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The Commercial and FINANCIAL CHRONICLE

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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 a stabilizing influence on incomes and employment.

"I favor a policy of orderly but steady debt reduction, 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 experience has repeatedly shown that precisely such obiter dicta of the President foreshadow his policy of the future. The arguments employed in support of action suggested, 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 abundant crop. For such reasons as these it is well, therefore, to scrutinize at once what the President has to say even though it all appears to be applicable, or likely to become an immediate issue, only in the post-war period.

Perpetually Rising Debt?

There is an apparently rather influential school of

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Putting the Cart Before the Horse

By MELCHIOR PALYI

Economist Points Out That Post-War Tax Plans, 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; That Excess Profits Taxes Discourage Enterprise in 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 logical conclusion should be that all we need to do is to eliminate taxes entirely to bring about permanent prosperity.

Dr. Melchior Palyi

This unsound economic reasoning has been used to convince the public of the necessity for radical tax reductions as exemplified by some of the arguments offered by the "Post-War Tax Plan" of the Committee for Economic Development, and the Ruml-Sonne 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 not compatible with such risk-taking as is necessary if normal business should gain momentum. That much is sound economics and needs no support by unsound arguments. But the CED and the R-S programs 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 disbursed. Is it possible that one could confuse "double taxation" with paying a tax in two installments? If your income 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 Canadian 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 hap-

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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:

President Roosevelt

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. At the same time we must look ahead. We must be ready to throw our whole effort into the campaign against Japan as fast as the war in Europe permits. And finally, we must begin plans to transform an all-out war economy into a full-employment peace economy whenever demobilization becomes possible. Programs for all these developments must be considered in budget planning for a period that extends over 18 months.

We must make sure that our armed forces can plan their procurement programs for continuing global war. I shall transmit detailed recommendations for war appropriations by early spring, in time for the Congress to act on these requests before the beginning of the new fiscal year. I estimate now that $73,000,000,000 of appropriations and authorizations will be needed for war purposes for the fiscal year 1946.

If the war develops favorably, unobligated balances 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 present law.

Actual expenditures of the Federal Government depend largely on the course of the war. I have not made in the past, and I shall not now make, any prediction concerning the length of the war. My only prediction is that our enemies will be totally defeated before we lay 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 $60,000,000,000 to more than $80,000,000,000. I propose to use $70,000,000,000 as 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 battlefronts.

For purposes other than war, I am recommending appropriations, 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 $128,000,000,000 for the last complete fiscal year that ended June 30, 1944; $97,000,000,000 have been appropriated for the current fiscal year; and I estimate now that $87,000,000,000 will be recommended to the Congress for the next fiscal year.

Total expenditures for war and other purposes (in general and special accounts and net outlays of Government corporations, excluding debt retirement) were $95,000,000,000 during the fiscal year 1944; they are now estimated at $100,000,000,000 for the current fiscal year; and, on the basis of the tentative estimates of war expenditures, they will be $83,000,000,000 during 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 to reach $252,000,000,000 on June 30, 1945, and $292,000,000,000 12 months later.

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

The War Program

Expenditures for the War Program

Early in the war we had the threefold task of building up a new munitions industry in this

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GENERAL CONTENTS

Editorial

From Washington Ahead of the News

By CARLISLE BARGERON

Before the proposed manpower bill, 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 most interesting commentary on Washington. It is not going to make anybody very happy except, as Mr. Roosevelt says, the enemy, and there is doubt that he can get happiness out of anything we do these days.

Carlisle Bargeron

First, there is apt to come up in the hearings of Congress the fact that a few weeks after the recent election Chester Bowles wrote Marvin Jones, the Food Administrator, a letter saying that the morale of the OPA, of which Mr. Bowles heads, was shot to pieces because the OPA felt it was being given the run-around in the Washington bureaucracy. The OPA had to be given something to do, he said, otherwise his organization would disintegrate.

We can't imagine anything more disastrous than that a Washington bureaucracy should disintegrate. In the first place, it would be a tremendous phenomenon because no one of them has ever yet integrated. Aside from that, just what would be the manifestation of a bureaucracy disintegrating, say Chester Bowles' OPA, is something for better minds to speculate upon. Would these men, feeling a low morale, quit and go into the armed forces or essential industry? Just what would they do?

Nevertheless, an example of a Bureaucrat's mind, is Mr. Bowles' letter to Mr. Jones, which shows he doesn't know his fellow Bureaucrats, because Mr. Jones is holding that letter, occasionally showing it to a few friends, and in the meantime chuckling, by way of showing what is happening on the home front, holding it over Mr. Bowles' head when they get into the next controversy over whether this or that food should be rationed.

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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 the seventh consecutive year George C. Brainard as Chairman of the Board of Directors of the Federal Reserve Bank of Cleveland and Reynold E. Klages as

Albert Z. Baker

Walter H. J. Behm

George C. Brainard

Reynold E. Klages

John G. Gutting

Deputy Chairman. Mr. Brainard is President of the General Fireproofing Co. of Youngstown, O., and Mr. Klages is President of the Columbus Auto Parts Co., Columbus, O.

The three directors already named by the Board of Governors are:

Albert Z. Baker, President, Cleveland Union Stockyards Co., reappointed Class C director of the bank for a three-year term beginning Jan. 1, 1945;

S. Headley Shouse of Lexington, Ky., a farmer, appointed director of Cincinnati branch for a two-year term beginning Jan. 1, 1945, and

Howard W. Jordan, President, Pennsylvania Rubber Co., Jeannette, Pa., appointed director of Pittsburgh branch for a two-year term beginning Jan. 1, 1945.

Pittsburgh branch directors appointed by the directors of the Federal Reserve Bank are:

Robert E. Bowie, President of the Security Trust Co., Wheeling, W. Va., for a two-year term beginning Jan. 1, 1945, and

T. C. Swarts, Executive Vice-President, Woodlawn Trust Co., Aliquippa, Pa., for a three-year term beginning Jan. 1, 1945.

Retiring from the Pittsburgh Board are Edwin B. Harshaw, Vice-President and Cashier of the Grove City National Bank of Grove City, Pa., and William C. Arthur, Meadville, Pa., industrialist.

Cincinnati branch directors named by the directors of the bank are:

Walter H. J. Behm, President of the Winters National Bank & Trust Co., Dayton, O., appointed for a three-year term beginning Jan. 1, 1945, and

John G. Gutting, President of the Second National Bank of Cincinnati, O., reappointed to a two-year term beginning Jan. 1, 1945. Mr. Gutting has been a director of the branch since Dec. 3, 1942. Frank A. Brown, Chillicothe, O., farmer, retired after serving as a Cincinnati branch director since Dec. 19, 1939.

Terms of the seven-director branch board members ordinarily are for three years. However, in order to provide for rotation of members, some of the directors were appointed for two-year terms.

Enlargement of the branch directorates will permit the branches to develop wider contacts with banking and industry in the territories they serve, and also to have a broader distribution of representation on their boards from the areas served.

Nat'l Foreign Trade Council Guide

A guide to applicability of Western Hemisphere Trade Corporation provisions of the Internal Revenue Code is being distributed by the National Foreign Trade Council. Copies of this commentary, in the form of a report from the Council's Tax Committee, were made public on Dec. 28.

Much confusion has prevailed, according to Council officers, concerning the eligibility of companies to qualify as Western Hemisphere Trade Corporations and to avail themselves of certain tax exemptions allowed by the Internal Revenue Code. The requirements are indefinite, it is pointed out in the report, and the Bureau of Internal Revenue has published no rulings on these corporations as yet. To fill the need for an informative aid in considering Western Hemisphere Trade Corporation matters, the report was prepared for the Tax Committee by Felix Dayton, Committee Chairman and Assistant Chief Accountant, International General Electric Co., and Mitchell B. Carroll, special counsel.

Record Export Freight Traffic Handled by RRs.

Railroads handled without serious congestion in 1944 the greatest volume of export freight traffic on record, according to an announcement Jan. 16 by the Association of American Railroads, which adds:

Export traffic is moving freely through the various ports all of which are in a completely "liquid" condition.

Cars of export freight, excluding coal and grain, unloaded at all ports in this country in 1944 totaled 1,866,324, compared with 1,401,186 in 1943, or an increase of 33%, and an increase of 228% above 1940 in which year 568,303 cars were handled.

Coastwise freight unloaded at all ports in the past year totaled 7,661 cars compared with 7,333 cars in 1943, or an increase of 5%.

Export grain unloaded at all ports in 1944 totaled 38,849 cars compared with 53,204 cars in 1943, or a decrease of 27%.

Cars of freight for export and coastwise movement unloaded at the ports daily averaged 5,226 in 1944, compared with 4,005 in 1943, 2,616 in 1942, 2,412 in 1941, and 2,235 in 1940. The highest daily average for any month on record was attained in September 1944, when it reached 5,659 cars.

The number of cars unloaded at North Atlantic ports in 1944 was more than 130% greater than during 1918, in the first World War. Due to the fact that the average tonnage per car currently is considerably more than it was in 1918, the increase in the volume of tonnage was even greater than indicated by the increase in the number of carloads.

There were 164,799 cars of export freight, excluding coal and grain, handled through United States ports in December, 1944, compared with 128,358 cars in December, 1943, or an increase of 28%.

Export grain unloaded at the ports in December totaled 3,136, compared with 5,770 in the same month last year, or a decrease of 46%.

Railroads handled 389 cars of coastal freight in December, 1944, compared with 936 in the same month in 1943, or a decrease of 58%.

New York Stock Exch. Borrowings Increase In Month of December

The New York Stock Exchange announced on Jan. 5, 1944, that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Dec. 30, was $972,935,938, an increase of $94.736.259 from the Nov. 30 total of $878,199,679.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges: (1) on direct obligations of or obligations guaranteed as to principal or interest by the U. S. Government, $412,500,688; (2) on all other collateral, $560,435.250; reported by New York Stock Exchange member firms as of the close of business Dec. 30, 1944, aggregated $972,935.938.

The total of money borrowed, compiled on the same basis, as of the close of business Nov. 30, 1944, was (1) on direct obligations of or obligations guaranteed as to principal or interest by the U. S. Government, $358,270,291; (2) on all other collateral, $519,929,388; total, $878,199,679.

The State of Trade

The pace of industrial output for the previous week remained steady. Industrial production barometers were mixed, but several of them reflected evidence of a return to their previous levels after the holiday weeks. The manpower situation continues to be an important factor in holding down output, and according to Dun & Bradstreet Inc., this condition has worked against the fabrication of raw materials which manufacturers described as the chief reason for no appreciable increase in output.

Industrial shipments in the week held moderately above that of a year ago with the greater gain taking place in non-durable goods, although the decline in the most recent monthly figures available, occurred chiefly in this group. New orders already in hand are moderately above that of last year and continue to mount. The steel industry was hampered the past week by bad weather, manpower shortages, transportation difficulties and a re-shuffling of steel mill schedules.

Increased tightness in the supply situation affected miscellaneous industries principally by the acceleration of the ammunition program. The increased demands of the armed services are cutting more deeply into available textile and leather stocks, and less rayon cotton and woolen piece goods have slowed production and at the same time deliveries of Spring merchandise. As for the cotton mills, they are reported as running moderately below a year ago, while in the leather industry, production has been maintained a trifle over last year.

Commodity and security markets continued to reflect strength the past week with higher prices ruling in grains and cotton. Dun & Bradstreet's daily wholesale price index of 30 basic commodities advanced from 175.33 to 175.63. The wholesale food price index remained steady at $4.09 for the fifth consecutive week while turnover continued to run high on the security markets with prices edging upward.

Money In Circulation In 1944—According to the United States Treasury, money in circulation in 1944 increased by $33.47 for every person in the population. It was revealed that on a per capita basis, circulation of currency amounted to $182.45 of currency and coin outside the Treasury and Federal Reserve Banks at the year-end. The foregoing is based on a total of $25,307,466,548 and an estimated population of 138,710,000. For the close of 1943 the per capita amount was placed at $148.98.

Steel Industry—"The secondary war steel peak now in the making, and which bids fair to match the primary record of more than a year ago, ran head-on during the past week into storms, manpower shortages, transportation difficulties and re-shuffling of steel mill schedules," "The Iron Age" reported in its issue of Jan 11.

The obstacles to production referred to above which contributed to a larger carryover of steel orders at the start of this month promised further delivery delays unless abated. These conditions were heightened by the recent influx of new steel orders which for December ran substantially heavier in volume than in November. This is very significant since order cancellations which had been heavy a few months ago have dwindled almost to the vanishing point, states the trade magazine.

Scrap and pig iron shortages have begun to appear in some areas with prospects of becoming more acute within the next two or three weeks. Heavy blast furnace repairs and a greater use of hot metal in view of scrap stringency has contributed to the current pig iron supply situation.

The ravages of recent storms notwithstanding brighter weather, will probably affect operating efficiency for a while. For example, last week the shipment of finished steel was retarded a bit through the inability of reduced mill and railroad crews to cope with added difficulties. While steel companies in the more severely affected areas were struggling to recover to their pre-storm operating levels, steel market conditions had already approached a state of high activity with war steel needs superseding practically everything else. The re-instituted Maritime Commission program calling for about 900,000 tons of plates in the first half of 1945 will add a terrific burden on the already strained steel-making facilities.

One of the reasons for the substantial boost in the shell steel program for the first quarter was the belief that plate demand during the first and second quarter of this year would become a negligible factor. This belief, "The Iron Age" points out, has not been sustained, with the result that steel scheduling activity has taken on such a delicate aspect that almost any small factor will throw it out of kilter. This condition is expected to be the rule for some time rather than the exception.

Partial reinstatement of the steel landing mat program has taken place with 9 fabricating companies out of the 50 which eliminated having been restored. New war requirements for sheet piling for export amount to about 29,000 tons. This imposes an added burden on the relatively limited production facilities for this product, while the placing of orders for 16,000 freight cars in December has filled car builders schedules until well into the third quarter of 1945.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 93.6% of capacity for the week beginning Jan. 15, compared with 93% one week ago. The decline reflects the shutdown of some facilities for repairs. This week's operating rate is equivalent to 1,688,400 net tons of steel ingots and castings, compared with 1,677,500 net tons last week and 1,720,900 tons one year ago.

R. R. Movement of Export Freight In 1944—Railroads handled in 1944 the greatest volume of export freight traffic on record, the Association of American Railroads reported on Monday of this week.

Cars of export freight, excluding coal and grain, unloaded at all American ports in 1944 totaled 1,866,324, compared with 1,401,186 in 1943, or an increase of 33 per cent, and an increase of 228 per cent above 1940 in which year 568,303 cars were handled.

Coastwise freight unloaded at all ports in 1944 totaled 7,661 cars compared with 7,333 cars in 1943, or an increase of 5 per cent.

The results achieved by the carriers in the movement of export freight during 1944 were accomplished "without serious congestion," the Association reports, adding that "export traffic is moving freely through the various ports all of which are in a completely "liquid condition."

Railroad Freight Loading—Carloadings of revenue freight for the week ended Jan. 6, 1945 totaled 682,967 cars, the Association of American Railroads announced. This was an increase of 98.210 cars, or 16.8% above the preceding week this year and a decrease of 36,662 cars, or 11.3% below the corresponding week of 1944.

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Seeking Peace

"There are two ways of doing it (trying to maintain world peace in future years). One way is by exclusive individual action in which each of us tries to look out for himself. The other way is by joint action in which we undertake to look out for each other.

A. H. Vandenberg

"The first way is the old way which has twice taken us to Europe's interminable battlefields within a quarter of a century. The second way is the new way in which our present fraternity of war becomes a new fraternity of peace. I do not believe that either we or our Allies can have it both ways. They serve to cancel out each other. We cannot tolerate unilateral privilege in a multilateral peace. Yet that seems to be the fatalistic trend today. I think we must make our choice. I think we need to make it wholly plain to our major Allies that they, too, must make their choice.

"I hasten to make my own personal viewpoint clear. I have always been frankly one of those who has believed in our own self-reliance. I still believe that we can never again—regardless of collaborations—allow our national defense to deteriorate to anything like the point of impotence. But I do not believe that any nation hereafter can immunize itself by its own exclusive action."—Senator Vandenberg.

The situation, somehow, seems much less simple to us than it apparently does to the Senator. We doubt whether any such clear and clean-cut "choice" is before us or the remainder of the world —not at all events in any very practical sense.

We suspect that each of the major nations will do what it can to protect its own interests as it sees them—and hope that such a course of action will serve to preserve peace.

It is well to remember, meanwhile, that it is probably a future generation, not this one, which will largely determine policies at critical points in the future when war threatens.

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 or intimidation, is favored by President Roosevelt, who has indicated his indorsement of a bill introduced by Senator O'Mahoney in the last Congress to this end. The President's views have been made known in a letter addressed to Senator George L. Radcliffe (Democrat) of Maryland in which he states that such a moratorium would permit the insurance companies to readjust their practices in order to bring them into conformity with the Supreme Court decision holding that insurance is interstate commerce and hence subject to the Anti-Trust Laws. Senator Radcliffe's letter addressed to the President on Dec. 20, said:

My Dear Mr. President:

I am writing this note in regard to the insurance situation. On June 6, 1944, one day after the very far-reaching decision of the Supreme Court reversing Paul vs. Virginia, I wrote a letter to you emphasizing what I thought was the gravity of the situation. I suggested that you declare a sort of moratorium during which essential adjustments could be made to the new decision. I also requested that you issue a reassuring statement to the industry suddenly facing problems of a grave and unprecedented nature. On June 10, you very kindly wrote me a letter in which your position was, on the whole, favorable to what I had requested. Since that time the insurance industry, insurance commissioners, certain officials of the Federal Government, members of Congress and others have been endeavoring to work out an arrangement which would seem to be adequate. Likewise the status as to State taxation and other forms of State regulation have been questioned in some channels.

The adjournment of Congress has come before such plans could really be carried out. I have been in close touch with Attorney-General Biddle who has been very helpful. It is my impression that he is in favor of a suitable moratorium, but there are some departments of the Federal Government closely involved which do not come under the supervision of the Attorney-General.

I again very respectfully suggest that you give expression to some form of moratorium under which State activities could continue freely pending Federal and State legislation which will undoubtedly be passed and put into operation within the very near future.

I am sure everyone is in accord with the idea you expressed in your letter to me of June 10, that the insurance industry, which is one of the largest and most important in this country, should have every reasonable opportunity for readjustment.

The President in his reply under date of Jan. 2, 1945, stated:

My Dear Senator Radcliffe:

In your letter of December 20, you suggest that there should be some form of a moratorium during which insurance companies will have an opportunity to readjust their practices in order to bring them into conformity with the Supreme Court decision in the South-Eastern Underwriters Association case, and during which legislation might be enacted. The Attorney-General advises me that several months ago he told the Senate Judiciary Committee that no new anti-trust prosecutions against insurance companies would be instituted during a reasonable readjustment period.

The responsibility for the regulation of the business of insurance has been left with the States; and I can assure you that this administration is not sponsoring Federal legislation to regulate insurance or to interfere with the continued regulation and taxation by the States of the business of insurance. But there is no conflict between the application of the anti-trust laws and effective State regulation of insurance companies, and there is no valid reason for giving any special exemption from the anti-trust laws to the business of insurance. The anti-trust laws prohibit private rate fixing arrangements between insurance companies and acts of boycott, coercion or intimidation. The anti-trust laws do not conflict with affirmative regulations of insurance by the States such as agreed insurance rates if they are affirmatively approved by State officials.

Senator O'Mahoney introduced a bill in the last Congress which would have provided for a moratorium from the Sherman Act, except for acts of boycott, coercion or intimidation, until March 1, 1946. This would appear to give sufficient time to permit the necessary readjustment to the Supreme Court decision. I would favor legislation of this general character. It would permit the orderly correction of abuses which have existed in the insurance business and would preserve the right of the States to regulate with full responsibility.

Very sincerely yours,
FRANKLIN D. ROOSEVELT.

Final Forms on Cost Analysis Sent to Banks

The Commission on Country Bank Operations of the American Bankers Association announced on Jan. 2 that final forms have been mailed to 4,000 country banks, to be used in connection with the Commission's cost analysis study. There are three forms in the final material. These include: Form No. 2, a work sheet designed to report salaries of officers and employees of the bank together with the total number of hours they worked during 1944; Form No. 3 and Form No. 4, which are report sheets designed to provide basic information regarding bank operations for the year. Complete instructions for filling out each form were enclosed in the mailing.

K. J. McDonald, Chairman of the Commission, who is also President of the Iowa Trust and Savings Bank, Estherville, Iowa, said that Form No. 1, a work sheet sent to participating banks in September to compute their item count, should not be returned to the Commission at the present time. He stated that the results should be transferred from Form No. 1 to Form No. 4, and then returned simultaneously with the other forms. Mr. McDonald urged banks to return the three forms properly filled in to the Commission promptly. He emphasized that all of the information supplied by the banks will be kept strictly confidential and told bankers: "You are playing an important part in building a fund of information regarding bank operations which will be of direct value to each participating bank and of far-reaching significance to the banking industry."

New York Trust Reports Net Operating Income

In his annual report to the stockholders for 1944 issued on Jan. 5, John E. Bierwirth, President of the New York Trust Company, announced that an Incentive Compensation Plan for the benefit of officers and employees has been established by the Board of Trustees of the company. In discussing the plan, Mr. Bierwirth said:

"This plan involves an additional annual pay roll expense of 6% of the amount transferable to undivided profits before dividends, but not more than the amount by which such sums exceeds $3,600,000 or 6% of capital funds, whichever is greater, and in any case not more than 15% of the aggregate salaries of participants. All employees, including officers, who have completed a year of service will participate in the plan. The annual sum, which this year amounts to $263,880, will be apportioned among the participants based upon their salaries and will be held in trust for their several accounts. Payments from the trust are deferred and will be made over a period of time. The Treasury has ruled that the plan qualifies under Section 165 (a) of the Internal Revenue Code and the Salary Stabilization authorities also have approved it."

Analyzing the bank's operations for 1944, Mr. Bierwirth stated that gross operating income was $10,869,235, an increase of $1,171,802 over 1943. Net operating income amounted to $4,215,583, an increase of $309,707 over the preceding year. As in the past years, net profits realized in 1944 from security transactions and recoveries were transferred to General Reserve against which charges were made to write down specific assets. Payments aggregating $700,264 to complete the purchase in 1944 of the past service annuities in the Company's Retirement Annuity Plan were also charged to this account. The balance remaining in General Reserve amounted to $5,913,334, which was $1,193,627 greater than the total at the end of 1943. In previous statements of condition this reserve has been applied as a reduction of assets; however, at December 31, 1944, it has been set forth as a General Reserve. The character and purposes of the account remain the same as heretofore. The annual report further states:

"The annual dividend rate of $3.50 per share payable quarterly on 600,000 shares of capital stock was continued through 1944.

"After making full provision for bad debts, doubtful assets, contingencies and dividends, the net addition to Undivided Profits for the year 1944 amounted to $2,034,121, an increase of $363,296 over the year 1943. Loans and discounts total $196,120,055, which is an increase of $37,348,712 over the total shown at the end of 1943. The increase consists of $18,753,752 in commercial loans and $18,594,960 in loans to brokers and dealers in United States Government securities. As was the case in 1943, commercial loans continued to be primarily used by companies engaged in the production of war materials. During the year the company had substantial participations in Regulation V and VT loans.

"Real estate bonds and mortgages aggregated $1,208,104 at the year-end, a reduction of $1,287,949 from last year. Equities in real estate stated at $75,631 show a decrease of $451,238 from the 1943 figure. These reductions were effected through sales and further write-downs."

As of December 31, 1944, Mr. Bierwirth said the bank held United States Government obligations, at amortized cost, amounting to $438,608,355. The groupings of maturities to call dates of these investments, based on par value, was as follows: 42.24% less than 1 year; 26.10%, 1 to 5 years; 31.66% over 5 years.

Gross deposits on December 31, 1944, inclusive of United States Government deposits, were reported as $738,248,758, which is an increase of $49,040,311 since December 31, 1943. United States Government deposits amounted to $181,531,638, an increase of $83,337,377 during the year.

Bank Commemorates Florida Centennial

The First National Bank in Palm Beach in using the Great Seal of the State of Florida as a frontispiece for its year-end statement, commemorates Florida's 100th Anniversary of Statehood in the Union of these United States. The bank observes that it would take a volume to tell of the many struggles and hardships encountered by Juan Ponce de Leon and his brave followers who in discovering this new land on March 27, 1513, named it Florida after the Spanish "Feast of the Flowers" which is observed during the Easter season. The bank stated that:

"From 1513 to 1565 the Indians massacred every expedition attempting to colonize the territory. On Sept. 8, 1565, St. Augustine was founded and to this day much of the original beauty and architecture still attract thousands of tourists each year.

