Interest Rates and Inflation

By Dr. L. Albert Hahn

Dr. Hahn points out that the old device of trying to check inflation and deflation by raising or lowering interest rates through Central Bank Operations has been abandoned and is being replaced by a confused system of government diagnosis and control. Holds that common belief in the necessity of low interest rates is valid, that higher interest rates are not coincident with unemployment, and that purely fiscal reasons should never determine economic policy. Charges that government is attacking results, not causes of inflation, which will lead to a temporary boom followed by a depression.

Wherever government economic policy, business policy of an individual firm, or the future trends of stock or commodity markets are discussed, the topic of inflation plays a major role. Generally speaking, inflation is considered to be seriously injurious.

A Forgotten Device

If inflation had been feared 10 years ago, the raising of interest rates would have been thought the simplest and most natural means of defense. (Continued on page 3154)

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The Menace of Declining Profits

By A. M. SAKOLSKI

Dr. Sakolski stresses the danger of declining profit margins to our private enterprise system and points out that trend toward lower returns on investment is an indication of industrial decadence. Cites example of decline of profit margins in Great Britain and France, as a basis for accepting socialism and nationalization, and warns that if the "costs up-profits down" policy is continued and government restrictions on profit making are intensified, this nation will emulate other decadent powers in accepting nationalization and collectivism.

The OPA has announced a policy of "Cost-Up—Prices Down." The implications of this policy have been passed over lightly, though not without protest from practical business interests. But the potential economic disaster in the persistence of this policy certainly should not be overlooked or passed aside as merely an excessiveness of contemporary political expediency or as a whim of administration. It bears in its nucleus all the forces of ruin to the free enterprise system that the atomic bomb does to physical structures and human existence. It is a menace to progress under our way of life, and will eventually lead to socialism and state regimentation of individuals in their activities to obtain the material things of life.

Yet, few of the numerous tribe of modern economists have dealt with the problem. None of importance during the last half century have concerned themselves greatly with the effects of a rising or declining rate of profit. True, the profit motive as an incentive to enterprise and investment has been stressed. The entrepreneur's function has been studied and analyzed, and his importance in modern economic organization has been

(Continued on page 3156)

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The Investor's Stake in The Anti-Trust Laws
By BENJAMIN A. JAVITS

Mr. Javits contends that the Anti-Trust Policy of the Department of Justice Stands Clearly Across the Path of American Progress and Prosperity. Says That the Anti-Trust Laws Are Being Enforced in a manner that prevents small businesses from getting the benefits of the economies of large scale. Research, Prices and Full Employment Which Big Business Can Attain. Big Business, on the Other Hand, Is Finding It Impossible to Deal With Problems Like the Interrelation of Labor and Prices or an Industry-Wide Basis. The Anti-Trust Laws Are Used to Prove Marginal Producers Who Otherwise Could Not Compete. The Investor is Also Hurt Through Undue Waste in Industry, Jeopardy of His Investment in Small Business, and Costs of Endless and Needless Government Suits.

We are all familiar with the story of the little boy who came back from school services and when asked what the sermon was about said that he did not quite get the people's thinking or to even more confusion in their talking and which are not quite so clear. A trust in the sense of monopoly an organization developed during the 70's and 80's by which a group of companies virtually trusted every power, except the ownership in certain hands so that it would be common practices such as in pricing, selling and buying. The arbitrariness and the (Continued on page 3132)

A Foreign Reaction to American Full Employment Aims
By MIGUEL VIDAL GUARDONILA

Former Professor at the University of Barcelona, and Member of the Spanish and Catalan Parliament


The world now anxiously American debates on full employment policies. It holds out two essential aspects: (a) blind faith in the maintenance of the highest standard of life attained during the 70's and 80's by which a group of companies virtually trusted every power, except the ownership in certain hands so that it would be common practices such as in pricing, selling and buying. The arbitrariness and the (Continued on page 3132)

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Full Production and Sound Fiscal Policy Can Prevent Inflation

By STEPHEN M. FOSTER

Economic Advisor, New York Life Insurance Co.

Mr. Foster, Holding that in 1945 Our Economy Operated Close to Capacity, Points Out That the Chief Problems Ahead Relate to Fiscal Policy. Shows How to Reduce Real Private Investment. Together With the Method of Government Financing Through the Commercial Banks, Constitutes an Inflationary Threat, but Contends That If We Follow a Policy of Reserving Reserve Funds of Productive Capacity, Needs Settled of Settlement of Industrial Strife and Holds Outlook Depends on Proper Decisions Regarding Labor, Management and Government Responsibilities.

Stephen M. Foster

The Federal Reserve System is engaged in a battle whose outcome is of great promise for social and economic well-being. Of course, the war effort as such has been utilizing a great force behind production and consumption, and we can expect another, the war's aftermath, to bring financial and economic changes which may well have far-reaching effects on future economic stability; for the purpose that we enjoyed during the war may not be available at least for the moment, by industrial and economic strife. This may be the one apparent reason that attention has been paid to the general condition of the industrial world. Germans and the Japanese laid down their arms. For it is these changes and the conditions surrounding them that have given rise to many of our present problems.

Economy Operated Close to Capacity

A first important circumstance to bear in mind is that during the latter half of 1945 the country's economy was operating at close to capacity. It is true that there were some lack of production on the part of the war industry, and to a considerable extent, production stagnation from the war's end. However, the level of total production in general was almost the same as in the first year of the war, and if we turn to the figures for the year 1945, we find that the country was operating at 95% of full capacity. This is the general level of production that we have to face today, and it is this level that we must maintain in order to avoid inflation.

Inflationary pressure is being created by the fact that the nation has a large number of unemployed workers, and that the government is spending a great deal of money on military purposes. This is creating a demand for goods and services that is greater than the supply, and this is putting upward pressure on prices. It is this inflationary pressure that we must watch and control in order to avoid a situation similar to that which existed during the war.

The Fiscal Policy

A second important aspect of the fiscal policy is that the government's budget must be balanced. If the government spends more than it takes in, it will create a deficit which will have to be financed by issuing more money. This will tend to increase the supply of money and cause prices to rise. It is for this reason that the government must be careful in its spending and try to keep its budget in balance.

We must also be careful about the government's use of reserve funds. If the government uses too much of its reserve funds, it will create a demand for money which will drive up interest rates. This will make it difficult for businesses to borrow money, and this will slow down production.

In conclusion, we must be careful about the government's fiscal policy. We must try to keep the budget in balance, and we must be careful about the government's use of reserve funds. If we do this, we can avoid the inflationary pressure that is building up, and we can maintain a high level of production without causing prices to rise.
The Post-War Price Structure

By S. MORES LIVINGSTON

Chief of the National Economics Unit

Bureau of Foreign and Domestic Commerce

Commerce Department expert analyzes price conditions during war, and concludes there has been a general and substantial advance in price of civilian goods reflecting demand on limited supplies. Holds supply-demand relationships at end of war created both inflationary and deflationary pressures. Says that analysis shows that the areas in which changes in supply-demand relationships have created deflationary trend are at present larger than areas of inflationary tendencies and that even if consumption increases 50% above prewar level, resulting increased demand will create deflationary pressures and not lead to higher prices. Holds large wartime profits prevailed in every major segment of the economy and that after reconversion, a high volume of productivity will make possible welfare.

The Cost of "Extra-Ordinary" Government

By HON. HUGH BUTLER

U. S. Senator from Nebraska

Prominent member of Senate Finance Committee ascribes heavy Federal expenditures to "extra-ordinary" government. Sees a $30 billion deficit this year and $23 billion in deficit next year. Says that government must be curtailed if inflation is to be avoided. Government is too large and must be reduced. Butler sees no way to reduce government without reducing costs, and he feels this can only be done by taxing resources. He feels this is the only way to get the country out of the war and back to normal conditions. Butler feels that the government must be made accountable for the money it spends.
Agricultural Question Mark of 1946

By HON. CLINTON P. ANDERSON

Secretary Anderson, After Reviewing Agricultural Progress in War Period, Speaks Optimistically of Outlook for 1946. Calls Attention to Close Economic Interdependence of Agriculture and Industry, and Points Out Immediate Problem is to Balance a Baffling Between Farm and Factory Production, Wages Against a Drift into a Policy of Scarcity and Urges a Full Production Goal for Agriculture to Be Counter-Balanced by Full Employment in Industry. Says Current Price Parity Formulas and Those New and More Flexible Formulas Should be Used to Encourage a Better-Planned, Diversified Agriculture, and for This Purpose He Proposes Conferences Between Farmers, Labor and Industry to Plan Production Schedules.

The interdependence of all economic groups and the need for coordinated, progressive action on all fronts to maintain and raise the standard of living is a familiar time-tested philosophy. It is an idealistic creed, but it brings practical results. The evidence that it works is all around us in the unparalleled achievement of our agriculture, labor, and industry. We see the rewards every day in our lives in the form of our modern farms, great diversified factories, millions of automobiles, fine highways and railroads, and homes. It is the factor that made it possible for us, a democratic nation, to organize into one great productive team to outproduce our enemies and smother them with the munitions and machines of war.

No group is more familiar with the doctrine of interdependence or has done more to advance it than the American Farm Bureau Federation. You know from your own personal experience in every kind and phase of farming how vital is the need to maintain a diversified, prosperous, and productive agriculture, if we are to have a strong, prosperous, and prosperous United States. You know from first-hand, painful experience that if industry goes slack or gets tangled in the traces, the farmer soon finds himself in trouble, no matter where he farms or what he produces. I am always glad to meet with the American Farm Bureau Federation, representing as it does hundreds of thousands of farmolds, the Associated Manufacturers and Other RR.

An address by Secretary Anderson before the National Convention of the American Farm Bureau Federation, New Orleans, La., Dec. 18, 1945.

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CARLTON P. ANDERSON

Expert Discusses International Use Of Atomic Power


In a radio address delivered on Dec. 23, during the United States Rubber Company Philharmonic Symphony broadcast, Dr. J. R. Oppenheimer of the University of California, who was head of the great laboratory at Los Alamos, New Mexico, where the atomic bomb was developed and tested, discussed briefly the problem in the use of atomic energy for industrial and transportation purposes and expressed the view that on the basis of experiments already made, such uses may come about though he expressed doubt whether nuclear power could be used in automobiles or airplane transportation unless we obtain new knowledge and new ideas not now existing. Reagulating Dr. Oppenheimer stated that "it seems to be a general impression that there are serious and fundamental problems in controlling the release of this energy and in making it useful for purposes of society. This view is based on misconception. More than two years before the test in New Mexico, another great experiment was carried out at the Berkeley Laboratory in Chicago. In this experiment, conditions were so arranged that the fission of one uranium atom in a great mass of uranium and graphite produced, through the neutrons it generated, the fission of a second atom, and so on indefinitively. The experiment could be run with the rate of fission and the rate of energy release adjusted within minutes by a simple control. This was the first self-sustaining fission chain reaction. Since then many varied devices have been designed and built, each of them generating appreciable quantities of energy, all of them based on the principle of controlling a self-sustaining chain reaction. Some are small, some enormous, and the power which they generate also varies by large factors: but all are a part of the program of developing atomic bombs and all have one feature

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Churchill to Visit United States

Will Sail Early After New Year for Month's Sojourn in Florida. Only Address Scheduled During Stay Is at Westminster College, Fulton, Mo.

It has been announced that Winston Churchill, wartime Conservative Prime Minister of Great Britain, will sail for the United States shortly after the New Year to spend a month in Florida. This trip, it is reported, is taken at the advice of Mr. Churchill's physician, who suggested a warm climate for the English statesman's recovery. Mr. Churchill, while in Florida, will be the guest of Col. Frank Clark of Quebec, who has made his house available to Mr. and Mrs. Churchill and their daughter, Mrs. Sarah Oliver, while in the United States.

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Are the Transit Stocks Attractive?

The transit company stocks have, of course, enjoyed a substantial wartime rise, reflecting the huge increase in operations due to decreased auto and streetcar traffic. It has been rather generally assumed that after the war the earnings bubble would be punctured and the transit stocks would suffer a corresponding deflation. But perhaps this view may be subject to modification. The automobile industry is no longer showing the profits which were anticipated earlier this year, and it labor troubles and material shortages continue there will be a continued demand for the transportation services, plus revived factory employment for passenger cars. Churchill and his daughter, Mrs. Churchill, and their daughter, Mrs. Sarah Oliver, will sail for the United States shortly after the New Year to spend a month in Florida. This trip is reported to be for the purpose of a warm climate for the English statesman's recovery. Mr. Churchill, while in Florida, will be the guest of Col. Frank Clark of Quebec, who has made his house available to Mr. and Mrs. Churchill and their daughter, Mrs. Sarah Oliver, while in the United States.

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Foresees Higher Real Estate Values
Charles F. Noyes Holden Present Real Estate Prices Are About 60% of 1932 Level, Whereas Stock Price Averages Show a Much Greater Advance. Sees Ground for Higher Real Estate Prices.

Charles F. Noyes, head of the real estate department of the Charles F. Noyes Company, has issued a statement predicting further rise in real estate values and more pronounced advance in the real estate market in 1946.

"According to Mr. Noyes, the "boom" in real estate which has had its rise since 1940 has now moved into the advanced stage." Mr. Noyes goes on to state that real estate values have been rising at a much faster rate than stock prices and that the latter is due to the fact that stock prices have been influenced by the price of gold, which has been rising steadily since the end of World War II.

Mr. Noyes predicts that the real estate market will continue to advance at a faster rate than the stock market, and that the difference between the two will widen in the coming year. He also forecasts that the real estate market will be buoyed up by the fact that the government is increasing its purchases of real estate, and that the Federal Reserve Board is likely to ease its credit policies in the near future.

Problems of the Justice Department


The address before the American Bar Association meeting in Cincinnati, Ohio, on Dec. 19, Attorney General Tom Clark, upheld the principles of the McCarran-Summers Bill, which he said would "tyrannize" the power of the courts in ruling on the validity of decisions of Government administrative agencies.

The creation of other agencies, to meet the needs of changing times, has steadily continued, in the State governments and the Federal. The great advantage of administration, he said, is its ability to tailor its capacity to do a complex task fairly and with dispatch.

Illustrations of Administrative Complexities

The Fifth Annual Report of the Office of Contract Settlement shows what tremendous progress has been made in settling canceled contracts. The trend of inflation has been accompanied by a decrease in the number of pending contracts, and the settlement of a large number of cases has been achieved. The report states that the OCS has handled over 100,000 prime contracts, involving over $20,000,000,000 dollars in cancelled contracts, and that over 80 of these have been settled.

