

GOVERNMENT BILL FOR COMING YEAR NEAR FIVE BILLION

Expenditures Will Exceed Appropriations For Fiscal Term

BEGINNING JUNE 30

Figures Based On Conservative Estimates by Treasury Department.

The federal government will spend during the fiscal year which begins June 30, more than \$4,500,000,000, according to conservative estimates made at the treasury department.

The figure is based on appropriations made in prospect, and on figures furnished by the executive departments. Congress already has provided for the expenditure of \$3,950,000,000, if pending army, navy and deficiency bills are included. In addition, there is in prospect an appropriation of \$100,000,000 for the extension of federal aid to states for road building, which would swell the total government expenditures to \$3,950,000,000. Deficiencies are estimated at \$200,000,000.

But this figure does not truly represent actual figures that will be paid out of the treasury during the year. It includes, for instance, \$274,000,000 appropriated for the postal service, more than \$500,000,000 of which will be repaid by postal revenues. It does not take into account hundreds of millions which must be paid to the railroads, in settlements arising out of federal control and the six months period ending which the federal government guaranteed the income of the roads.

Nor does it include large "unexpended balances" in the various departments, expenditures of which during the ensuing fiscal year has been authorized. There are, also, numerous indefinite appropriations, and authorizations not contained in the 12 major bills.

Treasury Will Pay \$4,285,000,000.

The treasury, taking all these factors into consideration, and utilizing information from the departments, estimates that it will be called upon to pay out during the next year approximately \$4,285,000,000. And this figure does not include the postal revenues in excess of \$500,000,000 which the postoffice department spends to support itself at this time.

It is estimated that the total estimated expenditure of \$4,565,000,000 compares with \$5,602,000,000, the total which it is figured the treasury department will have paid out during the 12 months ending June 30. The indicated saving is more than \$1,000,000,000, but the expected outgo is greatly in excess of \$4,000,000,000, the figure being used as a basis by congress in its revision of revenue laws.

Army and Navy Bill Reduced.

An outstanding fact in any comparison is that all efforts of congress to enforce economy have not succeeded in reducing materially the activities of the executive branches, except the navy and navy departments. They show large savings, and primarily to the fact that wartime establishments have been reduced and few if any contracts remain to be liquidated.

The war department, for instance, which during the current year will spend in excess of \$1,000,000,000, for the next year contemplates an expenditure of \$750,000,000. The navy department, which during this year required \$697,500,000, expects next year to get along on \$455,225,000.

Another sizeable saving will come in the extension of federal aid to the railroads. They were paid from the federal treasury during the present year more than \$900,000,000. But next year, it is figured, payments to them will not aggregate more than \$450,000,000, although it is conceded this amount may be increased by additional claims which the railroads will file.

A further saving arises from the fact that the government will not purchase any more obligations of foreign governments during the ensuing year. This item took from the treasury this year \$122,000,000. The public debt will require \$551,000,000, compared with \$598,000,000 this year. The sinking fund, for the eventual retirement of war obligations, will take \$265,000,000 of this amount.

WASHINGTON PRODUCE.

Eggs—Nearby, 25c; Southern, 24c; average receipts, 21.50c. Butter—Print, 35.50c; creamery, extra, 30.25c; store packed, 15.18c; on nearbys, 22.12c; Southern butter, tubs, 30.25c.

Poultry—Alive: Roosters, 15.20c; turkeys, 20.25c; spring chickens, 50.50c; White Leghorns, 40.50c; hens, 25.20c; keets, 75c; dressed fowls, 35.25c; turkeys, 40c; roosters, 22.25c.

Green Fruits—Apples, Western, per box, \$3.50; apples, per bbl., \$3.10; pineapples, \$4.50; California oranges, \$6.50; California lemons, per box, \$4.50; grapefruit, per crate, \$5.50; Florida oranges, \$6.50; strawberries, 12 1/2 lbs. 26c.

Vegetables—Potatoes, nearby, per bbl., \$1.50; Northern, per sack, \$1.90; string beans, per basket, \$1.50; green beans, \$2.00; South Carolina, \$2.50; new cabbage, \$2.50; 2 1/2 lbs. per ct; beets, per bunch, 6.7c; lettuce, romaine, per crate, 1.25c; peppers, per crate, 3.84c; cymmer, per crate, \$1.50; celery, per crate, \$3.00; onions, Texas, \$2.25 per ct; spinach, per bbl., \$2.50; Florida tomatoes, per ct, \$1.50; sweet potatoes, per bbl., \$2.75; zucchini, \$1.50; celery, per crate, \$4.50; bunch, celery, \$1.25; peas, 1-2 bus. basket, \$3.00.

