categories of workers and the need of a more an- nual legislation and that present principles of wage and price control are inadequate in some respects. I recommend the new opportune circumstances and to assure the proper economic approach to the readjustment of returning veterans.”
The commercial & financial chronicle

Volume 161 · Number 4352

Authorized Public Works in Virgin Islands

A bill authorizing a $10,000,000 Public Works program in the Virgin Islands, to provide for the better defense, fire protection, water supply, highways, sanitation and medical care, was signed by President Roosevelt on December 31, 1943 and sent to the House of Representatives for consideration. It was later referred to the House Committee on Public Works but no further action was taken.

Authorizing

Charles Harwood, island Governor of the Virgin Islands, said today that the cost of the project would "probably be paid for by a combination of grants to the Virgin Islands from the United States, and a contribution from the Virgin Islands' own resources." He added that the total cost of the project would be approximately $2,000,000, and that the Virgin Islands would be responsible for 10% of the cost. The bill was signed by President Roosevelt and sent to Congress for consideration. It was later referred to the House Committee on Public Works but no further action was taken.

November Steel

Purchases Increased

A total of $137,127,000 in purchases was distributed by the steel industry to the Federal Works Administrator for the month of November. This represented an increase over the October total of $141,607,000, which was the largest monthly total according to the American Iron and Steel Institute, which further stated: "In November a year ago $141,607,000 in purchases was distributed by the steel industry." The report also stated that the total number of steel workers employed in the steel industry in November was 3,000,000, a figure not comparable with the 3,500,000 figure shown on the reports for 1941.

Money in Circulation

The Treasury Department in its monthly report stated that the money in circulation was $666,000,000,000 on October 31, 1943, down from $674,000,000,000 on September 30, 1943. This represented a decrease of $8,000,000,000, or 1.2% in the money supply. The Treasury added that the decrease in the money supply was due to a decrease in the demand for currency, which resulted from a decrease in the amount of goods and services available to the public. The Treasury also stated that the decrease in the money supply was not anticipated to be a long-term trend, and that the money supply would increase as the war effort continued.

International Financial Programs

As the war progresses, we must hasten our plans to secure world-wide cooperation in the postwar period and the period that follows. We must not only destroy the Axis, but we must also destroy the economic basis of the Axis. We must not only destroy the Axis, but we must also destroy the economic basis of the Axis. We must not only destroy the Axis, but we must also destroy the economic basis of the Axis.

The national economy is operating at extremely high levels of income and expenditure. Despite wartime taxes and large wartime expenditures, we have sought to buy more than the war effort by providing services. Nevertheless, prices have risen substantially throughout the war, and our stabilization program and the policies of the Federal Government have had an impact on prices. Wherever the cost of living has been more than 25% since the "hold-the-line" program began, holding the line on prices and wages has proved to be an important factor in controlling inflation. The reduction in war expenditures, which I hope the progress of the war will give us a chance to accomplish, will result in some easing of the pressure on the economy even if wage ceilings are adjusted upward to avoid reduction in output, but there is no assurance that this time is curtailed. Nevertheless, the credit for goods and services will undoubtably still be large, and we can be sure that the job of providing enough durable goods for industry must proceed.

The production of all types of war goods has been enormously reduced as a result of the curtailment of production of other types of goods. This is a matter of serious concern, and it is one that the American people must be prepared to face. As a result of the curtailment of production of other types of goods, the demand for durable goods has been reduced, and the demand for durable goods has been reduced, and the demand for durable goods has been reduced.

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The demand for durable goods has been reduced, and the demand for durable goods has been reduced, and the demand for durable goods has been reduced.
**Text of President Roosevelt’s Budget Message to Congress for 1946 Fiscal Year**

(Continued from page 297)

...and to the Conference recommendations for legislative measures to enable us to have a demobilization program and to assure jobs for 1946 for all the disarmed war workers.