Advancement of First Session of 79th Congress; Legislation Enacted—Measures Pending

The session of the 79th Congress adjourned on Dec. 31, and the second session will be held Jan. 4, 1946, under the leadership of the Senate and House of Representatives.

The session of the 79th Congress was marked by the passage of a number of important bills, including the Revenue Act of 1945, the Social Security Act, and the Employment Act of 1945. These measures were largely aimed at providing economic assistance to the nation's workers and farmers. The Revenue Act of 1945 provided for a reduction in taxes, while the Social Security Act established a system of old-age, survivors, and disability insurance. The Employment Act of 1945 was designed to provide for the promotion of full employment and the maintenance of high wages and employment standards.

Many of the measures enacted during the session were aimed at providing economic assistance to the nation's workers and farmers. The Revenue Act of 1945 provided for a reduction in taxes, while the Social Security Act established a system of old-age, survivors, and disability insurance. The Employment Act of 1945 was designed to provide for the promotion of full employment and the maintenance of high wages and employment standards.
**Truman's Fact Finding Proposal No Remedy**

**BY WILLFORD I. KING**

Lecturer in Economics at New York University

Dr. King Contends That The Railway Labor Act, on Which President's Proposal Is Based, Has Not Produced Results That Are Satisfactory and That the Employees Did Not Benefit. Claims President's Proposals, if Adopted, Will Spread Unemployment and Will Lead to Strikes. Says Supreme Court's Repeal of Wagner Act and Applying Anti-Monopoly Laws to Labor.

On Dec, 3, President Truman sent to Congress a special message asking it to enact legislation making him to set up Fact-Finding boards to recommend settlements in crucial railroad labor disputes. This plan largely parallels the proposals made under the Railway Labor Act.

Since enactment of that act, strikes in the railroad field have been few. However, Mr. Truman's action is widely hailed as a logical solution of one of the most knotty problems of regulatory nationalization. The general verdict is that the system will almost certainly work well in other industries since it has proved satisfactory in the railway field.

Before unceremoniously accepting this conclusion, the thoughtful citizen will do well to note the assumptions underlying the theory that the Railway Labor Act has produced results which are satisfactory. What are the facts?

**How It Worked Out**

The procedure during the pre-war period, under the act, is correctly typified by the following portrayal of the course of events in a controversy: The Railway Labor unions demand an 15% increase in wage rates. The railroads point out that most of them are losing money and that large part of their bonds are in default; that these losses have become practically worthless; and that if the Interstate Commerce Commission grants, and the railroads put into effect, higher freight rates, the results will be to divert more of the business of interstate commerce to higher freight rates, the results will be to divert more of the business of interstate commerce to pipe lines, and electric power lines. The unions reply that they have considerable margin in their demands. Federal conciliators sit to work. They cannot get an agreement. The union vote to strike. The President then appoints an Emergency Mediation Board. It issues a stoppage. It sends the snow shows that the railroad wage rates are already much higher than those received by workers of that skill in other industries. The sad financial plight of the railway investors is not disputed. The Mediation Board completely loses out in all the evidence, decides to split the difference, and hence awards the workers a 7.5% increase all along the line.

Before, however, this has occurred to any marked extent, the railroad unions demand another increase. The procedure is repeated, the Mediation Board granting another 75% increase. The unions, seeing that if perchance, the "cost of living" is rising slightly, the Board makes the increase 10%.

A Temporary Reprieve

When the stockholders and bondholders have the temerity to complain that their property is being confiscated by this procedure, they are told that the railroads are over-capitalized. When they prove, by official Federal figures, that the actual investment in railways is far greater than the book value of the railroad capital, they are told that this fact is irrelevant—that the present capitalization is out of line with earnings; and that the only solution is to "put the railroads through the wringer". When this procedure is completed, the common and preferred stockholders are left with the choice of using their preferred and common stock, and boarding them as souvenirs. The junior bondholders become holders of stock, the value of which will be squeezed out by further and further reductions in freight rates, and they fund the senior bondholders retain any compensation which is not a result of their original investments. If the wage-increase mechanism keeps on running, it is evident that a greater and greater portion of the original investments will be lost to them.

Look at the Record

The index to a clear comprehension of the cumulative effects of the workings of the Railway Labor Act during the pre-war period is naturally to some of the pertinent statistical facts. One can get a reasonably fair picture by comparing the averages for the periods of 1921-1925 with those for 1938-1940. The first period precedes the great economic depression; the last period follows recovery from the depression. Here are some significant facts taken

(Continued on page 3167)
Railroads: Fifty Years Past and to Come

BY JOSEPH B. ENNIS
Senior Vice-President, American Locomotive Company

VETERAN TRANSPORTATION Expert Reviews Progress in Improvement of Railroads and Locomotives, and Points Out the Expanding Use of Transportation Services, Says There Is No Limit to Displacement of Competition

Federal Reserve Bank of St. Louis

Approves Anglo-American Financial Agreement

Eugene P. Thomas, President of National Foreign Trade Council, Issues Statement of Its Executive Committee, Holds Terms of Agreement Conform to Recommendations. The vastly Modified by the Council and States That Anglo-American Cooperation Along Lines Laid Down Is Essential to a Healthy World Economy

The Executive Committee of the National Foreign Trade Council, in a statement made public by Eugene P. Thomas, Council President, and explained to the American financial press 24 expressed approval of the Anglo-American Financial Agreement as a cornerstone for the economic life of the world. They are particularly well received by the financial press of Great Britain and France, and as such it may be regarded as a significant step towards the establishment of a world-wide financial system.

Other parts of the agreement provided for proper financial aid to Great Britain, and also included provisions for the establishment of a British-American fund, the purpose of which is to facilitate further economic cooperation by providing financial assistance to Great Britain in order to purchase American goods and services.

The agreement also contains provisions for the setting up of a Joint Commission which will have the authority to consider and approve any alterations in the terms of the agreement, and to make recommendations to the governments of the United States and Great Britain on matters affecting the implementation of the agreement.

The agreement is subject to ratification by the governments of the United States and Great Britain, and it is anticipated that ratification will be completed within the next few weeks.
Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Bank and Insurance Stock Digest—data on interesting situations—Geyer & Co., 67 Wall Street, New York, N. Y.

Canadian Funds in New York—A chart covering the period Jan. 1, 1910 to June 1945, which records monthly high and low averages of the Canadian Annual Review of the terms of the United States Dollar—Wood, Gundy & Co., Inc., 14 Wall Street, New York, N. Y.


Industry Trends—in the retail and building trade—memorandum—H. Hentz & Co., 60 Beaver Street, New York, N. Y.

Also available are memoranda on recent capital equipment development and the Fortnightly Investment Letter.

Investing for Appreciation—suggestion for the purchase of 14 Wall Street, New York 5, N. Y.

New England Company—Analysis of company established in 1903 which has paid a dividend of $3.00 per share for 13 years and interesting recent earnings range per share after taxes—ask for analysis M. C. Co., 148 State Street, Boston, Mass.


American Service Co.—Circular—Adams & Co., 231 South La Salle Street, Chicago, Ill.

Boyer, Inc.—special study—Gibbs & Cox, Inc., New York City.

Consolidated Commodity, Inc.—a special study of Oxford Paper.

California Consumers Corporation—detailed analytical study of the company—Howard & Co., 10 State Street, New York 3, N. Y.

Also available are circulars on Oregon Portland Cement, Riverside Cement, and Spokane Portland Cement.

Consolidated Gas Utilities and the Chicago Corp.—Circulars—Hicks & Co., 655 La Salle Street, Chicago 4, Ill.

Dayton, Mallanor Iron Co.—Study of outlook and speculative possibilities for application for this company—Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on Alabama Mills, Inc., Douglass Shoe Co., Taconic Paper Co., Montgomery Paper Co., and Prudential Products.

A. De Pinna Commodity—Circular—Hirshfield, Waddell & Co., Inc., 11 Liberty Street, New York, N. Y.

Electromaster Inc.—Recent report—Merchants Distilling Corp.—New York, N. Y.

Also available is a report on Shellford Manufacturing Corp.


Federal Water & Gas Corporation—Memorandum—J. G. White & Company, 37 Wall Street, New York, N. Y.

Franklin County Coal Company—Analysis of coal production and post-war prospects—F. H. Keller & Co., 111 Broadway, New York 5, N. Y.

Hajeck Corp.—Circular on interesting possibilities—Holt, Rinehart & Winfield, 336 N. Michigan.

Also available is a memorandum on Thermosilene Carbon Co.; Red Rock Bottlers, and a new analysis of Panama Coca-Cola.

Kendall Corp.—Descriptive circular—Seligman, Lutkin & Co., 111 Broadway, New York 5, N. Y.

Also detailed circulars on Fashion Park, Shafter-Proof Glass, Wellman Engineering Co.; Wall Display Productions; Foundation Company; and Sega Lock & Hardware.

Le Ro Corp.—Study of company’s activities—F. H. Keller & Co., 111 Broadway, New York 5, N. Y.

Also available are studies of Pittsburgh Railways, York Corrugating, American Insulator.


P. B. Maller & Co., Inc.—analysis—Steiner, Rouse & Co., 25 Broad Street, New York 4, N. Y.

Merchants Distilling Co.—recent, and New York 4, N. Y.; 29 South La Salle Street, Chicago 4, Ill.

Also available is an analysis of Standard Silica Corp.

Midland Utilities and Midland Realization—detailed study write for circular M-3—Fred W. Fairman & Co., 508 South La Salle Street, Chicago 4, Ill.

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Fairman & Co., 508 South La Salle Street, Chicago 4, Ill.

New England Electric common


Northern Engineering Works—Circular—Amos Trust & Co., 40 Wall Street, New York, N. Y.

Numet-Bush Shoe—new memorandum—Leoni & Co., 253 East Madison Street, Milwaukee 2, Wis.


Also for dealers only are analyses of National Radiator Co. and Republic Fireworks.


Reda, Pamp; Memorandum—Bukley Brothers, 1329— Walnut Street, Philadelphia, Pa.


Schelezy Distillers Corporation—Brochure of articles they have been running in the New York Times, below Markert, in care of Schelezy Distillers Corporation, 55 Avenue, New York 1, N. Y.

Sckranan Spring Brook Water Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.


Also available is a memorandum on W. R. C. & Co., also a memorandum on W. R. C. & Co.

Wellman Engineering Co.—memorandum—Win, J. Meirica & Co., Inc., Union Commerces Build¬ing, Cleveland, Ohio.

Wellman Engineering Co.—Circular—Simpson & Co., 112 Broad Street, New York 4, N. Y.

To Admit Partner SPARKO-WASH, Louis H. Wash will be admitted as a partner in the firm of Klein & Co., at Paulson Building. Prior to serving in the U. S. Army, he was a partner in the firm.

We have a continuing interest in—

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Midland Realization

Write for M—3

A study of Midland Utilities

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New York Philadelphia Minneapolis

King Murphy in Atlanta

ATLANTA, GA.—King Murphy has engaged in business from offices in the Hasley Building.
Chicago Personnel

Federal Reserve Bank of St. Louis

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Serving Farrell Jr., is he serving in the U.S. Navy?

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Member—Chicago, Ill.

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Bonds

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Nunn-Bush Shoe Common Stock

(No known exchange)

Nunn-Bush Shoe

(Chicago Stock Exchange)

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Public Utility

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Industrial Railroad Municipal

---

ACALYNN AND COMPANY

---

Established Chicago

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Chicago Personnel

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Nunn-Bush Shoe

(Chicago Stock Exchange)

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Public Utility

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Industrial Railroad Municipal

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ACALYNN AND COMPANY

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Canadian Securities

BRENTWOOD—What is the virtual certainty of the ambitious international currency plan before the year-end? The market has been largely disappointed that all its hopes have not been fulfilled. What of the long-awaited restoration? It is a matter of the Canadian currency level.

In spite of the wishful thinking of many recent speculative investors in Canadian internal securities, a logical appraisal of the situation and the political forces behind it will be no change in the initial relationship of the U.S. and Canadian dollars and sterling.

During the war years, Canada, as a belligerent, had a substantial currency, and its efficient system of controls on the 90 cent dollar. In the present world state of doubt and confusion any recognized stability is not to be lightly abandoned. The transition from the old system to the new will be accomplished with the minimum of disturbance and the common factor of a 90 cent Canadian dollar and 4 dollar pound is retained.

With the dollar sterling ratio unchanged, the conversion of currency becomes necessary, and the price of other currencies will be greatly simplified. Some of the stereo-converted devaluations might have been postponed until it is possible better to assess an appropriate level based on world trade movements under free controls. But the lack of devaluation in itself is not a reason for abandonment, and it can become a bad habit.

Thus the maintenance of the existing parity of the leading currencies could exert a considerable psychological influence on other countries. Apart from the question of the preservation of currency stability throughout the world, there is also the more immediate factor of self-interest.

There is no immediate advantage to be gained by increasing the pound—for some time imports will rank before exports. And a country interested in the revival of international commerce and the elimination of currency wars, in the case of Canada there is even more concern regarding the maintenance of existing exchange rates.

The report is the life-blood of the Dominion and its proportion of the total dollar, the largest in the world. Even with the existing parity, there is a question of the dollar plan which will still be im- port quotas and until there is a level of service, believed by world trade Canada cannot affect its role and be made more expensive by voluntarily raising the value of the Canadian dollar. At a later stage, however, world economic conditions and the progress of Canadian development are likely to make it difficult to keep up the upward pressure on its currency.

Turning to the market for the past week, in spite of the holding of London, France still had an active demand for high grade exports, and National papers for 2-80. In 80 Export news, the gains were beyond their all-time highs. Montreal, and now Albert were less active although prices were fairly well maintained. Internals were in steady demand and fund stocks were steady at 9 3/16. There was renewed display of interest in Steep Rock which rose 2-80. This development has already promised prospects which should ultimately be reflected in the market.

With regard to future prospects although the general level is high there is more likelihood of further advance rather than recession. There is still a difference in favor of the London high grade contrasts with comparable domestic securities and demand continues for a foreign supply.


dominion

Securities

Establishment

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in New York

Canada, New York, N. Y.

Henry R. Johnston

Managing Director

Henry R. Johnston, Chairman of the Committee for Economic Development, has been elected the Managing Director of American Business Securites Corporation.