"In 1763 the English captured the Spanish city of Havana, thereby throwing the Spaniards out of Florida. Later, with victory of the American colonies, England relinquished Florida to the Spaniards rather than allow the Americans to fall heir to the land. The second Spanish occupation of Florida ended in 1821 when it was acquired for $5,000,000, and Andrew Jackson was made Provisional Governor of Florida. With the Indians under control, Florida as a territory, grew by leaps and bounds and by 1845 70,000 stout souls were within its boundaries.

"Those with foresight wished to join the Union and President Tyler signed the bill for the admission of Florida to the Union on March 3, 1845—adding the 27th star to the flag of the United States."

The bank in its statement of Dec. 30, 1944, reports total deposits of $45,702,005 and total resources of $48,813,686. It also reports total Capital funds of $3,008,281, of which $200,000 represents Capital (Common stock); $2,300,000 surplus and $508,281 undivided profits and reserves.

ABA Cancels Scheduled Savings Conference

Consistent with the action already taken by the American Bankers Association in respect to the request of War Mobilization Director James F. Byrnes for the cancellation of meetings of business groups after Feb. 1, the Association announces that it has called off a conference of savings bankers scheduled to be held at the Hotel Pennsylvania here on March 16. This announcement was made by H. R. Templeton, President of the Savings Division of the Association, under whose auspices the meeting was to have been held. Mr. Templeton is Vice-President of The Cleveland Trust Company, Cleveland, Ohio.

This conference, which was referred to in our Jan. 11 issue, page 181, was to have called together the savings bankers of New York, New England, and northern New Jersey for the discussion of the war problems and activities of savings banks.

The A.B.A. previously announced the cancellation of its 26th annual Mid-Winter Trust Conference of the Trust Division, which was to have been held in New York early in February.

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 Government should guide its fiscal management not by the time honored principles of financial prudence and good judgment, but by the state of business. The national Treasury should make use of its tax collections and its expenditures, so this group of "advanced" theorists contend, as a sort of balance wheel 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 "compensatory spending," and other similar terms. Most of them are more than a little vague about where all this would lead in terms of outstanding national debt. They apparently do not consider this aspect of the matter of much importance — although Professor Hansen is definitely on record as suspecting that such a 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 theorizings. They, of course, are made to order for all those politicians whose natural inclination is to spend and spend, and 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 precision. He "favors a policy of orderly but steady debt reduction," even if he qualifies his position with some vague phrases about "long-run economic policy." Professor Hansen would never go that far. The President appears to be certain that "mistakes" were made after World War I, and that every one including himself knows 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 clues the President does afford concerning his postwar policies are definitely disquieting. They are the more so since they are politically so powerful in their appeal. The President at the moment so fearful of "surplus purchasing power" is apparently equally fearful of a scarcity of that article in the postwar years. He appears to set his face sternly against any reduction in "purchasing power" — even though it (or what passes as such) is accumulating at an unprecedented, and to many observers, alarming rate in the hands of the public generally. Not only that, the President would apparently by redeeming bonds in the hands of the rank and file add to the fuel which even without such additions may well burn destructively.

Some Facts

Before looking more closely at the suggestions of the President let us get the facts of the present situation before us in concise form. We may take the money supply as a measure of "purchasing power." Careful theorists might object to such a procedure, but the supply of currency and bank deposits in the hands of the public is approximately what the President and the others in his Administration appear to mean by purchasing power. Now turn to the record. In 1933 bank deposits and currency outside the banks totaled some $41.7 billion. At the end of 1941 when we entered this war they totaled $78.2 billion, an increase of 88%. At the end of September, 1944, the latest date for which figures are available, they totaled $138.9, a further increase of 78%. Turning to the asset side of the bank statements we find that holdings of Government obligations were wholly responsible for the increase since we entered the war, and very largely responsible for that which occurred prior to our entry.

Post-War Money Supply

Now what the President fears, apparently, is taxes laid on the great rank and file (for that is what consumers are) for the purpose of taking some of the Government obligations out of the hands of the banks and reducing this greatly swollen money supply. It has long been one of the real worries of thoughtful economists in this country that the enormous inflation (potential inflation if one prefers such a term) which has been inevitably concomitant of the conduct of such a war would be difficult to eradicate in the post-war years. It has been the hope of all informed and right thinking men and women that some way could be found at least gradually to reduce this redundant supply of money before it took hold and wrought our financial ruin.

But the President places himself on record against any such procedure. He apparently would oppose any attempt to reach such a desirable consummation.

Obsessed with the notion of "soaking the rich," he would instead, apparently, continue "progressive" taxation (which has come to mean taking very nearly all the income of individuals who earn substantially, and an equally large share of corporate earnings) to be used for the purpose not of reducing the redundant supply of money, but of transferring funds from those who earn them to those who do not. In this way, it is thought, "incomes and employment" may be stabilized!

It would be difficult to find a better way to reduce both incomes (in terms of anything but relatively valueless money) and employment to a minimum!

It is none too soon to characterize these doctrines of the President lest their nature be widely misunderstood and their dissemination work great injury.

Commitments By RFC for War Plants, Machine Tools, etc. Reported As $7,177,700,000

Commitments for war plants, facilities and machine tools aggregating $10,704,935,000 have been made by the Reconstruction Finance Corporation through Defense Plant Corporation, according to Jesse H. Jones, who in announcing this on Jan. 4 said that "of this total $757,-656,000 has been concelled, and $7,177,700,000 disbursed."

Mr. Jones' announcement also says that "the total figure includes pool order commitments for machine tools aggregating $1,985,-000,000. These orders are issued to insure the machine tool manufacturer a market for his product, and, as the tools are sold by the manufacturer, our obligation ceases." From Mr. Jones' advices we also quote:

"We have only been required to buy tools under these orders aggregating $4,912,000, and our outstanding commitments at this time are only $33,271,000. However, we have an informal request now from War Production Board to issue new pool orders in a substantial amount, to be handled in the same manner.

"In addition to the pool orders, machine tools have been supplied to 1,007 contractors in the amount of $1,087,000,000, the contractors paying a fixed rental.

"Total commitments include 920 complete, integrated plants wholly owned by Defense Plant Corporation, in the amount of $6,-055,000,000; and the expansion of 122 existing privately owned plants in the amount of $740,000,-000. These expansions are wholly owned by Defense Plant Corporation, and are located on land owned by it or held under long-term lease.

"The overall commitments include:

"574 for aircraft facilities in the amount of $3,100,000,000.

"183 for steel and pigiron facilities in the amount of $1,023,000,-000.

"161 for chemical facilities in the amount of $119,000,000.

"156 for machine tool facilities in the amount of $80,000,000.

"97 for aluminum facilities in the amount of $812,000,000.

"92 for ordnance facilities in the amount of $356,000,000.

"57 for synthetic rubber manufacturing facilities in the amount of $715,000,000.

"50 for other rubber manufacturing facilities necessary in the war effort in the amount of $115,-000,000.

"52 for magnesium facilities in the amount of $453,000,000.

"38 for aviation gasoline facilities in the amount of $245,000,000.

"6 for pipe lines in the amount of $189,000,000.

"247 plants aggregating $3,100,-000,000 are leased to operators at an annual rental of $1 a year. In these plants no charge is made to the government procurement agency for plants or plant facilities in the supply contracts. In the remaining 1,858 projects, in the amount of $4,900,000,000, rentals have been collected aggregating $422,000,000.

"The plants and projects are located in 46 states, and each was undertaken at the request of the War or Navy Departments, Maritime Commission, War Production Board, or other agency having responsibility for the procurement of war material.

"Recently, a number of facilities that had finished their war work were transferred to new operators for other emergency war production.

"Commitments for facilities to produce critical and strategic materials in foreign countries have aggregated $42,714,850. They include the production of copper in Chile, nickel in Cuba, vanadium concentrates in Peru, peat in Canada, fluorspar in Newfoundland, and balsa wood in Ecuador.

"The figures throughout are substantially as of December 31, 1944."

Mortgage Moratorium Law Upheld By NY Court

In a 6-to-1 decision on Dec. 30, the New York State Court of Appeals upheld the constitutionality of the N. Y. State Mtg. Moratorium Law, first enacted in 1933, and extended annually since. Noting that the plaintiff in the case was the East New York Savings Bank, which challenged, specifically, Chapter 93 of the Laws of 1943, which continued the moratorium, with provision for an amortization rate of one cent, Albany advices Dec. 30 to the New York "Times" added:

The high court's decision was awaited with widespread interest by thousands of mortgage holders and owners of property affected by the moratorium. Grounds on which the Court of Appeals reached its decision were not known immediately because, with the tribunal clearing its calendar for 1944, copies of the numerous opinions were not available at the time the decisions were handed down.

Chief Judge Irving Lehman wrote the opinion with Judge Edmund Lewis submitting a dissent. Their language may have some bearing on the attitude of the 1945 Legislature toward extending the moratorium for another year.

The East New York Savings Bank appealed from a lower court decision that the bank had failed to prove that at the time of the enactment of Chapter 93 of the Laws of 1943 and at the time of trial there was no public emergency justifying continuation of the moratorium.

The bank had taken action to foreclose a mortgage on property on Atlantic Avenue, Brooklyn. The mortgage was in the original sum of $5,000 and there was due $4,912.50 with interest from April 1, 1944.

Between 1933 and 1943 the moratorium law provided that mortgages covered thereby could not be foreclosed provided the property owner paid interest and taxes, with no amortization required. In 1943 the rate of amortization was fixed at 1%, and that rate was doubled by the 1944 Legislature.

Counsel for the bank argued that moratorium legislation violates the contract clause of the Federal Constitution and that it should not be sustained by the courts unless it was justified by a serious emergency, temporary in character, requiring a drastic remedy for the general welfare of all the people. The bank's lawyers further contended that the courts could take judicial notice that the emergency was at an end.

In his annual message to the Legislature last January, Governor Dewey said that conditions of unemployment and reduced income which impelled the moratorium long since had passed, and that the present period of high employment and high income is one in which debts should be paid off.

The Governor recommended, however, that the moratorium be continued for another year to avoid sudden hardship, but he said the bill should provide for reasonable payments against principal.

Throughout most of the 1944 legislative session there was a dispute between those who wanted the rate of amortization stepped up to 3% and those who wanted it left at 1%. The 2% rate was accepted as a compromise, although some legislators at that time predicted the rate was so low, in view of general prosperity, that the entire moratorium would be thrown out by the courts.

Seattle 1st Nat'l Bank Adds Four to Board

The addition of four prominent business leaders to the 12-member advisory board of the Spokane and Eastern division of the Seattle-First National Bank of Seattle, Washington, was announced on Jan. 9 by Joel E. Ferris, Executive Vice-President of the bank and manager of the division. New members are Grant Dixon, Harper Joy, R. J. Martin and Robert P. Porter. This is learned from "The Spokesman Review," of Spokane, from which we also take the following:

"Mr. Dixon is President of Western Pine Manufacturing Co. and Exchange Lumber and Manufacturing Co. He is past President of the Wooden Box Association of the United States.

"Mr. Joy, Executive Vice President of Ferris & Hardgrove, brokers, is a trustee of Whitman College and a member of the Board of Governors of the Spokane Shriners' hospital for crippled children. He has directed the last five War Bond campaigns as county chairman.

"Mr. Martin is President and Manager of R. J. Martin & Co., insurance and mortgage bankers, established 35 years ago. Vice-President and Director of the Great Northwest Life Insurance Co., he is also President of the Spokane Western Investment Co. and a Director of the Continental Coal Co.

"Mr. Porter has been President of Porter Brothers Co. since 1933, and had charge of their extensive operations in building the Peace Bridge in Buffalo, N. Y., and the Detroit-Windsor tunnel. A Director of Union Bank and Trust Co., Helena, Mont., he and his associates have developed large placer mining properties in Montana and Oregon.

"Mr. Ferris also announced changes in the official staff of the bank by the election of C. A. Nicholson, Trust Officer for many years, to Vice-President and Trust Officer, continuing in the trust department, of which Conner Malott, Vice-President, is the executive head. G. P. Hill, who has been Mr. Malott's assistant, was promoted to Assistant Trust Officer.

"R. A. Barth and L. G. Musser, both long connected with the Spokane and Eastern, were promoted from Assistant Cashiers to Assistant Vice-Presidents, and D. D. Johnston, who has been in the mortgage and insurance departments since 1925, was elected Assistant Cashier.

Putting the Cart Before the Horse

(Continued from first page)

pens to dividends paid by domestic corporations.

The truth of the matter is that some people are taxed at rates which are not only too high (for peace-time pursuits), but actually amount to the ancient practice of using the power of taxation for political purposes. The combination of corporate and individual income taxes raises the tax rate further. But this is no more "double taxation" than is the fact that one income bracket pays the double amount of another. It is an enhanced rate of taxation which may or may not be desirable, but calling it double taxation 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 burden than the taxpayer would have to carry if the whole amount would be raised at one end only, either at the source or at the receiving end.

It all depends on the bracket in which the corporation and the individual, respectively, find themselves. A man with a $100,000 income receiving dividends from a corporation which is not liable to the excess profits tax would not fare — at present tax rates — much better if he had to pay the tax on the full income without having the corporate tax deducted at the source. Vice versa, a person in a low income tax bracket owning shares of a corporation subject to a high excess profits tax, pays much more under the present law than he would have to if the corporate tax would be eliminated and his dividends alone were taxable. By and large, given the present rates of taxation of both corporate and individual incomes, the method of so-called "double" taxation works itself out as a minor hardship to the comparatively rich (almost none at all to the very rich) and as an extra charge on the small shareholder. And even that is true only in a general way, with a great many variations.

Briefly, what matters is the rate at which both corporate and individual incomes in the diverse brackets are taxed, rather than whether the tax is raised in two operations or in one. The emphasis on the so-called double taxation is not only misleading, but actually dangerous. The Treasury might answer it by saying that all it wants is a certain amount of revenue from corporate income and it is perfectly willing to raise it in one item if that's what is desired. If so, the result would be that the large shareholders would be worse off as a rule than they are now, while the small shareholders would profit through the change. But it is not the latter who need encouragement to invest.

As a matter of fact, the apparent relief to the large shareholder which the abolishing of the so-called double taxation would bring, is too small to be an incentive to enterprise even if the corporations would pay out in dividends the whole amount which they now pay in taxes. But most likely they would add some of it to their undistributed earnings. Is it likely that the Government would leave that amount untaxed? Even the CED plan, which stresses the point that all taxes should be paid by persons who receive the income, proposes an undistributed profits tax, which no fiscal authority in need of money is apt to overlook.

Then, there is another angle to this problem. Abolishing the so-called double taxation would be a boon to the small shareholder. But is it really desirable to attract him to the stock market? The peculiarity of the American stock market, the large volume of small funds operating in it for speculative purposes, is far from being sound. It emphasizes the swings of the market, causes losses to strata which can ill afford them, and distracts capital from small business in favor of the large corporations.

Incidentally, if raising two consecutive taxes on corporate earnings were a case of double taxation, then we should talk of quintuplet or sextet taxation, since a host of other taxes is paid by the same corporations (all deductible in figuring taxable earnings). Indeed, every one of us is double taxed and triple taxed, according to the same terminology, since we pay (deductible) State and municipal taxes plus excises, etc., and none of the reform plans suggests that this kind of "double taxation" should be entirely abolished, as they ought to if they were strictly logical. Fortunately, they are not that logical.

The Excess Profits Tax Fallacy

However, the constructive aspect of this propaganda for tax relief is the public recognition that the extremely high burden in the upper brackets is economically and socially unjustified. It kills the goose that lays the golden egg. But it is wrong policy to use false arguments for a good cause, and to ovelook or neglect the right ones. None of the widely distributed tax reform plans points out the apparent paradox that we have accomplished in the last three years a record level of production in spite of fantastically high tax rates, which did not prove to be a deterrent. As a matter of fact, there was enough profit left over to make this period the most profitable one since the late 1920's.

Of course, there is nothing mysterious about this apparent paradox. When the Government is the buyer in a seller's market, and when the buying is financed by monetary inflation, business ventures 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 detrimental under normal conditions. And it doesn't take great experts to figure out what the proper rates of income and corporate taxes might be. The most important single measure should be to abolish the excess profits tax, the idea of which was that nobody should get rich on the war. But there is no objection to anybody getting rich on legitimate peacetime pursuits. In addition, the income tax rates of the upper brackets should be brought down to the level of, say, the 1941 rate — provided that other ways are found to raise enough revenue to balance the budget.

What About Death Duties?

A curious feature of the tax reform plans in vogue is that they all evade the discussion of the estate taxes. The most vociferous advocates of the necessity to eliminate fiscal restrictions in the way of employment forget about the restrictive effects of high estate taxes. It is typical of the prevailing confusion about fundamentals that the economic man is looked upon as wanting to accumulate profits, but as being unmindful of whether or not they will be transferred to his heirs. In reality, the constructive type of entrepreneur is more interested in building up a lasting family fortune and in the permanence of his own accomplishment, than in making profits in his lifetime and letting future generations take care of themselves.

High death duties have the following effects:

1. They 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-run "speculation" at the expense of sound investment.

2. They have to be paid like a capital levy out of the substance, not out of income, which make a 30% death duty more oppressive and destructive than a 90% income tax.

3. They compel to liquidity, the opposite of enterprising. Not knowing when they fall due, the businessman is compelled to keep a major part of his fortune in such a form that his heirs do not need to liquidate the enterprise. Few things contribute more effectively to keeping a depression in permanence than a severe tax which puts a high premium on hoarding.

4. They favor big business at the expense of the small, because the owner of the former has much better chances for quick liquidation than the proprietor of the latter. In effect, therefore, they are a factor driving toward industrial concentration.

5. A progressive income tax, as we know it, reduces the accumulation of capital to such an extent as to make a high death duty unjust from the heir's point of view and comparatively unproductive from the Treasury's angle. At present, little more than 1% of all Federal revenues is derived from this source, in spite of confiscatory rates as high as 72%.

6. Because of their oppressive and destructive effects, high estate taxes are an incentive for devious subterfuges to break the spirit, if not the letter, of the law.

The reduction of unduly high death duties, and the right of the heirs to pay them in a long series of installments, should be first items in any tax reform program.

Putting the Cart Before the Horse

The reform plans, in spite of their shortcomings, have the merit of attracting public attention to the desirability of reform. But they put the cart before the horse by raising the tax problem rather than the problem of budgetary balance as the primary one. They operate on the implicit assumption that the primary purpose of fiscal policy is wealth distribution or employment creation or some other non-fiscal goal. In reality, these should be only secondary considerations. The first and fundamental purpose of taxation is and should be to cover governmental expenditures — to balance the budget.

To advocate in general terms a balanced budget is just as useful a procedure as to advocate a tax reform without telling of what it should consist. The tax reform plans simply postulate some $18 billions Federal expenditures, which involves quite a few arbitrary assumptions. It is assumed, e. g., that the interest charge on the national debt will not be more than 5 to 6 billion dollars per annum, which in turn pre-supposes that the national debt won't rise beyond $300 billions, and that the average interest rate will not be more than 2%. It might suffice to point out that the greater half of the national debt is of the short-term variety, much of which will have to be converted to higher interest-bearing securities.

This is only one of the many fallacies underlying the $18 billion expenditure figure, which is a product of wishful thinking rather than of fiscal analysis. No attempt is being made to analyze the structure of Federal expenditures. To propagandize tax reform without a detailed and specific program of reforming expenditures serves only to create false expectations.

To quote the September report of the National City Bank (N. Y.): "Already a great variety of proposals involving heavy Federal expenditures have been brought forward, such as vast new super-highways and public works, an expanded social security system, grants of special benefits to servicement and to war workers, support of farm prices by subsidies, continued lend-lease, a permanent large Army and Navy, an international stabilization fund and reconstruction bank, etc.," all of which is ignored in the reform plans, or is brushed aside. To assume, e. g., that all subsidies will be thrown in the ash can, is simple enough. But what does one propose to do about the farmer? Is it likely that when farm prices will collapse—as they are bound to — a laissez-faire policy will be adopted?

Propaganda for Inflation

Another fallacy on which the limited budget assumptions are based is the hypothesis of a high national income, varying in the different plans between $120 billions and $150 billions at war-time inflated levels. (That inflated income level is also basic for the actuarial calculations of very doubtful value in the different plans with regard to tax returns.) But none of them goes to the trouble to do as much as to ask the question. Just how is a national income of some 50% to 100% higher than we ever had in peace-time to be brought about? And why is an income-inflation necessary to create "full employment," whatever that means? Note that the 1929 prosperity, at a price level about the same as in 1942, brought a national income of less than $90 billions.

The inflationary implication is clearly shown in both the Ruml-Sonne plan and the CED project by their policy of demanding an all-round reduction of direct taxes. They are anxious also to wipe out all excises (except those for "social and regulatory" purposes — to interfere with the capitalistic system), arguing that they burden the masses. True enough, but the trouble is that it is the savings of the masses which have been grossly inflated in this war, and the disbursement of which threatens to carry into a run-away price inflation.

The 1942 level of national income can be duplicated only if one of two things happens, or a combination of both. Either the dikes have to open, so as to let the flood of pent-up liquid savings inundate the markets and inflate prices. Or else, if the savings won't be spent, then such a high plateau of national income may be reached by more Federal deficit spending. In either case, the budget would be unbalanced at the proposed tax rates. Incidentally, a high level of national income, as postulated by the tax reformers, would put the labor market under such a strain as to raise wages and thereby inflate prices from the cost side as well.

The essential point is that tax reductions per se neither guarantee a proportionate reduction of expenditures, nor do they protect against an outburst of inflationary spending by individuals and corporations. As a matter of fact, the great danger is that a tax reform, and even its promise, will foster the disbursement of pent-up savings. None of the plans does as much as to seriously acknowledge this danger, but it is only fair to add that at least one of them, the so-called Twin Cities Plan, shows signs of understanding where the real problem lies—the problem created by the vastly inflated volume of mass purchasing power—by suggesting that the excise taxes should be kept on the 1943 level and a 5% Federal sales tax should be introduced. Even that modest indication of economic and financial insight is blurred by the general policies of the Twin Cities Plan, which are similar to those of the other popular projects.

From the cocoon of tax reform plans emerges the butterfly of inflation propaganda. These plans amount in effect to plain inflation propaganda, and it is no mere incident that, for example, the author of the Ruml plan used to be one of the foremost proponents of perpetually unbalanced budgets and the spend-into-prosperity theory.

Whether or not intended that way, public reaction to the tax plans is not that Federal expenditures should be cut to $18 billions, or that the budget should be balanced. Public reaction is overwhelmingly on the side that taxes should be reduced. Indeed, it is the obvious implication of the plans that they have to be reduced under any circumstances: either because the budget would be balanced automatically, thanks to a high national income, or because it **should not be balanced** if the national income should shrink to peace-time levels.

One way or the other, we should accept inflation as a necessity, that is the underlying idea. It ignores the fact that price inflation is just about the most uneconomic and unjust of all forms of taxation. It is a tax levied without any regard for the principle of ability to pay. It is confiscatory, levied on capital as well as on income. It is wasteful because it wipes out the working capital of business, and leads to bad investments and over-production. It is ethically and socially most undesirable, because it penalizes honest savings, stimulates wild speculation and orgies of spending, and disrupts the structure and stratification of society, leading ultimately into the holocaust of prolonged depression. Inevitably, paper money inflation has revolutionary effects at home and abroad.

We need a fiscal reform, indeed, but we need one that guarantees a balanced budget, instead of assuming that it might come about by some miracle, and neglecting the consequences if it should fail to materialize.

A Last Consideration

There is one more point to bear in mind. Tax reform, i. e., tax reduction, is worth-while only if it lasts. To have a temporary relief, and then have taxes raised again, is much worse than having them stay where they are. One of the worst effects of taxation on business arises from insecurity about its future level. What we need is not just lower rates, but rates which won't be raised again. The reform plans which are not based on the solid foundation of a genuinely stabilized budget are worthless even if they succeed temporarily, because they will have to give way sooner or later to higher rates, upsetting business planning by the mere uncertainty as to next year's tax bill.