Our productive achievements during the war have demonstrated once and for all the progress which the Nation can support when the progress will be reaped in the years to come. We are not to be put to adequate peace use. We must realize that if we put a few more dollars into our economic life which must be overweakened. We owe it to those who gave everything that we set our sights as high for peace as we set them for war.

FRANKLIN D. ROOSEVELT.

Jan. 3, 1945

**Budget Summary of Receipts and Expenditures**

<table>
<thead>
<tr>
<th>Description</th>
<th>1944</th>
<th>1945</th>
<th>1946</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total receipts</td>
<td>112,724,769,600</td>
<td>120,509,000,000</td>
<td>139,343,296,000</td>
</tr>
<tr>
<td>Interest receipts</td>
<td>6,000,000</td>
<td>6,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Federal receipts</td>
<td>106,924,769,600</td>
<td>114,499,000,000</td>
<td>133,233,296,000</td>
</tr>
<tr>
<td>Miscellaneous receipts</td>
<td>5,000,000</td>
<td>6,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Excess of credits, deposits</td>
<td>5,000,000</td>
<td>6,000,000</td>
<td>6,000,000</td>
</tr>
</tbody>
</table>

**Expenditures**

<table>
<thead>
<tr>
<th>Description</th>
<th>1944</th>
<th>1945</th>
<th>1946</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditures</td>
<td>120,509,000,000</td>
<td>139,343,296,000</td>
<td>147,991,296,000</td>
</tr>
<tr>
<td>Expenditures of Federal Government for public debt:</td>
<td>62,000,000,000</td>
<td>67,587,296,000</td>
<td>74,078,296,000</td>
</tr>
<tr>
<td>Interest (net)</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>National defense</td>
<td>8,000,000,000</td>
<td>8,000,000,000</td>
<td>8,000,000,000</td>
</tr>
<tr>
<td>Agriculture, forestry and forestry conservation</td>
<td>1,000,000,000</td>
<td>1,000,000,000</td>
<td>1,000,000,000</td>
</tr>
<tr>
<td>Total expenditures, Federal Government</td>
<td>68,000,000,000</td>
<td>74,587,296,000</td>
<td>81,078,296,000</td>
</tr>
<tr>
<td>Expenditures of Federal Government for public debt:</td>
<td>59,587,296,000</td>
<td>64,794,296,000</td>
<td>71,991,296,000</td>
</tr>
<tr>
<td>General expenses</td>
<td>12,000,000,000</td>
<td>12,794,296,000</td>
<td>14,000,000,000</td>
</tr>
<tr>
<td>Total expenses</td>
<td>71,587,296,000</td>
<td>87,382,296,000</td>
<td>96,000,000,000</td>
</tr>
</tbody>
</table>

**Net Operating Earnings of Brooklyn Trust**

Net operating earnings of Brooklyn Trust Company, of Brooklyn, N. Y., for the year 1944 after all expenses, and interest, except Federal income taxes, were $82,530,439,545. Reëstablishing Federal taxes on 1944 net income, there remained a balance of $820,524. The following figures for 1943 were $820,524. And for 1942 $820,524. Therefore, such taxes applicable to 1943 in the following earnings figures, says George W. McLaughlin, President of the company, the following items, among others, were deducted as expenses: Depreciation on bank buildings and other real estate, amortization of bond premium, deposit insurance assessment, and all other special social security taxes. These items, together with $120,509,000,000, were invested in Treasury securities. The following table shows the total of $118,030,500,000 in United States Government securities of all types. This is an average of approximately $50,000,000 over 1943, when sales to the public amounted to $88,382,000. All officers and employees of the company are purchasing War Savings Bonds through a payroll deduction plan.

"The book value of our bank buildings and other real estate, according to Mr. McLaughlin, who added: "company's holdings of United States Government securities were $115,031,000 at the end of the year, against $115,031,000 at the beginning, a net change in account. The $115,031,000 is approximately $37,775 at the beginning of the year, a $37,000 decrease. This is an approximate 37% of our holding’s book value. If the holding’s book value of securities in value or become callable in from 5 to 15 years, the change in book value is approximately 10 to 20 years, and 4% are not within 20 years."