Johnston Director of Am. Business Shares

The Dominion Securities Corporation, the Washington, D.C., office, has recently added the following names to its staff:

Yale Securities Co.

Yale Levine is forming Yale Securities Co., with offices at 2751 University Avenue, Bronx, N. Y., to engage in the securities business. Mr. Levine was formerly associated with Mogrenburg & Co.

Canadian Funds in New York

Under this title we have prepared a chart covering the period JAN. 1, 1919, TO JUNE, 1945, which recently showed high and low averages of the Canadian Dollar in terms of the United States Dollar.

"Our Reporter on Governments"

BY JOHN T. CHIPPELDALE, JR.

Following a mild recession the middle of the last week, caused by reports that the differential discount rate would be eliminated, the market turned up in general on still further gains in new high ground. Volume was not heavy and activity was somewhat restricted since the financial district was also in a holiday mood yesterday. The market closed at 1977/8 on the 25/8 of Dec. 15, 1945, and on the 25/8 of Dec. 15, 1943, and was active.

The Treasury Department, on the other hand, has been acting in a transparent manner and actively has extolled the possibilities leading to the sale of War Loan 1956/59, and this issue went on to a new all-time high.

It has been behind the War Loan 1977/78 which sold above 101 for the first time. The partially exempt bonds were placed with the rest of the list, as the last four maturities pushed on to new all-time highs.

FULLY DISCOUNTED

Reports that the differential discount rate would be eliminated has spurred a sharp rise in the market. This rate change as a market factor seems to have been quite fully discounted. Reports have appeared with publicized activity after the Seventh War Loan and had the market confused for a short period.

It turned out to be a good buying opportunity at that time when prices receded temporarily, as weak holders were shaken of their securities. It will again be a good time to buy if the market should lose its equilibrium due to the elimination of this discount rate, or rumors to that effect.

The dealers will probably find that their borrowing rate from the banks will be increased if the differential discount rate is removed, which would be a good opportunity for investors to pick up issues they can if prices should recede.

BULGING TRENDS

It is indicated that the Victory Loan total will amount to more than $22 billions, which probably means that the Treasury will be able to service the domestic demand for funds. Fear that the 25/8 due Dec. 15, 1947/78 would be the last long-term coupon bonds offered for a considerable period resulted in a great scramble to buy this bond.

Accordingly it is believed that the obligations will be outstanding in large amounts in the next few years. It is expected that much of these bonds will be purchased because of the general concern that means that purchases of this bond alone would be greater than the entire current market, and the 25/8 to Dec. 15, 1957/78 will be the largest marketable issue, taking over the position previously held by the 25/8 due Dec. 15, 1943/44, and the 25/8 due Sept. 15, 1951/52.

The 25/8 due Dec. 15, 1949/50, as previously indicated, will amount to a large sum and although purchases will be in excess of $1 billions, which would bring it in line with the 25/8 due 1950/50, which are outstanding in the market, it is expected that the subscriptions will increase slightly the debt service, which leads some in the financial district to believe that the Treasury will offset it by the considerable number of high coupon callable obligations with short-term low coupon issues.

NEXT YEAR?

Probably the most important point of concern among money market experts is the policy to be followed by the Treasury in reducing callable and maturing obligations during 1946. The program that will be adopted will have an important bearing on the Government bond market.

It is believed in some quarters that the Treasury, in order to offset the surpluses of the future, should redeem obligations which are suitable for purchase by the insurance companies and savings banks.

This program, of course, would cost the Government much more than would be expected. Because of the surpluses, the outlook would be less expensive than the cost that would be actually in inflation.

The Treasury would need more money once more if it is now in a position to put a debt conversion program into operation. A substantial amount of the outstanding certificates, largely held by the public, will have to be converted next year at 2-75 and 2-67½ bond, which would be sold to non-bank investors.

This would cut down the amount of bank deposits and purchasing power, which are not needed at this time. This would also tend to prevent the restrained bonds from rising too sharply.

ANOTHER PROPOSAL

Even if the Government should not see fit to offset to a considerable extent the inflationary implications of present and increased deposits, it could reduce its impact by eliminating some of the existing debt through the offer of some long-term high coupon obligations to investors in the form of trust certificates and some medium-term securities to the commercial banks.

This would likewise have a beneficial effect on the Government bond market, since it would prevent the out- standing issues from going to prices which many of the commercial banks can no longer afford to pay.

It would help the Treasury, especially the smaller ones, from buying Government-low quality obligations, that caused so much of their trouble in the past.

TIES OF MARCH

It may be that the market will get a clue to the policy the Treasury will be committed to, when notice is given as to the way the March bond market, since it would prevent the ush- ing of debt charges without too much concern about future consequences. The 25/8 is a small issue not likely be paid off, but its distribution to the public and might indicate a change in policy.

On June 15 when the partially exempt 3s and 31/4s will be retired, it will be the last chance for the Government to sell the International redemptive program of the Government's future refunding program.
Ohio Municipal Comment

The year 1945 draws to a close under the shadow of victory. Victory with taxes on all sides and prices soaring as it has been in the past two years.

Six Cleveland Men Awarded by the United States War Department

The United States War Department has just announced the names of six Cleveland men who have been awarded the George Medal of Honor. These men were among those who distinguished themselves in action during World War II.

Ohio Brevities

Cleveland, Ohio—Frank C. Rathke, President of the American Bankers Association, has appointed three Cleveland bankers to the working organization of the association's district.

Ohio Personnel

Cleveland, Ohio—Cecil A. Webb has been appointed as a member of the Board of Directors of the Cleveland Trust Co.

Ohio Securities

Field, Richards & Co.

Cincinnati, Ohio—The Field, Richards & Co. has announced that it will continue to operate in Cleveland after November 1, 1946.

Cincinnati Securities

Horan & Grischy

Union Trust Bldg.

Cincinnati 2

Telex CI 347

Cincinnati, Ohio—The Field, Richards & Co. will continue to operate in Cincinnati after November 1, 1946.

Cincinnati Securities

Horan & Grischy

Union Trust Bldg.

Cincinnati 2

Telex CI 347

Cincinnati, Ohio—The Field, Richards & Co. has announced that it will continue to operate in Cincinnati after November 1, 1946.
Railroad Securities

Southern Railway pretty well typifies the progressive improvement during the year in the credit standing of roads formerly characterized as marginal. Not too many years ago even the highest coupon series of the Development & General would not be purchased in the 20%. Even as recently as last year the highest coupon series was available at a discount from par. Now the company is not able to buy them at wide premiums over par. Some time ago the company offered to purchase up to a million of the 5% and 6% at 123 and 118, respectively. This was met with such a cold reception that when it expired on Nov. 30 it was expanded to Dec. 24. It is indicated that even the extension of the time limit brought in few, if any, bonds.

General money market conditions and the steady contraction in the amount of railroad bonds outstanding may be cited as contributory factors to the present market appraisal, but the most important consideration has undoubtedly been the change in the status of the road itself. The Southern management was one of the first to embark on a comprehensive debt retirement program. After dissolving temporary loan agreements contracted during the depression (to a large extent to meet principal maturities) the management turned its attention to the high level of both old and new issues. The junior mortgage and more or less short term debt was disposed of as rapidly as possible. The greatest interest saving was promised, up to the present.

As a result of the debt program and without considering any bonds that may have been purchased through the purchase offer, fixed charges have been reduced to about $12,100,000. This represents a cut of some 27% from the burdened ten years ago. Ever since 1923 the road's annual debt retirement has been of the magnitude above that figure. It is generally considered now that the company should have little difficulty in covering its obligatory requirements by a margin of 30% under virtually any foreseeable conditions. In addition, with its strong financial status and favorable earnings prospects, it is expected that the present level of debt and charges will be continued.

With the obvious improvement in the road's credit standing and the substantial reduction there has been in interest charges in recent years, the equities, and particularly the common stock, have been attracting a considerable amount of the speculative and semi-investment buying. The common has reacted vigorously in the early part of the year to a high of 60 and in recent markets has been selling to afford a return of better than 5% on the 1945 dividend rate of $2 a share. Naturally, earnings this year are being distorted by such extraordinary items as accelerated amortization, but even at that it is expected that final results will show better than $7 a share on the common. In 1944 the company earned close to $15 a share.

There are too many uncertainties in the immediate picture to make any intelligent estimates for earnings for a specific period such as 1945 or 1946. The over-all effect on industry generally of the wartime experience and the extent to which labor and to what extent increases will be retroactive. That there was a difference of opinion as to the extent to which wages increases were harmonious is hardly open to question. There will naturally be a lag between wage increases and any possible compensating upward adjustment of railroad freight rates. Finally, there will be the question of the possible influence on net haul per ton earnings of tax carry-backs.

While near and intermediate term earnings for specific periods will be subject to wide distortions, it is possible to estimate what the basic earnings of the road would be if the distortions. Over a period of years, however, general experience has been the most significant factor in railroad earnings. Today and in the future, the ability to have the two most important factors are tariff revenues. Where the two systems operate on frequencies between 100 and 162 kilocycles, the agreement is for only about two years. You can appreciate that the characteristics of these two frequencies are quite different.

The outstanding difference in the two systems is the method of propagation of the electric waves which carry the messages. At the present time, the two systems deal with the same kind of railroad traffic—inductive coupling, the system is based on inductive carrier system, the medium is the telegraph or telegraph wires over which they are transmitted, and the inductive carrier system is based on inductive coupling, the medium is the telegraph or telegraph wires over which they are transmitted. In frequency, in metropolitan areas, where the train is within a short distance of these wires—say up to 50 yards or so.

In the more distant areas, the waves are broadcast in all directions, and can be received anywhere within the range of the transmitter, just as in the case of ordinary radio. It is immediately apparent that this dependence upon wireless devalues the railroad traffic on a serious drawback to the use of the inductive carrier system in non-railroad operations. For example, where the inductive carrier wires are often carried underground, or on buildings, or across streets, the inductive system cannot provide communication. Likewise on the main line where the inductive carrier system is the only practical means, the wire lines do not follow the right of way, as in the case of wide curves or through deep cuts, the inductive carrier system is again impractical.

An address by Mr. Tanner before the Railroad Section of the New York Association of Security Analysts on March 25, 1945.

(Continued on page 3155)
The Anglo-Czechoslovak Monetary Agreement

Treaty Follows Same Pattern as Those With Members of Sterling Bloc, and Restricts Payments of Czechoslovak Republic's Foreign Currency to the United Kingdom of Great Britain and Northern Ireland, and the Government of the Czechoslovak Republic, in the Form of 20% of Czechoslovak Crowns to £.

The "Chronicle" has received the official text of the Monetary Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Czechoslovak Republic, in the form of 20% of Czechoslovak Crowns to £.

The agreement will be signed by Mr. A. M. Kidder, A. M. Kirk, Mr. C. F. Bracken, Mr. C. F. Reinholtz and Mr. A. C. Kirk, and will be witnessed by Mr. A. C. Kirk, Mr. C. F. Bracken, Mr. C. F. Reinholtz and Mr. A. C. Kirk.

The agreement provides that the Bank of England shall hold the sterling balances of the Czechoslovak Republic in London, and the National Bank of Czechoslovakia in Prague, and that the Bank of England and the National Bank of Czechoslovakia shall set aside 20% of their sterling balances to be held in London, and the National Bank of Czechoslovakia shall hold 20% of its sterling balances in Prague.

The agreement further provides that the Bank of England shall be responsible for the management and control of the sterling balances held in London, and the National Bank of Czechoslovakia shall be responsible for the management and control of the sterling balances held in Prague.

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Bank and Insurance Stocks

By E. A. Van Deusen

This Week — Bank Stocks

As we draw to the close of 1945 it is of interest to review the trend of significant stock issues and to compare with them figures for the comparable period of last year. The following tabulation shows aggregates for a group of 15 leading Wall Street banks —

<table>
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<th>Date</th>
<th>Deposits</th>
<th>Loans A. &amp; Total Earning Deposits</th>
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Quarterly average (1944): $12,335.83

Deposits increased from $22,542,000,000 on Dec. 30, and Government holdings expanded from $12,416,000,000 to $12,541,000,000. Similarly, during the Seventh War Loan (May 14 to June 23, 1945), deposits rose from $21,717,000,000 on March 20 to $22,542,000,000. While Government loans remained at $12,416,000,000, deposits rose from $11,510,000,000 to $11,907,000,000. Because of the effects of the Victory Loan obviously will not appear until the 1945 year-end statements of condition are published in the annual reports. Between them, the deposits increased $7,721,000,000, while loans and discounts increased $457,000,000. The deposit-to-earning deposits ratio was 62.8%. Cash, on the other hand, increased 1.6%.

The influence of the Government's war loan drives on deposits and Government holdings is readily apparent. For example, as a result of the Sixth War Loan between Nov. 28 and Dec. 30, 1944, deposits increased from $22,542,000,000, 1945

It is evident that earning assets of the banks have been substantially higher throughout 1945 than during 1944. Based on quarterly figures, deposits, and holdings of Government securities have averaged nearly 10% above last year's, while loans and discounts have averaged 22.6% higher and total earning assets, 12.5%. Cash, on the other hand, has increased 1.6%. 

The influence of the Government's war loan drives on deposits and Government holdings is readily apparent. For example, as a result of the Sixth War Loan between Nov. 28 and Dec. 30, 1944, deposits increased from $22,542,000,000, 1945

John Perkins to Be R. L. Day Partner

BOSTON, MASS. — John H. Perkins will become a partner in R. L. Day & Co., 111 Devonshire St., Boston. R. L. Day & Co. is one of the leading New York and Boston Stock Exchanges, on Jan. 3rd. Mr. Perkins has been with the firm for some time in the Trading Department.

Old U. S. Warships For China

CHICAGO — It was announced that Secretary of the Navy Forrestal had written Congress, through Speaker Rayburn, expressing appreciation for keeping this and other interested governmental bodies, including the Associated Press, informed of the fact that France's new warships to the United States were part of China's war effort. It was stated that the ships were, in fact, designed for service in the Pacific.