Illinois Bankers Cancel Conference

The annual Mid-Winter Conference and Dinner of the Illinois Bankers Association scheduled to be held at the Palmer House, Chicago, Ill., Feb. 8, has been cancelled. President Floyd M. Condit, in making this announcement, stated that the Executive Committee of the Association was unanimous in deciding to take this action inasmuch as the bankers of this State have pledged their full loyalty and co-operation to everything necessary to speedily win this war. Mr. Condit stated that the Committee had instructed the Secretary, Harry C. Hausman, to advise War Mobilization Director Byrnes of this action, following Mr. Byrnes' request, with President Roosevelt's approval, for the cancellation of conventions, involving travel, after February 1.

The State of Trade

(Continued from page 290)

Compared with a similar period in 1943, a decrease of 34,209 cars or 4.8% is shown.

Electric Production — The Edison Electric Institute reports that the output of electricity increased to approximately 4,427,281,000 kwh. in the week ended Jan. 6, 1945, from 4,567,959,000 kwh. in the preceding week. Because the same week last year contained the New Year holiday, no percentage comparisons are available. Output for the week ended Dec. 30, 1944 was 2.6% below that in the same week the year before.

Consolidated Edison Co. of New York reports system output of 186,000,000 kwh. in the week ended Jan. 7, 1945, comparing with 230,100,000 kwh. for the corresponding week of 1944, or a decrease of 19.1%.

Local distribution of electricity amounted to 178,600,000 kwh., compared with 212,400,000 kwh. for the corresponding week of last year, a decrease of 15.9%.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for the week ended Jan. 6, 1945, at 792,000 tons, an increase of 8,000 tons (1%) over the preceding week, and 315,000 tons, or 28.5% below the corresponding week of 1944.

The report of the Solid Fuels Administration placed bituminous production for the week ended Jan. 6, 1945 at 10,575,000 net tons, an increase of 2,265,000 tons over the previous week. Production in the corresponding week of last year amounted to 12,250,000 tons.

Estimated production of beehive coke in the United States for the week ended Jan. 6, 1945, as reported by the same source, showed an increase of 3,800 tons when compared with the output for the week before and 64,200 tons less than for the corresponding week of 1944.

Crude Oil Production — Daily average gross crude oil production for the week ended Jan. 6, 1945, as estimated by the American Petroleum Institute, was 4,678,550 barrels. This represented a decrease of 27,350 barrels per day under the preceding week, and 46,150 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of January, 1945. When compared with the corresponding week last year, crude oil production was 313,700 barrels per day higher. For the four weeks ended Jan. 6, 1945, daily output averaged 4,702,250 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,656,000 barrels of crude oil daily and produced 14,472,000 barrels of gasoline. Kerosene output totaled 1,393,000 barrels, with distillate fuel oil placed at 4,533,000 barrels and residue fuel oil at 9,092,000 barrels during the week ended Jan. 6, 1945. Storage supplies at the week-end totaled 86,616,000 barrels of gasoline, 10,782,000 barrels of kerosene, 38,298,000 barrels of distillate fuel and 56,074,000 barrels of residue fuel oil.

Lumber Shipments — The National Lumber Manufacturers Association reports that lumber shipments of 445 reporting mills were 12% above production for the week ended Jan. 6, 1945, while new orders of these mills were 18.8% more than production. Unfilled orders files amounted to 91% of stocks.

Compared to the average corresponding week of 1935-39, production of reporting mills was 34.6% greater, shipments 31.7% greater, and orders 23.7% greater.

Silver—The London market was quiet and unchanged at 25½ d. for basis .999 silver. The New York Official continued at 44¾ c. for foreign silver and 70⅝c. for domestic silver.

Paper Production—Paper production for the week ended Jan. 6, 1945 was at 81% of capacity, as against 61% of capacity in the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. The rate during the week ended Jan. 8, 1944, was 90.9% of capacity. As for paperboard, production for the same period was reported at 80% of capacity, against 57% in the preceding week.

Building Permits in December—Off sharply from the preceding month, December building permit values also went slightly below the December, 1943 volume for the first year-to-year decrease recorded since last April.

The value of permits issued in 215 cities during December dropped 59.2% to $39,279,455 from $96,455,644 in November, and was 7.3% less than last year's sum of $42,393,483, according to Dun & Bradstreet, Inc.

Business Failures — Although the work week was shortened by he Christmas holiday, commercial and industrial failures rose slightly in the week ended Jan. 11, 1945, advancing from 19 in the previous week to 25, Dun & Bradstreet, Inc., reports. The week's failures were concentrated in manufacturing and involved large liabilities. Small failures remained at the level of last week, while failures with liabilities of $5,000 or more rose from 14 a week ago to 21. In the comparable week of last year there were 22 large failures. Except for manufacturing, no industry or trade group showed a marked change. Only one Canadian failure was reported against 3 in the previous week and 2 a year ago.

Retail and Wholesale Trade—Retail volume for the country at large moved ahead the past week. According to Dun & Bradstreet, Inc., few of the first-of-the-year sales promotions, which usually mark this period, have appeared, but shoppers were buying in sufficient quantities to hold sales moderately above the same period of last year. Consumer interest extended over a wide variety of apparel such as cosmetics, jewelry and accessories, and to a lesser degree over house furnishings. There were no special items in particularly strong demand. Food sales dropped into a routine way following a sharp rise the past few weeks. Depleted inventories characterized department store stocks of merchandise after an active holiday season, with only a limited quantity of fall and winter merchandise yet to be received.

In women's apparel, sportswear, suits, coats and dresses a reasonable demand obtained, while the promotional activity and the new displays of summer merchandise brought forth considerable interest. Summer dress sales were large and pastel suits popular. It was noted that higher-priced coats and dresses enjoyed an improved turnover. In men's clothing, the volume was about even with that of one year ago; sales of men's furnishings were down slightly.

Clearance sales of house furnishings this year are infrequent and offer the smallest variety in many years. Food distribution remained moderately above that of the previous year with many provisions falling short of consumer needs, while butter and cheese in some sections are very scarce.

Heavy snowstorms continued to hamper retail trade in some regions, volume for the country was estimated from 4 to 8% over a year ago. Regional percentage increases were: New England 3 to 5, East 4 to 6, Middle West and Northwest 3 to 7, South 5 to 9, Southwest 8 to 12, and the Pacific Coast 6 to 10%.

In the wholesale field, sales rose the past week with the opening of a wide variety of markets throughout the country. Attendance was heavy but supplies were limited and ordering followed on the allotment basis. Shortages were evident primarily in some staple goods, rayons and cotton goods, underwear, work clothes and many house-furnishing lines.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 2% ahead of a year ago for the week ended Jan. 6, 1945. This compared with 12% in the preceding week. For the four weeks ended Jan. 6, 1945, sales increased by 20%.

Retail trade here in New York last week was characterized by spottiness. Bad weather coupled with severe shortages of merchandise were adverse factors and had their effect. According to estimates, department store sales reflected little change from the previous year.

Local wholesale markets in the week attracted a record number of buyers who were endeavoring to replendish low stocks wherever possible and check on deliveries of early spring merchandise. In fabrics the situation continued acute. Buyers' allotments were smaller than heretofore contemplated.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Jan. 6, 1945 decreased by 1% under the same period of last year. This compared with an increase of 9% in the preceding week. For the four weeks ended Jan. 6, 1945 sales rose by 20%.

Business Failures in Nov.

Business failures in November were higher in number but lower in amount of liabilities involved than in October. When compared with November a year ago, the number of failures is smaller but the amount of liabilities involved is larger. Business insolvencies according to Dun & Bradstreet, Inc., totaled 75 and involved $3,008,000 liabilities as compared with 74 in October involving $3,819,000 liabilities and 155 involving $2,402,000 in November a year ago.

The manufacturing and retail groups were the only groups showing less failures and liabilities in November than in October.

Manufacturing failures in November numbered 18, involving $513,000 liabilities, compared with 30 in October with $3,521,000 liabilities. Wholesale failures numbered 6, against 4 in October and liabilities increased to $235,000 from $19,000 in October. In the retail trade section insolvencies decreased from 25 to 21 and liabilities from $156,000 to $115,000. Construction failures numbered 18 in November against 11 in October with liabilities of $482,000 in November as compared with $80,000 in October. Commercial Service failures were up to 12 in November with $1,663,000 liabilities from 4 in October with liabilities of $3,819,000.

When the country is divided into Federal Reserve districts it is found that the Boston, New York, Richmond, Atlanta and Kansas City Reserve districts had more failures in November than in October. Chicago had the same number while the Minneapolis and Dallas Reserve districts did not report any and the remaining districts had fewer failures in November than in October. When the amount of liabilities involved is considered, it is found that the Richmond, Atlanta and St. Louis Reserve districts had more liabilities involved in November than in October. The Chicago Reserve district had the same amount, while the remaining districts, with the exception of Minneapolis and Dallas Reserve districts, which did not have any failures, had less liabilities involved in November than in October.

Mutual Savings Banks Cancel '45 Conference

Owing to urgent requests from Washington to conserve time, space and material, the National Association of Mutual Savings Banks will forego its 1945 business meeting, previously announced to take place in May. Since mutual institutions operate in 17 states, and principally upon the eastern seaboard, the meeting of this year would have involved only a minimum of travel and consumption of goods; yet says the announcement the Executive Committee of the association deemed it best to relinquish plans for a discussion of current economic affairs by delegates representing the whole membership. Instead, a brief meeting probably will be held in the Spring by the association Council of Administration, representing mutual savings banks at large. The announcement from the Association also says: "The participation of mutual institutions in the war effort continues at an intensive rate, their distribution of War Savings Bonds to the public approximating about a twenty-fifth part of all such bonds. The direct investment of mutual savings bank assets in Government securities of the usual issues substantially is above the half-way mark of these assets and continues to rise. Planning for the future will be continued by committees of the association coupled with customary administrative activities.

Relax Restrictions on Currency Movement Between U. S., Mexico

The Treasury Department announced on Jan. 3 the relaxation of its restrictions on the movement of United States currency between Mexico and this country. Hereafter, persons crossing the Mexican border will be permitted to carry United States currency in bills of denominations of $20 or less, says the Treasury announcement, which also states:

"This action was taken after consultation with the Mexican Government, which is issuing a similar announcement.

"Mexican controls over the importation of currency from countries other than the United States will be relied upon to prevent Mexico from becoming a channel for the disposition of looted United States currency. The joint Mexican-United States restrictions on the movement of currency between the United States and Mexico continue to apply to bills of denominations of $50 or higher. Treasury restrictions on the importation of currency into the United States from foreign countries other than Mexico remain unchanged.

"This modification is in line with the policy of the Treasury Department to relax its wartime restrictions over international financial transactions as rapidly as conditions permit."

Look to Increased Cocoa Beans Production

At a meeting of the Board of Managers of the New York Cocoa Exchange, Inc., held on Jan. 8, it was unanimously voted to instruct the special committee of the Exchange, consisting of I. Witkin, J. L. Clevenger, Jr., G. Hintz, W. J. Kibbe, W. E. Leydet and T. J. Mahoney, to inquire into and study ways and means of encouraging production of cocoa beans in new areas of the world, and to increase production in areas already growing cocoa, especially in the Western Hemisphere, and to empower the committee to take steps necessary to carry out the purposes of this resolution.

From Washington Ahead of The News

(Continued from first page)

It is worth noting that a result already of Mr. Bowles' desire for his bureau to do something and not disintegrate, was his invalidation during the holidays of a lot of blue stamps which the housewives had been holding. Millions of Americans lost confidence in the OPA because of this action and its assurance now that shoes are not going to be rationed, seem not to mean a thing to the prospective buyers of shoes. In the meantime, Mr. Bowles has admitted that he made a mistake in cancelling the blue stamps. "Mistake" is not the word for it.

There is another thing which they are talking about on Capitol Hill. Congressmen are asking themselves, regards the manpower and draft nurses proposal, just what is behind Jimmy Byrnes' and Mr. Roosevelt's "forcefulness." They hear, and gossip has a tremendous influence in the politics of Washington, and under our central Government these days, over the lives of the whole people, that Jimmy has never quite got over his being denied the Vice-Presidential nomination at Chicago and would quit were it not for Barney Baruch who wants an entree to the White House through Jimmy. And Jimmy, being of this mood, is out to test his authority as "Assistant President." By way of doing this, so goes the gossip—and we would never think gossip in the old days to be important, but it is now quite important in the flimsical government which people have—he made proposals on manpower and taxes, and the President, to show his confidence in Jimmy and to regain his goodwill, approved his tax program over the loud howls of Henry Morgenthau, who said he had not been consulted, and went even more "forceful" on manpower draft than Jimmy had.

Jimmy, it is now being pointed out, is speaking more kindly of the "President's leadership" than at any time since Chicago. He is beginning to think once again that FD is really a man who has a grasp of this country's problems, when up until the President did this, Jimmy was reported to have thought the President had no grasp of anything, and he would certainly like to quit if Barney Baruch would let him.

We reported last week that the outbreak from the Administration on manpower, on the drafting of 4-Fs and nurses, had to do with what was happening on the Western front and the disillusionment over the Atlantic Charter.

What we have just written is in no wise in contradiction of that, but simply another angle of how things come about in Washington.

The over-all thought is that there is not much honesty about anything. People have long laughed at politicians. The cartoonists drew funny cartoons about them. And the ordinary people were apt to expect campaign cigars from them, and laugh. But now they have let these babies get the upper hand over them and they, the people, are in an awful mess.

Men in Congress claim they are going to find out, but they probably won't, just where the manpower shortage is. They are going to ask why Paul McNutt, the Manpower Administrator, was in Europe when the outburst developed. With millions of people having to stand in line to eat, to get gas, to get other necessities, they are going to try to determine just what nonessential industry it is that is unnecessarily housing the 4-Fs. Congress won't get much information, but it is not likely either, that, notwithstanding the newspaper pressure, it will pass the proposed legislation. The Administration doesn't want it to. In the end, a good time will have been had by all.

President Roosevelt's Budget Message to Congress For 1946

(Continued from first page)

country, producing the equipment and means of transportation for our expanding armed forces, and aiding our Allies in their resistance against the aggressors. The record today shows that we have spent $28,000,000,000 since July 1, 1940, to build munitions factories, cantonments, depots, hospitals, war housing and for other war construction. Three times the total strength of our Army and Navy at the time of Pearl Harbor is now fighting or deployed overseas. Thirty-six billion dollars of lend-lease aid have been furnished in goods and services to our Allies, who in turn have aided us with approximately $4,500,000,000 worth of goods and services.

We have now substantially completed our war construction. Expenditures for war construction, which in the fiscal year 1943 reached a peak of $12,700,000,000, are now down to an annual rate of about $2,500,000,000. The development of new weapons and increased need for ammunition still require some new plants and equipment, but total outlays for war construction are declining, as shown in the following table:

WAR EXPENDITURES FOR FISCAL YEARS 1941-1945, INCLUDING NET OUTLAYS OF GOVERNMENT CORPORATIONS

(In Billions)

Type of Expenditure—	1941	1942	1943	1944	*1945
Munitions, including ships	$2.3	$12.7	$42.3	$55.6	$53.8
War construction and war plant:					
Industrial plant and equipment	0.8	4.1	6.7	2.6	1.3
Non-industrial and military construction	1.4	3.5	6.0	2.0	0.9
Total war construction and war plant	$2.2	$7.6	$12.7	$4.6	$2.2
†Pay, subsistence and other non-munitions	2.2	8.0	20.1	29.5	33.0
Total war expenditures	$6.7	$28.3	$75.1	$89.7	$89.0

*Revised estimate. †Including agricultural lend-lease and other civilian war activities.

We have also substantially completed the initial equipment of the Army and Navy and their air forces. Although we have now a Merchant Marine four times its pre-war tonnage, the terrific strain of global war makes necessary some further addition to the cargo and tanker fleet.

Our forces engaged in battles in Europe and Asia expend munitions at a prodigious rate. The main job now is that of replenishing equipment and supplies and of providing our fighting men with the most up-to-date weapons which can be contrived. Some weapons of which we had sizable inventories only a few months ago must now be produced in increased quantities. More than one-fourth of present war production is in critical items. Untimely relaxation in war production spells greater sacrifice in human lives and delays victory.

Expenditures for pay and subsistence of the armed forces still are increasing because of the higher pay for a larger number of soldiers and sailors stationed overseas. Expenditures for mustering-out payments are also increasing as a result of the considerable turnover in our forces.

The war expenditure estimate for the fiscal year 1946 also provides for continuance of subsidies paid out of funds of the Reconstruction Finance Corporation to assure war output and to stabilize the cost of living. It excludes payments of the Department of Agriculture for the farm price support and related agricultural programs, which are discussed elsewhere in this budget. No allowance is made either for possible addition of new subsidy programs or for discontinuance or reduction of existing programs, although I hope that a reduction will become possible. In accordance with legislation enacted by the last Congress, I shall submit detailed recommendations for these programs at a later date.

War exependitures are expected to decline in the fiscal year 1946; our war construction and initial military equipment are substantially complete, and our supply lines have been filled. The extent of that decline depends on the course of the war. The composition of war expenditures will change considerably in any case.

There has been overoptimistic speculation about the possible cut in war expenditures when major hostilities in Europe end and our main efforts are concentrated on the Japanese campaign. We should make a great mistake if, in our military and budgetary planning, we underestimate the task of defeating Japan. Japan now occupies twice the area which was held by the Nazis in Europe at the peak of their power, an area as large as the continental United States. The population now under Japanese control is more than three times the population of the United States.

The supply lines to the Pacific and Asiatic theatre are two and three times the distance of Europe, and the turn-around time for ships has been two-thirds greater. As the battle against Japan mounts, more cargo will have to be shipped over greater distances.

Our task in Europe will not end with the cessation of hostilities there. The war will not be won unless we accept our share of responsibility for the administration of occupied territories and for relief and rehabilitation in the liberated areas. Expenditures for these tasks are part of the war budget.

Appropriations for the War Program

The uncertainties of war require that the budgets of the military agencies be sufficiently large and flexible to permit them to meet all demands that may arise. Adequate appropriations and contract authorizations enable the war agencies to make commitments and to place procurement contracts far enough ahead for industry to plan the various stages of production. On the other hand, we should, of course, also be prepared to adjust our war programs downward if the development of the war allows.

The Congress has placed administrative controls in the executive office of the President by granting authority, under legislation expiring June 30, 1945, to limit personnel in the Federal agencies and has reinforced them by requesting reports on unobligated balances of war appropriations.

There is a considerable time lag between the legislative authorization or appropriation for war supply, the obligation or placement of orders with contractors, the final payment on delivery of finished munitions. The huge authorizations and appropriations voted by the Congress in the early years of the war enabled the war agencies to place munitions contracts for later delivery. We are now paying for deliveries under these contracts.

Unliquidated obligations for the war program totaled $100,000,000,000 at the beginning of the fiscal year 1944; they had been reduced at the end of November, 1944, to about $66,000,000,000 by payment or, in some cases, by cancellation.

Appropriations and authorizations for war purposes, in the general and special accounts, for the fiscal year 1944 were $120,000,000,000. For the fiscal year 1945, they declined to $85,000,000,000, and for the fiscal year 1946 are now tentatively estimated at $73,000,000,000. These totals include reappropriations and contract authorizations required for new obligations. The total war program, measured by such appropriations and authorizations together with net commitments of Government corporations for the fiscal years 1941 through 1946, will total $450,000,000,000, as shown in the following table:

THE WAR PROGRAM

Description:	Cumulative from July 1, 1940 to June 30, 1945	Cumulative from July 1, 1940 to June 30, 1946
Authorization:		
Appropriations	$362,700,000,000	$423,400,000,000
Unliquidated contract authorizations	13,100,000,000	11.100,000,000
*Net commitments of Reconstruction Finance Corporation and affiliates	16,500,000,000	15,200,000,000
Total authorizations	$392,300,000,000	$449,700,000,000
Expenditures:		
General and special accounts	279,400,000,000	348,800,000,000
Reconstruction Finance Corporation and affiliates (net)	9,400,000,000	10,000,000,000
Total expenditures	$288,800,000,000	$358,800,000,000
Unobligated balances and unliquidated obligations end of period	103,500,000,000	90,900,000,000

*Gross commitments less withdrawals and cancellations and less receipts from rents, repayments and sales.

The estimated appropriations and authorizations for war for the fiscal year 1946 are composed of $59,000,000,000 of new appropriations and authorizations, and $14,000,000,000 of reappropriations of funds previously appropriated for war but not yet obligated. Unobligated balances of prior-year appropriations and authorizations to the Maritime Commission are adequate to carry out the merchant ship construction program as now approved. Detailed recommendations for most war activities will be transmitted in the spring.

These tentative estimates of appropriations include provisions for continuing lend-lease aid to our Allies. They are based on the assumption that the Lend-Lease Act will be re-enacted prior to its expiration on June 30, 1945.

About one-sixth of present war outlays are for lend-lease and for relief and rehabilitation. We shall continue to provide lend-lease, and our Allies to provide reciprocal aid, to the full extent necessary to win the war. Lend-lease 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 in any theatre, it may become urgently necessary for us to assist in relieving distress in the liberated areas. Appropriations to the War Department make some provision for civilian supply in territories occupied by the Army, but only to the extent necessary in the interest of military operations. For relief and rehabilitation after the battle lifts, the Congress has already authorized $1,350,000,000 as the contribution of the United States to the United Nations Relief and Rehabilitation Administratioin. To date appropriations of $450,000,000 and transfer authorizations from lend-lease of $350,000,000 have been made as our share for immediate needs under this program. If the appropriated amount proves inadequate, we must take additional measures, in cooperation with the United Nations, to make sure that the peoples of the liberated countries have essential relief from the devastation of war.

Appropriations and Expenditures for Other Than War Activities

Aftermath of War

In last year's budget message I indicated the inevitable increase of expenditures in the aftermath-of-war category, particularly expenditures for war veterans, interest on the public debt, and tax refunds. Total expenditures for these purposes are increasing from $1,600,000,000 in 1939 to an estimated $7,200,000,000 in the current fiscal year and will probably amount to $9,800,000,000 in the next fiscal year. This increase arises directly out of the war. The 1946 total is larger than the whole Federal budget five years ago.

Veterans' Pensions and Benefits

Although the full impact of the veterans' program will not be felt until the years following demobilization, the total estimated requirements for 1946 of $2,623,000,000 represent about 20% of the total appropriations for other than direct war purposes. They are more than double the total appropriated for the veterans' program in the current fiscal year.

Additional appropriations for the current fiscal year will become necessary to cover increased pension costs occasioned by losses in service; to conform with recent legislation increasing coverage and liberalizing payments to veterans of former wars and to their dependents; and to carry out the provisions of the Service Men's Readjustment Act of 1944. The estimated supplemental appropriations include these items.

Pension costs during the fiscal year 1946 are expected to increase sharply to a total of $1,080,000,000, and the costs of education, readjustment allowances and loan guarantees to $295,000,000. In addition, $1,000,000,000 are provided for losses resulting from the hazards of the war among holders of national service life insurance policies and $85,000,000 for construction and reconditioning of hospital facilities. This hospital construction program (shown in the budget under General Public Works), together with Army facilities later to be made available to the Veterans Administration, may ultimately provide 300,000 beds.

The time and rate of demobilization will greatly affect the expansion of education, readjustment allowance, loan guarantee 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 almost one-fourth of the labor force. The responsibility which we are assuming for their jobs, education, medical care and financial assistance makes it increasingly essential that these programs for veterans be integrated with other programs of like nature affecting the whole nation.

Interest

Interest on the public debt is estimated to rise next year by $750,000,000 to $4,500,000,000. This rise reflects entirely the current increase in the outstanding debt. No change is anticipated in the low-interest rates at which the war is being financed.

Tax Refunds

Refunds of taxes are expected to require a total of $2,725,000,000, an increase of $556,000,000 over the fiscal year 1945. About $1,000,000,000 of this total will consist of repayments to wage and salary earners of withholdings in excess of tax liabilities.

Another billion dollars reflects the issuance of post-war bonds which cover the refundable 10% of the excess profits tax. Other corporate tax refunds are due to the recomputation of the special amortization allowances for emergency facilities certified to be no longer necessary for war production, and to the carry-back provisions of the corporate income and excess profits tax laws. The refunds arising from these provisions for corporate tax relief will reach full volume only in future years.