During the year the company owned stocks other than those of the Federal Reserve Bank of New York and the Brooklyn Trust Company, and no defaulted bond holdings are carried at $3,553,833, which is less than 20 years of their present market value."

"Approximately 38% of the share ownership of the company's bank holdings employ before the first draft are being employed in the war, and the report with that two have been killed in action, and others have been wounded. Our service men have been replaced principally by women and by some extent by men over military age. Women employees now employ well over half of our clerical staff. Women are now able to conserve available man-power by utilizing the skilled and diminishing every non-essential item of work."

"As above stated, the company has been doing everything posi-
Items About Bank, Trust Companies

Perry H. Johnston, Chairman of the Chemical Bank & Trust Company, said that the Chemical Bank & Trust Company was the only bank in the United States which was not owned by any large corporation. He also mentioned that the bank had been founded in 1891 and was the oldest bank in the United States.

Mr. Johnston also said that the bank had been in business for over 100 years and had been through several financial crises. He pointed out that the bank had always been able to weather the storms and come out stronger on the other side.

**Bank of Banker's Transfers to Bank of Belgium**

The Bank of Banker's Transfers to Bank of Belgium is a unique institution that provides financial services to private individuals and companies. The bank was founded in 1925 and has since become one of the leading banks in Europe.

The bank's primary focus is on providing loans and investment opportunities to its clients. It also offers a variety of other financial services, including insurance and trust services.

The Bank of Banker's Transfers to Bank of Belgium has a reputation for being innovative and forward-thinking. It has been at the forefront of many financial trends, including the development of new technologies and the expansion of its international reach.

**The National Bank of Commerce of New York**

The National Bank of Commerce of New York is one of the largest banks in the United States. It was founded in 1923 and has since become one of the most influential banks in the country.

The bank's primary focus is on providing financial services to its clients, including loans, investments, and insurance. It also offers a variety of other services, including trust and estate planning.

The National Bank of Commerce of New York has a strong reputation for its commitment to its clients' needs. It has been recognized numerous times for its excellent customer service and its dedication to giving back to its community.

**The First National Bank of Chicago**

The First National Bank of Chicago is one of the oldest and largest banks in the United States. It was founded in 1863 and has since become one of the most influential banks in the country.

The bank's primary focus is on providing financial services to its clients, including loans, investments, and insurance. It also offers a variety of other services, including trust and estate planning.

The First National Bank of Chicago has a strong reputation for its commitment to its clients' needs. It has been recognized numerous times for its excellent customer service and its dedication to giving back to its community.
Moodys Bond Prices And Bond Yield Averages

Moodys computed bond prices and bond yield averages are given in the following table.

**MOODY'S BOND PRICES AND YIELD AVERAGES**

<table>
<thead>
<tr>
<th>Date</th>
<th>Corporate by Bailings*</th>
<th>Corporate by Groupa*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 15</td>
<td>120.31</td>
<td>120.30</td>
</tr>
<tr>
<td>Feb. 1</td>
<td>120.31</td>
<td>120.30</td>
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<tr>
<td>Mar. 1</td>
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<td>Apr. 1</td>
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<tr>
<td>May 1</td>
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<td>Jul. 1</td>
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<td>Aug. 1</td>
<td>120.31</td>
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<tr>
<td>Sep. 1</td>
<td>120.31</td>
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<tr>
<td>Oct. 1</td>
<td>120.31</td>
<td>120.30</td>
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<tr>
<td>Nov. 1</td>
<td>120.31</td>
<td>120.30</td>
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<tr>
<td>Dec. 1</td>
<td>120.31</td>
<td>120.30</td>
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<tr>
<td>Jan. 15</td>
<td>120.31</td>
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<td>Feb. 1</td>
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<td>Mar. 1</td>
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<td>Apr. 1</td>
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<td>May 1</td>
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<td>Aug. 1</td>
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<tr>
<td>Sep. 1</td>
<td>120.31</td>
<td>120.30</td>
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<tr>
<td>Oct. 1</td>
<td>120.31</td>
<td>120.30</td>
</tr>
<tr>
<td>Nov. 1</td>
<td>120.31</td>
<td>120.30</td>
</tr>
<tr>
<td>Dec. 1</td>
<td>120.31</td>
<td>120.30</td>
</tr>
</tbody>
</table>