Kaiser-Frazer Corporation

Common Stock

Bought — Sold — Quoted

Prospectus available upon request

First California Company

INVESTMENT SECURITIES

650 South Spring Street
Los Angeles 14

Private Wires

Between San Francisco, Los Angeles, New York and Chicago

OFFICES IN PRINCIPAL CALIFORNIA CITIES

Kaiser-Frazer Corporation

Common Stock

Bought — Sold — Quoted

Prospectus available upon request

First California Company

INVESTMENT SECURITIES

650 South Spring Street
Los Angeles 14

Private Wires

Between San Francisco, Los Angeles, New York and Chicago

OFFICES IN PRINCIPAL CALIFORNIA CITIES
Expert Discusses International Use Of Atomic Power

(Continued from page 3133)

Kowlon Rejoins Kuhn, Loeb & Co.

Hugh Knowlton will resume his connection with the investment banking firm of Kuhn, Loeb & Co., 52 William Street, New York, members of the New York Stock Exchange, on Jan. 1, 1948, after an absence of three years, effective Jan. 1, part of that time spent in Government service, it has been announced.

Mr. Knowlton left the firm on June 30, 1942, to become Vice-President in charge of the communications division of the United States Commercial Company; a subsidiary of the Reconstruction Finance Corporation. He later became director of research and planning for Eastern Air Lines, Inc., from which position he now resigning. He remains a member of the board of Eastern Air Lines, Inc., and is also a director of the Illinois National Telephone and Telegraph Corporation.

Gavan & Co. to Open Branch

Combs & Co., 34 Pine Street, New York, members of the New York Stock Exchange, will admit Jna N. Langsam to partnership in the firm on January 1. Admit.

Govan Langsam

Cowan & Co., 34 Pine Street, New York, members of the New York Stock Exchange, will form Gavan & Co. with offices at 39 Broadway, New York City, on January 2. Mr. Gavan will be general partner; the firm will be under the direction of John A. Gavan and Isabelle P. McDermott will be a limited partner.

Suburban Propane Gas Corporation

$4,500,000

Twelve Year 4 1/4% Sinking Fund Debentures

Dated December 1, 1945

Due December 1, 1957

Interest payable June 1 and December 1

Price 103% and accrued interest

493,155 Shares of Common Stock

Par Value $1 Per Share

Price $9.50 per share

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these securities in compliance with the Securities Acts of the respective States.

Eastman, Dillon & Co.

Smith, Barney & Co.

Kidder, Peabody & Co.

Hemphill, Noyes & Co.

Hempel, Noyes & Co.

Lee Higginson Corporation

F. S. Moseley & Co.

Shields & Company

G. H. Walker & Co.

December 31, 1945
The Cost of "Extra-Ordinary Government"

(Continued from page 312)

Byrd-Butler Bill. It must be noted that the Byrd-Butler Bill provides that the 101 Government corporations and agencies heretofore must come under a relatively more stringent financial control, must prepare and have audited by Congress financial reports on an annual basis.

The Byrd-Butler Bill provides that Congress declare the independence of Big Government in whatever form it may take.
They saw first hand the results of the plundering of thrift by city, town, and country, and they saw the hawking, fœcious hunks of humanity that sit in on the operations to integrate, because men’s dreams of more money, for a while, were integrally content. They saw Big Government that begins with debt and moral decadence.

These boys fought to be free.

And so it is up to us: citizens, voters, and Congress, to see that this government’s day has passed and that ours is cut down to peaceful time again.

It has three times too many expenses, and all the attendant evils of duplicities and harassments of citizens. Before the war, these were $15 billion jobbers on the Federal payroll, and there were over three million. Depression and war expenses still baffle these regular Government structure.

They must be eliminated, along with their orders, edicts, rules, and surveys, devised, if directed, by taxes, and penalties which often have more weight than the laws passed by your Congress.

Much of this Big Government derives from the war powers of the Government. They may continue for six months after the war even if Congress, either by Congressional resolution or by Presidential action, may declare that the emergency is over.

The President has not indicated when he might proscribe official expenses, and I doubt it. But I wish to point out that this war power, which should end in June, will run into the next fiscal year.

A $50 Billion Budget

The day is at hand when our Government spokesman as saying that the forthcoming budget would total about $50 billion. This compares with estimated revenues of about $30 to $35 billion, and indicates a deficit of $15 to $20 billion, all piled upon our mountain of debt.

A $50 billion budget, plus about $10 billion in new issues of old government securities, will give us a national tax load of about $60 billion, if that spending is to be balanced in the next year.

Sixty billion dollars, folks, is 46% of the national income which they alone set to work next year.

I submit our Government spending should be brought more in line with our ability to pay it.

In Nebraska, our Constitution says the State’s debt can’t exceed $100 million, and no new debt can be authorized. The penalty of the words of the West, was paid for the debt, and we should use this example to build our roads the same way, and we should do the same thing. Nebraska likes to do business, and I represent Nebraska.

Let me suggest to you the Nebraska Bankers Association here in Washington. This is from its resolutions of less than a month ago. It is not alone in its sentiment.

"Now that the war is over, we feel that it is time and should stop and that when existing obligations have been paid off, all Government, subvent, should be discontinued.

"Congress should provide by law, for the reduction of taxes. Government revenues, instead of being suspended or discontinued unless approved directly by Congress; our national budget should be capable of revision at any time by Senate and House, and the Executive Department, and all the banking agents exist, should be returned to Congress so that we may know in advance the will of the people through their elected representatives in a proper executive order.

"The Debt and the Budget"

The President may shelve element of post-war budget in the next Congress. Next June, the end of the fiscal year, we will see a revised budget and a determination of Federal spending. I hope that Senator Byrd will come to the President to see that he is held to the budget of Federal spending. I hope that Senator Byrd will come to the President to see that he is held to the budget of Federal spending. I hope that Senator Byrd will be influential in the budget of Federal spending. I hope that Senator Byrd will be influential in the budget of Federal spending.

This plan is to provide for suitable legislation to:

1. Include all appropriations in one general appropriation bill.

Congress never gets the full financial picture of the Government for which it is financially responsible. It votes appropriations in driblets; the money can be spent three years later, when another Congress is unaware of it, and it is quite possible to be appropriating other monies for the same purpose. Bear in mind Government control is Congress’s exclusive order.

2. Make each year’s budget be completed by discharge or by eliminating permanent appropriations.

3. Remove the single large project (such as contract authorizations for building ships) to proper annual appropriation.

4. Integrate deficiency and supplemental appropriations into the annual budget.

5. Improve the execution of each annual budget and secure a more prompt and efficient annual accounting both by the expenditure agency and the Comptroller General to show whether funds were properly appropriated and spent.

With these improvements, gentlemen, the Congress and the public will have in their hands the true state of the nation’s finances.

It will not know the state of the nation until this, or some other method, provides a way for drawing a complete total on the complicated arithmetic of Government. You do it in business—there’s a way to do it in Government. I’ve got to tell you it’s not to save from consuming itself. I earnestly solicit your support. Here is a final thought.

Seven-fifteen in m i a have clamped since this afternoon session of this Government has spent over 9 million dollars on the debt—your debt.

NASD District 12
Elec’ts New Executive


Dobbs to Admit Two

The Dobbs Co., 20 Broad Street, New York City, members of the New York Stock Exchange, will admit Geoffrey E. Armbrister to partnership on January 1. Both have been associated with the firm for some time.

The First Boston Corporation

Bird & Co., Inc. 
Goldman, Sachs & Co.

Harriman Ripley & Co. 
Kidder, Peabody & Co. 
Mellon Securities Corporation

Central Republic Company 
Coffin & Burr — Merrill Lynch, Pierce, Fenner & Beane

F. S. Mosley & Co. 
E. H. Rollins & Sons 
Shields & Company

Anthony, Cooke & Co. 
White, Weld & Co.

R. W. Pressly & Co. 
Putnam & Co.

The Wisconsin Company 
Deans, Witter & Co.

E. M. Newcomb Company 
J. B. Hilliard & Son

Kirkpatrick-Perrot Company

Price $102.75 per share

The announcement relates only to such of the above shares as are not exchanged for shares of outstanding Preferred Stock of Central Power and Light Company, a Maryland Corporation, which was issued December 21, 1945 and issued to the holders thereof.

This is under no circumstances to be construed as an offering of these Securities for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Securities. The offer is made only by means of the Prospectus.

Wood, Struthers Admit
Colgate & Langthrop

As of Jan. 2, Wood, Struthers & Co., 20 Pine Street, New York City, members of the New York Stock Exchange, will admit Henry A. Colgate and George L. Langthorp to partnership. Mr. Colgate in the past was a partner in J. B. Colgate & Co., and has been with Wood, Struthers & Co. for some time.

Dominick & & Prentice will become a limited partner in Dominick & Dominick, 14 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, on January 1. In the past he was a member of the firm.

Elkins, Morris to Admit

To Be Foster Bros., Young
TOLEDO, OHIO—Effective Jan. 1, the firm name of Snyder, Wilcox & Co., 41 Madison Avenue, members of the New York Stock Exchange, will be changed to Foster Bros., Young & Co.
## The Post-War Price Structure

(Continued from page 532)

electricity actually declined in the cost of living index by deciles (10 groups of equal weight in the periods when the deca-

of its widespread and substantial price index of prices con-

in a free market? Will such adjustments result in higher or lower average prices?

Granting that price controls were more effective at some points at rates. In general, however, the record does not indicate much change in the price and did not prevent wholesale price in the second period sufficiently different from the first so that the trend actually corrected.

More detailed study of the individual items discloses the nature of the changes in wholesale prices in the second period as in the first and the relative importance of different items. It is true that prices of some items, notably metals, were not actually corrected. Subsidies were used in some instances to encourage the purchase of certain items such as fresh vegetables, where controls were not effective as shown in the second three years in the first.

There are a variety of reasons why some prices were not in many other cases. The evidence does not suggest, however, that there has been much or any lasting change in the price index.

Prices rose in both periods, though the rate of increase was not as rapid in the past three years as in the preceding period. Nevertheless, the price changes in this second period are consistent with an extension of the Ninth and Tenth Deciles.

Prices Covered War-time Costs

It is true that there has not been much or any lasting change in demands and supply in the civilian economy since the war. The price level for civilian goods at the end of the war did not fall below the level at which it might have been if controls had not been exercised. But in some cases, price controls were effective in maintaining price advances. They did not nor were they intended to prevent advances where necessary to secure required production.

Neither did these controls prevent an increase in prices sufficient to cover wartime costs and leave high profits before taxes. Aggregate corporate profits before taxes of $138 billion in 1944 were about $23 billion, or roughly one-fifth of the normal profits of production by corporations. There is no major segment of the economy in which prices were insufficient to cover costs.

Prices in manufactured goods are used here as the best measure of cost-price relationships during the war. Even after the high wartime levels, cost-price relations were not as favorable as they are now. The earnings of unincorporated businesses in the post-war period are lower than expected in the pre-war years, and the net income of nonagricultural proprietors for the period from 1941 to 1944 without a corresponding increase in the physical volume of goods and services produced or distributed. The net

### Chart 3—Percentage Change in Consumers' Prices, by Deciles

<table>
<thead>
<tr>
<th>PERCENT</th>
<th>DOLLARS</th>
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<tbody>
<tr>
<td>100</td>
<td>TENTH</td>
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<tr>
<td>80</td>
<td>NINTH</td>
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<td>70</td>
<td>EIGHTH</td>
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<td>SEVENTH</td>
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<td>THIRD</td>
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<tr>
<td>10</td>
<td>SECOND</td>
</tr>
<tr>
<td>10</td>
<td>FIRST</td>
</tr>
</tbody>
</table>

### Chart 4—Relationship Between Consumers' Expenditures and Disposable Income

| DISPOSABLE INCOME OF INDIVIDUALS (BILLIONS OF DOLLARS) | 0.49-732 |

---

**Sources:** U.S. Department of Labor.

---

**Notes:**
- *Prices, costs, and incomes, each influencing the others. Thus, one result was to limit the amount consumers had to spend. From this important effect, the influence of controls on prices might be measured by the restrictive influence on consumer expenditures out of wartime income, given the limited supply of goods and services. The potential effects of removing these controls may be deduced from the extent to which consumer expenditures fell below the relationship to current income which would be expected under more normal conditions in the absence of controls.
- Out of a disposable income of $138 billion after taxes in 1944, as averaged approximately $40 billion. This is considerably less than the increase in the normal rate of saving.
- This shows this prewar relationship between total consumer expenditures and disposable income.
- The analysis of supply-demand-price relationships and the character of wartime restrictions on consumer expenditures and the potential effects of removing these restrictions.

- Wartime Consumer Expenditures

- Given this background as to what the importance of wartime restrictions on consumer expenditures and the potential effects of removing those restrictions.

- Wartime Consumer Expenditures

- Chart 4 shows this prewar relationship between total consumer expenditures and disposable income.

---

**Sources:** U.S. Department of Labor.
Chart 5—Major Segments of War-time Deficiency in Expenditures Relative to Income

While the deficiency in war-time income relative to the 1929-30 level was greatest in 1941, the 1942-43 increases were much larger than those of 1940-41. However, these increases were largely due to a return to normal income levels by the end of 1942-43. The percentage of income lost due to the war was about three-quarters in 1941 and about half in 1942-43.

Consumer Expenditure on Food

Consumer expenditures on food have been lower than in 1929-30 except for the last months of 1941, when the food shortage was severe. The deficiency was particularly great in 1941, when food was rationed and the price increases for food were large. The deficiency in 1941 was also due to a large increase in the cost of living, which was offset by a smaller increase in the cost of living in 1942-43.

Consumer Expenditure on Fuels

The deficiency in consumer expenditure on fuels was due to the increase in the price of gasoline and the decrease in the amount of gasoline available. The deficiency was greatest in 1941, when the price of gasoline was about double that of 1929-30.

Consumer Expenditure on Recreation

The deficiency in consumer expenditure on recreation was due to the decrease in the availability of recreation facilities and the increase in the cost of recreation. The deficiency was greatest in 1941, when the availability of recreation facilities was severely curtailed.

Consumer Expenditure on Housing

The deficiency in consumer expenditure on housing was due to the increase in the cost of housing and the decrease in the availability of housing. The deficiency was greatest in 1941, when the cost of housing was about double that of 1929-30.

Consumer Expenditure on Clothing and Apparel

The deficiency in consumer expenditure on clothing and apparel was due to the increase in the cost of clothing and the decrease in the availability of clothing. The deficiency was greatest in 1941, when the cost of clothing was about double that of 1929-30.

Consumer Expenditure on Autos

The deficiency in consumer expenditure on autos was due to the increase in the cost of autos and the decrease in the availability of autos. The deficiency was greatest in 1941, when the cost of autos was about double that of 1929-30.