Agriculture

Agricultural production has continued at record levels for three successive war years. Farm income has been more than 135% of parity throughout the period. To assure continued production at a high level, I recommend appropriations for the Department of Agriculture, including the War Food Administration, of $512,000,000. Although this is considerably less than has been appropriated in the fiscal year 1945, the amount available, after adjustment for unused balances, reappropriations and transfers, will not be substantially less than the amount being used for agricultural purposes in this fiscal year. The appropriations include provision for the Agricultural Adjustment Agency, the Soil Conservation Service, the Farm Security Administration, the exportation and domestic consumption of agricultural commodities, the administration of the Sugar Act, and research and other long-established functions of the Department of Agriculture. They do not include provision for potential net expenditures of either the Commodity Credit Corporation or the Federal Crop Insurance Corporation. Of the $512,000,000 recommended, $10,000,000 for the War Food Administration is designated for war activities and $10,000,000 is for General Public Works.

Anticipating the needs of returning war veterans and the desirability of providing adequate assistance to small, low-income farmers, I recommend that the borrowing authority of the Farm Security Administration be increased from $67,000,000 to $125,000,000 for rural rehabilitation and from $15,000,000 to $50,000,000 for the tenant purchase program. I recommend that the borrowing authority of the Rural Electrification Administration be increased from $25,000,000 to $150,000,000 in order to permit the extension of electricity to at least part of the 6,000,000 rural families now without such service. I have already given my approval to a recommendation of the War Food Administrator for an increase of $2,000,000,000 in borrowing authority of the Commodity Credit Corporation. I shall recommend appropriations for financing the revived program for crop insurance in the very near future.

This agricultural budget is a wartime budget. It does not fully reflect desirable long-time objectives. In the future, we must develop a program to eliminate malnutrition and rural poverty. The Government is committed to support agricultural prices to farmers at a fair level for two years after the war. Farmers and the Nation as a whole must be protected from heavy fluctuations in agricultural prices and income, and this must be accomplished without the accumulation of unmanageable surpluses. So long as a large number of people have an inadequate diet, we cannot have a true surplus of agricultural production. We can have only too much of the wrong things.

Social Security, Retirement and Education

Social Security

Appropriations for administration and grants under the Social

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President Roosevelt's Budget Message to Congress For 1946

(Continued from page 295)

Security program are estimated at $494,000,000 for the fiscal year 1946, an increase of $14,000,000 over the fiscal year 1945. This increase is largely for higher grants to match payments of the States under the Social Security Act.

I hope that the Congress will give early consideration to extension and improvement of our Social Security system and will re-examine the financial basis of the program.

Retirement Funds

Appropriations for the Government employees' retirement funds are estimated at $247,000,000 for the fiscal year 1946, an increase of $50,000,000 over the current fiscal year. This will reduce the previously accrued liabilities of the Government to these trust funds and will also provide for an increase in the number of employees currently acquiring benefit rights.

Education

As a part of the budget for the fiscal year 1946, I am recommending reorganization of the basic structure of the office of education. This reorganization will facilitate service to the States in the development of more adequate educational programs with proper emphasis on all the various aspects of education.

The training and educational programs of the Army, the Navy and civilian agencies during this war have broadened our conception of the role that education should play in our national life. The records of Selective Service reveal that we have fallen far short of a suitable standard of elementary and secondary education. If a suitable standard is to be maintained in all parts of the country, the Federal Government must render aid where it is needed—but only where it is needed. Such financial aid should involve no interference with State and local control and administration of educational programs. It should simply make good our national obligation to all our children. This country is great enough to guarantee the right to education adequate for full citizenship.

Public Works

Recommended appropriations under the General Public Works program in the fiscal year 1946 total $279,000,000, $93,000,000 more than appropriated for the current year. Balances brought forward from public works appropriations of several years ago are about used up. Even with the recommended new appropriations, the program as a whole will be limited; actual construction will continue to be restricted to those projects which contribute to the war effort. Because of the completion of some of this war-related construction, expenditures are estimated to decrease slightly in the next fiscal year.

I recommend, however, appropriations for the planning of public works which the Congress has already authorized. We must continue to stock up a shelf of meritorious construction and development projects to be undertaken as manpower and material become available. By the end of the current fiscal year, detailed plans will be ready for about $1,500,000,000 of Federal public works, and also will be substantially ready for a $1,000,000,000 program of Federal-aid highways, half of this road program to be financed with State funds. We need a larger shelf of detailed plans in order to be prepared for the post-war period. Hence, appropriations for 1946 are recommended to make possible the completion of additional plans for highways, flood control, river development, stream pollution control, power transmission, reclamation, hospital and other construction, as authorized by law. Further requests for funds for detailed planning of Federal projects will be made on Congressional authorization.

Plans have been completed or are in the design stage for about $3,000,000,000 of State and local public works, excluding Federal-aid highways. The War Mobilization and Reconversion Act authorizes funds for Federal loans and advances which would make it possible to place further projects on the shelf of planned public works. The extent to which Federal funds are needed to enable States and localities to plan adequately for useful public works is now being re-examined, and I shall soon transmit a new recommendation concerning funds for these purposes.

In addition, programs are being developed for Federal loans and guarantees to stimulate private construction after the war. Guarantees and loans already available under the Service Men's Readjustment Act will encourage residential, commercial and farm building.

General Government

The civil departments and agencies of the Federal Government have been fully geared to the war effort. Appropriations for other than direct war or war-related activities have been reduced to rock-bottom. When the war situation permits a reduction in the war program, it will also be possible to reduce war activities of the civil departments. Such activities should be curtailed wherever possible. The Bureau of the Budget has been instructed to review currently the activities of the various Government agencies and to recommend such changes as become desirable in light of changing war requirements.

Agencies which will play a leading role in the peace effort must begin preparations for a progressively larger job. I recommend, for instance, an increase in the appropriations for the Department of State in order that it may be more adequately staffed at home and abroad. To prepare for the expected increase in workload, increases in appropriations are recommended for the Bureau of Foreign and Domestic Commerce, the Office of the Administrator of Civil Aeronautics, and a few other agencies.

Recommended appropriations for general government for the fiscal year 1946 are slightly below those enacted for the current fiscal year. If supplemental appropriations for overtime pay are adopted, requirements for general government may be somewhat above those for the current year.

Government Corporations—Other Than War Activities

Receipts of Government corporations (excluding war activities) will exceed expenditures for purposes other than debt retirement by $27,000,000 in the fiscal year 1946, and by $224,000,000 in the current fiscal year.

The operations of the Commodity Credit Corporation in connection with the farm and food programs require net outlays of $1,000,000,000 during the current fiscal year. This assumes a supplemental appropriation of $256,000,000 to restore impaired capital of the corporation.

The estimate for the fiscal year 1946 provides for net expenditures of $572,000,000, which will absorb practically all the funds available to the corporation under its present maximum borrowing authority of $3,000,000,000. If the Congress approves the pending recommendation for a further increase in the borrowing authority, increased operations of the corporation may result in additional net expenditures in the fiscal year 1946.

Activities of other Government corporations are expected to show smaller net receipts than during the fiscal year 1945. Liquidation of pre-war loans and other assets will probably taper off. Some expansion in the non-defense lending activities of the Reconstruction Finance Corporation is also anticipated. The net receipts of Government corporations, in both the fiscal years 1945 and 1946, reflect substantial transfers of funds necessary to retire outstanding obligations of the Federal Land Banks.

Federal Personnel

Most of the Federal civilian employees are engaged in essential war work and must stay on the job as long as the war lasts. Government war services have suffered in recent months by departure of personnel, partly because of overoptimism about early victory, partly because of concern about employment opportunities after the war.

The total number of paid Federal employees in the continental United States in November, 1944, was slightly under 2,900,000, of whom 2,040,000 were in the War and Navy Departments and other war agencies and 836,000 in the postoffice and other peacetime establishments. The total has declined 126,000 below the peak of June, 1943. There will be further reductions as the course of the war permits, but our main concern at the present moment is to keep essential Government personnel on the job.

Anticipated supplemental appropriations for the fiscal year 1946 include about $500,000,000 as an approximation of the additional cost of overtime pay and other salary adjustments, assuming enactment of such pay legislation as the Congress may authorize to replace those present acts which expire June 30, 1945. This allowance has not been allocated among the detailed war and other appropriation estimates to which it relates. The Budget estimates of personnel needs, expressed in "man-years," do, however, assume continuance of the present workweek, generally 48 hours. Under the War Overtime Pay Act of 1943, salaried employees are compensated for hours worked in excess of 40 a week. With but minor exceptions, basic salary rates have not been increased during the war.

In contrast to salaried employees, the skilled and unskilled workers, such as those in Navy yards and arsenals, have had wage adjustments which have approximately kept pace with wage rates for comparable work in private industry. They have also received overtime pay at true time and one-half rates.

The third large category of Federal employees—the postal workers—in addition to receiving overtime compensation at straight-time rates has been granted a wartime bonus.

Prior to the expiration of the overtime pay law, the Congress should re-examine the entire subject of hours of work and pay. Regardless of the progress of the war in Europe, many Federal employees will continue to be needed on a 48-hour work schedule, and provision must be made for their overtime compensation. I recommend that the Congress enact permanent legislation which would authorize overtime compensation at true time and one-half rates.

When at some future date it becomes possible for most Federal employees to go on a 40-hour work week their earnings will be materially reduced. A situation of hardship and unfairness will then exist unless an increase in basic salary rates has been granted in recognition of the rise in the cost of living. I recommend a prompt re-examination of Federal salary rates with a view to making adjustments consistent with the national stabilization policy.

Budget Totals

The discussion of expenditures for the war and for all other purposes lays the basis for presenting the budget totals and for an analysis of the impact of the Federal budget on the national economy as a whole.

Expenditures

Of the total estimated expenditures, including net outlays of Government corporations, of $83,000,000,000 for the fiscal year 1946, 84% are for direct war purposes; 12% are for veterans, interest on the public debt and tax refunds; and only 4% for all other activities of the Federal Government. Expenditures in this last group of "other activities" are estimated at $3,300,000,000, somewhat less than for the current fiscal year; they are only about one-half of what they were in the years before the start of the defense program—largely because of the reduction in work relief, aids to youth and general public works.

Net Receipts in the Fiscal Year 1946 Under Existing Legislation

Net receipts in general and special accounts under existing legislation are expected to decline from $45,700,000,000 in the current fiscal year to $41,300,000,000 in the fiscal year 1946. This development reflects, in large part, the $17,000,000,000 decrease in expenditures estimated in this budget. Such a decrease in expenditures before full reconversion to civilian production will mean smaller individual incomes and corporate profits. This in turn will bring a decrease in receipts from individual income taxes and from corporate taxes. Because the present law will expire June 30, 1945, receipts from recovery of excessive profits from renegotiated war contracts will taper off during the fiscal year 1946. I recommend that the Congress extend the authority to renegotiate war contracts.

Receipts from excise and customs are expected to continue at about the same level in the fiscal year 1946 as in the current fiscal year. Sales of surplus Government-owned war supplies and property are beginning to yield substantial amounts. These receipts will be still larger in later fiscal years.

Recommendations for Tax Legislation

Wartime taxes must be maintained as long as large-scale war expenditures are necessary. There is no justification for tax reductions as long as we are engaged in a major war. When a favorable development of the war allows a major decline in war expenditures, minor tax adjustments will become possible and desirable. I am pleased that the Joint Committee on Internal Revenue Taxation is studying the tax problems of the transition and post-war period.

Borrowing in the Fiscal Year 1946

Borrowing requirements during the fiscal year 1946 will amount to an estimated $40,000,000,000, compared with $51,000,000,000 in the current fiscal year. Federal trust funds will have $5,000,000,000 available for investment in Government securities, thus leaving $35,000,000,000 to be borrowed from individuals and financial and other institutions. These estimates assume that the Treasury general fund balance, which amounted to $20,000,000,000 at the end of the fiscal year 1944, will be reduced by $5,000,000,000 during the current fiscal year, and by $2,000,000,000 during the fiscal year 1946. They also assume that retirement of guaranteed obligations of Government corporations held outside the Treasury will be almost completed by June 30, 1945.

These large borrowing operations will require a further rise in the public debt to $292,000,000,000 on June 30, 1946. Before the debt reaches this figure a further increase in the $260,000,000,000 debt limit will be necessary.

Management of the public debt has become one of the major financial operations of the Government. To assure effective discharge of these responsibilities and, in particular, to maintain the present low rates of interest, ample powers must be available to the monetary authorities. I shall later recommend legislation reducing the present high gold-reserve requirements of the Federal Reserve Banks.

The management of the public debt is bound to have a profound influence on the economy for a long time to come. Retaining high taxes on the masses of consumers for general reduction of debt held by financial institutions 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 a stabilizing influence on incomes and employment. I favor a policy of orderly but steady debt reduction, 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.

Economic Controls and Reconversion

As long as we are at war—at war against two powerful enemies or against only one of them—we will give unqualified priority to all war production and to all manpower needs of war. Nevertheless, some reconversion of war industries may become possible, dependent on the progress of the war.

The foundation for dealing with the main reconversion problems has been laid by the Contract Settlement Act, the Surplus Property Act, and the War Mobilization and Reconversion Act; the machinery for the administration of these acts is being put in operation. Still a great many problems remain to be solved if we are to be ready for successful reconversion. We may have a scarcity of manpower in certain industries and regions, while temporary unemployment may develop in others. We may have surpluses of some commodities and a downward tendency in certain prices, particularly of raw materials, while scarcities cause a continuing upward pressure on other prices.

The human side of reconversion requires effective organization to aid each discharged war veteran and war worker to find his way back into productive peacetime employment. As far as veterans are concerned, the basis is laid by the Servicemen's Readjustment Act. I have already emphasized the need to strengthen our Social Security program. With respect to the reconversion period, I am particularly concerned over the fact that broad categories of workers are not covered by present legislation and that present standards for unemployment compensation are not adequate in many States. To promote employment opportunities and to assure the proper occupational adjustment of returning veterans and war workers, a strong, integrated system of public employment offices is a basic necessity. We can best accomplish this objective by the establishment, through permanent legislation, of an effective national employment service with adequate coverage throughout the nation. For the reconversion period we should provide assistance for travel and retraining of war workers.

We must also see to it that our administrative machinery for the adjustment of labor disputes is ready for the strains of the reconversion period. We must apply some of our wartime lessons in labor-management cooperation in working out a sound long-range labor policy implemented by permanent mediation machinery for the adjustment of labor disputes.

The material side of reconversion should also be conducted with a view toward the long-range objectives of economic policy. Surplus property disposal should contribute to filling the needs of production, domestic and foreign. It should be carried on with full recognition of the objectives of price stability.

Every effort should be made to achieve full civilian use of plants built for war purposes when they are no longer needed for war production and to facilitate their rapid transfer to private industry for productive use. If prompt transfers of ownership cannot be made, temporary lease arrangements may facilitate early productive use while permanent arrangements for transfer are being worked out.

Statistical information concerning business activities and markets, employment and unemployment, incomes, expenditures and savings is urgently needed as a guide for economic policies during the remainder of the war and during the reconversion and post-war periods. I recommended appropriations for this purpose to the last Congress. I shall transmit recommendations in the near future for those essential parts of the program on which the Congress took no action. Business, agriculture, labor and the Government need to know the basic economic facts if each is to play its role with maximum effectiveness during the months and years ahead.

International Financial Programs

As the war progresses, we must hasten our plans to secure world-wide economic cooperation in both the transition period and the post-war period. We have learned that just as the United States cannot afford to be isolationist in its political philosophy, neither can it stand the malignant effects of economic isolationism.

Last July the United Nations Monetary and Financial Conference formulated articles of agreement for the establishment of an international monetary fund and an international bank for reconstruction and development. These institutions will be integral parts of a broad program for cooperation among the United Nations in those areas of economic contact where failure to adopt common policies will result in economic "spite fences," economic waste and economic warfare.

A concrete program for international monetary and financial cooperation at an early date is essential. In the first place, all countries agree that a solution must be found for the evils that stem from the unstable and destructive exchange practices which the fund is designed to eliminate. Second, the need for international investment is already becoming acute. The liberated countries will require loans for the reconstruction of their industry, their transport, their cities, their agriculture and their trade. The international bank will make direct long-term loans out of its capital or from borrowed funds, and particularly will guarantee private loans for these purposes. While the proceeds of these loans will be spent to procure equipment in the countries where it is available, the risks of lending will be spread equitably among all member countries.

It is therefore imperative that both the fund and the bank be established at once in order that they may be properly staffed and equipped to cope with problems which are already developing as the countries in Europe are liberated. Accordingly, I urge acceptance of the agreements and recommend the enactment of legislation which would permit the United States to make its proportionate investment in the Fund and the Bank.

In addition to the operations of the International Bank, there will continue to be many types of foreign investment in which a national financial institution such as the Export-Import Bank should participate, especially during the next few years when the foreign demand for our products will be particularly heavy. The Export-Import Bank will provide short and medium-term credits to finance our exporters. It will also undertake long-term lending for reconstruction and development in cases where special American purposes are to be served and other countries may not wish to participate. In collaboration with private banks, manufacturers, engineers and exporters the Export-Import Bank has had ten years of successful experience in these fields. At present its resources available for new operations are very limited. In order that it may play its part in the reconstruction period I recommend early expansion of its lending power.

At present our foreign investment programs are impeded by legislation which restricts loans to those countries which are in default on loans arising out of the first World War. For both the International Bank and the Export-Import Bank to operate effectively, as well as to achieve an adequate flow of private investment, it is essential that these restrictions be removed.

National Income, Production and Economic Controls

The American Nation has almost doubled its total output of goods and services under the impact of the war program. Slightly less than one-half of this total output is purchased by the Federal Government. What is left for civilian consumption has been sufficient to provide most of us with better living standards than prevailed before the war.

The national economy is operating at extremely high levels of income and expenditure. Despite wartime taxes and large wartime savings, consumers and business have sought to buy more than the available supply of goods and services. Nevertheless, prices have been substantially stabilized through vigorous application of our stabilization program and the cooperation of the American people. Whereas the cost of living has increased by between 25 and 30% since 1939, it has risen only about 2% since the "hold-the-line" order of April, 1943. Holding the line on prices and wages has prevented, and is still preventing, inflationary developments.

The reduction in war expenditures, which I hope the progress of the war will permit during the next fiscal year, will result in somewhat lower wartime incomes, even if wage ceilings are adjusted upward to avoid reduction in average hourly rates when overtime is curtailed. Nevertheless, the demand for goods and services will undoubtedly still be great and we can be sure of eager buyers for whatever durable goods industry might produce.

When war production is extensively reduced some of the controls which were needed in an all-out war economy can be relaxed, although other controls must be continued to assure necessary war production and orderly reconversion. For example, we must avoid speculation in inventories such as contributed to the inflation after the last war. The fact that many businesses and individuals have ample funds for a buying spree necessitates caution in relaxing controls. The balance between incomes, savings and expenditures will still be precarious during the reconversion period. It will therefore be necessary to retain the machinery for allocation and price controls as long as certain materials and finished goods are in short supply. I therefore recommend extension of the Economic Stabilization Act before its expiration on June 30, 1945.

In general, it will be our policy to hold the over-all cost of living and to permit only such adjustments as are conducive to the full utilization of available resources and compatible with the general objective of economic stabilization. As long as we are engaged in a war with desperate and resourceful enemies, war controls are needed, but they must be readjusted to changing levels of war production and civilian production.

Demobilization and Post-War Full Employment

Large-scale demobilization can hardly be expected to begin during the period covered in this budget. Nevertheless, as we continue to mobilize for a long, hard war, we must under no circumstances be caught unprepared for peace.

Under the impact of a huge war program, we are employing 52,000,000 men and women either in war production or in production and service for civilian purposes, while another 12,000,000 are serving in the armed forces. After the war many of them will retire or resume their schooling or devote themselves to their homes and families. But such reduction in the civilian labor force will be more than offset by demobilization of our armed forces and by the natural growth of the population of working age. Thus, before long there may be 60,000,000 men and women to be employed. Huge war expenditures have brought full employment, more than full employment. What will be the outlook when Federal expenditures are 50 and 25 billion dollars in the period of demobilization and thereafter?

The following table shows the operations of our national economy—the Nation's Budget—in the calendar year 1939 with considerable unemployment, and the same operations in the calendar year 1944 when we had moved to a much higher level of incomes, expenditures and savings, involving more than full employment under the stress of war.

Manifestly, full employment in peacetime can be assured only when the reduction in war demand is approximately offset by additional peacetime demand from the millions of consumers, businesses, and farmers, and by Federal, State and local governments. And that means that consumers' expenditures and business investments must increase by about 50%, measured in constant prices, above the level of the year 1939 if full employment is to be provided by private enterprise.

The Government's Budget and the Nation's Budget

Calendar Years 1939 and 1944

*(Current prices, in billions)

Economic Group	1939 Receipts	1939 Expenditures	1939 Excess (+), deficit (—)	1944 Receipts	1944 Expenditures	1944 Excess (+), deficit (—)
Consumers						
Income after taxes	$67.3			$132.8		
Expenditures		$61.7			$97.0	
Savings (+)			+$5.6			+$35.8
Business						
Undistributed profits and reserves	$8.3			$12.3		
Gross capital formation		$10.9			$2.6	
Excess of receipts (+) or capital formation (—)			—$2.6			+ $9.7
State and Local Government						
Receipts from the public, other than borrowing	$8.9			$10.4		
Payments to the public		$9.1			$8.8	
Excess of receipts (+) or payments (—)			—$0.2			+ $1.6
Federal Government						
Receipts from the public, other than borrowing	$6.5			$47.9		
Payments to the public		$9.3			$95.0	
Excess of receipts (+) or payment (—)			—$2.8			—$47.1
†Less: Adjustments	$2.4	$2.4		$5.9	$5.9	
Total: Gross National Product						
Receipts	$88.6			$197.5		
Expenditures		$88.6			$197.5	
Balance			--			--

*Prices in 1944 were between 25 and 30% above 1939.

†Mainly Government expenditures for other than goods and services.

Consumers' purchases of durable goods, business non-war investments, and capital outlays of the Governments for non-war purposes have been so low during recent years that a large backlog of demand will be carried over into the post-war period. Individuals, however, will buy the new car or build the new home only if they feel secure in their jobs; business men will expand plant and buy new machinery only if they feel confident of profitable markets for additional products.

The American people have learned during the war the measure of their productive capacity, and they will remember that experience in the peace to come. It is the responsibility of business enterprise to translate market opportunities into employment and production. It is the responsibility of the Government to hold open the door of opportunity and assure sustained markets. Then and only then can free enterprise provide jobs.

Full employment after the war is not only a matter of immediate self-interest, but also part of our stake in world stability and prosperity. Other countries are anxiously awaiting the development of our policy and will be more willing to make international commitments if they are assured of high post-war employment in the United States. They are fully aware that international cooperation cannot succeed unless the United States is prosperous.

We must attack the employment problem on every front.

For instance, we must overhaul the wartime tax structure to stimulate consumers' demand and to promote business investment. The elements of such a tax program should be developed now so that it can be put into effect after victory.

We must make sure that there are opportunities for new and growing business. The national and international policies which

(Continued on page 298)

Authorize Public Works In Virgin Islands

A bill authorizing a $10,000,000 Public Works program in the Virgin Islands to provide slum clearance, fire protection, water supply, highways, sanitation and medical facilities, was reported signed by President Roosevelt on Dec. 21. On that date advices from Washington to the New York "Times" said:

Charles Harwood, Island Governor, said in a statement here today that the cost of the project would "practically be paid for" out of part of the record internal revenue taxes paid into the Treasury on rum and other alcoholic beverages made in the islands and shipped to the mainland. This revenue, he added, totaled nearly three times the cost of the public works program this year.

The program, which will be carried out under the direction of the Federal Works Administrator, was initialed three years ago by Governor Harwood and is to be started as soon as manpower and materials are available. With defense projects on the Islands now completed, Governor Harwood said the Islanders already had begun to experience a serious reaction from the wartime construction boom.

The House Committee on Insular Affairs, where the legislation containing the authorization originated, described the program as appearing to be "the first over-all and comprehensive program for the betterment of the Virgin Islands that has been submitted to Congress."

The law provides that $2,028,000 shall be available during the present fiscal year, and $2,000,000 a year for the next four years.

November Steel Payrolls Increased

A total of $143,137,000 in payrolls was distributed by the steel industry in November, an increase over the October total of $141,657,000 despite the shorter month, according to the American Iron and Steel Institute, which further reported as follows:

"In November a year ago $141,467,000 in payrolls were distributed by steel companies.

"The average number employed in the industry in November was virtually unchanged from the preceding month, the average being 564,200 in November as against 564,300 in October. In November 1943 the total number of employees in the industry was 611,000, a figure not comparable with the average number shown on the reports for 1944.

"Wage earning employees in the industry earned an average of 120.2 cents per hour in November, compared with 118.3 cents per hour in October and 116.4 cents per hour in November a year ago.