*Prices are computed from average yields on the basis of "average" and "yields" for Florida oranges, grapefruit and tangerines were lowered by OPA effective for crops harvested and sold in the months of December and January.

**Wholesale Prices Down 0.1% for Week Ended Jan. 6, Labor Department Reports**

The Bureau of Labor Statistics' index of commodity prices at the primary market level dropped 0.1% during the first week of January as a result of seasonally lower prices for eggs and vegetables, and is a decrease for steers, said the U. S. Department of Labor on Jan. 11, which reported the decline brought the all-commodity index to 104.4% of the 1926 average. Average prices for the nearly 800 commodity indexes recorded in the Bureau's surveys, were all higher than at the end of the preceding week, and were 1.7% higher than at this time last year.

The Department's advice continued: "Farm Produce Prices for January 1945: Commodities for 'farm products' in primary markets fell 0.6% during the week, led by seasonal declines in prices for milk, butter, eggs, and vegetables. Prices for Florida oranges, grapefruit and tangerines were lowered by OPA effective for crops harvested and sold in the months of December and January. Prices for farm products have increased 1.3% since the first week in December and 2.2% since the beginning of last year.

"Prices for foods in primary markets declined 0.9% largely as a result of a decrease of nearly 3% for fruits and vegetables, and an average decline of 3% for eggs. Canned tomatoes also were lower, quotations were higher for oatmeal and rye flour, and for apples and applesauce, but prices of 300 pounds of potatoes were lower. The increase in prices for the chemicals and drugs group was lower than for the first week of December and was at the same level as it was a year ago.

"Industrial Commodities—There were very few changes in industrial commodity markets. Mercury prices continued to rise under heavy demand. Average prices for the chemicals and drugs group was advanced 0.1%, as a result of a 75 cents per 100 pounds increase in prices paid by OPA to importers of quinacrine extract to cover increased costs."

The Labor Department included the following notation in its report:

"Note—During the period of rapid changes caused by price control measures, and particularly, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (a), however, must be considered as preliminary and subject to adjustment and revision as released by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Dec. 9, 1944 and Jan. 15, 1943, and for the same seven weeks a year ago, and a year ago and (2) percentage changes in subgroup indexes from Dec. 30, 1944 to Jan. 6, 1945."

**WHOLESALE PRICES FOR WEEK ENDED JAN. 9, 1945**

<table>
<thead>
<tr>
<th>Category</th>
<th>Jan. 9, 1945 (100)</th>
<th>Jan. 6, 1945 (100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>108.5</td>
<td>108.7</td>
</tr>
<tr>
<td>Food and beverages</td>
<td>113.6</td>
<td>113.4</td>
</tr>
<tr>
<td>Tobacco and tobacco products</td>
<td>115.9</td>
<td>115.8</td>
</tr>
<tr>
<td>Metals and metal products</td>
<td>117.9</td>
<td>117.9</td>
</tr>
<tr>
<td>Chemicals and drugs</td>
<td>116.8</td>
<td>116.8</td>
</tr>
<tr>
<td>Fuel and fuel products</td>
<td>115.7</td>
<td>115.6</td>
</tr>
<tr>
<td>Raw materials, and materials</td>
<td>116.8</td>
<td>116.8</td>
</tr>
<tr>
<td>Manufactured products</td>
<td>117.1</td>
<td>117.0</td>
</tr>
<tr>
<td>Farm products and foods</td>
<td>113.4</td>
<td>113.4</td>
</tr>
</tbody>
</table>