Consumer Expenditure on Other Items

The deficiency in consumer expenditure on other items was due to the increase in the cost of these items and the decrease in the availability of these items. The deficiency was greatest in 1941, when the cost of these items was about double that of 1929-30.
The Post-War Price Structure

(Continued from page 3149) made. Most of the huge accumulation of demand resulted from the curtailment of expenditures in those parts of the total picture shown in chart 5. Some of these expenditures may be deferred and some could not. Typically, the latter type decision was again in the areas where the savings aircraft were planned, but many aircraft will be built in the early stages of the transition. Wartime savings will be deferred even though the purchases may be paid for out of the budgetary income.

The combination of deferred demand accumulated buying power will serve to maintain the purchasing power of the non-deferred areas in spite of a decline in consumer income and until a high volume of production has satisfied the money demand. Over this segment then price controls are necessary until the latter commodity prices but the money demand should be kept in mind that this segment includes the one-fifth of consumer expenditures

Demand. In addition, consumers did not buy as much of the services as they had been used to paying for out of their wartime incomes. There are few deferred demands in this group. The two hay aquisitions that had to be sold at a time left the same at the end of the war as it would have been had it continued through the same times. But accumulated buying power is considerable, and the spending for services as additional manpower becomes available to war industries.

The larger part of consumer expenditures per capita was approximately in line with high wartime levels. The nature and character of the demands for some items such as nylon hosework. But on balance the fiscal position has not been made up. Neither were expenditures for clothing considerably above pre-war levels. The income level of the middle class was increased through the extension of the normal disposable income.

This is in spite of the fact that consumers will have to be satisfied with less funds in all the money coming in at a time when the demand for consumer goods and services is greater than it has been in the past. In addition, the current income is not by any means necessarily higher than the average income in the past. The rise in the cost of living has been approximately the same as that of the average income in the past.

These rise in the cost of living has been approximately the same as that of the average income in the past. The rise in the cost of living has been approximately the same as that of the average income in the past. The rise in the cost of living has been approximately the same as that of the average income in the past. The rise in the cost of living has been approximately the same as that of the average income in the past. The rise in the cost of living has been approximately the same as that of the average income in the past. The rise in the cost of living has been approximately the same as that of the average income in the past.
is hard to visualize any general inflation of the prices of goods and services without government intervention. Until that level of production is approached any pressure of demand will tend to show up in increased production rather than in higher prices.

A peak level of production which approaches the capacity of available manpower can provide a very large increase in the pre-war standard of living. In order to reach this higher standard of living, consumers must not only satisfy their deferred demands but also buy a wide variety of goods and services which many of them never used before.

Granting that human wants are inexhaustible there is also some limit to the changes in wages of living. It is difficult to visualize the average consumer increasing his consumption of goods and services by anywhere around 50%, which would be possible under conditions of full employment and where still unutilized demands sufficient to exert an upward pressure on the average price level. This inertia to rapid changes in wages is also不小的 tendency resulting from the inertia of consumer psychology in the face of wartime savings.

Production Costs

Shifting to a different viewpoint, let us see what has happened during the past year or two with the costs which make up the total cost of production and distribution and which affect prices to the consumer. Chart 7 shows these costs factored down to the privately produced segment of the gross national product in 1941. It excludes government wages and salaries and interest on Government debt.

Overhead Costs

A group of overhead items, including bonuses, profit-sharing plans, and other reserves and various real estate and other taxes which do not appear in any volume or increased for years, accounts for roughly 13% of the total value of privately produced goods and services. Since a group of these overhead items increased about 19% from 1931 to 1941. Since there was no increase in the cost of any item of overhead costs, the increase must be due to the increased output and production of the nation.

The future cost of these items per unit of output will depend largely on the total volume of business actually transacted. The rate of increase in this unit cost from 1941 to 1946 is not likely to exceed 10%. With a higher level of production and a correspondingly higher rate of employment, wage rates would be higher, and with more people in work and less unemployment, the cost of labor per unit of output would be less than it was in 1941.

The result was a decline in prices outside the manufacturing industries. In 1941, labor and profit margins in these industries accounted for 68% of the total value of these industries.

Chart 8 is a striking example of the way in which increased productivity has increased the value of total output. The average hourly earnings in manufacturing industries and the wholesale prices of manufactured products have increased slightly, but the wholesale prices of manufactured products have increased much more rapidly. Over the 18 years from 1923 to 1941, the average increase in hourly earnings was 14.5%. Over the same period, the wholesale price index increased 23.3%.

In the conclusion to the chart, it is shown that the trend in the prices of goods and services produced in the private sector of the economy in 1941, was made up of compensation of employees. The increase in hourly wages per employee since 1941 has been a little more than one-fourth. This is the average incremental increase in the manufacturing industries. It includes wage earners only, which has been considerable more because of wages and overtime, and because wages paid in excess of the normal hours worked.

On the average, wage earners were paid considerably more than the average wage earner was paid. A wage earner was the smaller part of the compensation of all private employees including salaried workers and self-employed manufacturing wage earners.

The cost per unit of product was also modified by a variety of influences affecting productivity. For example, the use of more materials and more labor, both of which are produced in the large volumes, has increased the cost of labor. The cost of labor is reduced by the amount of labor produced in excess of the normal hours worked. This results in savings of working time and efforts and services connected with the production of labor.

The net effect of these changes is that the transition period in a large volume in a hurry all tended to lower the cost of the other cost, costs were reduced by large. The manufacturing production with the labor compensation of non-labor inputs also increased. The result is that the cost of labor is reduced in the manufacturing production with the labor compensation of non-labor inputs.

The net effect of these changes is that the transition period in a large volume in a hurry all tended to lower the cost of the other cost, costs were reduced by large. The manufacturing production with the labor compensation of non-labor inputs also increased. The result is that the cost of labor is reduced in the manufacturing production with the labor compensation of non-labor inputs.

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The Post-War Price Structure

In general, the full effect of wartime price controls has been to raise the level of prices for such items as food and other consumption goods, while the level of prices for labor and capital goods remained relatively unchanged. This increase in prices has had the effect of reducing the disposable income of consumers, and the situation is further complicated by the fact that the wage rate in the manufacturing industries has remained relatively low.

The decline in wages relative to prices means that it is possible to raise wages without increasing the cost of living. This is particularly important in an economy where the main source of income is from wages and salaries. The increase in wages is accompanied by a decrease in the cost of living, which means that the disposable income of consumers is increasing. This is beneficial for consumers, as it allows them to purchase more goods and services with their wages. The increase in wages is also beneficial for businesses, as it allows them to increase their profits without increasing their costs.

The increase in wages is also beneficial for the government, as it allows them to increase the disposable income of consumers, which in turn increases the consumption of goods and services. This is beneficial for the government, as it allows them to increase their tax revenues, which in turn increases their ability to invest in infrastructure and other public goods.

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particularly are our Congressmen so badly informed as to say that they have been used and are being used, whether knowingly or unknowingly, as a political weapon by the American businessman who has not lived up to his obligations to his fellow citizens as well as to his shareholders. The Anti-Trust Laws, furthermore, are used particularly against the vast number of smaller businessmen in whose service there is a great deal of the very only hope of our continuing and growing problem.

The problems of full employment, prices, the problems of markets, the need of men to make a living, the lens of research, particularly insofar as our national life is concerned, can only be carried on successfully if the American businessman in his relationship with his fellow businessman who is not in business can do what the big fellow can do. But the basic language of the Sherman Law is still being used to prevent growth of little people in business from getting into competition and practices of the large units in an industry.

This has never been brought clearly to the attention of the American Congressmen, with the complete result ofawakening the American people. In this day when there are so many States who have to solve our common problems together, the statement is made that "THOU SHALT NOT." Even in competition between various industries, there must be regulation and steel and aluminum, the sweepings from the Anti-Trust Laws is invoked to keep people working together so that they can either solve their common problems or at least some of them.

In the answer to the question as to whether the antitrust laws as interpreted in the Anti-Trust Laws, it is fair to say that the anti-monopoly competition was unthinkable during wartime—there was no such thing as a small business. In the post-war years there has been much talk about the small business, the small business, the small business, to the very exclusion of the large business. The small business today is that which is under $500,000 in capital; the large business is that which has over $500,000 in capital. The small business is the pre-eminent business; the large business is the industry-wide basis. Certainly, it is far more important to have full employment and a full dollar, a dollar with meaning, standard of living with security and industrial peace for all concerned than it is to have any other single thing that we can think of. A healthy economy can only be created by all parts of the economy working together. The Anti-Trust Laws are a constant and continuing interference in the standing way of that of getting a better future, the future, in the words of New York City, $500,000 in capital was exempt from the Anti-Trust Laws, the Anti-Trust Laws were treated as a form of protection to the unhappy small businessmen of America.

Another great problem is the fact that the stockholders' money is wasted in the courts in what is called harassment and litigation instituted by the large corporation in the purpose of really proving any great issue but because it make good business sense. The amount of millions of dollars in time and money is completely lost in a manner that can carry business to carry on litigation which is no doubt why the courts have to choose the easiest way by construing laws to the advantage of the stockholders.

Fortunately there is now a trial going on in the motion pic-
Interest Rates and Inflation

The "Cart Before the Horse" Therapy

As far as the actual policy is concerned, it is a fact that, under fiscal policy, it concentrates ex-clusively on the effects of the economic activity on the market for money and not on the price levels, the fiscal policy has had a multiplied effect. The monetary authorities have therefore paid no attention to the fiscal policy.
up purchasing power, being not only able to avoid the continual rise, guarantees effective de-
creases, guarantees effective demand, and a much longer period of time than a per-
chasing power that is allowed to prices.

However, this sort of "resus-
tiated" inflation is usually not ever—especially in peace times when there are no in-
flations and wage changes, and wages—the marginal develop-
ing between those will be controlled—will finally result in just that general rise in the price and wage level—
which one wishes, to avoid; and with which one will be vulnerable and exposed to re-

But even where price rises are avoided the economy will prove increasingly precarious. The reasons are under the permanent upward pressure of demand. Price rises are not only due to the enormous pent up de-
mand changes, but they are also due to the constant in-
duction and distribution. It is a very high probability that the price-cost relationship will be tolerated only for longer periods of time as every-
thing will be more expensive. As soon as the slightest slackening of the demand will be felt, many enterprises will have to shut down and many workers will suffer. Exactly as at the onset of every depression, the boom will collapse and the marginal enterprises will begin to undergo a serious crisis. The result of the decline of prices, but the de-

Cycle as Usual

Our conclusion is: The prevail-
ing monetary system, instead of being a de-

cedentially the prevailing fiscal pol-

cy, for it is the peculiarity of the aforementioned "victory over the quantity of goods and services" (for goods and services) that more and more will be produced and will accumulate, of which at least parts are never converted into Govern-

ment's revenue, but later will be ex-

changed into stocks of private con-


But after this boom will follow collapse, the most widespread as seen by the beginning of the present one. The whole is a carrying capacity. Which in view of the rapid rise and fall in the stock market, the price relation and therewith the effect on the amount of purchases and sales will be much too rapidly. Nor will the continuation of easy money give any protection against this process. The whole is what has been the result of this boom have exhausted them-

If one wants to prevent a de-


The Federal Communications Commission has set aside 32 chann-
es exclusively for VHF railroad radio, and has provided for the use of both the VHF and UHF bands by the same radio stations. Although the basic frequency is VHF, should competition for it increase, then the UHF band will be used for the remaining services. The time for the VHF band is reserved for the Federal Radiotelephone Commission, while the UHF band is reserved for the Federal Communications Commission, who will later determine whether the VHF frequency will be used or whether another radio in a different location. This is just as far as the VHF carrier system is concerned, its greater range and ability to communicate over long distances make it suitable for carrying radio communications.

In the meantime, the VHF band is used for the transmission of signals to and from locomotives, and the UHF band is used for the transmission of signals to and from the central office. The VHF band is reserved for use by the Federal Communications Commission, while the UHF band is reserved for use by the Federal Radiotelephone Commission, who will later determine whether the VHF frequency will be used or whether another radio in a different location. This is just as far as the VHF carrier system is concerned, its greater range and ability to communicate over long distances make it suitable for carrying radio communications.
The Menace of Declining Profits

(Continued from first page)

The progressive whittling down of entrepreneurs' gains (i.e., profits) has been generally looked upon as a measure of economic justice and social progress, while rising wages at the expense of profits have been likewise hailed as a general blessing and a portent of continuing and expanding prosperity.

No one, with a proper sense of justice, would decry the tendency of all wages and better living standards for wage-earners. The portion to be left in the school dividend after the other demands be maintained and increased, and profits should not be obtained at the expense of labor. The economy could long endure and make progress under such a system. But when wages are already high, and costs, such as taxes and unwaranteed restraints of legislation, cannot be boosted so as to steadily lower profit margins, labor, capital and management alike will be necessarily and inevitably squeezed, and all are travelling will be submerged. One cannot exist without the other.

A century or more ago, economists and statesmen reached the necessity of a high rate of investment as a means of promoting and maintaining rational prosperity. The average rate of profit or return on capital investment has been regarded as a standard of prosperity, which could be used to ascertain the comparative state of different countries or of the same country at different periods. True, many, like Sir William Petty and Sir Robert Giffen, stressed the presence of physical wealth as a measure of national wealth. As a comparative gauge of economic power and prosperity, and neglected the importance of the capitalization of productivity and earning power. And there were those, like Bache, who held that wage increases were generally at the expense of profits, or to state it differently, a rise in general capitalization (other things being equal) can come only about by reducing wages.

Yet it has been long recognized that falling rates of profit in any country, whatever the cause, imposed or reduced capital accumulation and was an agrarian of industrial prosperity, an early check. This was pointed out as early as 1875 by Sir William Temple, in his "Observations on the Nature and Progress of Agriculture," and it was declared that Holland was then passing the peak of its greatness because she was already depressed; it was declining and was lending to a level which did not induce men to engage in commerce or industry at home, not in order to seek investment elsewhere. Similarly, British writers and economists have long been aware of this fact that the rapid progress of America was due mainly to the high return on capital invested in its industries, whereas the comparatively average rate of profit was therefore considered to be an index of the condition and an infallible criterion of national prosperity, shared in by all classes alike.