"Wage earners worked an average of 47.7 hours per week in November, which compared with 46.3 hours per week in October and 44.8 hours per week in November 1943."

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of Nov. 30, 1944, and show that the money in circulation at that date (including of course that held in bank vaults of member banks of the Federal Reserve System) was $25,019,073,-463 as against $24,425,292,971 on Oct. 31, 1944, and $19,918,176,489 on Nov. 30, 1943, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, total was $3,-459,434,174.

Text of President Roosevelt's Budget Message To Congress for 1946 Fiscal Year

(Continued from page 297)

we adopt now, affecting trade, credit, investment, and competition and monopoly, largely determine future business and employment opportunities.

We must develop the human standards and material resources of the Nation, which in turn will tend to increase our productivity and most effectively support business expansion and employment. Our program should include provision for extended social security, including medical care; for better education, public health, and nutrition; for the improvement of our homes, cities and farms; and for the development of transportation facilities and river valleys. We must plan now so that these programs can become effective when manpower and material are available.

I shall from time to time submit to the Congress recommendations for legislative measures to implement our demobilization program and to assure jobs for all returning war veterans and discharged war workers.

Our productive achievements during the war have demonstrated once and for all the progress which this Nation can support, the progress which will be required if all our resources are to be put to adequate peacetime use. The war, however, will also leave us deep distortions in our economic life which must be overcome. We owe it to those who give 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 EXPENDITURE

General and Special Accounts

Description:	Estimated 1946	Estimated 1945	Actual, 1944
Receipts (based on present legislation):			
Direct taxes on individuals	$15,631,700,000	$18,900,100,000	$20,290,365,711.84
†Direct taxes on corporations	16,263,100,000	17,042,600,000	15,255,964,759.07
Excise taxes	5,647,330,000	5,664,090,000	4,399,560,440.57
Employment taxes	2,066,900,000	1,806,800,000	1,751,239,423.32
Customs	326,300,000	326,100,000	431,252,168.24
Miscellaneous receipts	2,919,422,000	3,283,085,000	3,280,059,524.96
Total receipts	$42,854,752,000	$47,022,775,000	$45,408,442,028.00
Deduct net appropriation for Federal old-age and survivors insurance trust fund	1,599,880,000	1,293,060,000	1,259,515,059.93
Net receipts, general and special accounts	$41,254,872,000	$45,729,715,000	$44,148,926,968.07
Expenditures:			
War activities (tentative estimate for 1946) (see also Govt. corporations below)	‡§$69,400,000,000	§$88,000,000,000	$87,038,671,937.86
Interest on the public debt	4,500,000,000	3,750,000,000	2,608,979,805.62
Refunds	¶2,724,769,600	¶2,171,986,000	¶266,669,657.53
Veterans' pensions and benefits	2,611,667,350	1,263,858,437	725,086,145.13
Aids to agriculture	409,715,500	465,143,800	765,260,323.13
Social security, relief and retirement:			
Social security program	497,981,000	485,535,000	511,419,398.77
Work relief	13,545,000	17,046,200	23,009,726.83
Retirement funds	488,548,800	556,260,500	440,041,600.00
Aids to youth	--------	--------	169,887.07
General Public Works Program	393,812,000	411,205,700	377,091,859.64
General government:			
Legislative branch	30,217,165	29,088,393	28,780,791.24
The judiciary	14,627,190	13,538,760	13,076,688.49
Executive office of the President	3,052,000	2,581,000	2,401,525.13
Civil departments and agencies	1,089,108,940	1,149,616,550	959,021,353.67
Postoffice Depart. (general fund)	--------	--------	**22,167,486.27
Dist. of Colum. (Fed. contribu.)	6,000,000	6,000,000	6,000,000.00
Expenditures from anticipated supplemental appropriations	347,395,000	590,478,000	--------
Statutory public debt retirement	--------	--------	1,650.00
Total expenditures, general and special accounts	$82,530,439,545	$98,912,338,340	$93,743,514,863.84
Excess of expenditures, general and special accounts	$41,275,567,545	$53,182,623,340	$49,594,587,895.77

Checking Accounts of Government corporations and Credit Agencies with the Treasurer of the United States

Description:	Estimated 1946	Estimated 1945	Actual, 1944
Net expenditures from checking accounts:			
War activities	$600,000,000	$1,000,000,000	$2,681,633,923.52
Redemption of obligations in the market	657,000,000	1,874,459,075	2,873,580,916.48
Other activities	**27,000,000	**224,170,000	**1,152,146,165.50
Net expenditures, checking accounts of Govt. corps. and credit agencies	$1,230,000,000	$2,650,289,075	$4,403,068,674.50

*This table is explained in Appendix 1.

†Includes the following estimated amounts for excess-profits taxes refundable in the postwar period: 1946, $783,600,000; 1945, $859,500,000, and 1944, $688,800,000.

‡Because of possible material changes in war conditions, the detailed estimates of appropriations for fiscal year 1946 for most of the major "war activities" will be submitted to Congress in the Spring of 1945 in a war supplement to the Budget. Consequently, the estimated expenditures for fiscal year 1946 are tentative.

§Includes estimated expenditures from anticipated supplemental appropriations for fiscal years 1945 and 1946.

¶Includes transfers to public debt accounts for excess-profits tax refund bonds issued.

**Excess of credits, deduct.

Trust Accounts

Description:	Estimated 1946	Estimated 1945	Actual, 1944
Receipts (based on present legislation):			
Unemployment trust fund:			
Deposits by States	$1,099,411,000	$1,256,220,898	$1,349,306,970.12
Deposits by Railroad Retirement Board and other receipts	253,738,063	245,910,781	205,902,762.14
Transfers from general and special accounts	9,729,000	8,948,000	11,699,700.00
Federal old age and survivors insurance trust fund:			
Net appropriation from general account receipts	1,599,880,000	1,293,060,000	1,259,515,059.93
Interest on investments	153,803,112	129,983,773	103,177,037.09
Veterans' life insurance funds:			
Premiums and other receipts	1,019,366,200	980,533,700	897,479,364.06
Transfers from general and special accounts	1,000,000,000	516,228,342	101,208,962.49
Federal employees' retirement funds:			
Deductions from employees' salaries and other receipts	418,998,466	381,208,477	323,242,162.44
Transfers from general and special accounts	247,316,800	196,762,500	177,321,600.00
Railroad retirement account:			
Interest on investments	19,000,000	15,000,000	9,837,049.21
Transfers from general and special accounts	241,232,000	359,498,000	262,720,000.00
Other trust accounts:			
Transfers from general and special accounts	6,000,000	6,000,000	3,159,968.50
Miscellaneous trust receipts	602,873,564	786,433,113	348,150,902.49
Total receipts, trust accounts	$6,671,348,205	$6,175,787,584	$5,052,721,588.47
Expenditures:			
Unemployment trust fund:			
Investments in U. S. securities	$1,292,378,063	$1,449,458,781	$1,503,000,000.00
Withdrawals by States and other expenditures	70,500,000	65,500,000	60,590,783.79
Federal old-age and survivors insurance trust fund:			
Investments in U. S. securities	1,452,683,112	1,191,108,890	1,172,035,880.00
Benefit payments	301,000,000	238,000,000	184,597,363.80
Veterans' life insurance funds:			
Investments in U. S. securities	1,696,489,500	1,297,364,742	921,742,266.12
Insurance losses and refunds	322,876,700	199,397,300	64,958,490.84
Federal employees' retirement funds:			
Investments in U. S. securities	532,960,906	449,006,082	392,919,000.00
Annuities and refunds	133,354,360	133,458,008	102,662,500.69
Railroad retirement account:			
Investments in U. S. securities	112,000,000	232,000,000	140,500,000.00
Benefit payments	148,500,000	142,000,000	134,415,832.07
Other trust accounts:			
Investments in U. S. securities	*5,159,100	*11,358,000	*1,378,000.00
Miscellaneous trust expenditures	608,858,008	776,815,047	24,333,745.88
Total investments in U. S. secur.	$5,081,352,481	$4,607,580,495	$4,128,819,146.12
Total benefit payments, annuities and other expenditures	1,585,089,068	1,555,170,355	571,558,717.07
Total expenditures, trust accounts	$6,666,441,549	$6,162,750,850	$4,700,377,863.19
Excess of recipts over expenditures, trust accounts	$4,906,656	$13,036,734	$352,343,725.28

*Excess of credits, deduct.

Effect of Operations on the Public Debt

Description:	Estimated 1946 $	Estimated 1945 $	Actual, 1944 $
Public debt at beginning of year	251,800,000,000	201,003,387,221	136,696,090,329.90
Increase in public debt during year:			
General and special accounts, excess of expenditures over receipts	41,275,567,545	53,182,623,340	49,594,587,895.77
Checking accounts of Government corporations and credit agencies with the Treasurer of the United States (net)	1,230,000,000	2,650,289,075	4,403,068,674.50
Trust accounts, excess of receipts over expenditures	—4,906,656	—13,036,734	—352,343,725.28
Statutory public debt retirement	--------	--------	—1,650.00
Adjustment for change in Treasury cash balance	—2,000,660,889	—5,023,262,902	+10,661,985,696.24
Inc. in public debt during year	40,500,000,000	50,796,612,779	64,307,296,891.23
Public debt at end of year	292,300,000,000	251,800,000,000	201,003,387,221.13

Net Operating Earnings of Brooklyn Trust

Net operating earnings of Brooklyn Trust Company, of Brooklyn, N. Y., for the year 1944 after all expenses, interest, and taxes excepting Federal income taxes, were $1,051,079, and after provision of $144,000 for estimated Federal taxes on 1944 net income, there remained a balance of $907,079. The comparable figures for 1943 were $820,524 before Federal income taxes and $790,198 after payment of such taxes applicable to 1943 income. In computing the foregoing earnings figures, says George V. 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 premiums, deposit insurance assessment, and unemployment insurance and social security taxes. These items totaled $607,066 in 1944. Mr. McLaughlin, at the annual meeting of the stockholders, on Jan. 8, also reported that the disposition of the company's earnings was as follows: to reserve for contingencies, $304,025; to undivided profits, $25,054; to surplus, $250,000; dividends paid, $328,000; total, $907,079. Recoveries on charged-off loans and profits on sales of securities were credited directly to reserve accounts and were not included in earnings, according to Mr. McLaughlin, who added:

"The company's holdings of United States Government securities were $152,921,563 at the end of the year, against $120,377,755 at the beginning, a net increase of $32,543,808. Approximately 37% of our holdings mature within 5 years, 55% either mature or become callable in from 5 to 10 years, 4% mature or become callable in 10 to 20 years, and 4% are not callable within 20 years.

"During the year the company was able to make 935 loans to companies working on war contracts, the total amount of these loans being $25,697,001.

"Since the war program began in 1940 the company has loaned a total of $83,328,816, exclusive of renewals, to finance production or construction for the war effort. At the end of 1944 the total of such loans outstanding was $5,375,937, all the remainder having been repaid in the usual course of business.

"During the year 1944 Brooklyn Trust Company sold to the public a total of $118,130,500 in United States Government securities of all types. This is an increase of approximately $50,000,000 over 1943, when sales to the public amounted to $68,882,300. All officers and employees of the company are purchasing War Savings Bonds through a payroll allotment plan.

"The book value of our bank buildings and other real estate showed a total reduction of $370,259 during the year. Bank buildings were carried at $3,946,321 at the year-end, a reduction of $284,090 during the year, of which $100,000 represented a charge to reserve for contingencies and the remainder was the usual depreciation charge. Other real estate was carried at a book value of $1,000 in the year-end statement, a reduction of $86,169 during the year. This reduction was due principally to sales. Mortgages owned at the end of the year were carried at $1,263,767, equivalent to about 79% of their face value.

"The company owns no stocks other than those of the Federal Reserve Bank of New York and the Brooklyn City Safe Deposit Company, and no defaulted bonds. Holdings of corporate securities are carried at $3,553,833, which is less than their present market value.

"Approximately 36% of the male employees who were in our employ before the first draft are now in the armed services. We report with regret that two have been killed in action, and two others have been wounded. Our service men have been replaced principally by women and to some extent by men over military age. Women employees now comprise well over half of our clerical staff. We are making every effort to conserve available man-power by improving operating efficiency and eliminating every non-essential item of work.

"As already noted, the company has been doing everything possible in the furtherance of our war effort, including the sale of War Bonds to the public, the purchase of War Bonds for its own account, the making of loans to war contractors, handling redemptions of War Bonds and the carrying of Ration Banking Accounts. It will continue to do so until the end of the war. At the same time, we are making studies to determine the best methods of employing our resources after peace comes, so that we will be prepared to serve the post-war requirements of the public."

NYSE Short Interest Lower In December

The New York Stock Exchange announced on Jan. 8 that the short interest as of the close of business on Dec. 29, 1944, settlement date, as compiled from information obtained by the New York Stock Exchange from its members and member firms was 1,390,713 shares, compared with 1,436,271 shares on Nov. 30, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Dec. 29, 1944, settlement date, the total short interest in all odd-lot dealers' accounts was 33,228 shares, compared with 37,079 shares on Nov. 30. The announcement of the Exchange added:

Of the 1,259 individual stock issues listed on the Exchange on Dec. 29, 1944, there were 76 issues in which a short interest of 5,000 or more shares existed, or in which a change in the short position of 2,000 or more shares occurred during the month.

In the following tabulation is shown the short interest existing at the close of the last business day for the last 12 months:

1944—	
Jan. 31	847,335
Feb. 28	960,617
Mar. 31	1,028,480
Apr. 29	1,090,581
May 31	1,181,293
June 30	1,287,970
July 31	1,327,641
Aug. 31	1,283,555
Sept. 29	1,275,709
Oct. 31	1,373,540
Nov. 30	1,436,271
Dec. 29	1,390,713

Blazer Director of Cincinnati Branch of Cleve. Reserve Bank

Appointment of Paul G. Blazer, Chairman of the Board of the Ashland Oil & Refining Co., Ashland, Ky., to the Board of Directors of the Cincinnati Branch of the Federal Reserve Bank of Cleveland was announced Jan. 3 by President Ray M. Gidney. The appointment, made by the Board of Governors of the Federal Reserve System, brings to seven the number of directors in the Cincinnati Branch, where previous to this year there had been five. Mr. Blazer started his business career in 1910 as manager of the educational division of the Curtis Publishing Co. of Philadelphia. In 1916 he entered the oil business and the following year was made sales manager of the Great Southern Refining Co., Lexington, Ky. He aided in organizing the Ashland Refining Co. and rose from Vice-President and General Manager in 1924 to President in 1933. When this company was merged in 1936 with the Swiss Oil Corp., Mr. Blazer was elected President of the newly-formed company, the Ashland Oil Refining Co. He is a trustee of the National Petroleum Association, a director of the American Petroleum Institute, the Independent Petroleum Association of America, the Western Petroleum Refiners Association and the Asphalt Institute; a member of the Petroleum Industry War Council and the Kentucky Post-War Advisory and Planning Commission.

Items About Banks, Trust Companies

Percy H. Johnston, Chairman of the Chemical Bank & Trust Company of New York, announced on Jan. 11 the appointment as Vice-Presidents of Howard W. McCall, Jr., formerly Assistant Vice-President, and Howard B. Smith, formerly Corporate Trust Officer.

At the same meeting, Frank I. Curry, formerly an Assistant Secretary, was appointed Assistant Vice-President, and Fred W. Buesser, formerly Assistant Manager of the Municipal Bond Department, was appointed Manager. Other appointments were Roger S. Ames, Assistant Trust Officer; James W. Brinkerhoff, Jr., Assistant Treasurer; John H. Higgins, Assistant Comptroller; Gerald A. Hollestelle, Assistant Manager of Fifth Avenue at 29th Street Branch, and Frederick C. Farnsworth, Assistant Manager of Government Bond Department.

Regarding the new Vice-Presidents, the bank in its announcement says:

"Mr. McCall was born in Chattanooga, Tenn., and is a graduate of the McCallie School, Chattanooga, and the University of Virginia. Following his graduation from college in 1928 he became associated with the Chemical Bank & Trust Company at the Fifth Avenue at 54th Street Branch, shortly being transferred to the credit department at the main office. In 1937 he was appointed Assistant Secretary and in 1941 Assistant Vice-President. For some years he has been identified with the handling of the bank's Southern and Southwestern business and has a broad acquaintance among bankers and business men in that territory.

"Mr. Smith graduated from New York University in 1910 with a Master of Laws degree. In 1913 he received his degree of Bachelor of Commercial Science and was on the faculty of New York University as instructor of Law of Commerce and Finance for 13 years. He is a member of the Bar of the State of New York and is Chairman of the New York Stock Transfer Association. He entered the bank in October, 1928, as a Trust Officer."

The First National Bank of the City of New York, in its report of condition at the close of business on Dec. 30, 1944, shows total resources of $1,170,656,363 and total deposits of $983,652,217, compared with total resources of $1,137,195,262 and total deposits of $1,003,615,339 on Sept. 30, and $1,073,242,894 and $942,358,692, respectively, a year ago; cash and due from Federal Reserve banks and other banks, including exchanges, is listed on Dec. 30, 1944, at $140,114,061, against $155,974,909 three months ago and $144,675,789 on Dec. 30, 1943; holdings of U. S. obligations are shown at $805,569,801 on Dec. 31, 1944, compared with $818,436,859 Sept. 30 and $773,541,537 a year ago; loans and discounts are now $120,203,124, against $52,533,011, while they were $50,548,165 at the end of last year; capital and surplus remained unchanged at $10,000,000 and $100,000,000, respectively. Undivided profits on Dec. 30, 1944, are shown as $19,087,153, after making provision for the Jan. 2 dividend of $2,000,000, compared with $17,042,577 on Sept. 30 after making provision for the Oct. 2 dividend of $2,000,000 and against $14,660,318 Dec. 30, 1943, after providing for the Jan. 2, 1944, dividend of $2,000,000.

At the annual shareholders' meeting on Jan. 9 of the Public National Bank and Trust Company of New York E. Chester Gersten, President, reported deposits at an all time year-end high of $415,000,000 as against $325,000,000 last year, these figures including respectively U. S. Government deposits of $58,000,000 and $29,000,000. Earnings after all charges including substantially higher taxes, but exclusive of profits on securities and recoveries, were $1,786,000, or $4.47 per share, compared with $1,322,000, or $3.30 per share the previous year. The shareholders voted approval of the directors' action for increasing the capital stock by the payment of a 10% stock dividend. All directors were re-elected. The year-end statement of the bank was referred to in our Jan. 11 issue, Page 200.

All officers of the Grace National Bank of New York, at 7 Hanover Square, New York, were reappointed by the directors for 1945 at their meeting on Jan. 10. The officers are Chester R. Dewey, President; Vice-Presidents, James A. Allis, James H. Sharp, Robert F. C. Benkiser, Harvey V. Delapena, Edward Adams, Jr., and Luis Aguirre-Edwards; Assistant Vice-Presidents are Albert M. Heaney and William H. Bassett; Trust Officer is William J. Hussey, Assistant Trust Officers are Martin J. Grimm and Frederick L. Hyer; Cashier is E. Louis Holtermann; Assistant Cashiers are Joseph G. Burrough, George J. Wunderlich, Herbert A. Nickel and Edward S. Frese; Manager of Foreign Department is John J. Riley and the Assistant Manager is Paul J. Majoros. Of the foregoing Messrs. Adams, Hyer and Burrough are on leave of absence in the service of the United States.

A 3% dividend to stockholders of record on Feb. 26 and payable on March 1, was declared at the directors meeting.

Announcement was made by Irving Trust Company on Jan. 11 of the election of Carl F. Kurtz as an Assistant Secretary. A native of Bethlehem, Pa., Mr. Kurtz is a graduate of Lehigh University. He has been with the Irving since he left college in 1929.

East River Savings Bank at 26 Cortlandt Street, New York, announces the election of Alfred C. Middlebrook as Assistant Vice-President in charge of the Bond Investment Department. Mr. Middlebrook was formerly associated with Brown Brothers Harriman & Co. and the "Wall Street Journal" before his appointment to the Investment Department of the East River Savings Bank in 1939.

Following the annual organization meeting of the Board of Trustees of the Irving Savings Bank of New York the following official changes were announced by Robert A. Barnet, President: Hampden E. Tener retired as Chairman of the Board and was elected Honorary Chairman of the Board; Francis E. Walton was elected Second Vice-President; Arthur H. Anderson retired as Comptroller and was succeeded by John H. Hammett; Leslie G. Cheshire was appointed Assistant Secretary; Richard J. Fisher became Real Estate Officer; Edwin S. Dippold was reappointed Assistant Secretary and, in addition, made Branch Manager.

Four new directors were elected at the annual stockholders' meeting of the National Bronx Bank of New York, held in the main offices, 150th Street at Melrose Avenue, according to the announcement Jan. 11 by Harvey L. Schwamm, President of the institution. Those elected were William Goldfine, Vice-President of the Bank; Robert I. Bloch President of the Empire Mutual Casualty Co.; John A. Eliot, Vice-President and Comptroller of the General Builders' Supply Corp., and Joseph G. Grossman, Vice-President of Great American Industries, Inc. In 1945 the Board will consist of 14 members, the others being Thomas A. Brennan, Robert J. Marony, Frank A. Paladino, John A. Peterson, Karl Propper, John J. Reynolds, A. Edward Scherr, Jr., Harvey L. Schwamm, Robert Siegel and Francis X. Stephens, Jr.

At a meeting of the board of directors of Bankers Trust Company of New York held on Jan. 16, the following changes in official staff were made:

J. S. Taber was elected Vice-President; H. H. Ripley and L. B. Thomas, formerly Assistant Vice-Presidents, were elected Vice-Presidents; C. Borman, formerly Assistant Vice-President, was elected Deputy Comptroller; F. A. Auer, Albert Muller and J. F. Rath, formerly Assistant Treasurers, were elected Assistant Vice-Presidents; H. C. Burrowes, formerly an Assistant Trust Officer, was elected Trust Officer; and George Suppes was elected Assistant Treasurer.

Mr. Taber will join Bankers Trust Company on Jan. 22 as a member of the Banking Department. In 1923 he joined Bradstreet Company and was Vice-President and Treasurer of that concern when it merged with Dun & Bradstreet, Inc. in 1933. From 1937 to 1943 he was associated with the Lawrence Warehouse Co., New York City, and was Vice-President in charge of the Eastern Division when he left. Since then, Mr. Taber has served in the office of the Chief of Ordnance, Army Service Forces, where he was responsible for setting up a warehouse organization and facilities within the Ordnance Department and district offices to care for and store inactive War Department-owned production equipment, together with Ordnance non-military and surplus materials.

F. Abbot Goodhue, President of the Bank of the Manhattan Company of New York, has announced that effective Jan. 15 Frederick J. Freese, Assistant Vice-President, will become executive officer in charge of the Uptown Division of the bank with headquarters at the 369 East 149th Street office. Mr. Freese has been associated with the bank since 1916. After serving as Assistant Manager and Manager of several offices, in 1940 he joined the Executive Department of the Midtown Division. Mr. Freese, who has been active in civic and charitable drives, is the Assistant Treasurer for the 1945 American Red Cross drive in the Bronx.

William C. Thompson, Vice-President, who has been the officer in charge of the Uptown Division since 1930, will make his office at the 40 Wall Street office of the bank.

Winthrop Taylor, trustee and counsel of Kings County Savings Bank of Brooklyn, N. Y., has been elected to the newly created post of Chairman, James R. McLaren, President, announced on Jan. 11. Orrin R. Judd has been named Vice-President, Adam C. Muller Treasurer, Charles F. H. Brau, Controller, Lewis Fuhr Assistant Vice-President, James B. Crane Real Estate Officer, and Charles H. Schmanns, Jr., Mortgage Officer.

The Kings County Trust Co., Brooklyn, N. Y., reported in its statement of condition as of Dec. 30, 1944, that total deposits were $66,110,741 and total assets of $75,032,234, against $54,925,769 and $63,640,542 respectively on Dec. 31, 1943. Cash in banks was shown to be $25,077,820, compared with $15,321,136 last year, while U. S. Government bonds were $30,118,831 against $27,476,155; the capital and surplus were unchanged at $500,000 and $6,500,000 respectively, while undivided profits rose from $565,791 last year to $821,546 at the present time.

The annual meeting of stockholders of the Lafayette National Bank of Brooklyn in New York was held on Jan. 9. All the directors were re-elected and Max C. Meyer was also elected to the Board. A dividend of $1 per share was declared, payable February 15, 1945, to stockholders of record Jan. 31, 1945.