COKE THE DETERMINING FACTOR IN PIG IRON PRICE

A Drop of 80 Per Cent in the Price of Coke Reflected in a 50 Per Cent Decline in Pig Iron.

(By The Washington Herald Economist.) The fundamental product of the iron and steel industry is pig iron. Three principal raw materials enter into this product, viz: iron ore, coke and limestone. In round numbers the proportions used are two tons of ore, one ton of coke and one-half ton of limestone. The exact figures for 1919 show that for each ton of pig iron produced there were consumed 1.95 tons of ore, 1.03 tons of coke and 0.48 tons of limestone. Ordinarily the cost of the ore is the most important element of expense but the great increase in the price of coke during the war and since has made this the determining factor.

The principal source of domestic iron ore is the Lake Superior district. More than 85 per cent of the ore mined in the United States comes from that region. The principal producing States are Minnesota with an output of 30,000,000 to 40,000,000 tons per year and Michigan, where production runs from 14,000,000 to 18,000,000 tons. The second most important district is around Birmingham, Alabama, with an output of 5,000,000 to 6,000,000 tons annually. Wisconsin and New York are the only other States which produce as much as 1,000,000 tons per year.

Iron ore is graded according to the percentage of phosphorus it contains. A low percentage of phosphorus—under 4 1/2 per cent—makes it available for the Bessemer steel making process. The non-Bessemer ore is made into steel by the basic open hearth process which permits of the elimination of the phosphorus.

The price of Lake Superior iron ore ranged from \$3.00 to \$4.50 per ton in 1914. The peak price was reached in 1919 when it ranged as high as \$7.20 for Mesabi Bessemer ore at lake ports. The most important grades of pig iron are:

PRODUCTION OF PIG IRON BY GRADES.

Table with 4 columns: Grades, 1919, Percent, 1918, Percent. Rows include Basic, Bessemer and low phosphorus, Foundry and ferro-silicon, Malleable, Pig iron, Spiegeleisen, Ferro-manganese, and Total.

In 1914 non-Bessemer Mesabi iron was selling at the lower lake ports at about \$3.50 per ton. Connellville furnace coke was worth \$1.75 per ton. Assuming that two tons of ore and one ton of coke are required for a ton of pig iron the cost of the raw material amounted to \$7.75 and the selling price of basic valley furnace pig iron was \$12.87. The raw material represented approximately 60 per cent of the price of the finished pig iron.

In 1920 when coke reached its peak price of \$17.75 per ton, iron ore was quoted at \$6.55, making a total cost of \$30.85 or 64 per cent of the price of the finished pig iron, which sold at \$48.50. The price of ore remains relatively constant but the chief variable factor in the cost of pig iron is the coke. The price of furnace coke has dropped from \$17.75 in August, 1920, to \$2.25 in May, 1921. The price of basic valley furnace pig iron has dropped

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URGES INCREASING CORPORATION TAX

Robert N. Miller Suggests Substitute for Excess Profits Tax.

An increased corporation normal tax as a substitute for the excess profits tax was urged by Robert N. Miller, former solicitor of the bureau of internal revenue, yesterday before the senate finance committee. Mr. Miller opposed a sales tax. He presented a tabulation showing how to obtain the necessary revenue without resort to a sales tax. His suggestion in the main followed along the lines of the recommendations by Secretary of the Treasury Mellon.

Mr. Miller proposed increasing the ten per cent normal tax on corporations to 18 per cent, which he said would yield \$450,000,000 additional. Mr. Miller figured a total revenue of \$4,150,000,000. This total, however, is not quite as great as estimated by Secretary Mellon to be necessary in view of Mr. Mellon's belief that \$4,000,000,000 from internal taxes will be necessary, not including customs revenue.

"It is highly important that a tax expected to produce as much as a billion dollars be imposed as near-

ly as possible in proportion to the ability of the tax payer to pay," Mr. Miller said. "The present non-income taxes to a considerable extent answer that requirement, because the items taxed are such that a person in planning his personal expenses could if he would, live with a considerable degree of comfort and still avoid paying any large amount in respect to these non-income taxes.

Advertisement for The Riggs National Bank, listing officers: Charles C. Glover (President), Milton E. Ailes (Vice President), William J. Flather (Vice President), Joshua Evans, Jr. (Vice President), Robert V. Fleming (Cashier), Avon M. Nevins (Assistant Cashier), George O. Vass (Assistant Cashier).

Big Banks and Small Business

Some men hesitate to use a big bank. They stand a little in awe of it—feel that big banks are for "big business" only. While this is one of the largest and oldest national banks in Washington, numbering among its accounts a majority of the "big business" concerns of this city, we are very proud of the close, helpful relation that has grown up between us and many of the substantial smaller businesses of the community.