Progressive Profit Rate

As a nation develops and becomes more mature there is a natural tendency for the rate of profit when this tendency is offset by more steadiness, and certainty of profit, and, with an expansion of total profits that accompanies the growth of capital. Thus, it is not surprising that the progressive turn over profits of department stores is less than 3% or that the United States Steel Corporation, which has been working for more than a generation, and only recently, Leroy A. Wilson, Vice President of the American Telephone and Telegraph Company, after a completion of a study of the System of Capital Productivity, has stated that, in 1920-1926 it was 9.5%, it has fallen to 7.8%, despite a reduction in relative fixed charges and a better relationship between debt and capital employed.

But there is no certainty to-day that the system necessarily has to earn as much as it did in the Twenties in order to be considered "normal" or "fair." Mr. Wilson stated. Looking to the future, he continued; "while during the next few years, it looks as though earnings somewhere between those foregone in the 1920-1926 (9.5%) and the average for the long (1920-1944) period (7.8%), may be sufficient to induce equity investors to entrust more money to the future.

Comparing the telecommunication systems with a 20-year earnings record of 1,300 leading manufacturing corporations. Mr. Wilson said that their earnings on money invested in them averaged 6.2%, compared with 2.9% for all the country over the same period by the telephone company. He offered the earnings record as a "measure of investing in the telecommunication industry".

The National City Bank of New York's balance sheet from 1875 shows that the average net earnings of the group of companies rose to 9.9%, while after the First World War, the stockholders' investment was only 6.7%. But this can be ascribed to war time operations and postwar readjustments of the state. It, as a situation that will exist under peace time conditions.

British's Socialism and Declining Profits

Great Britain furnishes, perhaps the most logical illustration of the effects of progressive decline of rates of return and profits, since the 5-6% earnings over the last century have shown an almost steady decline compared with the amount of capital invested then. And this is undoubtedly true of earnings in other leading British industries, notably coal and textiles. The situation has not gone without notice by British capitalists and economists. It is just as much responsible for the economic plight of the United Kingdom as it is for the danger and loss of foreign investment holdings. The complaint that business depression is not as yet as advanced as it has been as a factor in the German and in ours, in introducing modern equipment and efficiency, is not a better. Efficiencies in industries more productive may seem fair, yet, it should be noted that British capitalists as shrewd intelligent beings, have sensed the trend of our more intensive capital commitments at home and preferred not to risk funds in sinking ventures, when capital could be more lucratively employed abroad. Thus, the old prewar question of a "mature economy" a "high growth" or a "nascent depression," and fortify ourselves against it by a policy of stagnation and protection. But we by same government and economic policies, continue to promote industrial activity, expand in both material power and individual welfare. The answer appears plain! Briefly, everything should be done within the limits of equity and physical possibility, by means of a combination of economic opportunity to foster the profit incentive. This does not mean that enterprise in this country should be taken without conditions, but that conditions should be such as to permit the free competition with the most efficient and best managed enterprises, and to provide for the protection of private capital operations. This has been independent of the other people, and the only way to improve the condition of the others.

It has long been an economic maxim that high wages cannot be paid when business is bad. A decline in higher profits inevitably result in higher wages under conditions of competition. High profits, however, and the whole household go together. A policy of "costs up profits down" cannot be reconciled with the maintenance of prosperity. When profits approach the vanishing point.

Let Mr. Wallace and others of the "Sixty-Million Jobs" and "Jobs for All," regardless of costs and taxes, take heed of these words. Or we will be next line to an enforced adoption of socialism or another state of decedent economy.

Public Utility Securities

(Continued from page 3124)

11-over-counter, reported earnings last year of $2.96 a share (interim dividend of $1.60 was paid Jan, 3, 1946, and last remaining dividend of $1.60 has been paid). The next payment has not been indicated.

Cincinnati Street Railway (around 15% over-counter) has dividend of $1.40 in the past two years, giving the stock a yield around 7%, in 1946 were $1.54 a share. And in the previous year 4.65 a share.

National City Lines is an aggressively-managed holding company of the rail motorbus lines in separate local systems in the northwestern part of the middle west. The stock offers a fairly dividend yield and the price-earnings ratio seems reasonable. The company should have substantial tax saving and earnings, estimated at around $5.38 a share in 1946. The company has a conservative capital structure with few unsecured debentures. The dividend has been paid since 1937 (the company was formed in previous year).

Monongahela & South Bend is an electric interurban in West Virginia. The company is at the current over-counter price of $19.63 a share is about 10% and the dividend appears fairly well protected.

St Louis Railway Prior Preferred, last remaining issue of the same name on the Board, is purely a liquidating issue, the property having been sold to the City of St. Louis in some time ago.

Bache & Co. Reopen

Miami Beach Office

Bache & Co., the New York well-known company, opened its Miami Beach office at 2807 Collins Avenue. J. Richard Blaske is manager. Also associated with the new office is Sam V. Slabe.

The previous Miami Beach office was started in 1907 when the Army Air Forces required that new company be located in the Securities Building and thereafter will be in the Equitable Building. Mr. Blaske will conduct his business under the name of Bache and Company as in the past.
The Executive Committee emphasized, however, that the publication of this credit must not be viewed, here or abroad, as tantamount to an American economic policy or program. World economic recovery is contingent upon promotion of economic growth in the United States and the establishment of the International Monetary Fund and the International Bank for Reconstruction and Development. All of these measures are seen as having an important bearing on the stabilization of the economies of underdeveloped countries. Further study should be given by the Congress of the effect on our gold policies of the possible returns to our foreign credits and to our currency in gold under such circumstances.

The STRATEGIC PLAN

The Executive Committee, in the discussion that followed, expressed its belief that the formulation of economic policy in the United States is primarily a function of the Federal Reserve System and not of the Department of State. He also felt that the decision of the United States to enter the economic warfare of Anglo-American economic recovery must be left to the Government.

The Federal Reserve System, in the view of the Executive Committee, must assist the Government in its efforts to promote recovery and to stabilize the economies of underdeveloped areas.

The Executive Committee also discussed the possibility of a loan to a member of the Missouri Senate from 1929 to 1932. Since April, 1930, he has been General Counsel for Trustee, Missouri-Pacific Railroad Company.

Mr. Dearmont was born at Mount Pleasant, A. B. Degree from the Southeast Missouri State College and J. J. L. Degree from the University of Missouri, Columbia, Missouri, 1926. He began the practice of law at Cape Girardeau in 1911, was a member of the Missouri Senate from 1929 to 1932. Since April, 1930, he has been General Counsel for Trustee, Missouri-Pacific Railroad Company.
Railroads: Fifty Years Past and to Come

I was going to give some advice, which I am not, it would run.

"We haven't made enough progress in 50 years, to say the least, yes, but let us look upon them only as a beginning, not as a conclusion," he wrote.

"That was 69 years ago," she said. "I think our equipment was not what they are now. I think how many through out of the railroads are still going.

Then Old 77 referred to some of the locomotives of Delphia and Rending, between 12,000 and 17,000 pounds. She was one of the cars, and her weight was 55,522 pounds, so for a start-to-stop time of 59 minutes and which is in actual practice was sometimes under-cut by five minutes, and her speed was 50 miles an hour, for 73 miles an hour. And she had a steam locomotive that shipped 32 passengers in the Lake Shore.

And she, like our old friend, the 77, was a main-liner for many years, she realized one day when the 77 was put out of commission that the railroad tracks before she could leap forward under this motive power, was the tracks of the railroad that purchased, she was the track that she caused some of the oldtimers to change from the 77, and of how she did, and did it well. She survived one World War, before she was ready for the end of another. Now she has passed on.

It was a main-liner for a main-liner for many years, she had one day when the 77 was put out of commission, the sensitive workday went so; so she asked to be shifted to a less archaic position, but felt so small with the loss of her long and satisfactory record, the management gave her the leavings.

Between assignments she remained in meditation.

I happened on her one day when she was in one of these assignments, she was in conversation. I told her about the need of locomotive motive power was a demand, the longitudinal distance of the cars, the new streamlined, the heavy-tonnage traffic trains, the small engines, the electric, and Diesel locomotives, the equipment, the safety and comfort of our passenger trains.

"I record," she said, that our railroads were making, and the great railroad to Chicago is only a mile away.

She listened to me, carefully with an occasional sigh. Then she said.

"Well, I won't be called for an hour and I have time to tell you a tale, but you have gotten that many of the early attempts at improved locomotive design even before my time, after being tried out and discarded as a complete failure in the world's latest design!" And she mentioned the number of roller bearings in 1891, combustion chamber experiments with 1,000, 500, and even 200 horsepower per axle. Today we have steam locomotives with 500 horsepower per axle, an increase of 200 per cent over the 150-500 horsepower per axle of 1891. Today we have 1,000 horsepower per axle, an increase of 200 per cent over the 150-500 horsepower per axle of 1891. Today we have 1,000 horsepower per axle, an increase of 200 per cent over the 150-500 horsepower per axle of 1891.

The maximum evaporation of water in the boilers of the tender of the 77 was 24 per cent. Today, the 77 has a tender of 80 to 100 per cent evaporation.

It is true, as Old 77 stated, that we had a great many special high-speed, long-distance trains, but that we never before have had such a tender of high-speed trains in steam, some of which have been built in the past ten years.

During 1942, we had 44 passenger trains running between points of 50 and 250 miles, and we had 344 passenger trains running between points of 50 and 250 miles. Locomotives, of course, are still running in this country and have reached or exceeded speeds of 120 miles per hour. There is no question that passenger trains are available that can maintain these speeds, and it is important that they be maintained.

Experiments with steam turbine power have been made, but the high cost of fuel makes it uneconomic. There is a possibility that this power may be used, but it is not likely in the near future.

As long as 1908 a company in Scotland built a steam-turbine locomotive, but it got little further than the laboratory. It was built to the design of William Sharp, and was the model of the general model built in 1922, Sweden and Japan, a 6-cylinder, 2-axle, 4-wheel, actuated by electric motor, and gas, and eventually will find its way to the railroads of the country and is the most powerful locomotive to date, and the one which the railways will get rid of in the near future.

The Future Prospects

I have said that the best deca
dades for the railroads lie ahead, and that the improvements in the locomotives will pull those heavy trains on the main lines with ease, and that a new great age is coming for rail transportation.

The Diesel electric locomotive is now in the forefront of rail transportation, and the future holds an expanding role for both the steam locomotive and the Diesel. More electric locomotives will be used also, but they will be used mainly for a special purpose of congested traffic.

At the moment the trend toward the Diesel is strong. The last year, 1949, saw the Diesel for the first time used in the main-line steam locomotive in order for New York Central, and in the year of the American railways ordered 256 Diesels, and more.

The Diesel has won its place, and is now coming into its own. It is the hard way, by sound service, by its application for the improvement of the service in the personnel, by the use of the service for the improvement of the service in the personnel, by the use of this principle, by the work of engineers, and by the work of other people.

We have the weight per horsepower on the Diesel, and the Diesel has a output up to 1,000 revolutions per minute. Then remember that we are looking forward to still lighter weight, higher output, higher output, and a greater power per cubic inch, and a greater power per cubic inch.

While the Diesel has been step by step increasing its power, it has not been standing still. It has been running as many as 300 miles on a run, which is a great advantage in the United States.

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Steam engines are still the stars of the locomotive world, and the Diesel is the most powerful locomotive to date, and the one which the railways will get rid of in the near future.

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British Reaction to American Loan

(Continued from first page)

...to the smaller of the two evils, the loan, for that, had it not been for the skill of Mr. Keynes and the energy with the aid of it which it has already embodied in the 'eminent' Chancellor of the Exchequer in their estimate of the sagacity of the solicitor Member who cheered: he would have been in the hands of an important and expert Cabinet Secretary. It is widely felt that if only Lord Keynes had been reelected effectively in dealing with the Government as a whole, he would have brought the Government round to the idea that it was time to seek a loan and to have got a tolerably good agreement. As it is, the result of his dotage, it is feared, and the people, the coexistence of Britain in India over the years, that the only rights attached to that status. "If we allowed the loan without any of the bitter critics explained in private conversation, "we could not see two Senators to War who would at any rate represent British interests.

Not a Token to Stimulate

British Efforts

A by no means encompassing section of parliamentary opinion, while unwilling to admit responsibility, is of the opinion that the Agreement, would be overthrown if the Government were to insist that at the time when held that in that case the Washington Agreement is the equivalent of the raising of dollar loans from private interests. Indeed, on the contrary, it was a condition of a steadfast transaction that the government loans of the United States reached an impressive total. The Government has not even more important, rejection of the Agreement would give the impression to the public at least a token to stimulate its economic effort. The line adopted by Roosevelt in the Washington Agreement is this: "We are not going to have the British put up by apologists of Munich: that the survival of our industrial productive capacity will make the difference, for if the free world is to save itself.

Opinion in the country is against a government that is not prepared to buy food and cigarettes and other necessities through the elimination of the immediate future are for acceptance of dollar loans, that sacrifices. But other efforts it would be well worth while to light our fires for a while and work out our own salvation eventually. However, as we shall be greatly relieved if the matter which we do not know how we stood. Critics inclined to hold their fire, now that it has been passed, the Agreement, until its proceedings begin to show themselves has been passed.

House of Lords Debate

The Committee of the House of Lords on the Loan Agreement included a number of additional information concerning the Agreement and the leading critics of the Washington Agreement, including Mr. Churchill, stated that the Government's case would have become much more difficult had the deal to the Government and are a warning to the House of Commons about the expected to be more difficult to solve.

The Free Trade Policy

Many Socialists strongly criticize the Government for the way in which Mr. Keynes and Lord Keynes adopted a policy of free trade. Mr. Keynes, however, the economists produced by the London School, which include Whig Liberal tradition, these Socialists are quite different to the Gladstone Liberal tradition. While the majority agree with the Lords of the Treasury, Lord Mancroft, who at a recent Private Party Conference declared that "the loan is a necessary evil, to anticipate the negotiation of Socialism."

One of the remarkable results of the debate was the fierce str

...of American railroad finance, the new system of bilateral international loans was a great success, with a rapid increase in the volume of passenger and freight traffic. The introduction of diesel locomotives facilitated this growth, allowing for greater efficiency and lower costs. The American railroad industry continued to prosper, and the demand for railroad services helped to sustain economic growth in the United States.