The Peoples National Bank of Brooklyn has declared the regular dividend of $1 per share and 25c per share extra, payable February 1, 1945, to stockholders of record Jan. 9, 1945.

At a meeting of the Board of Directors of the State Street Trust Company, Boston, held on Jan. 15, Marshall H. McCormack of Wellesley was elected Assistant Secretary. Mr. McCormack, who is a graduate of Dorchester High School, entered the service of the bank in May of 1924 and since Sept. 14, 1927, has been a member of the staff at the Copley Square office, 581 Boylston Street.

The Board of Governors of the Federal Reserve System report that the Newton Trust Company, of Newton, Mass., a State member of the Reserve System, absorbed the Waltham National Bank of Waltham, Waltham, Mass., on Jan. 2. In connection with the absorption the State bank moved its location to Waltham and changed its title to Newton-Waltham Bank and Trust Company. Eight branch offices will be maintained in Newton and one in Waltham. Plans regarding the merger were referred to in these columns Nov. 30, page 2392.

Horace K. Corbin, President of Fidelity Union Trust Company, Newark, N. J., announced on Jan. 9 following the annual stockholders meeting, that Josiah Stryker was elected to the Board of Directors. Mr. Stryker, who was admitted to the Bar of New Jersey as an Attorney at Law in June, 1903, and as a Counsellor at Law in 1906, was Legal Assistant to the Attorney-General of New Jersey from 1904 to 1917. In November, 1917, he became Second Assistant Attorney-General of New Jersey, and resigned on April 1, 1918, to become a member of the firm of Lindabury, Depue & Faulks, of Newark, New Jersey. In November, 1936, upon the death of J. Edward Ashmead, he became the senior partner of that firm, the name of which was changed on Dec. 1, 1944, to Stryker, Tams & Horner. Mr. Stryker is a member of the Essex County Bar Association of New Jersey, State Bar Association and was President of that Association for the year 1934 to 1935; he also is a member of the American Bar Association. He is a director of the Prudential Insurance Company.

At the annual meeting of the stockholders of the Fidelity Union Trust Company President Corbin reported that "during the year 1944, with the consent of the Commissioner of Banking and Insurance, we retired the balance of our preferred stock amounting to $2,000,000, all of which was owned by the Reconstruction Finance Corporation."

During the ten years from 1934 to 1944 the trust company's net earnings from operations amounted to $16,624,000, and from security profits $5,870,000. Dividends on preferred and common stocks have amounted to $6,721,000 and surplus and undivided profits have increased $9,693,000. The balance of earnings was transferred to reserves. The net book value of the common stock increased from $19.74 per share on Dec. 31, 1934 to $43.97 on Dec. 31, 1944. The deposits on Dec. 31, 1944, were $380,422,264, having increased $45,430,652 during the year. In this figure is included United States Government War Loan deposit of $87,885,660, compared with $32,604,404 a year ago. During the year the company's holdings of United States Government securities increased $56,820,174 and amounted on Dec. 31, 1944, to $257,200,852.

President Corbin also said, "During the year 1944 we earned, after taxes, from normal operations, $2,198,281 and realized a net profit from the sale of securities of $903,599. Dividends on preferred and common stock of $528,410.90 were paid during the year. We transferred to undivided profits during the year $1,000,000 from loan reserves that were no longer needed and increased our surplus account from $8,000,000 to $12,000,000. Our capital structure compared with last year now stands as follows:

	1943	1944
Capital:		
Preferred ______	$2,000,000	______
Common ______	4,000,000	$4,000,000
Surplus ______	8,000,000	12,000,000
Undivided profits__	2,016,353	1,589,823
	$16,016,353	$17,589,823

"The Trust Department has had a profitable year. Through it this compnay continues to serve individuals and corporations with credit and distinction in fiduciary and financial matters."

Harry E. Danner was elected Cashier of the Upper Darby National Bank at Upper Darby, Pa., at the annual organization meeting of the directors, held on Jan. 9. Mr. Danner entered the employ of the Upper Darby National Bank in 1932 as Teller, and was raised to the position of Assistant Cashier in 1936. He is a graduate of the Graduate School of Banking of Rutgers University, class of 1943. He takes the place of C. Walter Stubbs who relinquishes his duties

(Continued on page 304)

Bank of France Transfers Funds to Bank of Belgium

The transfer of $223,292,833 in fine gold from the account of the Bank of France to the account of the National Bank of Belgium was announced on Dec. 22 by John Foster Dulles, counsel for the Belgian Bank, who said the action ended litigation based on the transfer of Belgian funds by France to the German Reichsbank. The Washington "Post" reporting this in Associated Press advices said:

Mr. Dulles said that during the litigation, which the Belgian bank began in 1941, approximately 500 million dollars in gold on account with the Federal Reserve Bank for the Bank of France was attached by the Belgian bank. The attachment was the largest ever made, he said.

The case was settled by agreement last October. Instituted in New York Supreme Court, it had reached the United States Supreme Court.

"After the liberation of France," Dulles said, "prompt steps were taken by the Bank of France to assure that the relations between the two central banks would be on that basis of mutual confidence which had long prevailed between them."

Mr. Dulles, who was Gov. Thomas E. Dewey's foreign affairs adviser in the Presidential campaign, said the litigation was based on events during the winter of 1939-40, when the Belgian Bank intrusted its gold to the Bank of France for safekeeping.

After France was invaded, he said, the French shipped the gold to Dakar, and when the Bank of France came under control of the Vichy government, the gold was flown to Marseilles, delivered to the Reichbank and later sent to Germany.

Mr. Dulles described the shipment to Germany as "outrageous" and said one of France's major items of business after its liberation was to make a settlement with Germany for the gold. The Bank of Belgium has agreed, he added, to help the Bank of France "recover from the German government or the Reichbank" all the gold.

Moody's Bond Prices And Bond Yield Averages

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

MOODY'S BOND PRICES†
(Based on Average Yields)

1944-45— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 16, 1945	121.03	113.70	119.00	117.80	113.70	105.00	109.06	113.70	118.40
15	121.16	113.70	119.00	117.80	113.50	105.00	109.06	113.70	118.40
13	121.25	113.70	119.00	118.00	113.50	104.83	108.88	113.70	118.40
12	121.25	113.70	119.00	118.00	113.50	104.83	109.06	113.70	118.40
11	121.22	113.70	119.00	118.00	113.50	104.83	108.88	113.70	118.40
10	121.03	113.50	119.00	118.00	113.31	104.83	108.88	113.70	118.40
9	120.79	113.50	119.00	117.80	113.31	104.66	108.70	113.70	118.40
8	120.78	113.50	119.00	117.80	113.31	104.66	108.70	113.70	118.20
6	120.67	113.50	119.00	117.80	113.50	104.66	108.70	113.89	118.20
5	120.66	113,50	119,00	117.80	113.50	104.66	108.70	113.89	118.20
4	120.66	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.20
3	120.62	113.50	118.80	117.80	113.50	104.48	108.70	113.89	118.20
2	120.55	113.50	119.00	117.80	113.31	104.48	108.52	113.89	118.20
1	Stock Exchange Closed								
Dec. 29, 1944	120.55	113.50	119.00	117.80	113.31	104.48	108.70	113.70	118.20
22	120.55	113.50	119.00	117.80	113.31	104.48	108.70	113.89	118.00
15	120.17	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.00
8	120.09	113.31	119.00	117.80	113.31	104.14	108.34	113.70	118.20
1	119.95	113.31	118.80	117.80	113.50	104.14	108.34	113.89	118.20
Nov. 24	119.93	112.93	118.60	117.20	113.12	103.80	107.98	113.50	117.80
17	119.97	112.93	118.60	117.20	113.12	103.64	107.80	113.50	117.60
10	119.77	112.75	118.40	117.00	112.93	103.30	107.62	113.31	117.40
3	119.55	112.75	118.40	116.80	112.93	103.47	107.62	113.31	117.20
Oct. 27	119.33	112.56	118.40	116.61	112.93	103.47	107.62	113.50	117.20
Sep. 29	119.50	112.56	118.60	116.80	112.56	103.13	106.74	114.08	117.00
Aug. 25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944-45	121.25	113.70	119.20	118.00	113.70	105.00	109.06	114.27	118.40
Low 1944-45	119.20	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1944	120.58	113.50	119.20	118.00	113.70	104.48	108.70	114.27	118.20
Low 1944	119.20	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
1 Year Ago									
Jan. 15, 1944	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.61
2 Years Ago									
Jan. 16, 1943	117.05	108.16	117.20	114.66	109.42	93.82	98.41	112.19	115.04

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

1944-45— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Jan. 16, 1945	1.76	2.97	2.70	2.76	2.97	3.45	3.22	2.97	2.73
15	1.75	2.97	2.70	2.76	2.98	3.45	3.22	2.97	2.73
13	1.74	2.97	2.70	2.75	2.98	3.46	3.23	2.97	2.73
12	1.74	2.97	2.70	2.75	2.98	3.46	3.22	2.97	2.73
11	1.74	2.97	2.70	2.75	2.98	3.46	3.23	2.97	2.73
10	1.76	2.98	2.70	2.75	2.99	3.46	3.23	2.97	2.73
9	1.78	2.98	2.70	2.76	2.99	3.47	3.24	2.97	2.73
8	1.78	2.98	2.70	2.76	2.99	3.47	3.24	2.97	2.74
6	1.78	2.98	2.70	2.76	2.98	3.47	3.24	2.96	2.74
5	1.79	2.98	2.70	2.76	2.98	3.47	3.24	2.96	2.74
4	1.79	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.74
3	1.79	2.98	2.71	2.76	2.98	3.48	3.24	2.96	2.74
2	1.80	2.98	2.70	2.76	2.99	3.48	3.25	2.96	2.74
1	Stock Exchange Closed								
Dec. 29, 1944	1.80	2.98	2.70	2.76	2.99	3.48	3.24	2.97	2.74
22	1.80	2.98	2.70	2.76	2.99	3.48	3.24	2.96	2.75
15	1.82	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.75
8	1.83	2.99	2.70	2.76	2.99	3.50	3.26	2.97	2.74
1	1.84	2.99	2.71	2.76	2.98	3.50	3.26	2.96	2.74
Nov. 24	1.84	3.01	2.72	2.79	3.00	3.52	3.28	2.98	2.76
17	1.84	3.01	2.72	2.79	3.00	3.53	3.29	2.98	2.77
10	1.86	3.02	2.73	2.80	3.01	3.55	3.30	2.99	2.78
3	1.87	3.02	2.73	2.81	3.01	3.54	3.30	2.99	2.79
Oct. 27	1.89	3.03	2.73	2.82	3.01	3.54	3.30	2.98	2.79
Sep. 29	1.84	3.03	2.72	2.81	3.03	3.56	3.35	2.95	2.80
Aug. 25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944-45	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944-45	1.74	2.97	2.69	2.75	2.97	3.45	3.22	2.94	2.73
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	2.98	2.69	2.75	2.97	3.48	3.24	2.94	2.74
1 Year Ago									
Jan. 15, 1944	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.82
2 Years Ago									
Jan. 16, 1943	2.06	3.27	2.79	2.92	3.20	4.15	3.85	3.05	2.90

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

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 citrus fruits, and a decrease for steers, said the U. S. Department of Labor on Jan. 11, which further stated: "The decline brought the all-commodity index to 104.6% of the 1926 average. Average prices for the nearly 900 price series included in the index have risen 0.4% in the past four weeks and were 1.7% higher than at this time last year.

The Department's advices continued:

"Farm Products and Foods—Average prices for farm products in primary markets fell 0.6% during the week, led by seasonal declines in prices for eggs, oranges, lemons and sweetpotatoes. Ceiling prices for Florida oranges, grapefruit and tangerines were lowered by OPA effective Jan. 1. In addition, steers declined nearly 4% and hogs were down 0.5%. The grain market advanced with oats and rye up 3.5% and wheat up 0.4%. Higher prices were also reported for cows, sheep and live poultry, and for cotton, hay and onions. Average prices for farm products have advanced 1.2% since the first week in December and were 3.3% higher than at the beginning of last year.

"Prices for foods in primary markets declined 0.9% largely as a result of a decrease of nearly 5% 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 white potatoes in most markets. The index for foods was 0.8% lower than for the first week of December and was at the same level 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 advanced 0.1% as a result of a 75 cents per 100 pounds increase granted by OPA to importers of quebracho 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 controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required 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. 8, 1944, and the percentage changes from a week ago, a month 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. 6, 1945
(1926=100)

Commodity Groups—	1-6 1945	12-30 1944	12-23 1944	12-9 1944	1-8 1944	Percentage change to Jan. 6, 1945 from— 12-30 1944	12-9 1944	1-8 1944
All commodities	*104.6	*104.7	*104.6	*104.2	102.9	—0.1	+0.4	+ 1.7
Farm products	125.9	126.7	126.2	124.4	121.9	—0.6	+1.2	+ 3.3
Foods	104.6	105.5	105.7	105.4	104.6	—0.9	—0.8	0
Hides and leather products	117.9	117.9	116.7	116.7	117.9	0	+1.0	0
Textile products	99.0	99.0	99.0	98.9	97.2	0	+0.1	+ 1.9
Fuel and lighting materials	83.6	83.6	83.7	83.7	82.6	0	—0.1	+ 1.2
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.9	0	0	0
Building materials	116.4	116.4	116.4	116.4	113.4	0	0	+ 2.6
Chemicals and allied products	104.9	104.8	104.8	104.8	100.3	+0.1	+0.1	+ 4.6
Housefurnishing goods	106.1	106.1	106.1	106.1	104.4	0	0	+ 1.6
Miscellaneous commodities	93.9	93.9	93.9	93.9	93.0	0	0	+ 1.0
Raw materials	115.4	115.7	115.4	114.3	112.1	—0.3	+1.0	+ 2.9
Semimanufactured articles	94.7	94.7	94.7	94.7	93.1	0	0	+ 1.7
Manufactured products	*101.3	*101.3	*101.3	*101.3	100.4	0	0	+ 0.9
All commodities other than farm products	*99.9	*99.8	*99.8	*99.8	98.9	+0.1	+0.1	+ 1.0
All commodities other than farm products and foods	*99.1	*99.1	*99.0	*99.0	97.8	0	+0.1	+ 1.3

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
DEC. 30, 1944 TO JAN. 6, 1945

Increases

Livestock and poultry	0.8	Chemicals	0.2
Grains	0.6	Cereal products	0.1
Nonferrous metals	0.1		

Decreases

Fruits and vegetables	4.8	Other farm Products	1.7
Other foods	0.7		

Electric Output for Week Ended Jan. 13, 1945 Increased 1.7% Over Same Week Last Year

The Edison Electric 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 4,614,334,000 kwh., which compares with 4,539,-083,000 kwh. in the corresponding week a year ago, and 4,427,281,000 kwh. in the week ended Jan. 6, 1945. The output of the week ended Jan. 13, 1945, was 1.7% in excess of that in the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Jan. 13	Dec. 30	Dec. 16	Dec. 9
New England	3.5	0.4	1.3	0.8
Middle Atlantic	*0.7	*5.1	*4.0	*4.6
Central Industrial	3.4	0.7	1.6	2.3
West Central	10.2	6.4	9.4	7.5
Southern States	5.4	*1.7	2.0	2.4
Rocky Mountain	*9.6	*12.4	*10.4	*8.0
Pacific Coast	*0.2	*3.8	*4.6	*2.9
Total United States	1.7	*2.6	*1.1	*0.6

*Decrease under similar week in previous year.

Note—Because the same week a year ago contained the Christmas or New Year holiday, no percentage comparisons are available for the weeks ended Dec. 23 or Jan. 6.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours,

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Oct. 7	4,375,079	4,341,754	+ 0.8	3,702,299	1,507,503	1,806,403
Oct. 14	4,354,575	4,382,260	— 0.6	3,717,360	1,528,145	1,798,633
Oct. 21	4,345,352	4,415,405	— 1.6	3,752,571	1,533,028	1,824,160
Oct. 28	4,358,293	4,452,592	— 2.1	3,774,891	1,525,410	1,815,749
Nov. 4	4,354,939	4,413,863	— 1.3	3,761,961	1,520,730	1,798,164
Nov. 11	4,396,595	4,482,665	— 1.9	3,775,878	1,531,584	1,793,584
Nov. 18	4,450,047	4,513,299	— 1.4	3,795,361	1,475,268	1,818,169
Nov. 25	4,368,519	4,403,342	— 0.8	3,766,381	1,510,337	1,718,002
Dec. 2	4,524,257	4,560,158	— 0.8	3,883,534	1,518,922	1,806,225
Dec. 9	4,538,012	4,566,905	— 0.6	3,937,524	1,563,384	1,840,863
Dec. 16	4,563,079	4,612,994	— 1.1	3,975,873	1,554,473	1,860,021
Dec. 23	4,616,975	4,295,010	—	3,655,926	1,414,710	1,637,683
Dec. 30	4,225,814	4,337,287	— 2.6	3,779,993	1,619,265	1,542,000
Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
Jan. 6	4,427,281	4,567,959	—	3,952,587	1,602,482	1,733,810
Jan. 13	4,614,334	4,539,083	+ 1.7	3,952,479	1,598,201	1,736,721
Jan. 20		4,531,662		3,974,202	1,588,967	1,717,315
Jan. 27		4,523,763		3,976,844	1,588,853	1,728,203

Steel Production Slightly Higher—Some Steel Prices Raised – Buying Heaviest in Months

The American Iron and Steel Institute on Jan. 15 announced that telegraph reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 93.6% of capacity for the week beginning Jan. 15, compared with 93.0% one week ago, 96.3% one month ago and 96.1% one year ago. The operating rate for the week beginning Jan. 15 is equivalent to 1,688,400 tons of steel ingots and castings, compared to 1,677,500 tons one week ago, 1,732,400 tons one month ago and 1,720,900 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Jan. 15 stated in part as follows: "Interim increases of $2 to $5 per ton in ceiling prices of five basic steel products marks the first break from prices frozen in 1941, with the exception of two minor changes to adjust inequalities. The increases are based on a cost survey conducted before the steel wage case came up and have no relation to the advance recently approved as a result of the War Labor Board's decision in that case.

"The new prices are effective as of Jan. 11 and apply to carbon plates, hot-rolled carbon and galvanized sheets, rails, and nails and staples.

"Steel buying, now by far the heaviest in recent months, continues to expand, involving bars, sheets, strip, plates, shapes and wire in the upward trend. Various specialties, including alloys, in general are more active than for more than a year.

"Contributing to this upsurge is not only expansion in critical war programs, notably guns and ammunition in large variety, but also rapid increase in the schedule of parts replacements and a disposition among buyers generally to increase inventories where possible, contrasting with the tendency to curtail, only a short time ago. Some lines, including rails and tin plate, are being affected adversely, schedules being reduced to provide more steel and rolling facilities for urgently needed munitions requirements.

"Severe weather, as well as demand, have contributed to some degree to mounting backlogs in some districts, retarding rolling schedules and checking movement of pig iron and scrap. Pressure for these basic materials is now greatest in months. Deliveries in general fall into second quarter and even later, though occasional promise of an earlier shipment is possible. Considerable current business now can obtain no better than third quarter scheduling. Directives are being used again to expedite materials most urgently needed, thus pushing back other pressing tonnages already scheduled.

"Scrap prices have returned to ceilings on all but a few grades in some areas, a result of heavy demand to sustain a high rate of steel production and also because of storm interference in the industrial area.

"Increases in price of hot-rolled sheets, plates and nails brought a rise in the composite of 82 cents, from $56.73 to $57.55. Other composites remained unchanged, semifinished steel $36, steel-making pig iron $23.05 and steel-making scrap $19.17."

November Living Costs Up

Living costs of wage earners and lower-salaried clerical workers rose from October to November in 43 of the 64 industrial cities that are surveyed each month by the National Industrial Conference Board. Declines were shown for 15 cities, while living costs were unchanged in six cities.

The largest increase occurred in Spokane, with a 1.2% advance, followed by increases ranging from 0.9% down to 0.6% in Kansas City (Mo.), Los Angeles, Roanoke, San Francisco-Oakland, Atlanta, Baltimore, Dayton, Louisville, New Haven, Omaha, and Wausau, Wis. The largest decline, of 0.4%, occurred in Newark. There was no change in Richmond, Birmingham, Buffalo, Erie, Joliet, and Portland, Ore.

Moody's Daily Commodity Index

Tuesday, Jan. 9, 1945	254.3
Wednesday, Jan. 10	254.6
Thursday, Jan. 11	254.3
Friday, Jan. 12	253.8
Saturday, Jan. 13	254.0
Monday, Jan. 15	253.9
Tuesday, Jan. 16	253.9
Two weeks ago, Jan. 2	252.1
Month ago, Dec. 16, 1944	252.1
Year ago, Jan. 15	247.3
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Jan. 8	255.3
Low, Jan. 12	253.8

Weekly Coal and Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Jan. 6, 1945, is estimated at 10,575,000 net tons, an increase of 2,265,000 tons over that in the Christmas week. In the corresponding week of last year output totaled 12,250,000 tons. This latter period did not include New Year's Day.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Jan. 6, 1945, was estimated at 792,000 tons, an increase of 8,000 tons (1%) over the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 315,000 tons, or 28.5%.

The estimated production of beehive coke in the United States for the week ended Jan. 6, 1945, showed an increase of 3,800 tons when compared with the output for the week ended Dec. 30, 1944, but was 64,200 tons less than for the corresponding week of last year.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended		
Bituminous coal and lignite—	Jan. 6, 1945	Dec. 30, 1944	Jan. 8, 1944
Total, including mine fuel	10,575,000	8,310,000	12,250,000
Daily average	*1,888,000	†1,662,000	2,042,000

*Average based on 5.6 working days. †Average based on 5 working days.

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

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡Jan. 6, 1945	§Dec. 30, 1944	Jan. 8, 1944	Jan. 6, 1945	Jan. 8, 1944	Jan. 9, 1937
Total incl. coll. fuel	792,000	784,000	1,107,000	792,000	1,117,000	1,278,000
†Commercial produc.	760,000	753,000	1,063,000	760,000	1,072,000	1,214,000
Beehive coke—						
United States total	87,800	84,000	152,000	75,300	172,900	82,800

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Net Tons)

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

	Week Ended		
State—	Dec. 30, 1944	Dec. 23, 1944	Jan. 1, 1944
Alabama	253,000	328,000	318,000
Alaska	5,000	7,000	7,000
Arkansas and Oklahoma	64,000	85,000	84,000
Colorado	123,000	163,000	174,000
Georgia and North Carolina	1,000	1,000	¶
Illinois	1,215,000	1,440,000	1,399,000
Indiana	453,000	598,000	464,000
Iowa	44,000	53,000	53,000
Kansas and Missouri	160,000	186,000	149,000
Kentucky—Eastern	692,000	857,000	910,000
Kentucky—Western	247,000	340,000	280,000
Maryland	25,000	29,000	33,000
Michigan	1,000	2,000	3,000
Montana (bitum. & lignite)	110,000	113,000	100,000
New Mexico	23,000	32,000	33,000
North & South Dakota (lignite)	66,000	60,000	73,000
Ohio	398,000	555,000	463,000
Pennsylvania (bituminous)	1,828,000	2,535,000	2,322,000
Tennessee	96,000	120,000	142,000
Texas (bituminous & lignite)	4,000	4,000	5,000
Utah	105,000	142,000	125,000
Virginia	274,000	320,000	360,000
Washington	28,000	32,000	27,000
†West Virginia—Southern	1,274,000	1,762,000	1,967,000
‡West Virginia—Northern	650,000	908,000	849,000
Wyoming	170,000	208,000	176,000
§Other Western States	1,000	¶	¶
Total bituminous & lignite	8,310,000	10,880,000	10,515,000
Pennsylvania anthracite	*	*	*

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. ¶Less than 1,000 tons. *Figures on anthracite are published in the Weekly Anthracite and Coke Report.

National Fertilizer Association Commodity Price Index Declines

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on Jan. 15, declined to 139.9 in the week ending Jan. 13, 1945, from 140.1 in the preceding week. A month ago the index stood at 139.5, and a year ago at 136.7, based on the 1935-1939 average as 100. The Association's report went on to say:

The farm products group was the only composite group of the index that declined and it more than offset higher prices in the foods and textiles indexes, which advanced. The cotton index rose to the highest point since its peak reached July 8, 1944. The grains index declined with quotations for wheat declining and rye prices advancing silghtly. A substantial decline in cattle and hog prices much more than offset a rise in the prices for sheep and eggs thus causing a sharp drop in the livestock group. The foods index advanced fractionally because of higher prices for potatoes, eggs, and chickens, The textiles group index rose to a new high point reacting to higher quotations for raw cotton. All other groups in the index remained unchanged.