**Percentage Changes in Index Numbers**

<table>
<thead>
<tr>
<th>Week Ended Jan. 9, 1945</th>
<th>Dec. 30, 1944</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indexes</td>
<td></td>
</tr>
<tr>
<td>Livestock and poultry</td>
<td>9.0</td>
</tr>
<tr>
<td>Dairy products</td>
<td>9.0</td>
</tr>
<tr>
<td>Grains</td>
<td>8.9</td>
</tr>
<tr>
<td>Cotton</td>
<td>8.9</td>
</tr>
<tr>
<td>Wool</td>
<td>8.8</td>
</tr>
<tr>
<td>Oils</td>
<td>8.7</td>
</tr>
<tr>
<td>Pulp and paper products</td>
<td>8.7</td>
</tr>
<tr>
<td>Nonfossil metals</td>
<td>8.7</td>
</tr>
<tr>
<td>Results</td>
<td>8.7</td>
</tr>
<tr>
<td>Fruits, and vegetables</td>
<td>8.5</td>
</tr>
<tr>
<td>Other farm products</td>
<td>8.7</td>
</tr>
</tbody>
</table>

**Electric Output for Week Ended Jan. 13, 1946**

Increased 1.7% Over Same Week Last Year

The Edison Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 13, 1945, was approximately 5,614,334,000 kW, which compares with 5,349,083,000 kW in the corresponding week a year ago, and 4,472,281,000 kW in the week ended Jan. 6, 1940. The output of the week ended Jan. 13, 1945, was 1.7% in excess of that in the same week last year.

**Steel Production Slightly Higher—Some Steel Prices Raised—Buying Heavies in Months**

The American Iron and Steel Institute on Jan. 15 announced that steel prices had been raised and reported that the operating rate of steel companies having 94% of the steel capacity in the country will be 98% of capacity for the week beginning Jan. 15, compared with 93.0% one week ago, 96.1% one month ago, and 96.1% one year ago. The operating rate for the week beginning Jan. 15 was 92.0% for the steel companies' products marketings.

The Steel of Cleveland, in its summary of the iron and steel markets, on Jan. 15 stated in part as follows: "The leading tonnage of steel sold in the last six months will be more than 128,000 tons per week. The steel market shows the first break from prices frozen in 1941, with the exception of the two minor changes to adjust inequali-
Civil Engineering Construction Volume $22,991,000 for Week

Civil engineering construction volume in continental United States totals $22,991,000 for the week. This volume, noted as 15,900,000 tons at 1939 prices, is higher than the $22,809,000 for the holiday-shortened preceding week. The report noted that private construction gains 25% over the week in 1944, but public construction is down 77% due to the 81% decline in Federal Work. State and municipal work is down 97% from the previous period.

Estimated United States Production of Bituminous Coal and Lignite in December

The estimated production of bituminous coal in the United States for the week ending Jan. 15, 1944, showed an increase of 3,000 tons when compared with the output for the week ended Dec. 30, 1943. The increase is due to the 15,250,000 tons cited for last year's peak period.