Results of Election of Directors of St. Louis Federal Reserve

The results of the election of directors of the Federal Reserve Bank of St. Louis on Dec. 18, were as follows, it was reported by J. T. N. Todd, chairman of the Board: J. S. Shapleigh, President of the Arkansay Co., Little Rock, was re-elected by the Board as a Class A director, and G. E. Cappell, President of Shapleigh Hardware Co., St. Louis, was re-elected by member banks in Group 1 as a Class C

A Breakdown Expected

The overwhelming majority of the population is expected to break down the barrier of skepticism and enter into the free trade in goods and services. The national unity of mankind is expected to be most difficult to solve.

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Municipal News and Notes

While the close of the Victory loan was the signal for the resumption of large-scale corporate undertakings, it also marked the beginning of a substantial boom in the bond market, which has continued to date and is likely to prevail for some weeks to come. Indeed, it is quite possible that a real bond boom is on the way, as the new financing department is now under way, which will enable the Wall Street banks to supply the offerings through all parts of the country, and which has been in line with the rather general belief that 1946 will witness an unprecedented volume of bond issues from all sections of the country.

In any event, there is no question that the output in the past several weeks has been such as to enliven the market to a degree that is no longer to be evidenced for many months. Of perhaps greater significance is the fact that the large outstanding bonds in the market have been accompanied by an increasing upward trend in the price level.

This development, it may be added, unquestionably has come as a distinct surprise to many dealers who have never before been in evidence for many months. Of perhaps greater significance is the fact that the large outstanding bonds in the market have been accompanied by an increasing upward trend in the price level.

It may be of interest to re-

The California City, facing a deficit and a large assess- ment, is considering the possibility of issuing bonds to cover the deficit. The city has been experiencing financial difficulties recently, and the issuance of bonds could help to alleviate its current financial situation.

The City of Tulae, Texas, has filed suit against the federal government, alleging that the government has failed to provide adequate waste disposal facilities for the city. The suit seeks compensation for damages incurred as a result of the government's failure to fulfill its obligations.

The St. Louis Post-Dispatch has reported that the city of St. Louis is considering the possibility of issuing bonds to fund a new stadium for the St. Louis Cardinals baseball team. The stadium would be built on land currently used by the city's civic center.

The St. Louis Board of Aldermen has approved a resolution authorizing the city to issue bonds to finance the construction of a new library. The library is expected to be completed within the next five years and will be located in the heart of the city's downtown area.

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Full Production and Sound Fiscal Policy Can Prevent Inflation

(Continued from page 331)

which they would buy Government bills. Thus, it seems that in terms of the other rates, less well defined, at which they have in fact been buying Government bills, there must be a rise of about 1% to 1 1/2%.

The chief reason why the rise of 1% to 1 1/2% is important is that these buying rates, as I have indicated, are the necessary rates for the commercial banks, acting on their own account, to make the new Federal Reserve Bills and Certificates, to create their own reserves, and to make the Reserve Banks, largely without reserve communication and almost as a whole, to maintain their supplies of reserves at all times greater than their reserve requirements. All through the war, then, we have had the Federal Reserve Banks acting on their own account, and thus creating, thereby maintaining in existence, a supply of reserve balances much greater than the commercial bank requirements for these balances. The exact size may vary in an attempt to improve the yield on the Reserve Banks' balances, but it is certain that the commercial banks buying other Government securities of some sort, much greater balances than the $90 billion that the 90-day Bills or the 90-day Certificates, and thus creating supplies of commercial balance. Thus, it seems desirable to have the commercial banks at least as adequate to meet the Government's and the public's rapidly incresing demand for cash balances.

This process has, of course, led to an expansion of the whole monetary and banking system, but, as a result of the rise in the demand for cash balances in the hands of the commercial banks, and deposits in the hands of the Federal Reserve Banks, it has not led to a rise in the slack demand for short-term money, but a tendency to decline rather than to rise.

The Interest Rate Problem

The pros and cons of a low or lower money rate policy are far too complex to be set down in a discussion here. It should be pointed out, however, that the technique described above, so effectively used in the finance of the World War II for keeping interest rates low, was adopted as a war measure in this country. The technique has actually had the effect not of maintaining a slack demand for money, but of a general tendency to decline, since the technique should be most carefully reexamined, but it seems to us a presumably more moderate money rate policy would be the better way. In this way there would be a smoother transition from the wartime to the peacetime economy, and the commercial banks would have to exercise considerably more judgment in their demand for short-term money.

As you can see, there are many writers and speakers on the subject of interest rates who agree with the extremist view of the British economist, Sir William S. Jevons. He thought the rate of interest to be a zero interest rate rate would be desirable. As opposed to this, however, there is a considerable number of economists who think it is in this country which takes the position that an excessively low and declining rate has had a crippling effect on the productive capacity of the country. It has been argued that the rate of interest should be kept at a certain level to give the necessary incentive to the savings and the expansion of business. It is clear that the rate of interest is closely related to the rate of economic activity, and it is necessary to maintain a certain level of interest rates to encourage saving and investment.

If the rate of interest is too low, it may discourage savings and discourage businesses from expanding their operations. However, if the rate of interest is too high, it may discourage individuals from saving and investing in new projects. Therefore, it is important to strike a balance between these two extremes and to maintain a moderate rate of interest that is neither too low nor too high.

Our Reporter's Report

As the old fees fade away and the new ones are introduced, observation in underwriting circles indicates, Russian inflation and claims, will be ahead for the new year. Indications point to a fairly sharp January rise. But thereafter it is generally felt the trend will be at least so far as bonds are concerned, an increase in the tremendous activity of the last year and one-half. It is a foregone conclusion that with the need for war financing passing and new corporate business will be spread out over a greater period of time rather than being concentrated in trated intervals as it has been in the recent past. The long-term market is definitely in a position to assimilate a new order of business. Moreover, it is widely recognized that this market has been made possible by progressive contraction in money rates that has carried through it. It will require considerable study and work to prevent such new underwriting plans from being realized and it is hoped that the market is at or close to the irreducible minimum.

There is a tendency, at the same time, to bring an offer of new issues to the new capital financing which may afford investors a bit of relief in the usually tight coupon market. But, and many comments are made about this, there is an illusion that in seeking new capital, the public may think that they are getting new equities rather than incuring new debts.

Watch the Money Market

Although the consensus is that the Treasury will maintain a good money policy, as indicated by Secretary Vinson in a recent speech, there is a tendency to keep an eye on the short-term money market.

It is generally considered that there could be, now that the need for war financing is past, some reversal of the wartime policies which made for extreme ease in the wartime requirements. But, it has been predicted that it is not likely that there will be any further, or any further vast, expansion in bank deposits.

Again, the termination of the bond buying by the Government should result in a contraction in the volume of currency in circulation. The first few weeks of peace should give some idea of the trend in that direction, but at this stage all things considered it is recognized that the Treasury must, for the sake of its monetary policy, in order to keep the government in circulation.

Real Estate Bonds

The recent flurry of real estate bonds which has kept pace with the revised trend in other sections of the investment market over a period of years, has been more aggressive than in some other years. A glance at the Amcot, Baker price average offers a clear picture of the situation. In fact, in the latter portion of the year, the Amcot, Baker price average rose from 654 against $22 a month earlier and $22 at the end of 1944. The scope of the recovery is the more impressive if comparison is made with the Amcot, Baker price pre- vailing on June 30, 1942. At that point the average was $307, indicating a recovery to the end of November, this year, of 104.24.

Bates Manufacturing

Banks handling the Bates Manufacturing Co. offering of 256,000 shares of common stock reported the deal more than 50% completed on Saturday, after having encountered delay growing out of litigation.

A potential buyer, who sought a commitment to a commitment for the stock, went into court to seek permission to file a suit affecting existing holders. But the court dismissed his pleas and the buyer took the shares back, but it was a matter of time before the parable of the trade. The stock was being bid up to $25 a share.

Broker-Dealer Personnel Items

(Continued from page 338)

Special to The Financial Chronicle


Special to The Financial Chronicle

NEW HAVEN, CONN.—Charles Coons is with Chas. W. Scronce & Co., 209 Church Street.

Special to The Financial Chronicle

NEW ORLEANS, LA.—John H. Estrada is with Merrill Lynch, Pierce, Fenner & Beane, 121 West Michigan Avenue, after affiliating with the firm.

Special to The Financial Chronicle

PORTLAND, MAINE.—Benjamin H. Fish is with Gabriele & Co., Farm Barn. 1 Middlebrook, 465 Congress Street.

Special to The Financial Chronicle

PORTLAND, OR.—John A. Galbraith is with Portland & Co. Porter Barn. 1 Middlebrook, 465 Congress Street.

Special to The Financial Chronicle

Raleigh, N.C.—Jesse F. Hight is with Southeastern Securities, Independence Building, Raleigh, N.C.
Agricultural Question Mark of 1946

The Department of Agriculture and the Extension Service record. Furtlierin, I believe you look for 1946. To me that Outlook is the most difficult in many years, because it marks the definitive transition from a world war to an industrial age. Some tables in that report are far more interesting than others, those that trace through the history of the war—that are concluding, those economic curves become a cardogram of the heart-beat of the industry and agriculture. They mirror the growing demand for a new field and the man in the factory turning out new machines. There are more machinery of war, and more goods for American living than ever before. It's symbolic that these charts are framed in the narrow glass case of the industrial output, wages, profits, farm income, and costs. The curves of our great effort, surge steeply up to 1945—and end with the last gasp of demand in 1946.

Where are we going now? That's the question, isn't it?

Let us go back to those charts again. They are drawn with undeniable clarity that when we gear all parts of our productive system together, as we did after Pearl Harbor, we can make the type of production that everybody benefits in measurable, dollars-and-cents terms, when our production is economical. Agriculture, is industry productivity and growth, so we see our farmers, and the cash receipts from farmers' products, go up in big and small numbers together, as always. It is no accident that in 1945, with the largest national demand in all history, American farmers have also the largest net income in the United States. That net income is $13 billion. It is seven times the net in 1929, of 1922, when our productive machinery was badly out of line. It is evidence that farmers can well be proud of the all-time record net income was earned by large, efficient, prosperous farmers in the nation at very reasonable prices; it was the reward of genuine men and not from gouging the public in the time of the Revolution. It was the literal truth that farmers and mechanics, and all who worked in the Colonies were farmers! In those days agriculture was a handicraft. A farmer was fortunate if he had a good team of horses or cows to pull his wooden plow. He had to work hard. He had to use his own strength and patience and skill to get his crops in and out of his ground. But in 1942 the average American workman was turning out as much food as he had in 1910. At the end of World War II his productivity was greater than it was in 1910.

The difference is in mind: Where farm population has gone down, the number in non-farm work has more than doubled. So has industrial capacity, from 1929 to 1932, the years leading into the Great Depression, steel prices were cut 65%, output was cut by more than 50%. But output was cut by more than 50%. America's output fell from 1928 to 1940 was 60% less than it had been in 1929 to 1932. That was a shock to business and to farmers. They were disappointed by the return to the prices, they were not enough. But the farm sector went on, and it was enough. We need more potential customers.

Economic Interdependence

Now to get back to my original theme, which is that farmers and city folks now is a clear interdependence. We have a much more closely integrated business than it was a century ago, a generation ago, or even a very recent past. Every one of us has a product that is needed, by each group of us, as a part of a total economic picture. The farm, one which moves by steam, electricity, gas, or for a lot of other buying power.

Consumers need that food as much as before. They could not buy as much as they needed, not now how cheap it was. For millions of consumers had no income. So great surpluses accumulated. There is the lesson of a depression in the farm sector. It is a simple tale. We must see to it that prices stayed up—population staying down—then food prices would have stayed up. Food prices went down.

It may be pleasant to dream over the nostalgic days when our farmers could plant some arm-chair philosophers may be true that some farmers could plant and had a much better harvest than another; that the farm never being more than 100% self-sufficient. Even in the time of the depression, farmers could trade some of their corn and tobacco for buckets, lamps, clothing, tools, and more. Now the farm is less than 100% self-sufficient, and is becoming more and more dependent on the markets and customs with buying power. Why? Because we have the absolute truth is that the interdependence in the farm business, with the interests of others that none can consider need for area planning and the welfare of the whole nation. The power in one part of this country is extended is the most important disaster to the group that is unable to plan for the welfare of the whole nation. The ideal—the kind of philosophy that is running through the war—is for all to know what the freedom that democracy gives them, to plan and to have the programs for the welfare of the whole great country.

I stress this point because one of our most urgent need in the farm sector, the dynamism of the age, is unity. The great question mark, and one that must be answered democratically, is: Is there a tremendous production capacity, we have built it up? That tremendous production capacity, it takes a combined, sincere, and intelligent effort to use it, and who, work, trade or manage in the nation.

Balance of Problem in Production

We actually have only two main choices: One is a highly defensive, "frozen" economy. Man and machine have fed the world's population in the face of the war, and have eaten, and cannot be expected to meet the needs of the world's population after the war. We will keep the war economy going on a high level until the war is over. The second is to move from the war to a permanently high level.

The Right Kind of Economic Standards

We know that we ought to do, and we want to do, in the years ahead. But we can't get there quickly. We can get started by setting the stage, then just by going along. To do this we've got to spread unemployment and organize our combined effort, by intelligent, efficient production, by sound price policies, and we've got to do it in the broad way the farmers can do much to write their own ticket in the kind of farming that they want to go on, both in their own land and only wheat and potatoes, that's the easiest thing in the world. We have got to spread unemployment and there's the first choice in the world. We have got to keep a hearty spirit of hard work for a wheat and potato kind of economy. The next choice is to bring the markets for fats steers from the Corn Belt, the Middle States, and citrus fruits from California.

If farmers want to eat less of meat, milk, poultry, fruits, vegetables, we must find a way. We must write the ticket for that kind of consumption. They can't compete in the market, they can't drive for full employment.
full production, which will make possible a better balanced, diversified agriculture—one that is easy on the land and to the kind of foods the country needs. One way to enhance production is to provide equality for agriculture. The farmer, the country, and the cities can find a parity principle, which is in its first and best form, in the balance of agriculture in the whole economy. If parity needs to be changed, I believe the farmer and his friends should make the change.

Parity Formulas Out of Date
But I must frankly admit that our present parity formulas, based on prices of a generation ago, produce some strange results. Supposedly these formulas work because they depict the relative prices of a commodity—say, cotton. In the past, this made sense. It's the production of one good over the production of another good. It's the ratio of cotton to corn. But now in the age of automation, this is no longer the case. We need a different formula for a different economy. And it's not about just cotton and corn. We need a formula that works for all goods and services.