During the week 6 price series in the index declined and 6 advanced; in the preceding week there was 1 decline and 10 advances; in the second preceding week there were 5 declines and 9 advances.

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

% Each Group Bears to the Total Index	Group	Latest Week Jan. 13, 1945	Preceding Week Jan. 6, 1945	Month Ago Dec. 16, 1944	Year Ago Jan. 15, 1944
25.3	Food	144.2	143.9	144.4	139.7
	Fats and Oils	144.6	144.6	145.3	146.1
	Cottonseed Oil	160.7	160.7	163.1	159.6
23.0	Farm Products	164.8	165.9	163.4	154.2
	Cotton	207.8	207.2	204.4	190.1
	Grains	159.4	159.9	159.0	165.1
	Livestock	159.7	161.4	158.3	145.0
17.3	Fuels	130.4	130.4	130.4	129.5
10.8	Miscellaneous Commodities	133.4	133.4	133.2	131.4
8.2	Textiles	156.2	156.1	155.2	150.4
7.1	Metals	105.8	105.8	105.8	104.4
6.1	Building Materials	154.1	154.1	154.0	152.4
1.3	Chemicals and Drugs	125.4	125.4	125.1	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.9
.3	Farm Machinery	104.8	104.8	104.7	104.2
100.0	All groups combined	139.9	140.1	139.5	136.7

*Indexes on 1926-1928 base were: Jan. 13, 1945, 109.0; Jan. 6, 1945, 109.1, and Jan. 15, 1944, 106.5.

Civil Engineering Construction Volume $22,891,000 for Week

Civil engineering construction volume in continental United States totals $22,891,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 70% under the total reported by "Engineering News-Record" for the corresponding 1944 week, 4% under the previous four-week moving average, and compares with $28,809,000 for the holiday-shortened preceding week. The report made public on Jan. 11 went on to say:

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 construction climbs 243% over a year ago.

The current week's construction brings 1945 volume to $51,700,000 for the two weeks, a total 47% lower than the $97,777,000 reported in the 1944 period. Private construction, $22,611,000, is 83% above last year, but public work, $29,089,000, is down 66% as a result of the 76% drop in Federal volume. State and municipal construction tops the 1944 period by 210%.

Civil engineering construction volumes for the 1944 week, the short preceding week, and the current week are:

	Jan. 13, 1944 (five days)	Jan. 4, 1945 (four days)	Jan. 11, 1945 (five days)
Total U. S. Construction	$76,180,000	$28,809,000	$22,891,000
Private Construction	5,145,000	16,181,000	6,430,000
Public Construction	71,035,000	12,628,000	16,461,000
State and Municipal	965,000	6,255,000	3,310,000
Federal	70,070,000	6,373,000	13,151,000

In the classified construction groups, gains over the preceding week are in water works, sewerage, public buildings, earthwork and drainage, and unclassified construction. Increases over the corresponding 1944 week are in water works, sewerage, bridges, industrial buildings, earthwork and drainage, and streets and roads. Sub-totals for the week in each class of construction are: water works, $1,042,000; sewerage, $987,000; bridges, $383,000; industrial buildings, $5,141,000; commercial building and large-scale private housing, $524,000; public buildings, $6,981,000; earthwork and drainage, $650,000; streets and roads, $1,292,000; and unclassified construction, $5,891,000.

New capital for construction purposes for the week totals $3,395,000. It is made up of $3,300,000 in state and municipal bond sales, and $95,000 in corporate security issues. The week's new financing brings the two-week 1945 total to $86,084,000, a volume 36% lower than the $133,621,000 reported in 1944.

Non-Ferrous Metals—Settling Basis for Tin Concentrate Purchases Raised; Quicksilver Up

"E. & M. J. Metal and Mineral Markets," in its issue of Jan. 11, stated: "Bolivian tin concentrate contracts are being revised upward, the extent of the rise granted producers amounting to the equivalent of 3½¢ per pound of tin. Quicksilver again moved upward, advancing $10 per flask. The price schedule for mercurials was raised Jan. 10 to meet the higher cost of the metal. Interest in major non-ferrous metals centered in the heavy war demands. Monthly deliveries over the first quarter are expected to exceed those of the same period last year. The premium price plan will be extended to meet the expanding metal requirements, according to producers." The publication further went on to say in part:

Copper

Consumption of copper in the United States for 1945 has been tentatively fixed by WPB officials at 1,800,000 tons. Authorities in Washington hope to maintain the stockpile at a fairly high level by purchasing copper, required for the war program that is in excess of domestic productions, from Canada, Chile, Peru and Rhodesia.

In fact, purchases from outside sources have been increased, but importations may not reflect this for several months.

Estimates on the tonnage that will go to consumers during the current month are still mounting in size, and some observers believe that 160,000 tons is on the low side.

Importations of unwrought copper by the United Kingdom in 1943 totaled 494,000 long tons, according to figures released by the British authorities. This contrasts with 441,000 tons imported in 1942; 451,000 tons in 1941; 474,000 tons in 1940; 307,000 tons in 1939; and on average of 262,000 tons yearly in the 1935-1938 period. The statistics refer to "retained imports."

Lead

Demand for lead was fairly active last week. Buying interest would have been more pronounced, producers claim, except for the limitation order and the inventory requirements imposed under the regulations.

Washington still views the lead outlook as critical, and some members of the industry would not be surprised if the regulations governing the use of lead are again tightened. At first it was thought that the conservation plan would be given a thorough test for a period of at least three months.

Sales last week amounted to 10,791 tons, against 4,037 tons in the week previous.

Zinc

The slab zinc statistics for December furnished a surprise in that deliveries were larger than industry estimates indicated. Shipments totaled 84,096 tons, against 65,608 tons in November and a monthly average for the year of 70,228 tons. The deliveries fell only slightly short of the peak of 84,431 tons moved last March. Producers believe that consumers were unprepared for the stepped-up war program, and the heavy movement of zinc in December reflected the need to build up inventories.

The November and December statistics of the American Zinc Institute, in tons, are summarized as follows:

	Nov.	Dec.
Stocks at beginning	244,344	246,168
Production	67,432	70,033
Production, daily rate	2,248	2,259
Shipments:		
Domestic	65,568	84,074
Export	40	22
	65,608	84,096
Unfilled orders	16,058	21,332
Stock at end	246,168	232,105

The record of production, shipments, and stocks for the last six years, in tons, follows:

	Production	Shipments	Stock At End
1939	538,198	598,972	65,995
1940	706,100	762,780	17,582
1941	863,955	857,471	24,066
1942	929,770	885,568	68,268
1943	971,873	887,638	173,510
1944	901,330	842,735	232,105

Some brass makers who have been specifying Special High Grade now find that the supply is drying up. However, according to trade authorities, the stockpile contains substantial tonnages of Regular High Grade.

Antimony

Demand for antimony and antimony oxide continues at a high level, with perhaps more interest in the last-named item than in the metal, owing to extra war demands. The call for oxide has increased in recent months, and the supply situation is generally described as tight. Call for antimoney oxide for fireproofing of canvas and other fabric has been heavy.

Tin

Bolivian producers of tin concentrates have been granted a higher settling basis, according to advices from Washington. Details of the arrangement are not available, but, in general, it appears that the higher basis will extend over a period of one year, retroactive to July 1, 1944. The settling basis is to be 62¢ per pound for tin contained, f.o.b. South American ports, plus a reduction in the smelting charge of 1½¢. In effect, this lifts the price from 60¢ to 63½. Contracts covering the revision in the base price will be ready soon and signed shortly.

The price situation in tin in the United States market remains unchanged. Straits quality tin for shipment, in cents per pound, was as follows:

	Jan.	Feb.	March
January 4	52.000	52.000	52.000
January 5	52.000	52.000	52.000
January 6	52.000	52.000	52.000
January 8	52.000	52.000	52.000
January 9	52.000	52.000	52.000
January 10	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125¢ per pound.

Quicksilver

With the San Francisco market still rising, the trend of prices here last week continued upward. Early in the week there was talk of stabilizing prices and it was believed that some authorities in Washington also weighed this possibility. However, as the week ended sellers took the stand that nothing would come out of such a move at this time, as no one appeared interested in halting the advance.

The November statistics of the Bureau of Mines were viewed with interest, particularly the figure showing that consumption did not rise above 3,900 flasks. Domestic production declined from 2,700 flasks in October to 2,300 flasks in November. Metal is being imported regularly, but the Bureau's figures do not cover this phase of the business.

Though some sellers were asking $160 and higher for spot metal in small lots, sales of January-February quicksilver covering wholesale lots were reported at prices ranging from $150 to $155 per flask.

Silver

The London market was quiet and unchanged at 25½d. for basis .999 silver. The New York Official continued at 44¾¢ for foreign silver, and 70⅝¢ for domestic.

Ruml Reappointed By N. Y. Reserve Bank

Beardsley Ruml, Treasurer of R. H. Macy & Co., Inc., was reappointed a Class C director of the Federal Reserve Bank of New York for a three-year term beginning January 1 and has been redesignated as Chairman of the bank's board of directors, a position which he has held since January 1, 1941.

William I. Meyers, Dean of the New York State College of Agriculture, Cornell University, Ithaca, New York, has been reappointed Deputy Chairman of the New York Reserve Bank for the current year; Marion B. Folson, Treasurer of Eastman Kodak Co., Rochester, N. Y., has been reappointed a director of the Buffalo branch of the New York Reserve Bank for a three-year term.

Daily Average Crude Oil Production for Week Ended Jan. 6, 1945 Fell Off 27,350 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Jan. 6, 1945 was 4,678,550 barrels, a decrease of 27,350 barrels per day when compared with the preceding week and 46,150 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of January, 1945. The current figure, however, was 313,700 barrels per day in excess of the output for the week ended Jan. 8, 1944. Daily production for the four weeks ended Jan. 6, 1945 averaged 4,702,250 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,656,000 barrels of crude oil daily and produced 14,472,000 barrels of gasoline; 1,393,000 barrels of kerosine; 4,533,000 barrels of distillate fuel, and 9,092,000 barrels of residual fuel oil during the week ended Jan. 6, 1945; and had in storage at the end of that week, 86,616,000 barrels of gasoline; 10,782,000 barrels of kerosine; 38,298,000 barrels of distillate fuel, and 56,074,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations January	*State Allowables begin. Jan. 1	Actual Production Week Ended Jan. 6, 1945	Change from Previous Week	4 Weeks Ended Jan. 6, 1945	Week Ended Jan. 8, 1944
Oklahoma	352,000	356,000	†361,200	+ 1,200	359,700	332,050
Kansas	274,000	269,400	†229,900	—41,200	261,900	265,900
Nebraska	1,200	----	†1,000	----	1,000	1,500
Panhandle Texas			88,700	— 50	88,750	97,900
North Texas			143,150	+ 2,550	141,250	140,200
West Texas			478,600	+ 7,250	473,150	265,050
East Central Texas			144,050	+ 2,600	142,100	116,400
East Texas			370,900	— 100	370,950	366,200
Southwest Texas			342,350	— 3,100	344,700	293,550
Coastal Texas			552,600	— 350	552,850	520,800
Total Texas	2,124,000	‡2,124,054	2,120,350	+ 8,800	2,113,750	1,900,100
North Louisiana			70,450	— 550	71,050	77,900
Coastal Louisiana			289,200	— 400	289,500	280,900
Total Louisiana	355,000	395,000	359,650	— 950	360,550	358,800
Arkansas	80,000	79,975	81,000	+ 250	80,800	79,400
Mississippi	53,000		49,700	— 2,400	51,450	45,650
Alabama	300		250	+ 50	200	----
Florida	----		50	----	50	----
Illinois	200,000		206,900	+ 4,800	202,350	210,900
Indiana	12,500		12,700	+ 300	12,400	13,000
Eastern— (Not incl. Ill., Ind., Ky.)	68,200		62,450	+ 4,700	60,700	66,750
Kentucky	32,000		29,700	— 2,700	31,150	21,250
Michigan	47,000		49,250	— 2,800	50,300	46,100
Wyoming	100,000		95,000	+ 1,350	95,750	89,950
Montana	23,000		20,450	— 900	21,100	21,100
Colorado	9,500		9,200	— 750	9,400	7,750
New Mexico	105,000	105,000	103,200	----	103,200	112,950
Total East of Calif.	3,836,700		3,791,950	—30,250	3,815,750	3,573,150
California	888,000	§888,000	886,600	+ 2,900	886,500	791,700
Total United States	4,724,700		4,678,550	—27,350	4,702,250	4,364,850

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Jan. 4, 1945.

‡This is the net basic allowable as of Jan. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JAN. 6, 1945

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
East Coast	729	100.0	715	98.1	1,785	11,683	8,830	6,573
Appalachian—								
District No. 1	130	83.9	93	71.5	299	2,667	511	354
District No. 2	47	87.2	58	123.4	223	1,671	222	231
Ind., Ill., Ky.	824	85.2	770	93.4	2,898	19,296	6,068	3,097
Okla., Kans., Mo.	418	80.2	387	92.6	1,451	8,395	2,276	1,423
Inland Texas	278	66.9	229	82.4	901	2,832	393	658
Texas Gulf Coast	1,165	90.5	1,133	97.3	3,409	15,193	7,132	9,556
Louisiana Gulf Coast	242	95.5	245	101.2	863	4,738	1,665	1,305
No. La. & Arkansas	104	68.0	79	76.0	226	2,589	676	238
Rocky Mountain—								
District No. 3	13	17.0	11	84.6	36	77	20	32
District No. 4	141	58.3	106	75.2	332	1,662	345	510
California	817	89.9	830	101.6	2,049	15,813	10,160	32,097
Total U. S. B. of M. basis Jan. 6, 1945	4,903	87.2	4,656	94.9	14,472	*86,616	38,298	56,074
Total U. S. B. of M. basis Dec. 30, 1944	4,908	87.2	4,798	97.8	15,342	86,614	39,495	57,430
U. S. Bur. of Mines basis Jan. 8, 1944			4,226		12,567	76,924	41,004	54,570

*Composed of 13,223 barrels of unfinished, 44,397,000 barrels civilian-grade automotive and 28,996,000 barrels aviation, military, solvents and naphthas and gasoline blending stocks indeterminate as to ultimate use. Comparable week of last year: 11,505,000; 41,918,000 and 23,501,000 barrels respectively. Due to an error just discovered, the stocks of civilian-grade automotive should be decreased 180,000 barrels each week back to Nov. 4, 1944. Stocks of aviation, military, etc. should be increased a corresponding amount. This week's figures are comparable with this revised trend. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,393,000 barrels of kerosine, 4,533,000 barrels of gas oil and distillate fuel oil and 9,092,000 barrels of residual fuel oil produced during the week ended Jan. 6, 1945, which compares with 1,518,000 barrels, 4,257,000 barrels and 9,156,000 barrels, respectively, in the preceding week and 1,502,000 barrels, 4,524,000 barrels and 8,845,000 barrels, respectively, in the week ended Jan. 8, 1944.

Note—Stocks of kerosine at Jan. 6, 1945 amounted to 10,782,000 barrels, as against 11,296,000 barrels a week earlier and 9,259,000 barrels a year before.

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 for the account of all members of these exchanges in the week ended Dec. 23, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Dec. 23 (in round-lot transactions) totaled 2,480,152 shares, which amount was 16.97% of the total transactions on the Exchange of 7,309,730 shares. This compares with member trading during the week ended Dec. 16 of 2,825,481 shares, or 15.39% of the total trading of 9,174,850 shares. On the New York Curb Exchange, member trading during the week ended Dec. 23 amounted to 194,955 shares, or 6.22% of the total volume on that exchange of 1,566,080 shares; during the Dec. 16 week trading for the account of Curb members of 564,755 shares was 14.03% of total trading of 2,012,100 shares.

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

WEEK ENDED DEC. 23, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	186,750	
‡Other sales	7,122,980	
Total sales	7,309,730	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stock in which they are registered—		
Total purchases	630,090	
Short sales	60,020	
‡Other sales	515,760	
Total sales	575,780	8.25
2. Other transactions initiated on the floor—		
Total purchases	384,360	
Short sales	24,130	
‡Other sales	328,090	
Total sales	352,220	5.04
3. Other transactions initiated off the floor—		
Total purchases	251,470	
Short sales	20,250	
‡Other sales	265,982	
Total sales	286,232	3.68
4. Total—		
Total purchases	1,265,920	
Short sales	104,400	
‡Other sales	1,109,832	
Total sales	1,214,232	16.97

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

WEEK ENDED DEC. 23, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	12,255	
‡Other sales	1,553,825	
Total sales	1,566,080	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	15,275	
Short sales	7,960	
‡Other sales	8,015	
Total sales	15,975	1.00
2. Other transactions initiated on the floor—		
Total purchases	40,700	
Short sales	800	
‡Other sales	38,000	
Total sales	38,800	2.53
3. Other transactions initiated off the floor—		
Total purchases	45,880	
Short sales	555	
‡Other sales	37,770	
Total sales	38,325	2.69
4. Total—		
Total purchases	101,855	
Short sales	9,315	
‡Other sales	83,785	
Total sales	93,100	6.22
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	66,902	
Total purchases	66,902	
Total sales	38,661	

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

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

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

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

Johnston of Chemical Bank & Trust Co. Reports Net Operating Earnings In 1944

"Another excellent year with substantial earnings" was indicated by Percy H. Johnston, Chairman of the Chemical Bank & Trust Company of New York, in his annual report to the stockholders on Jan. 9. Mr. Johnston states that "the regular dividend of $3,600,000 was earned and paid to the shareholders and provision made for all expenses and losses." He adds "the amount of $2,345,000 was provided for Income, Franchise and other taxes and $743,459.80 was paid for Federal Deposit Insurance. There was also charged against current income $5,441,871 for amortization of bond premiums; $60,000 for reduction of the banking house on West 51st Street (adjoining Rockefeller Plaza); $750,000 in reduction of the book value of the office building at 270 Broadway (erected on the site of our former banking home); $400,118.48 for employee welfare, after which $3,128,784.06 was added to the Bank's net worth.

"In October $5,000,000 was transferred from Unallocated Reserves to Surplus Fund, as it was felt that reserves were more than ample for all contingencies. This increases the Surplus to $60,000,000." The report shows total operating income in the year 1944 of $17,113,594, compared with $15,201,863; and net operating earnings in the year just closed of $7,639,244 as contrasted with $6,836,818 in 1943. Capital, surplus, undivided profits and unallocated reserves are shown as $94,757,907 at the end of 1944 as against $87,977,467 at the close of 1943.

Mr. Johnston states that "we have continued to take a leading part in the financing of the war and our principal effort has been directed to that end," and he further says:

"War industry loans and commitments made amounted to $231,945,085 and in the Government Bond Campaigns during the year our Team, No. 7, procured 204,064 subscriptions amounting to $1,009,489,673. The Bank's holdings of United States Government obligations at the end of 1944 amounted to $836,557,275.32 an increase of $178,828,869.65 for the year."

It was noted by Mr. Johnston that "the deposits of New York City banks are not growing in the same proportion as those in other large centers, as the vast amount of money being used to finance the war goes to the heavy manufacturing districts over the country and by the time the funds flow back to New York, further war bond campaigns absorb such deposits."

Citing the steady decline in holdings of real estate, other than the banking houses, he is reported as saying that the bank "was practically out of the real estate business." In the "Wall Street Journal" of Jan. 10 it was stated: "Profits of the bank, Mr. Johnston indicated, would have to increase between $3.5 million and $4 million before the bank would be subject to excess profits taxes.

"The average maturity of Government bond holdings as of the end of 1944 was three years and eight months. The chairman said he 'has no fear or concern' regarding these holdings. He is concerned principally with continuing the reduction in the premium account on these bonds, which last year was reduced by $10 million, he said, and expects the premium account to be eliminated in the future."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Jan. 10 a summary for the week ended Dec. 30 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Dec. 30, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	23,002
Number of shares	676,872
Dollar value	$27,060,754
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	235
*Customers' other sales	22,466
Customers' total sales	22,701
Number of Shares:	
Customers' short sales	8,216
*Customers' other sales	628,207
Customers' total sales	636,423
Dollar value	$21,569,166
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	40
†Other sales	195,080
Total sales	195,120
Round-Lot Purchases by Dealers:	
Number of shares	219,640

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings During Week Ended Jan. 6, 1945, Increased 98,210 Cars

Loading of revenue freight for the week ended Jan. 6, 1945, totaled 682,967 cars, the Association of American Railroads announced on Jan. 11. This was a decrease below the corresponding week of 1944 of 86,662 cars, or 11.3%, and a decrease below the same week in 1943 or 34,209 cars or 4.8%.

Loading of revenue freight for the week of Jan. 6, which included New Year's holiday increased 98,210 cars, or 16.8% above the preceding week, which included Chirstmas holiday.

Miscellaneous freight loading totaled 335,646 cars, an increase of 39,945 cars above the preceding week, but a decrease of 17,946 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 89,184 cars, an increase of 5,754 cars above the preceding week, but a decrease of 10,811 cars below the corresponding week in 1944.

Coal loading amounted to 149,234 cars, an increase of 33,504 cars above the preceding week, but a decrease of 27,907 cars below the corresponding week in 1944.

Grain and grain products loading totaled 39,555 cars, an increase of 3,468 cars above the preceding week but a decrease of 15,175 cars below the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of Jan. 6, totaled 28,321 cars, an increase of 3,246 cars above the preceding week but a decrease of 11,067 cars below the corresponding week in 1944.

Livestock loading amounted to 15,339 cars, an increase of 4,928 cars above the preceding week but a decrease of 1,840 cars below the corresponding week in 1944. In the Western Districts alone loading of livestock for the week of Jan. 6, totaled 11,026 cars, an increase of 3,579 cars above the preceding week, but a decrease of 1,119 cars below the corresponding week in 1944.

Forest products loading totaled 31,144 cars, an increase of 9,714 cars above the preceding week, but a decrease of 6,403 cars below the corresponding week in 1944.

Ore loading amounted to 9,870 cars, an increase of 947 cars above the preceding were but a decrease of 4,583 cars below the corresponding week in 1944.

Coke loading amounted to 12,995 cars, a decrease of 50 cars below the preceding week, and a decrease of 1,997 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding weeks in 1944 and 1943.