Estimated Production of Bituminous Coal and Lignite in December

<table>
<thead>
<tr>
<th>State</th>
<th>Bituminous Coal (thousands of tons)</th>
<th>Lignite (thousands of tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Arizona</td>
<td>115,000</td>
<td>15,000</td>
</tr>
<tr>
<td>California</td>
<td>980,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Colorado</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Connecticut</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Delaware</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Florida</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Georgia</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Illinois</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Indiana</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Iowa</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Kansas</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Kentucky</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Louisiana</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Maine</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Maryland</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>120,000</td>
<td>10,000</td>
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<tr>
<td>Michigan</td>
<td>120,000</td>
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<tr>
<td>Minnesota</td>
<td>120,000</td>
<td>10,000</td>
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<tr>
<td>Missouri</td>
<td>120,000</td>
<td>10,000</td>
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<tr>
<td>Montana</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Nebraska</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>New Mexico</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>North Carolina</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Ohio</td>
<td>120,000</td>
<td>10,000</td>
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<tr>
<td>Oklahoma</td>
<td>120,000</td>
<td>10,000</td>
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<tr>
<td>Oregon</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>South Carolina</td>
<td>120,000</td>
<td>10,000</td>
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<tr>
<td>Tennessee</td>
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<td>10,000</td>
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<tr>
<td>Texas</td>
<td>120,000</td>
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<tr>
<td>Utah</td>
<td>120,000</td>
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<tr>
<td>Vermont</td>
<td>120,000</td>
<td>10,000</td>
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<tr>
<td>Virginia</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Washington</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>West Virginia</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Wyoming</td>
<td>120,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Total</td>
<td>4,000,000</td>
<td>400,000</td>
</tr>
</tbody>
</table>

Nationally, the coal production in all states for the week ending Jan. 15, 1944, came to 4,000,000 tons, which is 77% lower than the 12,000,000 tons for the same period of last year. Earlier reports for the same week of last year showed that production was 6,000,000 tons. The decrease is due to the reduced demand for coal and the relocation of industries.

Coal production for the week ending Jan. 15, 1944, showed an increase of 3,000 tons when compared with the output for the week ended Dec. 30, 1943. The increase is due to the 15,250,000 tons cited for last year's peak period.

Estimated production of bituminous coal in the United States for the week ending Jan. 15, 1944, showed an increase of 3,000 tons when compared with the output for the week ended Dec. 30, 1943. The increase is due to the 15,250,000 tons cited for last year's peak period.

Estimated production of bituminous coal in the United States for the week ending Jan. 15, 1944, showed an increase of 3,000 tons when compared with the output for the week ended Dec. 30, 1943. The increase is due to the 15,250,000 tons cited for last year's peak period.

Estimated production of bituminous coal in the United States for the week ending Jan. 15, 1944, showed an increase of 3,000 tons when compared with the output for the week ended Dec. 30, 1943. The increase is due to the 15,250,000 tons cited for last year's peak period.
**Daily Average Crude Oil Production for Week Ended Jan. 6, 1945 Fell Of 27,350 Barrels**

The American Petroleum Institute estimates that the daily average crude oil production for the week ended Jan. 6, 1945, was 2,567,660 barrels. This was down 27,350 barrels, or 1.1%, when compared with the preceding week and 46,150 barrels below the daily average figure published by the Petroleum Administration for War for the month of January, 1944. The current figure, however, was 312,900 barrels above the same period of 1943. 

Reports received from refining companies indicated that the industry was operating at a rate of 91.5% capacity. Refineries were working on a basis approxi- mately 6,406,000 barrels of crude oil daily and produced 14,472,000 barrels of gasoline, 2,480,523 barrels of kerosene, 2,820,000 barrels of distillate fuel oil, and 9,082,000 barrels of residual fuel oil during the week ended Jan. 6. Total production of gasoline was 12,000,000 barrels, or 8,816,000 barrels of gasoline; 10,522,000 barrels of kerosene; 30,286,000 barrels of distillate fuel oil, and 36,874,000 barrels of residual fuel oil. 

**TRADING ON NEW YORK EXCHANGES**

The Securities and Exchange Commission made public on Jan. 10 figures showing the volume of total round lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round lot stock transactions in which account was taken of members of these exchanges in the week ended Dec. 23, continuing a series of current figures being published weekly by the Council on Foreign Economic Relations. Table II shows separately from other sales in these figures, sales. Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Dec. 23 (in round lot stock transactions) was 2,480,523 shares, which was 13.3% of the total transactions on the Exchange of 17,909,720 shares. This compares with member trading during the week ended Dec. 16 of 14,629,600 shares, or 23.1% of the total of 64,931,800 shares. 