Federal Corporation Control Bill Signed
A bill designed to strengthen our Citizens Corporation was signed by President Truman on Aug. 10. The bill, known as the Corporation Control Bill, is designed to add to the Corporation's powers and authority. The provisions of the bill include:

- All corporations must file annual reports with the Board of Governors.
- The Board of Governors must review all corporate acquisitions that exceed $1,000,000.
- The Corporation must have power to refuse to acquire or merge with another corporation if the transaction is not in the public interest.
- The Corporation must have the power to require that any corporation, that it has the power to control, change its charter, and cease to exist if it is operating in a way that is not in the public interest.

A minor rally now indicated that the market is taking a pause in its advance to the tops. Technical rallies are as bad as technical reaction — both spell further unsettlement.

The end of the old year and the beginning of the new has always been a signal for the rumors to start. Not that the market stock ever needs a change of years, months or days to start one of these "I-hear-they're-gonna-things. There is something about the change of the annual cider in a calendar that comes with it and a new year is said to bring luck no matter what you believe. There is also the fact that the market is looking for a signal to start with the prices they make in the corner begin toppling over.

In order to keep up with the parade of annual forecasts this column should also make like a pundit and say what to expect of the market for 1946. In order to do this it would be best to go back to the last column of 1944 and pick sentences out of text to prove my infallibility. Luckily I am too lazy to do this. And besides I never knew exactly what to do with the money I got out of pointing to the past and offering it as a guarantee of the future. In the end, I'll leave the annual forecasts to those who enjoy doing it. Me? I'm no drinker. Besides I don't know what will happen 12 months away. I have all I can do to try to figure them a week ahead.

To get back to the immediate in the far-off future: A few weeks ago I suggested the purchase of about four stocks at specific prices with equally specific results. In order to do this I must get to know all the factors leading to the stock market. There is little reason to assume that with the coming of 1946, things will change. On the contrary, with all the real things awaiting to be done there is a good bet the rumor mill to start grinding.

Wood Returns to N. Y. Banking Dept.
John Frank Wood, who has been on leave from the New York State Banking Board since Aug. 1, will return as assistant at LL in the U. S. Marine Corps Reserve, has been released from that position as Deputy Superintendent and returned to the Board of Governors of the Marine Corps Reserve. Mr. Wood's absence has been noticed from the Board's staff since they have not been able to include budget programs for the corporations in the budget he submitted to Congress in June. Following his return to the Associated Press:

Wood submitted by next spring's corporate meetings his report for fiscal year beginning July 1, 1944.

In his advice the Associated Press noted that the Corporation must have the power to refuse to acquire or merge with another corporation if the transaction is not in the public interest.

The Corporation must have the power to require that any corporation, that it has the power to control, change its charter, and cease to exist if it is operating in a way that is not in the public interest.

The Corporation must have power to control the operations of other charter:

- The Corporation must have authority to issue corporate stock, and be able to issue it at par value.
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A Conference on Production Needs. Farmers have their guide books already written. They are willing to be the lead horse in trying to pull our whole economy to greater heights. This is why they care about the growth potential of the United States. They know how much each acre of land means to our country and without it, the production of the entire farm economy, point the way toward what we should expect. We know how many acres of land are used for potatoes, how much of other crops and crops grown on this country on a decent basis and take care of our obligations. Farmers are not interested in a conference and now and indicate to Industry, “We want to be ready and produce, and by the same token, they would be ready to consume. They know how many acres of land are turned into many milling machines, and how many bales they would like to have if they could present concrete, specific examples of what lies ahead, for industry and agriculture.

Now why wouldn't the same principle of work all the way around? Can industry tell how many acres of land are used for potatoes, how much of other crop and crop grown on this country on a decent basis and take care of our obligations. Farmers are not interested in a conference and now and indicate to Industry, “We want to be ready and produce, and by the same token, they would be ready to consume. They know how many acres of land are turned into many milling machines, and how many bales they would like to have if they could present concrete, specific examples of what lies ahead, for industry and agriculture.

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The paramount public interest in dealing with violators is of such obvious character that Courts are not at rest with respect to agency findings unless they are supported by substantial evidence, and, of course, otherwise not in accordance with some legal or substantial evidence.

Due account is to be taken of the legal and substantial error.

 Asked Labor and Management to Cooperate With Government in the Progress of the Bill, in Its Two Great Divisions of Labor and Management, to cooperate

We need the sort of three-horse hitch that we had during the war, to get the wagon moving.

Labor is big business in our national life, as well as a management, and it must be considered as such. Figures with our day of development has far more responsibility than just making money for the employer.

It must cooperate to create high standards and to maintain them.

This is the bitterest and squabbling like back-fence cats, where we get into production the prices tend to settle themselves in the free market.

How foolish we are to try to sell our product at a price which is given to the output of the market, and in which we can supply and demand can be at any time.

Let’s jump off the merry-go-round and into production.

On other phases of current problems that touch the Department of Commerce, Clark said:

On the road in the land a part of the significance of the law which interferes with our business.

It is a psychological attitude of the whole nation, and it is a specific fact that we have a lot of work to do, to keep the progress of reorganization and keeping us up to now.

That our nation has the greatest military of all the forces, and wherever violations occur there will be a check on the workers and we have not been in the United States.

It is for the evil of the black market, the evil of our overpopulation on certain terms with the public.

The Department of Justice is now fighting the black market in textiles in New York and no quarrel.

In the schools, the way in which violations are destroying the very purpose of the school, where God is not in control.

I think it is upon the respect—the deep and abiding respect for the law of the land that the road to recovery can be made safe, so that a dollar will still be a dollar.

Growth of Law Violations

Now what is the harvest of the next year? We are now prepared for me by my famous assistant, J. Edgar Hoover, of the Department of Justice, in which he shows who the men are who are making money.

Your imaginations may be startled by the figures which follow, but the cure lies in the idea of the long march to recovery.

Since the figures are not all of us, it is free from contemplation, and none of us has an the idea of the delinquency of those who have been the butt of the production of the unemploy.

Here is reality—let the blame fall wherever it may. This is the next year of the disintegration of this story. This hits us where we live, and it is an attack on the American family itself. And I can tell you, it has already compromised no negligible portion of the nation’s future.

In October of this year serious crimes increased 19% over the previous month.

There were 32% more murders, 28% more robberies.

There were 11% more larcenies and 26% more burglaries.

The combined number were for an instant these even more murderous.

In the classification under 21 years of age—we find 15% of all the murderers; 36% of all the robbers; 50% of all the thieves; 26% of all the arsonists; 77% of all the forgers, and 30% of all the rapists. And that is as ugly a word as there is in the English language.

More boys and girls aged 17 are being arrested this year than in any other year.

Of course where of girls of tender age our hearts and sciences are especially sensitive.

Well, consider these figures: The arrests of girls under 18 have increased 198% since 1939. Among those arrested has increased 48% for homicide alone; 69% for rape; 72% for assault; 53% for auto thefts; and 101% for drunkenness alone. As a result, women are being charged with "not guilty" to some share in this situation. The Department of Justice is no longer so lonesome.

It is not just the life of all the nation's.

The Anti-Trust Laws

We all know that production will cure many ills. We in Washington know the state of houses that are in a state of uncertainty that sometimes assail us.

The victory is yours, and in determining his status under the antitrust law, we say do not adopt a punitive attitude where no punitive attitude is called for.

The Department of Justice with your help, and we shall show you where you stand in danger of making the wrong turning.

The treatment is in different steps to different persons.

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Says Deflation Fear-Fetched

In the December issue of the "Journal of the American Institute of Labor and War," President Truman and President Truman shutdown level is essential to avoid a deflationary spiral. They claim that unless labor's take-home pay is stabilized, the deflationary spiral will proceed unchecked. This spiral is the result of a decrease in the price level, which would reduce the real value of wages and other forms of income, thereby reducing demand for goods and services. The spiral progresses as incomes and the supply of goods fall, leading to further deflation. The spiral is arrested only when wages and prices stop falling. Truman's policy is to stabilize labor's take-home pay and prevent the deflationary spiral.

The stability of labor's take-home pay is crucial to preventing deflation. If wages are allowed to fall, the deflationary spiral will continue, leading to a decrease in economic activity and a decline in the standard of living. Truman's policy is to stabilize wages at a level that is adequate to maintain the standard of living. This policy is consistent with the principles of the New Deal, which aimed to prevent the recurrence of the deflationary spiral that occurred during the Great Depression.

In conclusion, the Truman administration's policy of stabilizing labor's take-home pay is essential to preventing deflation. It is consistent with the principles of the New Deal and is necessary to maintain the standard of living and economic stability.
NEW FILINGS

Kiewit ventures a new interest...22

SATURDAY, DEC. 29

SUNDAY, DEC. 30

MONDAY, DEC. 31

TUESDAY, JAN. 5

WEDNESDAY, JAN. 2

JANUARY 2

DAYS OF OFFERING UNDETERMINED

APRIL-AMERICAN PALESTINE TRADING

ANNUAL-AMERICAN BANKERS

DECEMBER 31

AUGUST 22

BROAD STRAIGHTS

CARRION CO.

CAROLINA TERMINAL & TERMINAL

DALLAS HARBOR & TERMINAL

NEW FILINGS

BROOKLYN, N.Y.

BUFFALO BOLY CO.

CALENDAR OF NEW SECURITY FLOTTATIONS

Burlington, N.Y.

BUFFALO, N.Y.

BUFFALO, N.Y.

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BUFFALO, N.Y.
Adjourment of First Session of 79th Congress; Legislation Enacted—Measures Pending

Continued from page 3135

Pensions and pay raises for

Universal military training.

Recent legislation, which Mr. Truman asked in his 10th message yesterday, provided for a permanent Fair Employment Practice Com¬

mission to keep watch over

Unemployment compensation.

Increases in current statutory rates in some states.

Disposal of war-created merchant shipping surplus, and leg¬

islation making improvements to existing laws.

Many of these matters were the subjects of specific recommenda¬

tions in one or more of Mr. Tru¬

man's 10 messages.

The lawmakers rejected the President's bid for new labor legis¬

lation by Christmas; instead of enacting a work¬
or-fight law despite White House insistence, and they didn't get out of the way of a committee's request for repeal of the Johnson act re¬

straining loans to foreign nations in time of their debts.

The House committee, the Sen¬

ate offered a proposal that both sides favored. It would drop the two-thirds of the Senate only requirement.

The same fate befell a sugges¬
tion that the President, that the Speaker of the House rather than the Secretary of State become President should both the Presi¬
dent and Vice-President die.

On the other hand, the Senate car¬

ming out of a joint session with the Senate and with President on unemployment compensation law revisions, and it lost its chance to pass a bill even more far-reaching than the one the Senate passed. A final verdict was left until next year, when Congress will write a compromise version.

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cess of 79th Congress was the 20’s. The labor-force and industrial production were at an all-time high.

What happened in the automo¬

bile industry in the '20’s is the classic example. There the bene¬

fits of sharply improving technology were shared both by labor and by management. Though the industry was a leader in paying wages to its workers, nevertheless a substantial part of the benefit was passed on to consumers.

Never, however, could all this have come about under a labor program that recognized increased purchasing power only in higher wages and would monopolize in price and wages the gains resulting from technical advance. Had the automobile industry been forced to operate on a cost-plus principle for the past 50 years, we would still be driving around in horse and buggies.

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Market Outlook

(Continued from page 3131)

To visualize the situation we're heading into all one has to do is to read the papers. Already stories of alleged torture and murder in the business world come from far and near and from all different kinds of firms turning out everything from paint brush to pencils, to the effect that price ceilings are ruining trade. One of the things that makes me think this situation is not going to be very long lived is the fact that the public, at least, has beensheeted to the point where prices are rising. The only way to get a real picture of the whole situation is to look at the figures as they are and not as they used to be. The figures now are much more real than they used to be. The figures now are more realistic than they used to be.

Debt and Money

Basic factor in the picture is the rise in debt which, in turn, accounts for the available money supply. Take, for instance, this country's public and private debt which now stands at nearly $400 billion. This is double that of 1941. As shocking as this may seem it is hard to believe the true picture since total private debt today, standing at $141 billion, is practically unchanged from $136 billion in 1941. Actually, we are not for an increase in the short term private debt to finance swollen war inventories, private debt would be lower than before the war. The more significant fact, however, is that public debt, which was $25 billion in 1929 and $64 billion in 1941, stands at present $314 billion. This expansion of Government debt has resulted in an creation of a large supply of money.

Large scale debt retirement is not in sight. Together these are faced with financing the world. The $375 billion credit to Britain is merely the beginning. Next in line will be Russia, reportedly selling $6 billion, Italy $115 billion, France and Netherlands $1 billion each, to any nothing of huge credits slated for China. Even if this money isn't spent directly in this country by the direct beneficiaries, a large part of it will eventually be spent here by the indirect recipients. These large foreign loans will require a special approval by Congress but there are other agencies with ready dollars to spend, such as the Export-Import Bank with $35 billion, the monitory fund (Bretton Woods) with about $8 billion. Clearly, U. S. experts seem bound to achieve a record peacetime peak in intergovernmental and labor bottlenecks are eliminated. Surely the implication of the debt situation and the expanded money supply with the prospect of a further substantial increase makes the potential deflationary aspects of the situation seem quite unrealizable.

Supply and Demand

Look, for instance, at the following figures and see why stock prices have been moving up rather constantly.

No particular explanation is required as to the figures in the table as they are self-explanatory. Briefly, the number of shares listed on the New York Stock Exchange has remained fairly constant for a long period of time, increasing from only 1,894,783 in 1937 to 1,571 million (12%) in October 1945, but money in circulation in the same period increased from $8,671 million to $28,500 million (234%) and time and demand deposits from $20,650 million to $48,250 million (137%) and market value of listed securities from $35,040 million to about $66,590 millions (89.2%). Contrasting this situation with 1929, it is interesting to observe that in that year the total number of shares listed on the Stock Exchange was 79,818 million and money in circulation was $7,770 million. In 1929, total demand and demand deposits $20,180 millions and market value of securities $74,410 million. It should be pointed out in this respect that prices today are not as close to levels as the total market value of listed securities would indicate. There, it will be noticed many more shares outstanding today than in 1929. Making allowance for this, it will be observed that the value of the number of listed shares on the New York Stock Exchange in 1929 was around $78.00.

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