	1945	1944	1943
Revised years figures	------	43,441,266	42,439,951
Week of January 6	682,967	769,629	717,176

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 6, 1945. During the period only 28 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JAN. 6

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	248	268	267	1,258	433
Bangor & Aroostook	2,323	2,326	2,164	597	199
Boston & Maine	6,059	6,127	5,252	13,167	13,677
Chicago, Indianapolis & Louisville	*969	1,082	1,237	*1,420	1,767
Central Indiana	26	32	42	39	40
Central Vermont	921	840	935	1,468	2,060
Delaware & Hudson	3,694	5,163	5,182	10,914	12,533
Delaware, Lackawanna & Western	5,516	7,093	6,206	7,552	10,468
Detroit & Mackinac	132	160	285	91	108
Detroit, Toledo & Ironton	1,302	2,316	1,761	1,036	2,172
Detroit & Toledo Shore Line	280	285	269	2,194	2,976
Erie	9,492	11,480	10,477	14,411	17,638
Grand Trunk Western	3,016	3,020	3,905	7,371	8,217
Lehigh & Hudson River	144	165	150	2,408	2,482
Lehigh & New England	1,214	1,574	1,710	1,068	1,222
Lehigh Valley	5,414	8,012	7,121	8,100	14,739
Maine Central	1,946	2,004	2,236	3,935	3,795
Monongahela	5,110	5,808	6,139	430	351
Montour	1,854	2,562	2,134	18	19
New York Central Lines	37,172	45,669	41,674	46,686	49,231
N. Y., N. H. & Hartford	8,309	9,032	8,303	15,418	17,939
New York, Ontario & Western	625	1,043	1,238	2,776	2,538
New York, Chicago & St. Louis	5,052	6,590	6,240	13,232	15,573
N. Y., Susquehanna & Western	305	560	520	1,699	1,829
Pittsburgh & Lake Erie	6,910	7,775	7,132	6,367	7,440
Pere Marquette	3,689	4,259	4,016	5,664	7,897
Pittsburg & Shawmut	595	838	657	6	8
Pittsburg, Shawmut & North	251	283	293	168	270
Pittsburgh & West Virginia	689	835	638	2,641	2,192
Rutland	310	272	230	746	1,131
Wabash	5,014	6,328	5,298	11.310	11,223
Wheeling & Lake Erie	4,219	4,029	4,914	4,163	3,834
Tot	122,800	147,830	138,626	188,392	217,001
Allegheny District—					
Akron, Canton & Youngstown	642	752	584	1,245	1,087
Baltimore & Ohio	36,058	40,669	34,205	23,734	25,780
Bessemer & Lake Erie	1,661	2,930	2,927	1,338	1,226
Buffalo Creek & Gauley	†	†	323	†	†
Cambria & Indiana	1,378	1,676	1,715	8	4
Central R. R. of New Jersey	5,221	6,165	5,560	16,231	19,587
Cornwall	365	[illegible]	558	47	35
Cumberland & Pennsylvania	110	221	190	9	18
Ligonier Valley	72	132	102	21	35
Long Island	1,076	1,234	951	2,979	2,927
Penn-Reading Seashore Lines	1,465	1,476	1,411	2,078	2,330
Pennsylvania System	65,298	72,759	65,362	54,617	62,045
Reading Co.	11,522	14,219	12,670	23,888	26,271
Union (Pittsburgh)	17,268	19,246	20,450	3,133	4,152
Western Maryland	3,455	4,007	3,795	11,161	13,387
Total	145,591	166,091	150,803	140,489	158,884
Pocahontas District—					
Chesapeake & Ohio	26,135	29,093	26,155	10,743	9,955
Norfolk & Western	19,424	21,972	20,255	7,636	6,783
Virginian	4,638	4,815	4,560	2,089	1,824
Total	50,197	55,880	50,970	20,468	18,562
Southern District—					
Alabama, Tennessee & Northern	288	301	284	344	319
Atl. & W. P.—W. R. R. of Ala	817	787	734	3,049	2,348
Atlanta, Birmingham & Coast	743	633	691	1,342	1,248
Atlantic Coast Line	12,905	12,322	14,855	10,857	10,044
Central of Georgia	3,398	3,589	3,508	4,185	4,559
Charleston & Western Carolina	370	321	368	1,582	1,592
Clinchfield	1,490	1,599	1,624	3,088	3,856
Columbus & Greenville	280	221	346	258	227
Durham & Southern	117	89	95	644	677
Florida East Coast	3,012	2,962	2,268	1,443	1,353
Gainesville Midland	45	36	33	112	83
Georgia	1,184	1,038	1,112	2,812	2,372
Georgia & Florida	407	385	415	585	663
Gulf, Mobile & Ohio	3,716	3,712	3,243	3,303	3,399
Illinois Central System	24,020	27,917	25,095	13,799	15,303
Louisville & Nashville	23,762	24,075	23,441	10,985	12,086
Macon, Dublin & Savannah	170	157	173	706	825
Mississippi Central	246	251	146	472	401
Nashville, Chattanooga & St. L.	2,827	2,960	2,990	3,864	4,546
Norfolk Southern	725	911	952	1,944	1,478
Piedmont Northern	524	386	312	1,142	1,379
Richmond, Fred. & Potomac	452	366	315	9,990	10,441
Seaboard Air Line	9,493	10,833	10,691	7,914	9,897
Southern System	21,673	21,266	20,498	22,709	22,040
Tennessee Central	501	543	528	709	1,005
Winston-Salem Southbound	112	130	103	887	915
Total	113,277	117,790	114,820	108,725	113,056
Northwestern District—					
Chicago & North Western	12,703	15,644	14,014	11,534	13,367
Chicago Great Western	2,148	2,764	2,434	3,016	2,850
Chicago, Milw., St. P. & Pac.	17,749	21,229	19,553	8,305	10,262
Chicago, St. Paul, Minn. & Omaha	3,141	4,340	4,026	3,293	3,757
Duluth, Missabe & Iron Range	900	1,128	1,093	140	239
Duluth, South Shore & Atlantic	452	882	626	498	533
Elgin, Joliet & Eastern	8,371	8,328	7,993	9,956	10,799
Ft. Dodge, Des Moines & South	298	420	383	71	88
Great Northern	10,206	12,733	11,644	4,752	5,040
Green Bay & Western	423	550	434	755	791
Lake Superior & Ishpeming	203	212	264	60	55
Minneapolis & St. Louis	1,570	2,453	1,806	2,018	2,188
Minn., St. Paul & S. S. M.	3,855	5,834	4,522	2,385	3,092
Northern Pacific	8,428	10,119	9,284	5,162	5,373
Spokane International	184	105	92	420	427
Spokane, Portland & Seattle	1,786	2,223	1,659	3,041	3,283
Total	72,483	88,964	79,827	55,406	62,144
Central Western District—					
Atch., Top. & Santa Fe System	21,379	21,154	21,164	11,084	10,760
Alton	2,500	2,944	3,122	2,930	3,767
Bingham & Garfield	404	465	390	*75	72
Chicago, Burlington & Quincy	17,137	21,511	16,634	10,579	12,295
Chicago & Illinois Midland	2,597	2,892	2,455	759	861
Chicago, Rock Island & Pacific	11,166	12,353	11,537	11,342	12,640
Chicago & Eastern Illinois	2,416	2,510	2,250	4,906	5,578
Colorado & Southern	558	681	808	1,927	2,012
Denver & Rio Grande Western	3,131	3,523	3,896	5,489	5,267
Denver & Salt Lake	700	992	770	8	29
Fort Worth & Denver City	697	582	1,049	921	932
Illinois Terminal	1,998	1,980	1,557	1,728	1,558
Missouri-Illinois	814	1,062	939	525	460
Nevada Northern	1,445	1,657	2,090	104	143
North Western Pacific	553	696	778	693	688
Peoria & Pekin Union	1	34	8	0	0
Southern Pacific (Pacific)	25,892	26,144	27,039	12,306	12,188
Toledo, Peoria & Western	330	439	372	1,537	1,647
Union Pacific System	16,478	16,395	14,804	13,374	14,618
Utah	536	663	608	5	10
Western Pacific	1,900	1,939	2,282	3,705	4,017
Total	112,632	120,616	114,552	83,997	89,548
Southwestern District—					
Burlington-Rock Island	278	241	668	373	196
Gulf Coast Lines	6,877	7,791	5,229	2,422	2,619
International-Great Northern	2,377	1,838	3,434	2,873	3,850
Kansas, Oklahoma & Gulf	175	252	317	912	891
Kansas City Southern	4,312	5,057	5,116	2,438	2,090
Louisiana & Arkansas	2,763	3,282	3,648	2,172	2,623
Litchfield & Madison	249	292	240	1,058	1,051
Midland Valley	568	784	565	393	641
Missouri & Arkansas	107	149	166	422	282
Missouri-Kansas-Texas Lines	5,753	5,763	5,996	4,737	4,875
Missouri Pacific	15,398	17,905	15,351	16,516	21,040
Quanah Acme & Pacific	52	60	90	330	207
St. Louis-San Francisco	8,024	8,617	8,544	6,218	9,632
St. Louis Southwestern	3,174	2,673	3,295	6,624	6,989
Texas & New Orleans	11,080	12,517	10,722	4,900	4,424
Texas & Pacific	4,695	5,145	4,099	6,951	7,466
Wichita Falls & Southern	78	78	77	20	79
Weatherford M. W. & N. W.	27	14	21	23	22
Total	65,987	72,458	67,578	59,382	68,978

*Previous week's figures. †Included in Baltimore & Ohio RR.

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

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

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

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
October 7	217,096	158,946	541,424	96	94
October 14	139,347	154,719	523,875	96	94
October 21	133,028	156,269	499,929	94	94
October 28	146,003	157,806	486,882	95	94
November 4	207,817	157,644	535,745	96	94
November 11	141,154	158,266	515,738	96	94
November 18	135,644	156,667	494,062	96	94
November 25	110,144	149,062	450,898	91	94
December 2	189,731	154,682	484,811	94	94
December 9	173.669	154,822	501,946	95	94
December 16	137,936	152,695	480,929	94	94
December 23	126,115	149,031	451,891	94	94
December 30	109,895	88,105	471,289	57	93
January 6	189,769	125,882	532,194	80	80

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

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on Jan. 15 that the tenders of $1,300,000,000 or thereabouts, of 91-day Treasury bills to be dated Jan. 18 and to mature April 19, 1945, which were offered on Jan. 12, were opened at the Federal Reserve Banks on Jan. 15.

The details of this issue are as follows:

Total applied for, $2,197,862,000. Total accepted $1,302,234,000 (includes $73,032,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.915, equivalent rate of discount approximately 0.336% per annum.

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

(54% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Jan. 18 in the amount of $1,313,861,000.

Final Figures on Sixth War Loan—National Quota of $14 Billion Exceeded by 50%

Secretary Morgenthau announced on Jan. 4 the final figures on the Sixth War Loan. Total subscriptions for each of the securities offered in this drive were as follows:

E Savings Bonds	$2,868,000,000
F and G Savings Bonds	719,000,000
Savings Notes	2,429,000,000
⅞% Certificates	4,405,000,000
1¼% Treasury Notes	1,550,000,000
2% Treasury Bonds	6,939,000,000
2½% Treasury Bonds	2,711,000,000
Total	$21,621,000,000

The Treasury announcement also says:

"The national quota of $14,000,000,000 was exceeded by more than 50% and the E Bond quota by $368,000,000.

"Preliminary figures indicate that subscriptions by individuals aggregated about $5,900,000,000, exceeding that quota by $900,000,000.

"In addition to those which applied to the drive, the Treasury received subscriptions from commercial banks, based on their savings deposits, which aggregated $1,014,000,000, of which $886,000,000 were for the 2% Treasury bonds."

[Previous items bearing on the Sixth War Loan and the results of the drive appeared in these columns Dec. 21, page 2742, and Dec. 28, page 2837.]

Lumber Movement Week Ended Jan. 6, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 445 mills reporting to the National Lumber Trade "Barometer" were 12% above production for the week Jan. 6, 1945. In the same week new orders of these mills were 18.8% more than production. Unfilled order files of the reporting mills amounted to 91% of stocks. For reporting softwood mills, unfilled orders are equivalent to 36 days' production at the current rate, and gross stocks are equivalent to 37 days' production.

Compared to the average corresponding week of 1935-39, production of reporting mills was 34.6% greater; shipments were 31.7% greater, and orders were 23.7% greater.

Items About Banks, Trust Companies

(Continued from page 299)

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, Pa., shows total resources of $617,235,188 and total deposits of $558,886,205, compared respectively with $546,427,478 and $490,628,294 on Dec. 31, 1943. The principal items comprising the resources in the current statement are U. S. Government securities, $445,361,766, against $370,115,709 a year ago; cash and due from banks $120,088,813, compared with $122,014,956, and loans and discounts, $35,803,574, against $40,165,067. The bank's capital is unchanged at $7,500,000, while the surplus rose from $32,500,000 last year to $35,000,000 at the present time.

William L. Batt, Vice-Chairman of the War Production Board and President of S. K. F. Industries, has been elected a director of the Philadelphia National Bank, to fill the vacancy caused by the death of Rodman E. Griscom. Mr. Batt was a member of the President's Special Mission to Moscow, with the rank of Minister, in 1941, and received the BOK Philadelphia award for 1942.

The Fifth-Third Union Trust Co., Cincinnati, Ohio, reported in its statement of condition as of Dec. 30, 1944, total deposits of $235,986,056 and total assets of $250,453,396, against $230,903,139 and $244,732,244, respectively, for June 30, 1944. The principal items comprising the resources in the last report are: Cash and due from banks, $66,268,225, as against $69,827,774 six months ago; United State bonds (direct and guaranteed), $112,246,466, compared with $94,177,855, while other bonds and securities stood at $12,328,751, against $12,820,088 a half year ago. The capital and surplus are $6,000,000 each, against $6,000,000 and $5,500,000 respectively on June 30, and undivided profits are shown to be $1,187,396, compared with $1,229,306 last June.

A. M. Strong has been elected Vice-President of the American National Bank & Trust Company of Chicago, in charge of its Foreign Department. Mr. Strong has been in the foreign banking field since 1916, and for the past 13 years has been in charge of the Foreign Department of the Public National Bank & Trust Company of New York. He is widely known as an author and lecturer on financial and foreign trade topics, and is a director of the Bankers Association for Foreign Trade, being Chairman of its Committee on Uniformity in Documents and Practices. He will assume his new duties with the American National on Feb. 1.

Other new officers elected by the Board of Directors of the American National Bank & Trust Company of Chicago at its annual meeting were Edmund L. Andrews, advanced from Assistant Secretary to Assistant Vice-President; Everett C. Dovale, elected Assistant Secretary, and Howard J. Johnson, elected Assistant Trust Officer. All three of these men are on the staff of the Bank's Trust Department.

The Directors re-elected all other officers.

The Continental Illinois National Bank & Trust Co. of Chicago reported in its statement of condition as of Dec. 30, 1944, total deposits of $2,447,740,036, against $2,170,231,315 on Dec. 31, 1943, and total resources of $2,619,821,040, against $2,332,695,700 a year ago; the most important items comprising the bank's resources are: U. S. Government obligations, $1,638,809,259, compared with $1,402,546,404 last year; cash and due from banks, $502,196,052, against $482,925,343; loans and discounts, $401,391,526, compared with $359,905,569 on Dec. 30 of last year.

The Harris Trust and Savings Bank, Chicago, in its statement of condition as of Dec. 30, 1944, reports total deposits of $510,677,765 and total assets of $542,575,614, comparing, respectively, with $447,286,229 and $476,111,484 on Dec. 31, 1943. The chief items comprising the resources in the current statement are: Cash on hand and due from banks, $137,640,242, against $109,117,270; loans and discounts, $119,381,374, compared with $105,572,144; United States Government securities are now shown as $114,558,789, against $93,500,620; State and municipal securities, $32,900,905, compared with $28,905,765, and other bonds and securities, $40,862,283, against $36,786,897. During the year the bank's capital rose to $8,000,000, while surplus is unchanged at $12,000,000; undivided profits Dec. 31, 1944, stand at $1,395,789, against $2,277,408 at the end of 1943.

The board of directors of the Industrial National Bank of Chicago made the following changes in the official roster, according to an announcement on Jan. 10 by Robert B. Umberger, Executive Vice-President of the bank: Howell E. Hammer, Assistant Vice-President, formerly Assistant Cashier; William B. Shapiro, Assistant Vice-President, formerly Assistant Cashier; Wilbur C. Hargis, Assistant Vice-President, formerly Manager, FHA Department, and Charles F. Collatz, Assistant Cashier, formerly Manager, Transit Department. All of the other officers were re-elected.

Following his presentation on Jan. 9 of the annual figures of the bank, Walter S. McLucas, Chairman of the Board of the National Bank of Detroit, Mich., entered into general comment, in which he made the statement that "the role of our Government is twofold—that of leading the nations of the world in the establishment and the maintenance of a relatively stable system of international payments and that of insuring, to the greatest possible extent, a peaceful world in which to live." Mr. McLucas went on to say:

"The disruptions in international finance before and during the war were so severe that it is obviously necessary to arrange new methods of international exchange that will be sound and sufficiently broad to remove the mechanical obstacles to the free flow of trade. This task was undertaken at Bretton Woods last July at the United Nations Monetary and Financial Conference. The fact that 44 nations attempted to cooperate on this matter in the midst of war is in itself of great significance. Likewise, it is highly significant that nations are endeavoring to find some method of collective security from aggression, as discussed at the Dumbarton Oaks Conference. These matters are far from completion and may not be workable in their present form but the efforts of the nations to arrive at proper answers to these all-important and perplexing questions may well be the source of real satisfaction to us in America. . . .

"Our indispensable need is for a program that we can agree on and believe in, to guide us in both our domestic and foreign economic affairs—a set of policies that are fair, far-sighted and firm, and that are solidly grounded on the fundamental democratic principles of economic and political freedom for all citizens. With vigilance and cooperation in support of such a program we can, I have confidence, attain the state of well-being that we want and deserve."

Mr. McLucas also took occasion to warn against a rising National debt, saying in part:

"The theory that government borrowing and spending is necessary and not harmful as a method of creating prosperity is still distorting the thinking of many people. There is a widespread belief that the Government has sources of funds other than from taxation imposed upon the people and that there is no need for restraint on government borrowing because 'we owe it to ourselves.' The experiments with this fallacious theory were the cause of grave concern in the period preceding the war to all who understood the ultimate consequences of this procedure.

"If, as I believe, we as a nation demand the highest possible standard of living with the minimum of restrictions on freedom and opportunity, this nation must have a private competitive economy that works. But this kind of economy will not work if the national debt is constantly increasing, or if aggregate wage payments are too far above or too far below the value of all goods produced and services rendered, or if the profit motive is suppressed, or if labor uses its power to interfere with the efficient functioning of management, or if private monopolies are permitted to exist, or if taxes are so high as to stifle enterprise. These are some of the fundamentals that are often violated or disregarded, seemingly to the advantage of some groups, but actually with heavy long-term loss to all."

In his report to the stockholders Mr. McLucas stated that "steadily during the year 1944 the bank's resources have increased in keeping with the expanding war economy of the nation, and each month has brought an increased volume of banking activity."

From his report we also quote:

"Earnings available for the common stock after all charges, including reserves, were $4,242,382.36, or $4.24 per share on the 1,000,000 shares outstanding at Dec. 31, 1944. This compares with $3.25 per share on the same number of shares for 1943.

"Gross income for 1944 was $2,190,597.51 greater than in 1943, due largely to the increased volume of funds we had available to employ in loans to business and in investments. Loan commitment fees, Trust Department revenues and other fees for services performed increased moderately.

"Expenses of operation increased during the year by $684,686.30, taxes increased $99,862.13, Federal Deposit Insurance premium expense increased $56,504.23, and interest paid on savings deposits increased $303,354.34.

"The banking business is one which operates upon a narrow margin of profit. Aside from certain fees collected for specific services rendered, the bank's income is derived from the utilization of the resources placed in its hands by depositors and stockholders. For the year 1944 the National Bank of Detroit derived gross income at the annual rate of 1.04% from the employment of its resources, while fees collected amounted to .20% on resources, making 1.24% over-all. Expenses, taxes, Preferred stock dividends and reserves consumed .89% as related to resources, leaving .35% on resources in net profit available for additions to Capital account and for the payment of Common stock dividends.

"Profits of $348,954.69 were realized from the sale of United States Government securities in 1944. This amount was added to the Special Reserve for Premiums on Government Securities.

"A transfer of $665,367.97 from regular income was made to other reserves."

The bank reports deposits as of Dec. 31, 1944 of $1,246,007,535. As to Capital, Surplus and Undivided Profits, etc., the report says—

"The Capital Account at Dec. 31, 1944, was as follows: Preferred stock—340,000 shares, $25 par, $8,500,000; common stock—1,000,000 shares, $10 par, $10,000,000; surplus, $19,000,000; undivided profits, $4,407,941.34*; total, $41,907,941.34.

"The transfer of $7,500,000 from Undivided Profits to Surplus, previously referred to, was effected on Nov. 13, 1944.

The $8,500,000 of Preferred stock shown above is the balance of the $12,500,000 originally subscribed by the Reconstruction Finance Corporation in 1933. Of the $33,407,941.34 Common Capital, Surplus and Undivided Profits, $12,500,000 was paid in and $20,907,941.34 has been earned.

"Reserves—$5,596,266.48; of this amount, $3,199,081.77 represents a reserve for losses which might arise in the future. This compares with $2,644,000.82 at Dec. 31, 1943. $200,000 is segregated as a reserve for post-war employment adjustments. The balance of the account, $2,197,184.71, represents reserves for expenses and for Preferred stock dividends.

*In keeping with the policy of the Reconstruction Finance Corporation and in order to conserve capital during the period of deposit growth while the country is at war, we have suspended, temporarily, the retirement of Preferred stock. By agreement we have earmarked $2,130,625 of Undivided Profits representing the amount which normally would have been retired and will not use such funds for the payment of dividends or other similar purposes.

The Bank of Holden, Holden, Mo., became a member of the Federal Reserve Bank on Jan. 3, it was announced by the Federal Reserve Bank of St. Louis, which stated:

"The new member was chartered in 1872. It has total capital accounts of $74,045 and total resources of $1,196,833.78. Its officers are: W. F. McCutchen, President; M. R. Snyder, Vice-President; E. L. Angell, Vice-President; J. M. DeMasters, Cashier, and Marguerite Murray, Assistant Cashier.

"The addition of the Bank of Holden brings the total membership of the Federal Reserve Bank of St. Louis to 476. These member banks hold over 70% of the net deposits of all banking institutions in the Eighth (St. Louis) District."

Announcement is made of the election of E. O. Terry as Vice-President of the Mercantile National Bank of Dallas.

The directors of the California Bank of Los Angeles announce the election on Jan. 10, of Arch W. Anderson as Chairman of the Board, and Frank L. King as President.

At the annual meeting of the Wells Fargo Bank of San Francisco, W. F. Gabriel and R. H. Rebele, Vice-Presidnts of the bank, were elected directors. John D. Boden and G. W. Colby were advanced from Assistant Cashiers to Assistant Vice-Presidents. Lloyd H. Brinck and Edward E. Munger were elected Assistant Cashiers. All other directors and officers were re-elected. President I. W. Hellman reported that during 1944 gross earnings taken up from the bank's operations, according to the books, were $6,661,260.74. General expenses were $3,373,121.38, and taxes, $994,205.48. Of the remaining $2,293,933.88, regular dividends of $1,170,000 were paid; $717,321.20 provided as reserve on loans and investments, and $406,612.63 carried forward in undivided profits. Deposits increased from $449,051,875 to $452,420,936. The bank sold on behalf of the Government, War Savings Bonds, War Savings Stamps, and Treasury Tax Savings Notes to the amount of $109,992,694.10 during 1944.

All directors of Bank of America National Trust & Savings Association, San Francisco, were reelected at the annual meeting of shareholders. At the organization meeting of the directors which followed, all officers of the bank were renamed to their positions. In his message to the shareholders, President L. M. Giannini said:

"Our growth during the past year, as in 1943 and 1942, may be traced substantially to war activity, but this circumstance in no way dims the fact that over the full span of our first 40 years the main force in our growth and development has been the patronage of the small customer. As 1944 was nearing its close our bank had $3,000,366 deposit accounts and approximately $430,000 loans on its books."

Mr. Giannini stated that during 1944 considerably increased emphasis was placed on the degree of liquidity and marketability of the investment portfolio. Government issues due or callable in less than one year, he said, constituted 64% of the bank's Government portfolio at the end of 1944, in comparison with 43% at the close of 1943, 36% at the end of 1942, and 13% at December 31, 1941. Calling attention to the bank's increased loan volume, President Giannini said: "Most of the changes in specific classes of loans were attributable to some phase of the war, but the fact that total loans increased was due, at least in part, to our endeavor to meet every legitimate credit requirement and our aim to maintain Bank of America as credit headquarters for the small borrower as well as the large."

The directors of the Bank of America at a meeting on Dec. 16 adopted a resolution proposing an increase in the bank's capital stock by the issuance of 800,000 new shares of common stock. More than 140 underwriters and 800 dealers participated in the nationwide offering. The new stock authorized by the stockholders on Dec. 28 increases capital funds of the bank by approximately $40,000,000 to about $220,000,000, exclusive of valuation reserves and after giving effect to the current dividend. Shareholders of record at close of business Dec. 16 were entitled to subscribe for one share of the new stock for each five shares of common stock owned, and subscriptions at the public offering price were received by the bank up to Dec. 28. A nationwide group of investment bankers, managed by Eastman, Dillon & Co., Lehman Brothers and the First Boston Corporation, undertook to purchase such of the new shares not subscribed for by the existing shareholders. Public offering of a substantial part of this stock was made immediately. The new stock has the same par value as the existing common stock, $12.50 per share. The public offering price is to be $53 per share. Transamerica Corporation, the bank's largest shareholder, cooperated in every way to facilitate the offering, Mr. Giannini stated.

Paul S. Dick, President of the United States National Bank of Portland, Oregon, announces the promotion of Hugh J. Walker from the position of Comptroller to the office of Cashier. Mr. Walker, who has been active in banking circles throughout Oregon, was affiliated with the West Coast National Bank at the time that institution was purchased by the United States National. From 1930 to 1937 Mr. Walker was closely associated with the supervision of operations and systems for the head office and branches of the United States National Bank. In 1937 he was elevated to the position of chief clerk and in 1939 was made Comptroller, which position he has held until his present promotion.