If you are doing sound pioneer work in the building up of some small business and are looking wisely to the future, we believe you should consider the special advantage of an early connection with a big bank that not only believes in you while you are young but has every banking facility in readiness for your future development.

The Riggs National Bank OF WASHINGTON, D.C. On Pennsylvania Avenue Facing the U.S. Treasury

Forest Fire Losses Hit Nation Hard.

Forest fires in the United States destroy more than 1,000,000,000 feet of timber each year. This represents enough lumber, according to the forest service of the department of agriculture, to build a five-room frame house every 100 feet on both sides of a road extending from New York to Chicago. "With four people to a house," the official announcement adds, "these 100,000 buildings would house nearly one-fourth our yearly increase in population."

WEATHER REPORTS BRING LOWER LEVEL

Rains in Western Territory Hampers Wheat Trade; Coarse Grains Pressed.

CHICAGO, May 26.—Rain reports from Kansas, Oklahoma and Nebraska, as well as precipitation over the greater part of the winter wheat belt, led to a lower range for July wheat but the inside figures were not maintained as commission houses were good buyers under \$1.31 for July. The May was off \$1.10 to 10 cents at one time, getting under \$1.70, compared with \$1.85 at the high point yesterday, with heavy selling by a house that usually acts for seaboard exporters. The latter have been credited with being the leading longs, and the action of the May was not a surprise to the trade. It is estimated that Kansas City shipped 100 cars of wheat to Chicago yesterday for delivery on May contracts, and grain is coming here from Omaha, Minneapolis and other markets. Bids to arrive were reduced 5 cents to the basis of 25 cents over July for No. 1 hard winter for 5 and 10 days' shipment with No. 1 red 20 cents over. Forecast was very generally unsettled weather. Sentiment is not as bullish as of late, but there is little disposition shown to take the bear side of the market. Crop reports are decidedly mixed.

Coarse grains were under pressure and ranged lower, with the country a big seller of cash grain to arrive. The seaboard was after cash corn and liberal sales were made with charters for 500,000 bushels yesterday at 1 1/2 cents to Buffalo. There was a fair class of buying of futures on the break with a government report indicating that chinab bugs would be greatly in evidence over part of the belt as a factor in the market. Cash corn and oats were about unchanged as compared with the July. Rains in Illinois and other states was very beneficial for the newly planted corn. Provisions were weaker and lower with grains and hogs. Buy- ing was scattered. Hogs were 15 to 25 cents lower, with bulk of sales at \$7.55.15.

Table with 4 columns: Wheat—Out, Open, High, Low, Close. Rows for May, July, Corn, Sept, May, July, Sept, and Wheat—In.

RAIL LOSS BLAMED ON HIGH COSTS OF LABOR AND SUPPLY

Mid-Western Road Head Defends Freight Rates Now in Force.

DENIES ANY WASTE

Says Road Keep on Alert to Cut Down Expense of Operation.

The high cost of labor and supplies is mainly responsible for the economic distress of the railroads, H. E. Byam, president of the Chicago, Milwaukee & St. Paul Railway company, testified yesterday before the senate interstate commerce committee which is investigating the railway situation. These items which, he said, absorb 80 per cent of the operating expense of the carriers, must be materially reduced, he declared, if conditions are to be relieved.

Uphold, Freight Rates.

Byam defended the freight rates fixed under the transportation act and argued against the feasibility of reducing them along with the operating costs. He insisted that the rates must stay where they are until the expense of operation had been reduced sufficiently to assure the roads the net return authorized by the act.

Edward Chambers, vice-president of the Atchison, Topeka & Santa Fe Railroad company, who followed Byam on the stand, expressed the same opinion. He asserted that a general business depression and not the increased freight charges are responsible for the diminished volume of traffic, adding that a general reduction would not improve the situation.

Waste Policy Denied.

Reports of mismanagement and extravagance in the operation of the roads were denied by Byam. He said that his road, and the same was true to others, was constantly on the alert to prevent wasteful practices and install measures of economy in which the employees were loyally co-operating. He admitted, however, that these economies had not been reflected in satisfactory financial results.

TIMELY WALL STREET TOPICS

NEW YORK, May 26.—Although speculative sentiment showed marked improvement today, traders seemed to lack confidence that the rally would survive the remainder of the week. Both speculative factions had the triple holiday in mind and wondered whether it would be safe on the one hand to continue holding long stocks or to go over the short vacation with large commitments outstanding on the short side. As a rule the faction which has followed the profitable side of the market to a point where no reason exists for stocks continuing to shorten its lines of stock, but there is another way of viewing the motives of that faction. The shorts have been fed up on healthy profits and are better able financially to weather a sudden storm. On this occasion there was nothing visible on the horizon that could change the aspect of the market over the holidays. Tomorrow is another day and may bring forth some development or hint of probable happenings before Tuesday morning, but the office of the stock market is to discount events and, in a speculative sense, it is the custom of professionals and traders to start even a day earlier than necessary and discount what other professionals and traders may see fit to do with their speculative accounts.