**Total Round Lot Sales on the New York Stock Exchange and Round Lot Stock Transactions in Members’ Names (Jan. 10)**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Per cent</th>
<th>Per cent</th>
<th>Members’ Names</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total sales</strong></td>
<td>2,480,523</td>
<td></td>
<td></td>
<td>1,230,703</td>
<td>50</td>
</tr>
<tr>
<td><strong>Round lot sales</strong></td>
<td>2,480,523</td>
<td></td>
<td></td>
<td>1,230,703</td>
<td>50</td>
</tr>
<tr>
<td><strong>Round lot transactions</strong></td>
<td>2,480,523</td>
<td></td>
<td></td>
<td>1,230,703</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total transactions</strong></td>
<td>17,909,720</td>
<td></td>
<td></td>
<td>6,239,855</td>
<td>35</td>
</tr>
</tbody>
</table>

**Further Reading**

- "The chairman..." citing the steady decline in banking activities, the closing of the banking houses, and Mr. Johnstone's report as saying that the bank "was practical..." to depositees.
- "THE WALL STREET JOURNAL..." citing the steady decline in banking activities, the closing of the banking houses, and Mr. Johnstone's report as saying that the bank "was practical..." to depositees.
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- "New York Stock Exchange..." citing the steady decline in banking activities, the closing of the banking houses, and Mr. Johnstone's report as saying that the bank "was practical..." to deposit...
### Revenue Freight Car Loadings During Week

**Ended Jan. 6, 1945, Increased 99,210 Cars**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Revenue Freight Cars</th>
<th>Total Revenue from Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eastern District</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atlantic Coast Line</td>
<td>12,605</td>
<td>13,229</td>
</tr>
<tr>
<td>Atlantic Slope Line</td>
<td>1,677</td>
<td>1,708</td>
</tr>
<tr>
<td>Allegheny District</td>
<td>1,412</td>
<td>1,458</td>
</tr>
<tr>
<td>Central New England</td>
<td>1,382</td>
<td>1,433</td>
</tr>
<tr>
<td>Western New England</td>
<td>1,516</td>
<td>1,586</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>26,598</td>
<td>28,006</td>
</tr>
<tr>
<td><strong>Southern District</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atlantic Slope Line</td>
<td>1,677</td>
<td>1,708</td>
</tr>
<tr>
<td>Southern New England</td>
<td>1,701</td>
<td>1,760</td>
</tr>
<tr>
<td>Central New England</td>
<td>1,469</td>
<td>1,512</td>
</tr>
<tr>
<td>Western New England</td>
<td>1,726</td>
<td>1,785</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,541</td>
<td>7,761</td>
</tr>
<tr>
<td><strong>Western District</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Great Northern</td>
<td>1,412</td>
<td>1,458</td>
</tr>
<tr>
<td>Mississippi</td>
<td>1,677</td>
<td>1,708</td>
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<tr>
<td>Great Northern</td>
<td>1,701</td>
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</tr>
<tr>
<td>Central New England</td>
<td>1,469</td>
<td>1,512</td>
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<tr>
<td>Western New England</td>
<td>1,726</td>
<td>1,785</td>
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<tr>
<td><strong>Total</strong></td>
<td>7,541</td>
<td>7,761</td>
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</table>

| **Total**                | 31,680                        | 33,538                          |

---

**Results of Treasury Bill Offering**

The Secretary of the Treasury announced on Jan. 15 that the tenders of $1,300,000,000 on the First Treasury bonds to be dated Jan. 18 and to mature Dec. 31, 1946, were accepted at the original price of 99.905, equivalent rate of discount approximately 0.75% per annum.

In the competitive bids, low, 99.905, equivalent rate of discount approximately 0.236% per annum, and high, 99.915, equivalent rate of discount approximately 0.376% per annum.

(94% of the amount bid for at the low price was accepted.)

There was a bid of $1,302,234,000 at the rate of 99.905, below the successful bid. The low bid was accepted.

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**Weekly Statistics of Paperboard Industry**

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

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

**Statistical Reports—Orders, Production, Mill Activity**

<table>
<thead>
<tr>
<th>Period</th>
<th>Orders Received</th>
<th>Production</th>
<th>Utilized Orders</th>
<th>Percent of Activity</th>
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<tr>
<td>December 1</td>
<td>128,000</td>
<td>132,000</td>
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<tr>
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<td>128,000</td>
<td>132,000</td>
<td>128,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

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**Lumber Movement Week Ended Jan. 6, 1945**

According to the National Lumber Manufacturers Association, lumber shipments of 440 mills reporting to the National Lumber Manufacturers Association, were 12% above production for the week ended Jan. 6, in the same week of the preceding year. The new orders of these mills were 18.8% more than production. Unfilled orders of 25,935,529 feet of lumber mills amounted to 91% of stocks. Forestry activities of all kinds, are equivalent to 36% of the average daily rate, and gross stocks are equivalent to 37 days' production. Costs of the week corresponded with the corresponding week of 1939-38, production of reporting mills was 31.3% greater, and orders were 23.5% greater.
**Items About Banks, Trust Companies**

(Continued from page 399)

As cashier, but continues as Vice-President.

In its condition statement as at the close of business on Dec. 30, 1944, the Mellon National Bank of Pittsburgh, a member of the Federal Reserve System, had resources of $1,077,913,558 and total deposits of $4,005,932,835, as against $1,137,776,623 and $3,788,778,043, respectively, as at the close of business on Dec. 31, 1943. The principal items comprising the resources include, in thousands of dollars: U.S. Government securities, $445,261,706; cash and time deposits, $3,209,435,908; and other loans and investments, $2,390,146,408. The bank's net worth was $197,129,176.

Mr. McLoors also noted that the growth of the foreign trade and the growth in the volume of business of banking houses is increasing. As the foreign trade increases, he said, the amount of work that the bank is doing is also increasing.

The Harris Trust and Savings Bank, Chicago, in its statement of condition as of Dec. 30, 1944, reported total deposits of $5,247,675,064, a decrease of $12,820,088 compared with total deposits of $5,360,505,152 reported on Dec. 31, 1943. Total assets of the bank were $6,478,228,059 and were down $767,116,484 from the year-end total as of Dec. 31, 1943. The bank's net worth was $1,197,270,991.

He cited the Board of Directors of the Industrial National Bank of Chicago in the report issued in the official register, after the usual meeting held Dec. 10 by Robert B. Umberger, Executive Vice-President, and the Executive Committee, at which the net worth of the bank was increased from $59,165,800 to $60,791,200.

The statements of condition of the Mellon National Bank of Pittsburgh and the Harris Trust and Savings Bank, Chicago, both listed in the register of condition, have been accepted by the Bankers' Association for Foreign Trade and Banking, Committee E, for publication in the Uniformity in Documents and Practices. He will assume his new duties with the American National Bank in February.

Other new officers elected by the Board of Directors of the American National Bank of Chicago were: William M. DeMasters, Jr., who was elected President; Charles C. Smith, who was elected Executive Vice-President; and Edward G. O'Sullivan, who was elected Secretary-Treasurer. These three men were re-elected to all other offices.

The Continental Illinois National Bank & Trust Co. of Chicago reported condition as of Dec. 30, 1944, total deposits of $2,701,203,315 on Dec. 31, 1943, and total resources of $2,638,063,981, against total deposits of $2,658,068,281 and total resources of $2,586,109,416, respectively, as at the close of business on Dec. 31, 1943. The bank's net worth was $69,071,404.

**Bank of England**

The Bank of England has reported that its reserves have increased and that its net worth has increased. As of Dec. 31, 1944, its reserves were $32,900,905, and its net worth was $10,862,036.

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