BOND MART SEES ERRATIC SESSION

Continued Pressure in Liberties; Chicago Rails' Weakness Features.

NEW YORK, May 26.—Irregularity continued in the bond market throughout today's session. There was continued pressure in the liberty bond department, but not of a serious nature. The 3 1/2's reacted 14 cents on the \$100 bond in the early trading but around mid-day the supply and demand became more evenly matched and the price came back close to the Wednesday closing. The trend in this issue was fairly representative of that in the other liberties. The only feature in the list of foreign issues was a wide movement in Japanese sterling 4 1/2's. They sold up more than 2 full points to 5 1/2 in the morning but as quickly reacted to 5 1/4. The speculative account built up in this issue and in the 4 per cent bonds of the same description has grown to a great size within the past few weeks. The market's lack of definite direction was best displayed in the rise of Belgian 5's from 97 1/2 to 98 1/2 while the 7 1/2's were declining a quarter point to 98. French government 5's were not influenced in any way by the unofficial report that the new French loan was being rapidly bought and that the subscription books would probably close before the end of the business day tomorrow.

There was little out of the ordinary in the action of industrial and railroad bonds. While rail stocks were advancing in their own market on the strength of highly favorable earnings statements covering April, bonds of the same roads were just barely holding their own. Two distinctly weak features were Chicago Great Western 4's which declined 1/2 of a point to 49 1/2 and Chicago railway 5's which reacted two full points to 62. Westinghouse Electric 7's declined a half point to 99.

RURAL CREDIT BILL FAVORED BY FARM STATE SENATORS

Kenyon Measure Favored By 22 Associates At Meeting.

NEED OF ACT TOLD

Seeks to Standardize Paper For Farm Credits in Open Market.

Twenty-two senators from agricultural states who recently formed an unofficial body to study various farm bills pending in congress, met yesterday in the senate office building and endorsed the Kenyon rural credits and multiple insurance bill. Senator Kenyon, author of the bill, and Senators Gooding, Stanford, Hareid, Carraway, Ladd, Smith, Bursum, Fletcher, Watson, of Georgia; McNary, Harris, Norris, Capper, Kendrick, La Follette, Harrison, Healin, Spencer, Norbeck, Jones, of Washington, and Shepard, were present.

Their report contained the following summary of that bill: "The purpose of the rural credit society is to standardize paper for agricultural production in the open market, and thus give the farmer access to the financial and industrial centers for the sale of such paper, whereas he is today restricted to the local deposit banks. This would not only materially reduce the interest rate which the farmer would have to pay, but it would provide the machinery for the capitalization of the actual tiller of the soil who possesses honesty, energy, frugality and farming experience."

The purposes of Multiple Insurance League are two fold, viz: First, to furnish sound and economic insurance of every kind as security for the poor man who has accumulated no property to pledge for credit for agricultural production, and

The senate committee on agriculture and forestry, to which this bill has been referred for consideration, will hold public hearings at the subcommittee to begin holding hearings on it. This bill has been endorsed by numerous livestock associations, the American Agricultural Editors' association, the American Farm Bureau federation and a number of professors in our agricultural colleges.

NEW YORK PRODUCE.

NEW YORK, May 26.—Butter market firm—active. Creamery extras, 29.20c; creamery flats, 28.20c; creamery higher scoring, 29 1/2c; ladies' fresh, flats, 22.25c.

Cheese market steady—State whole milk specials, 15.17c; whole milk fancy, 14.50c; whole milk, lower grades, 10.14c. Wisconsin whole milk, fancy young Americans, 17.17 1/2c. Eggs—Market firm—Nearby white, fancy, 34.25c; nearby brown, fancy, 32.25c; extra, 27c; nearby, 22 1/2c; 25 1/2c.

Advertisement for "The Room-Renting Service Bureau" of Washington's Newspaper. Text includes: "Further carrying out its policy of SERVICE UNEXCELLED, the 'Quality Wants' department of The Herald announces the establishment of— A 'Room-Renting Service Bureau'". "The service of this bureau is absolutely free. You do not have to be a Herald subscriber to use it for either obtaining or renting a room, apartment or place to board." "The bureau has listed detailed information about vacant rooms, etc., in every section of the city and suburbs. These lists are open to the general public." "If you are looking for a room or apartment, phone Main 3300, or make a personal call, and you will be given a list of those available in the section of the city in which you wish to reside." "If you have a vacant room or apartment or offer board, list it, free of charge, with— 'The Room-Renting Service Bureau' of Washington's Newspaper".